

Court File No. CV14-10781-00CL

**CLINE MINING CORPORATION,
NEW ELK COAL COMPANY LLC
AND NORTH CENTRAL ENERGY
COMPANY**

**SIXTH REPORT
OF FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR OF THE APPLICANTS**

July 24, 2015



ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CLINE MINING CORPORATION, NEW
ELK COAL COMPANY LLC AND NORTH CENTRAL ENERGY
COMPANY

SIXTH REPORT OF FTI CONSULTING CANADA INC.,
in its capacity as Monitor of the Applicants

July 24, 2015

INTRODUCTION

1. On December 3, 2014 (the "**Filing Date**"), Cline Mining Corporation ("**Cline**"), New Elk Coal Company LLC ("**New Elk**") and North Central Energy Company (collectively, the "**Applicants**") filed for and obtained protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Pursuant to the Order of this Honourable Court (the "**Initial Order**") dated December 3, 2014, FTI Consulting Canada Inc. ("**FTI**") was appointed as the Monitor of the Applicants (the "**Monitor**") in these CCAA proceedings (the "**CCAA Proceedings**"). The Initial Order provided, *inter alia*, for a stay of proceedings through to and including December 31, 2014 for the Applicants.

2. On the Filing Date, this Honourable Court also granted an Order that approved a claims process for the identification and determination of claims against the Applicants and their present and former directors and officers (the "**Claims Procedure Order**") and an Order authorizing the Applicants to file a plan of compromise and arrangement and to convene

meetings of their affected secured creditors, affected unsecured creditors, and the WARN Act Plaintiffs (as defined in the Claims Procedure Order) to consider and vote on such plan (the “**Meetings Order**”).

3. On December 3, 2014, the Monitor commenced ancillary cases in the United States by filing petitions under chapter 15 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Colorado (the “**U.S. Bankruptcy Court**”).

4. On December 4, 2014 the Monitor, as foreign representative of the Applicants, obtained certain relief from the U.S. Bankruptcy Court, including (i) the joint administration of the Chapter 15 Proceedings, (ii) approval of the form and manner of notice of the Chapter 15 Proceedings, and (iii) the entry of a temporary restraining order (the “**TRO**”) staying the commencement or continuation of proceedings against the Applicants and preventing parties from exercising contractual rights triggered by the commencement of insolvency proceedings in respect of the Applicants.

5. On December 11, 2014, the U.S. Bankruptcy Court entered a preliminary injunction extending the relief granted in the TRO pending further determination in the Chapter 15 Proceedings.

6. On December 22, 2014, this Honourable Court issued an Order approving an extension of the Stay Period (as defined in the Initial Order) to and including March 1, 2015.

7. On January 15, 2015 the U.S. Bankruptcy Court entered an Order granting recognition of the CCAA Proceedings and giving full force and effect in the United States to the Initial Order, Claims Procedure Order, and Meetings Order.

8. On January 20, 2015 the Applicants filed an amended and restated plan of compromise and arrangement (the “**Plan**”). On January 27, 2015, this Honourable Court issued an Order (the “**Sanction Order**”) extending the Stay Period to and including April 1, 2015 and approving and sanctioning the Plan, as may be further amended, restated, modified or supplemented from time to time.

9. On January 28, 2015, the U.S. Bankruptcy Court entered an Order giving full force and effect to the Sanction Order in the United States.

10. On March 30, 2015, this Honourable Court issued an Order approving an extension of the Stay Period to and including June 1, 2015.

11. On May 26, 2015 the Applicants filed a second amended and restated plan of compromise and arrangement (the “**Amended and Restated Plan**”). As more particularly described in the Monitor’s Fifth Report dated May 27, 2015 (the “**Fifth Report**”), the purpose of the amendments contemplated in the Amended and Restated Plan was to address a regulatory issue regarding the form of common shares and secured debt to be held by the Secured Noteholders following implementation of the Plan.

12. On June 1, 2015, this Honourable Court issued an Order (the “**Amendment Order**”) approving amendments to the Plan in the form of the Amended and Restated Plan, confirming that the Amended and Restated Plan was the “Plan” for the purpose of the Sanction Order, and extending the Stay Period to and including August 17, 2015.

13. On June 18, 2015, the U.S. Bankruptcy Court entered an Order giving full force and effect to the Amendment Order in the United States.

14. Unless otherwise stated, all monetary amounts contained in this sixth report of the Monitor (the “**Sixth Report**”) are expressed in Canadian dollars. Capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Amended and Restated Plan.

15. The following appendices have been attached to this Sixth Report:

- a) Appendix “A” – the Affidavit of Paul Bishop sworn July 24, 2015 (the “**Bishop Affidavit**”);
- b) Appendix “B” – the Affidavit of Michael De Lellis sworn July 24, 2015 (the “**De Lellis Affidavit**”); and
- c) Appendix “C” – the Fifth Report (without appendices).

PURPOSE

16. The purpose of the Sixth Report is to provide this Honourable Court and the Applicants’ stakeholders with information relating to the following:

- a) the status of the Applicants’ CCAA Proceedings, including an update regarding the implementation of the Amended and Restated Plan;
- b) the status of the claims process;
- c) the Monitor’s activities since the date of the Fifth Report, being May 27, 2015, as well as a summary of the professional fees and disbursements incurred by the Monitor and its legal counsel; and
- d) the Monitor’s conclusions and recommendations regarding the Applicants’ request for an Order (the “**Termination and Discharge Order**”), *inter alia*:

- i. terminating the CCAA Proceedings;
- ii. terminating the Administration Charge and the Directors' Charge (as such terms are defined in the Initial Order);
- iii. approving the Fifth Report and this Sixth Report and the activities described therein and herein, as well as the fees and disbursements of the Monitor and its counsel (as particularized in the Bishop Affidavit and the De Lellis Affidavit, collectively the "**Fee Affidavits**"); and
- iv. discharging and releasing the Monitor.

TERMS OF REFERENCE

17. In preparing this report, the Monitor has relied upon audited and unaudited financial information of the Applicants, the Applicants' books and records (where appropriate), certain financial information prepared by the Applicants and discussions with various parties, including the Applicants' management and counsel to the Applicants (collectively, the "**Information**").

18. Except as described in this Sixth Report:

- a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and

- b) the Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.

GENERAL BACKGROUND

19. The Cline Group is in the business of locating, exploring and developing mineral resource properties, with a particular focus on gold and metallurgical coal.

20. To avoid unnecessary duplication, please refer to the Initial Order, the Meetings Order, the Claims Procedure Order and the Sanction Order, together with other motion materials and orders granted by this Honourable Court and the U.S. Bankruptcy Court, FTT's pre-filing report dated December 2, 2014 (the "**Pre-Filing Report**"), the Monitor's prior reports filed in the CCAA Proceedings and other documentation filed in the CCAA Proceedings which have been posted on the Monitor's website at <http://cfcanada.fticonsulting.com/cline>.

UPDATE REGARDING THE CCAA PROCEEDINGS

21. Upon obtaining the Amendment Order, the Applicants, in consultation with the Monitor, worked to promptly implement the Amended and Restated Plan. The Amended and Restated Plan was implemented on July 8, 2015, which resulted in, *inter alia*:

- a) A reduction of over \$55 million in secured debt owed by the Applicants;
- b) A significant reduction in the Applicants' annual interest expense in the near term;
- c) The resolution of the WARN Act Class Action;
- d) The compromise or arrangement of certain unsecured debts of the Applicants;

- e) A change in control of the equity of Cline;
- f) A limited recovery for unsecured creditors that could not have been expected in a bankruptcy or other instance of debt enforcement; and
- g) An improved capital structure for the Applicants.

22. On July 8, 2015, the Monitor delivered a certificate (the “**PID Certificate**”) to counsel to the Applicants and Marret stating that:

- a) the Monitor had received written confirmation from the Applicants and Marret (or their respective counsel) that the conditions precedent set out in Section 9.1 of the Amended and Restated Plan had been satisfied or waived, as applicable;
- b) the Plan Implementation Date had occurred;
- c) the Amended and Restated Plan was effective in accordance with its terms; and
- d) the PID Certificate would be filed with this Honourable Court.

23. On July 9, 2015, the Monitor filed the PID Certificate with this Honourable Court.

STATUS OF THE CLAIMS PROCESS

24. On the Filing Date, this Honourable Court issued the Claims Procedure Order that approved a process for the identification and quantification of claims against the Applicants and their present and former directors and officers.

25. The Monitor previously reported on two Disputed Claims that remained to be resolved as of the date of the Fifth Report, May 27, 2015, being a \$3,753.59 Claim by Canada

Brokerlink (Ontario) Inc. (“**Brokerlink**”) (the “**Brokerlink Claim**”) and a \$374,375.29 Claim by Jennifer Byrd (the “**Byrd Claim**”).

26. On July 13, 2015, Cline and Brokerlink agreed that Cline would accept the Brokerlink Claim in the amount of \$1,250. Accordingly, the Brokerlink Claim constituted an Allowed Convenience Claim under the Amended and Restated Plan and, in accordance with the Amended and Restated Plan, Cline paid \$1,250 to Brokerlink in full and final settlement of the Brokerlink Claim.

27. As of the date of this Sixth Report, the Byrd Claim is the only outstanding Disputed Claim. The Monitor has been advised that the Applicants previously contacted Ms. Byrd’s counsel in an effort to resolve the Byrd Claim but had not been successful in reaching a resolution. The Monitor is advised that the Applicants have subsequently contacted Ms. Byrd’s counsel but, as of the date of this Sixth Report, the Applicants had not received a substantive response. The Byrd Claim relates to an alleged a discrimination claim against New Elk that was previously filed in Colorado. The Applicants believe that the Byrd Claim has no merit.

OUTSTANDING ISSUES

The Byrd Claim

28. As a Disputed Claim, the Byrd Claim is to be afforded specific treatment under the Amended and Restated Plan. The Amended and Restated Plan provides for the payment of Individual Unsecured Plan Entitlements, being the *pro rata* shares of amounts payable pursuant to a \$225,000 unsecured, non-interest-bearing entitlement of the Affected Unsecured Creditors, other than Convenience Creditors, with Allowed Affected Unsecured Claims. Pursuant to the Amended and Restated Plan, the value of the Individual Unsecured Plan Entitlement that would

be payable to holders of Disputed Claims, if such Disputed Claims became Allowed Affected Unsecured Claims, will be reserved and held by Cline until the final determination of such Disputed Claims in accordance with the Claims Procedure Order and the Amended and Restated Plan. The reservation of this amount is to be made at the time the Individual Unsecured Plan Entitlements are to be paid, which is the earlier of eight years following the Plan Implementation Date or when Cline pays such amounts.

29. If the Byrd Claim becomes an Allowed Claim, Ms. Byrd will become entitled to an Individual Unsecured Plan Entitlement. If the Byrd Claim is definitively not allowed, Individual Unsecured Plan Entitlements of Affected Unsecured Creditors with Allowed Affected Unsecured Claims will be re-calculated by Cline, under the supervision of the Monitor, to reflect that the Byrd Claim was not allowed and, consequently, such Creditors will become entitled to their re-calculated Individual Unsecured Plan Entitlements. Whether or not the Byrd Claim becomes an Allowed Claim, the aggregate value of Individual Unsecured Plan Entitlements that will be distributed will total \$225,000.

30. Since the Individual Unsecured Plan Entitlements are to be paid on the earlier of eight years following the Plan Implementation Date or when Cline pays such amounts, there is no requirement for the Applicants to make a reservation of funds for the Byrd Claim as a Disputed Claim at this time.

The IRS Claim

31. As reported in the Monitor's Fourth Report dated March 25, 2015, the Monitor and the Applicants received a Proof of Claim from the Internal Revenue Service that was filed following the Claims Bar Date. The value of the Claim asserted by the Internal Revenue Service (the "**IRS Claim**") is approximately USD\$100,000. U.S. counsel to the Monitor, in its capacity

as foreign representative of the Applicants in the Chapter 15 Proceeding, advised the Internal Revenue Service that the IRS Claim is a Pre-Filing Claim and was extinguished pursuant to the Claims Procedure Order and the Sanction Order, given that the Internal Revenue Service did not file a Proof of Claim in respect of same prior to the Claims Bar Date.

32. The IRS had been provided with notice of the CCAA Proceedings and the Claims Procedure Order. Accordingly, the Applicants' position is that the IRS Claim is barred. However, the Internal Revenue Service continues to pursue the IRS Claim in the United States. The Applicants, with the assistance of U.S. counsel to the Monitor, have been in touch with the Internal Revenue Service in an effort to resolve this Claim, and settlement discussions remain ongoing.

The Chapter 15 Proceedings

33. Should the Termination and Discharge Order be granted, the Monitor, in its capacity as foreign representative of the Applicants in the Chapter 15 Proceedings, expects to take steps to obtain an Order from the U.S. Bankruptcy Court recognizing the Termination and Discharge Order and giving full force and effect to it in the United States.

34. The Monitor, in its capacity as foreign representative of the Applicants, may need to take steps to address the IRS Claim and any other issues incidental to the Chapter 15 Proceedings as need be, following the resolution of which, the Monitor will seek termination of the Chapter 15 Proceedings.

35. As described in the Monitor's Third Report dated January 23, 2015, the Applicants have entered into a settlement agreement with the WARN Act Plaintiffs.

Accordingly, the Applicants are currently working with the WARN Act Plaintiffs to have the WARN Act Class Action dismissed on consent.

Authority to Address Outstanding Issues

36. The proposed Termination and Discharge Order provides FTI with the ability to address matters ancillary or incidental to its capacity as Monitor, including in respect of the Byrd Claim and the IRS Claim, following the termination of the CCAA Proceedings. Specifically, the proposed Termination and Discharge Order provides that FTI is authorized to take such steps and actions as it deems necessary to complete or address matters ancillary or incidental to its capacity as Monitor, that FTI is authorized to continue to act as foreign representative in the United States until the completion of the Chapter 15 Proceedings, and that FTI shall continue to have the benefit of the provisions of all Orders made in the CCAA Proceedings, including the Administration Charge and all rights, approvals, protections and stays of proceedings, the CCAA or otherwise in favour of FTI in its capacity as Monitor. The Applicants have proposed to return to this Honourable Court pursuant to the proposed Termination and Discharge Order if it is necessary to seek further assistance or direction in relation to the Byrd Claim or the IRS Claim.

PROFESSIONAL FEES

37. The Monitor and its counsel have maintained detailed records of their professional costs and time during the course of the CCAA Proceedings, as detailed in the Fee Affidavits. The Monitor has reviewed the fees of its counsel and believes they are reasonable. Copies of the Fee Affidavits are attached to this Sixth Report as Appendix “A” and “B”, respectively.

38. The fees and disbursements of the Monitor for the period of March 16, 2015 to July 19, 2015, inclusive, and including Harmonized Sales Tax, as set out in the Bishop Affidavit, total \$33,807.89. The fees and disbursements of the Monitor's counsel invoiced from February 29, 2015 to July 24, 2015, inclusive, and including Harmonized Sales Tax, as set out in the De Lellis Affidavit, total \$64,026.18.

39. The additional professional fees and disbursements of the Monitor and its legal counsel that will be required for the completion of all outstanding matters relating to the termination of the CCAA Proceedings and discharge of the Monitor, up to and including the date of the motion for the Termination and Discharge Order, are expected to be up to \$10,000 and \$7,500, respectively.

40. The Monitor is holding funds pursuant to a retainer received from the Applicants. The balance of the retainer held by the Monitor should be sufficient to complete the outstanding matters relating to the CCAA Proceedings, up to and including the date of the motion for the Termination and Discharge Order. If this Honourable Court grants the Termination and Discharge Order in the form included in the Applicants' motion, to the extent that the Monitor is in possession of funds in its retainer, such funds will be released and returned to the Applicants as soon as reasonably practicable.

MONITOR'S ACTIVITIES

41. Since its appointment, the Monitor has been involved with numerous aspects of the CCAA Proceedings with a view to fulfilling its statutory and court-ordered duties and obligations, as well as assisting the Applicants and their stakeholders in addressing restructuring issues. FTI described some of the more significant matters that it was involved in prior to the Filing Date in the Pre-Filing Report. In addition, the Monitor described some of the more

significant matters it was involved in since the Filing Date through May 27, 2015 in its previous reports. Since then, some of the more significant matters that the Monitor has been involved in, and assisted with, include, but are not limited to the following:

- a) posting various materials relating to the CCAA Proceedings on its website <http://cfcanada.fticonsulting.com/cline> and continuing to update the website by posting, among other things, the Monitor's reports, motion materials, and Orders granted in the CCAA Proceedings;
- b) maintaining a toll free hotline number (416-649-8099/1-855-398-7390) and a dedicated email inbox (cline@fticonsulting.com) to allow creditors and other interested parties to contact the Monitor to obtain additional information concerning the CCAA Proceedings and responding in a timely manner;
- c) participating in numerous discussions with senior management of the Applicants and the Applicants' legal advisors in connection with the Applicants' business and financial affairs, generally;
- d) attending numerous closing conference calls with senior management of the Applicants, the Applicants' legal advisors, and Marret's legal advisors leading up to the implementation of the Amended and Restated Plan;
- e) consulting with senior management of the Applicants and the Applicants' legal advisors in connection with the resolution of Disputed Claims and the termination of the CCAA Proceedings;
- f) preparing for the motion for the Termination and Discharge Order; and

- g) preparing and delivering this Sixth Report.

CONCLUSIONS AND RECOMMENDATION

42. The Amended and Restated Plan has been successfully implemented in accordance with the terms therein and the terms of the Sanction Order. The Applicants and the Monitor are mindful that the resolution of the Byrd Claim and the IRS Claim may require further advice or direction from the Court. Accordingly, the Applicants have proposed that the Termination and Discharge Order include an authorization to return to this Honourable Court if it is necessary to seek further assistance or direction in relation to the Byrd Claim, the IRS Claim, or any other matters arising from or that are incidental to the CCAA Proceedings.

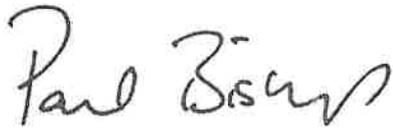
43. The Monitor has duly and properly discharged and performed its duties, responsibilities and obligations as Monitor in the CCAA Proceedings in compliance and in accordance with the CCAA, the terms of the Amended and Restated Plan and all Orders of this Honourable Court made in the CCAA Proceedings.

44. For the reasons described above, it is the Monitor's view that the proposed Termination and Discharge Order is fair and reasonable.

45. The Monitor also respectfully requests that the Court approve the Fifth Report and Sixth Report, the activities described therein and herein, and the fees and disbursements of the Monitor and its counsel (as particularized in the Fee Affidavits).

All of which is respectfully submitted this 24th day of July, 2015.

FTI Consulting Canada Inc.,
in its capacity as Monitor of Cline Mining Corporation, New Elk Coal Company LLC and North
Central Energy Company

A handwritten signature in black ink that reads "Paul Bishop". The signature is written in a cursive style with a large initial "P" and a long, sweeping underline.

Paul Bishop

Senior Managing Director

Appendix "A"

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT* ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE AND
ARRANGEMENT OF CLINE MINING CORPORATION, NEW ELK
COAL COMPANY LLC AND NORTH CENTRAL ENERGY COMPANY**

**AFFIDAVIT OF PAUL BISHOP
(Sworn July 24, 2015)**

I, PAUL BISHOP, of the City of Toronto, in the Province of Ontario, **MAKE OATH
AND SAY:**

1. I am a Senior Managing Director of FTI Consulting Canada Inc. ("**FTI**"), in its capacity as the court appointed monitor for Cline Mining Corporation, New Elk Coal Company LLC and North Central Energy Company (collectively, the "**Applicants**") and, as such, I have knowledge of the matters to which I hereinafter depose. Where I have relied on other sources for information, I have identified such sources and believe the information to be true.

2. On December 3, 2014, the Applicants obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") pursuant to the initial order granted by the Honourable Justice Morawetz (the "**Initial Order**"). Pursuant to the Initial Order, FTI was appointed as monitor (the "**Monitor**") of the Applicants. The proceedings commenced by the Applicants under the CCAA will be referred to herein as the "**CCAA Proceedings**".

3. This affidavit is made in support of a motion (the “**Motion**”) for, *inter alia*, the approval of the fees and disbursements of FTI in its capacity as Monitor for the period from March 16, 2015 to July 19, 2015.

4. FTI’s invoices for the period from March 16, 2015 to July 19, 2015 disclose in detail: (i) the names, hourly rates and time expended by each person who rendered services; (ii) the dates on which the services were rendered; (iii) the time expended each day; and (iv) the total charges and rates for each of the categories of services rendered for the relevant time period. Attached and marked collectively as Exhibit “A” to this affidavit are true copies of the accounts rendered to the Applicants in connection with the CCAA Proceedings for the period of March 16, 2015 to July 19, 2015 (redacted for confidential information).

5. During the period from March 16, 2015 to July 19, 2015, FTI docketed 47.2 hours in respect of the CCAA Proceedings and billed a total of \$33,807.89, amounting to fees of \$22,785.00 and disbursements and other charges of \$7,133.48 plus Harmonized Sales Tax of \$3,889.41.

6. Attached hereto as Exhibit “B” is a schedule summarizing each invoice in Exhibit “A”.

7. Attached hereto as Exhibit “C” is a schedule summarizing the billing rates of each member of FTI that rendered services in the CCAA Proceedings from March 16, 2015 to July 19, 2015, as well as the average hourly rate for the restructuring services provided by FTI.

8. The hourly billing rates applied in the invoices of FTI are FTI’s normal hourly rates which were in effect from March 16, 2015 to July 19 and are comparable to the hourly rates charged by FTI for services rendered in relation to similar proceedings.

9. FTI's fees and disbursements for the period from July 20, 2015 up to and including the effective date of the Monitor's discharge and termination of this proceeding will be calculated and billed at FTI's standard rates. Barring unforeseen circumstances, I estimate that those fees and disbursements will not exceed \$10,000.

10. The rates charged by FTI throughout the course of the CCAA Proceedings are comparable to the rates charged by other firms in the Toronto market for the provision of similar restructuring services.

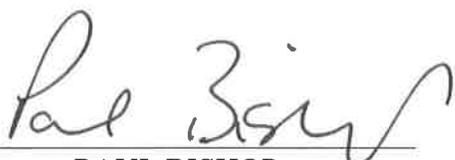
11. I have been actively involved in this matter. The hours spent on this matter involved monitoring the Applicants and dealing with a number of CCAA issues (as more particularly described in the Monitor's reports) and I believe that the time expended and the fees charged by FTI are reasonable, fair and appropriate in light of the complexity of the proceeding, the nature of services performed and the prevailing market rates for such services.

12. I swear this affidavit in support of the Motion and for no improper purpose.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario, on
July 24, 2015.



Commissioner for Taking Affidavits
David Rosenblatt



PAUL BISHOP

THIS IS EXHIBIT "A" REFERRED TO IN THE

AFFIDAVIT OF PAUL BISHOP

SWORN BEFORE ME ON JULY 24, 2015



A COMMISSIONER FOR TAKING AFFIDAVITS

David Rosenblatt



Invoice Remittance

Mr. Matt Goldfarb
Cline Mining Corp.
161 Bay Street, 27th Floor
Toronto, Ontario
M5J 2S1

March 31, 2015
FTI Invoice No. 29001376
FTI Job No. 434343.0003
Terms: Payment on Presentation

Current Invoice Period: Charges Posted through March 31, 2015

	<i>CAD (\$)</i>
Professional Services.....	\$12,305.50
Less Voluntary Reduction.....	-\$2,376.00
Net Professional Fees.....	\$9,929.50
Expenses.....	\$0.00
Total Fees and Expenses.....	\$9,929.50
HST Registration No. 835718024RT0001	\$1,290.84
Total Amount Due this Period.....	\$11,220.34
Total Amount Due.....	<u>\$11,220.34</u>

Please Wire Transfer To:

Bank of Nova Scotia
Scotia Plaza, 44 King Street West
Toronto, ONT M5H 1H1
Swift Code: NOSCCATT
Bank Number: 002
Beneficiary: FTI Consulting Canada Inc.
Beneficiary account number: 476960861715



Invoice Summary

Mr. Matt Goldfarb
Cline Mining Corp.
161 Bay Street, 27th Floor
Toronto, Ontario
M5J 2S1

March 31, 2015
FTI Invoice No. 29001376
FTI Job No. 434343.0003
Terms Payment on Presentation

Current Invoice Period: Charges Posted through March 31, 2015

Name	Title	Rate	Hours	Total
Paul Bishop	Senior Managing Director	\$840.00	9.9	\$8,316.00
Ellen Dong	Senior Consultant	\$395.00	10.1	\$3,989.50
Total Hours and Fees			20.0	\$12,305.50
Less Voluntary Reduction				-\$2,376.00
Total Net Fees				\$9,929.50
HST Registration No. 835718024RT0001				\$1,290.84
Invoice Total for Current Period				\$11,220.34

Cline Mining Corporation
434343.0002 - March 31, 2015

Date	TK#	Name	Hours	Amount	Narrative
03/24/15	17571	Ellen Dong	0.40	\$ 158.00	Monitor emails and expense approvals.
03/16/15	17571	Ellen Dong	1.00	\$ 395.00	Budget to actual analysis of the cash flow forecast since the third monitor's report
03/16/15	17571	Ellen Dong	0.20	\$ 79.00	Review of real estate taxes for [REDACTED]
03/17/15	17571	Ellen Dong	1.00	\$ 395.00	Budget to actual analysis of the cash flow forecast since the third monitor's report
03/18/15	17571	Ellen Dong	2.00	\$ 790.00	Correspondence with Oslers in preparation for the fourth monitor report Inquiries with Louis Head on the NECC actual to budget forecast
03/19/15	17571	Ellen Dong	2.00	\$ 790.00	Preparation of the Fourth Report
03/20/15	17571	Ellen Dong	2.50	\$ 987.50	Preparation of the fee affidavit December 3, 2014 to March 15, 2015
03/21/15	17571	Ellen Dong	1.00	\$ 395.00	Review of disbursement request Review of cash flow forecast
03/23/15	14800	Paul Bishop	2.30	\$ 1,932.00	Conf call with counsel, conf call with lenders both re Louisville, follow up calls and correspondence, pre for call, review of cash status
03/24/15	14800	Paul Bishop	1.10	\$ 924.00	Review of cf, review of report
03/25/15	14800	Paul Bishop	1.30	\$ 1,092.00	Finalise and execute report, finalise and execute affidavit, call with OSC correspondence re same
03/27/15	14800	Paul Bishop	0.80	\$ 672.00	Correspondence re CF, review of forecast and report
03/16/15	14800	Paul Bishop	0.80	\$ 672.00	Review of [REDACTED]
03/17/15	14800	Paul Bishop	0.50	\$ 420.00	Call with MG, prep for same
03/18/15	14800	Paul Bishop	0.60	\$ 504.00	Correspondence re IRS and other matters re stay extension
03/19/15	14800	Paul Bishop	0.90	\$ 756.00	Cline extension material review
03/19/15	14800	Paul Bishop	0.70	\$ 588.00	Call to MR re louisville and follow up
03/20/15	14800	Paul Bishop	0.90	\$ 756.00	Correspondence re extension
TOTAL			20.00	\$ 12,305.50	



Invoice Remittance

Mr. Matt Goldfarb
Cline Mining Corp.
161 Bay Street, 27th Floor
Toronto, Ontario
M5J 2S1

May 21, 2015
FTI Invoice No. 29001435
FTI Job No. 434343.0003
Terms: Payment on Presentation

Current Invoice Period: Charges Posted through May 17, 2015

	<i>CAD (\$)</i>
Professional Services.....	\$2,771.00
Less Voluntary Reduction.....	-\$408.00
Net Professional Fees.....	\$2,363.00
Expenses.....	\$0.00
Total Fees and Expenses.....	\$2,363.00
HST Registration No. 835718024RT0001	\$307.19
Total Amount Due this Period.....	\$2,670.19
Previous Balance Due.....	\$11,220.34
Total Amount Due.....	<u>\$13,890.53</u>

Please Wire Transfer To:

Bank of Nova Scotia
Scotia Plaza, 44 King Street West
Toronto, ONT M5H 1H1
Swift Code: NOSCCATT
Bank Number: 002
Beneficiary: FTI Consulting Canada Inc.
Beneficiary account number: 476960861715



Invoice Summary

Mr. Matt Goldfarb
Cline Mining Corp.
161 Bay Street, 27th Floor
Toronto, Ontario
M5J 2S1

May 21, 2015
FTI Invoice No. 29001435
FTI Job No. 434343.0003
Terms Payment on Presentation

Current Invoice Period: Charges Posted through May 17, 2015

Name	Title	Rate	Hours	Total
Paul Bishop	Senior Managing Director	\$840.00	1.7	\$1,428.00
Ellen Dong	Senior Consultant	\$395.00	3.4	\$1,343.00
Total Hours and Fees			5.1	\$2,771.00
Less Voluntary Reduction				-\$408.00
Total Net Fees				\$2,363.00
HST Registration No. 835718024RT0001				\$307.19
Invoice Total for Current Period				\$2,670.19

Cline Mining Corporation
434343.0002 - May 17, 2015

Date	TK#	Name	Hours	Amount	Narrative
04/20/15	17571	Ellen Dong	0.40	\$ 158.00	AP confirmation for Cline auditors Summary of disallowed claims sent to Cline auditors
04/21/15	17571	Ellen Dong	0.60	\$ 237.00	Responding to Cline auditor inquiries of disallowed claims and [REDACTED]
04/22/15	17571	Ellen Dong	0.20	\$ 79.00	Monitor hotline response to shareholder Disbursement approval
05/11/15	17571	Ellen Dong	0.20	\$ 79.00	Monitor hotline/email response
05/13/15	17571	Ellen Dong	0.20	\$ 79.00	Review of invoices
05/14/15	17571	Ellen Dong	1.00	\$ 395.00	Review of budget to actual cash flow forecast
04/27/15	17571	Ellen Dong	0.20	\$ 79.00	Review and approval of Matt Goldfarb's travel expenses
04/28/15	17571	Ellen Dong	0.20	\$ 79.00	Review and approval of fees for the MD&A work by Bennett Jones
05/05/15	17571	Ellen Dong	0.20	\$ 79.00	Invoice approvals for Allen Overy LLP and Bryan Cave
05/07/15	17571	Ellen Dong	0.20	\$ 79.00	Invoice approval re: BC corporate advice
05/13/15	14800	Paul Bishop	0.80	\$ 672.00	Correspondence and phone calls re extension
05/14/15	14800	Paul Bishop	0.90	\$ 756.00	Prep for extension
TOTAL			5.10	\$ 2,771.00	



Invoice Remittance

Mr. Matt Goldfarb
Cline Mining Corp.
161 Bay Street, 27th Floor
Toronto, Ontario
M5J 2S1

May 31, 2015
FTI Invoice No. 29001456
FTI Job No. 434343.0003
Terms: Payment on Presentation

Current Invoice Period: Charges Posted through May 31, 2015

	<i>CAD (\$)</i>
Professional Services.....	\$6,481.50
Less Voluntary Reduction.....	-\$1,344.00
Net Professional Fees.....	\$5,137.50
Expenses.....	\$1,143.58
Total Fees and Expenses.....	\$6,281.08
HST Registration No. 835718024RT0001	\$816.54
Total Amount Due this Period.....	\$7,097.62
Previous Balance Due.....	\$2,670.19
Total Amount Due.....	<u>\$9,767.81</u>

Please Wire Transfer To:

Bank of Nova Scotia
Scotia Plaza, 44 King Street West
Toronto, ONT M5H 1H1
Swift Code: NOSCCATT
Bank Number: 002
Beneficiary: FTI Consulting Canada Inc.
Beneficiary account number: 476960861715



Invoice Summary

Mr. Matt Goldfarb
Cline Mining Corp.
161 Bay Street, 27th Floor
Toronto, Ontario
M5J 2S1

May 31, 2015
FTI Invoice No. 29001456
FTI Job No. 434343.0003
Terms Payment on Presentation

Current Invoice Period: Charges Posted through May 31, 2015

Name	Title	Rate	Hours	Total
Paul Bishop	Senior Managing Director	\$840.00	5.6	\$4,704.00
Ellen Dong	Senior Consultant	\$395.00	4.5	\$1,777.50
Total Hours and Fees			10.1	\$6,481.50
Less Voluntary Reduction				-\$1,344.00
Total Net Fees				\$5,137.50
Other/Miscellaneous				\$1,143.58
Total Expenses				\$1,143.58
HST Registration No. 835718024RT0001				\$816.54
Invoice Total for Current Period				\$7,097.62

Cline Mining Corporation
434343.0002 - May 31, 2015

Date	TK#	Name	Hours	Amount	Narrative
05/25/15	17571	Ellen Dong	1.00	\$ 395.00	CCAA cash flow forecast update and follow up CMC weekly expense approval
05/26/15	17571	Ellen Dong	1.00	\$ 395.00	Cash flow revisions in the draft fifth monitor report New Elk disbursement review/approval
05/27/15	17571	Ellen Dong	1.00	\$ 395.00	Monitor hotline/email response Live creditor mailing list update Monitor Website updates for the 5th Monitor Report
05/28/15	17571	Ellen Dong	0.50	\$ 197.50	Davies invoice approval Monitor website updates for the Applicants' Factum and Book of Authorities
05/22/15	17571	Ellen Dong	1.00	\$ 395.00	Preparation for stay extension filing
05/19/15	14800	Paul Bishop	1.60	\$ 1,344.00	Review of CF forecast for extension
05/22/15	14800	Paul Bishop	1.60	\$ 1,344.00	Review of court materials, call with OHH to discuss
05/27/15	14800	Paul Bishop	1.50	\$ 1,260.00	Finalise report and cashflow forecast
05/28/15	14800	Paul Bishop	0.90	\$ 756.00	Correspondence re [REDACTED]
TOTAL			10.10	\$ 6,481.50	

Cline Mining Corporation
434343.0002 - May 31, 2015

Date	TK#	Name	Qty.	Amount	Narrative
05/26/15	17571	Ellen Dong	1	\$ 1,143.58	Delivery & Courier of Plan Amendment
TOTAL			1	\$ 1,143.58	



Invoice Remittance

Mr. Matt Goldfarb
Cline Mining Corp.
161 Bay Street, 27th Floor
Toronto, Ontario
M5J 2S1

June 17, 2015
FTI Invoice No. 29001488
FTI Job No. 434343.0003
Terms: Payment on Presentation

Current Invoice Period: Charges Posted through June 14, 2015

	<i>CAD (\$)</i>
Professional Services.....	\$1,482.00
Less Voluntary Reduction.....	-\$288.00
Net Professional Fees.....	\$1,194.00
Expenses.....	\$0.00
Total Fees and Expenses.....	\$1,194.00
HST Registration No. 835718024RT0001	\$155.22
Total Amount Due this Period.....	\$1,349.22
Total Amount Due.....	<u>\$1,349.22</u>

Please Wire Transfer To:

Bank of Nova Scotia
Scotia Plaza, 44 King Street West
Toronto, ONT M5H 1H1
Swift Code: NOSCCATT
Bank Number: 002
Beneficiary: FTI Consulting Canada Inc.
Beneficiary account number: 476960861715



Invoice Summary

Mr. Matt Goldfarb
Cline Mining Corp.
161 Bay Street, 27th Floor
Toronto, Ontario
M5J 2S1

June 17, 2015
FTI Invoice No. 29001488
FTI Job No. 434343.0003
Terms Payment on Presentation

Current Invoice Period: Charges Posted through June 14, 2015

Name	Title	Rate	Hours	Total
Paul Bishop	Senior Managing Director	\$840.00	1.2	\$1,008.00
Ellen Dong	Senior Consultant	\$395.00	1.2	\$474.00
Total Hours and Fees			2.4	\$1,482.00
Less Voluntary Reduction				-\$288.00
Total Net Fees				\$1,194.00
HST Registration No. 835718024RT0001				\$155.22
Invoice Total for Current Period				\$1,349.22

Cline Mining Corporation
434343.0002 - June 14, 2015

Date	TK#	Name	Hours	Amount	Narrative
06/02/15	17571	Ellen Dong	0.20	\$ 79.00	Post filing invoice approvals.
06/01/15	17571	Ellen Dong	1.00	\$ 395.00	Review of M. Goldfarb may expenses. Monitor site updates
06/10/15	14800	Paul Bishop	0.50	\$ 420.00	Correspondence review re [REDACTED]
06/11/15	14800	Paul Bishop	0.70	\$ 588.00	Review [REDACTED] and correspondence re same
TOTAL			2.40	\$ 1,482.00	



Invoice Remittance

Mr. Matt Goldfarb
Cline Mining Corp.
161 Bay Street, 27th Floor
Toronto, Ontario
M5J 2S1

June 30, 2015
FTI Invoice No. 29001506
FTI Job No. 434343.0003
Terms: Payment on Presentation

Current Invoice Period: Charges Posted through June 30, 2015

	<i>CAD (\$)</i>
Professional Services.....	\$1,309.00
Less Voluntary Reduction.....	-\$216.00
Net Professional Fees.....	\$1,093.00
Expenses.....	\$0.00
Total Fees and Expenses.....	\$1,093.00
HST Registration No. 835718024RT0001	\$142.09
Total Amount Due this Period.....	\$1,235.09
Total Amount Due.....	<u>\$1,235.09</u>

Please Wire Transfer To:

Bank of Nova Scotia
Scotia Plaza, 44 King Street West
Toronto, ONT M5H 1H1
Swift Code: NOSCCATT
Bank Number: 002
Beneficiary: FTI Consulting Canada Inc.
Beneficiary account number: 476960861715



Invoice Summary

Mr. Matt Goldfarb
Cline Mining Corp.
161 Bay Street, 27th Floor
Toronto, Ontario
M5J 2S1

June 30, 2015
FTI Invoice No. 29001506
FTI Job No. 434343.0003
Terms Payment on Presentation

Current Invoice Period: Charges Posted through June 30, 2015

Name	Title	Rate	Hours	Total
Paul Bishop	Senior Managing Director	\$840.00	0.9	\$756.00
Ellen Dong	Senior Consultant	\$395.00	1.4	\$553.00
Total Hours and Fees			2.3	\$1,309.00
Less Voluntary Reduction				-\$216.00
Total Net Fees				\$1,093.00
HST Registration No. 835718024RT0001				\$142.09
Invoice Total for Current Period				\$1,235.09

Cline Mining Corporation
434343.0002 - June 30, 2015

Date	TK#	Name	Hours	Amount	Narrative
06/30/15	17571	Ellen Dong	0.20	\$ 79.00	Post filing invoice approval
06/22/15	17571	Ellen Dong	0.20	\$ 79.00	Post filing invoice approvals
06/26/15	17571	Ellen Dong	0.80	\$ 316.00	Review of M.Goldfarb expenses for reimbursement Approval of payroll expense
06/15/15	17571	Ellen Dong	0.20	\$ 79.00	Post filing invoice approvals
06/17/15	14800	Paul Bishop	0.90	\$ 756.00	Review of US material
TOTAL			2.30	\$ 1,309.00	



Invoice Remittance

Mr. Matt Goldfarb
Cline Mining Corp.
161 Bay Street, 27th Floor
Toronto, Ontario
M5J 2S1

July 22, 2015
FTI Invoice No. 29001532
FTI Job No. 434343.0003
Terms: Payment on Presentation

Current Invoice Period: Charges Posted through July 19, 2015

	<i>CAD (\$)</i>
Professional Services.....	\$3,284.00
Less Voluntary Reduction.....	-\$216.00
Net Professional Fees.....	\$3,068.00
Expenses.....	\$5,989.90
Total Fees and Expenses.....	\$9,057.90
HST Registration No. 835718024RT0001	\$1,177.53
Total Amount Due this Period.....	\$10,235.43
Total Amount Due.....	<u>\$10,235.43</u>

Please Wire Transfer To:

Bank of Nova Scotia
Scotia Plaza, 44 King Street West
Toronto, ONT M5H 1H1
Swift Code: NOSCCATT
Bank Number: 002
Beneficiary: FTI Consulting Canada Inc.
Beneficiary account number: 476960861715



Invoice Summary

Mr. Matt Goldfarb
Cline Mining Corp.
161 Bay Street, 27th Floor
Toronto, Ontario
M5J 2S1

July 22, 2015
FTI Invoice No. 29001532
FTI Job No. 434343.0003
Terms Payment on Presentation

Current Invoice Period: Charges Posted through July 19, 2015

Name	Title	Rate	Hours	Total
Paul Bishop	Senior Managing Director	\$840.00	0.9	\$756.00
Ellen Dong	Senior Consultant	\$395.00	6.4	\$2,528.00
Total Hours and Fees			7.3	\$3,284.00
Less Voluntary Reduction				-\$216.00
Total Net Fees				\$3,068.00
Other/Miscellaneous				\$5,989.90
Total Expenses				\$5,989.90
HST Registration No. 835718024RT0001				\$1,177.53
Invoice Total for Current Period				\$10,235.43

Cline Mining Corporation
434343.0002 - July 19, 2015

Date	TK#	Name	Hours	Amount	Narrative
07/14/15	17571	Ellen Dong	2.00	\$ 790.00	Re: inquiry of companies that have been transferred to CRG Monitor email response to CRG Review of emails [REDACTED]
07/16/15	17571	Ellen Dong	0.50	\$ 197.50	Response to Monitor email/hotline from an unsecured creditor inquiring of payment status
07/01/15	17571	Ellen Dong	0.30	\$ 118.50	Post filing disbursement review/approval
07/02/15	17571	Ellen Dong	0.10	\$ 39.50	Post filing disbursement review/approval
07/06/15	17571	Ellen Dong	0.20	\$ 79.00	Post filing invoice approval
07/07/15	17571	Ellen Dong	2.50	\$ 987.50	Preparation for the closing of Cline - review of counsel presented distribution information Approval of post filing invoices
07/09/15	17571	Ellen Dong	0.80	\$ 316.00	Monitor website update for Monitor certificate issuance
07/07/15	14800	Paul Bishop	0.90	\$ 756.00	Calls and correspondence re closing
TOTAL			7.30	\$ 3,284.00	

Cline Mining Corporation
434343.0002 - July 19, 2015

Date	TK#	Name	Qty.	Amount	Narrative
02/10/15	WT529	FTI Canada Inc	1	\$ 5,913.13	Miscellaneous Expenses - DLA Piper (Canada) LLP Professional Services rendered through January 31, 2015
03/04/15	WT529	FTI Canada Inc	1	\$ 76.77	Miscellaneous Expenses - DLA Piper (Canada) LLP Services rendered through February 28, 2015
TOTAL			2	\$ 5,989.90	

THIS IS EXHIBIT "B" REFERRED TO IN THE

AFFIDAVIT OF PAUL BISHOP

SWORN BEFORE ME ON JULY 24, 2015

A handwritten signature in cursive, appearing to be 'PB', is written over a solid horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS

David Rosenlat

Summary of FTI Monitor Fees

Services Rendered March 16, 2015 - July 19, 2015

Invoice #	Date	Fees	Expenses	HST	Total
29001376	31-Mar-15	\$ 9,929.50	\$ -	\$ 1,290.84	\$ 11,220.34
29001435	17-May-15	\$ 2,363.00	\$ -	\$ 307.19	\$ 2,670.19
29001456	31-May-15	\$ 5,137.50	\$ 1,143.58	\$ 816.54	\$ 7,097.62
29001488	14-Jun-15	\$ 1,194.00	\$ -	\$ 155.22	\$ 1,349.22
29001506	30-Jun-15	\$ 1,093.00	\$ -	\$ 142.09	\$ 1,235.09
29001532	19-Jul-15	\$ 3,068.00	\$ 5,989.90	\$ 1,177.53	\$ 10,235.43
TOTAL		\$ 22,785.00	\$ 7,133.48	\$ 3,889.41	\$ 33,807.89

THIS IS EXHIBIT "C" REFERRED TO IN THE

AFFIDAVIT OF PAUL BISHOP

SWORN BEFORE ME ON JULY 24, 2015



A COMMISSIONER FOR TAKING AFFIDAVITS

David Rozumbek

Summary of FTI Monitor Fees

Services Rendered March 16, 2015 - July 19, 2015

Professional	Title	Hours	Hourly Rate	Total
Paul Bishop	Senior Managing Director	20.20	\$ 600.00	\$ 12,120.00
Ellen Dong	Senior Consultant	27.00	\$ 395.00	\$ 10,665.00
TOTAL		47.20		\$ 22,785.00

Average Hourly Rate: \$ 482.73

THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, AS AMENDED

Court File No: CV14-10781-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT
OF CLINE MINING CORPORATION, NEW ELK COAL COMPANY LLC AND
NORTH CENTRAL ENERGY COMPANY

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

AFFIDAVIT OF PAUL BISHOP

OSLER, HOSKIN & HARCOURT LLP
P.O. Box 50, 100 King Street West
1 First Canadian Place
Toronto, Ontario M5X 1B8

Marc Wasserman (LSUC#: 44066M)
Tel: 416.862.4908
Fax: 416.862.6666
Email: mwasserman@osler.com

Michael De Lellis (LSUC#:48038U)
Tel: 416.862.5997
Fax: 416.862.6666
Email: mdelellis@osler.com

Lawyers for the Monitor, FTI Consulting Canada Inc.

Appendix "B"

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE AND
ARRANGEMENT OF CLINE MINING CORPORATION, NEW ELK
COAL COMPANY LLC AND NORTH CENTRAL ENERGY COMPANY**

**AFFIDAVIT OF MICHAEL DE LELLIS
(Sworn July 24, 2015)**

I, MICHAEL DE LELLIS, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a Partner in the law firm of Osler, Hoskin & Harcourt LLP ("**Osler**"), lawyers for FTI Consulting Canada Inc. ("**FTI**"), in its capacity as the court appointed monitor for Cline Mining Corporation, New Elk Coal Company LLC and North Central Energy Company (collectively, the "**Applicants**") and, as such, I have knowledge of the matters to which I hereinafter depose. Where I have relied on other sources for information, I have identified such sources and believe the information to be true.

2. On December 3, 2014, the Applicants obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") pursuant to the initial order granted by the Honourable Justice Morawetz (the "**Initial Order**"). Pursuant to the Initial Order, FTI was appointed as monitor (the "**Monitor**") of the Applicants. The proceedings commenced by the Applicants under the CCAA will be referred to herein as the "**CCAA Proceedings**".

3. This affidavit is made in support of a motion (the “**Motion**”) for, *inter alia*, the approval of the fees and disbursements of Osler, in its capacity as legal counsel for the Monitor, invoiced from February 29, 2015 to July 24, 2015.

4. Osler’s invoices rendered from February 29, 2015 to July 24, 2015 disclose in detail: (i) the names, hourly rates and time expended by each person who rendered services; (ii) the dates on which the services were rendered; (iii) the time expended each day; and (iv) the total charges and rates for each of the categories of services rendered for the relevant time period. Attached and marked collectively as Exhibit “A” to this affidavit are true copies of the accounts rendered from February 29, 2015 to July 24, 2015 to FTI in connection with the CCAA Proceedings (redacted for confidential information).

5. During the period from February 29, 2015 to July 24, 2015 Osler rendered invoices for 107.1 hours docketed in respect of the CCAA Proceedings and billed a total of \$64,026.17, amounting to legal fees of \$55,058.00 and disbursements and other charges of \$739.50 plus Harmonized Sales Tax of \$8,228.67.

6. Attached hereto as Exhibit “B” is a schedule summarizing each invoice in Exhibit “A”.

7. Attached hereto as Exhibit “C” is a schedule summarizing the billing rates of each of the members of Osler who acted on behalf of the Monitor in the CCAA Proceedings from February 29, 2015 to July 24, 2015, as well as the average hourly rate for the legal services provided by Osler.

8. The hourly billing rates applied in the invoices of Osler are Osler’s normal hourly rates which were in effect for invoices rendered from February 29, 2015 to July 24, 2015 and are

comparable to the hourly rates charged by Osler for services rendered in relation to similar proceedings.

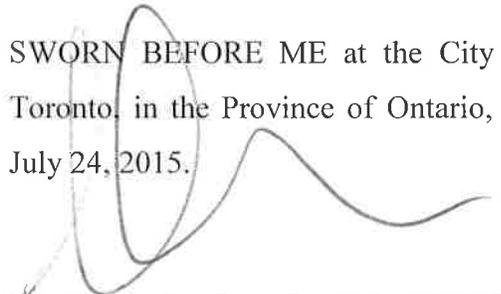
9. Osler's fees and disbursements from July 24, 2015 up to and including the effective date of the Monitor's discharge and termination of this proceeding will be calculated and billed at Osler's standard rates. Barring unforeseen circumstances, I estimate that those fees and disbursements will not exceed \$7,500.

10. The rates charged by Osler throughout the course of the CCAA Proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services.

11. I have been actively involved in this matter. The hours spent on this matter involved assisting FTI in the monitoring of the Applicants and dealing with a number of CCAA issues (as more particularly described in the Monitor's reports) and I believe that the time expended and the fees charged by Osler are reasonable, fair and appropriate in light of the complexity of the proceeding, the nature of services performed and the prevailing market rates for such services.

12. I swear this affidavit in support of the Motion and for no improper purpose.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario, on
July 24, 2015.



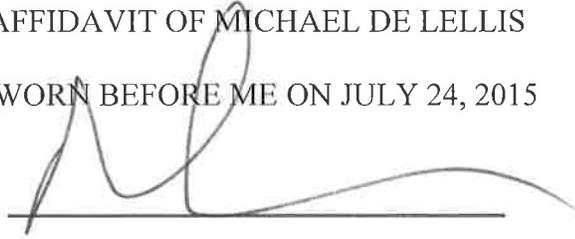
Commissioner for Taking Affidavits



MICHAEL DE LELLIS

THIS IS EXHIBIT "A" REFERRED TO IN THE

AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON JULY 24, 2015

A handwritten signature in black ink, appearing to read "Michael De Lellis", is written over a solid horizontal line. The signature is fluid and cursive, with a large loop for the letter 'l'.

A COMMISSIONER FOR TAKING AFFIDAVITS

Osler, Hoskin & Harcourt LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 MAIN
416.862.6666 FACSIMILE

OSLER

FTI Consulting Canada Inc.
TD Waterhouse Tower, 79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, ON M5K 1G8
CANADA

Invoice No.: 11770701
Date: April 29, 2015
Client No.: 223352
GST/HST No.: 121983217 RT0001

Attention: Paul Bishop

Contact: Marc Wasserman
Direct Dial: (416) 862-4908
E-mail: MWasserman@Osler.com

For professional services rendered for Project Ki (F#1161186).

OUR FEE HEREIN	21,096.00
REIMBURSABLE EXPENSES	446.50
HST @ 13%	2,800.52
TOTAL (CAD):	24,343.02

PAYMENT DUE ON OR BEFORE MAY 29, 2015



We are committed to protecting the environment. Please provide your email address to payments@osler.com to receive invoices and reminder statements electronically.



REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
180 TD Square, 317 - 7th Avenue S.W.
Calgary, Alberta T2P 2Y9
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: 11770701
Client No.: 223352
Amount: 24,343.02 CAD

Email payment details to payments@osler.com,
referencing invoice number(s) being paid.

Please return remittance advice(s) with
cheque.

osler.com

FEE SUMMARY

NAME	HRS	RATE	FEES
<u>PARTNER</u>			
Michael De Lellis	12.40	690	8,556.00
<u>ASSOCIATE</u>			
David Rosenblat	28.50	440	12,540.00
TOTAL FEES (CAD):	40.90		21,096.00

FEE DETAIL

DATE	NAME	DESCRIPTION	HRS
Feb-11-15	David Rosenblat	Attending call with Cline shareholder; reviewing Plan regarding treatment of equity holders; discussing outstanding items with M. De Lellis.	0.70
Mar-02-15	Michael De Lellis	Reviewing correspondence; corresponding with L. Willis at Goodmans.	0.30
Mar-03-15	Michael De Lellis	Reviewing correspondence; corresponding with L. Willis at Goodmans; meeting with D. Rosenblat to obtain closing update status.	0.40
Mar-03-15	David Rosenblat	Discussing outstanding matters with counsel to the Applicants; drafting update regarding same for M. De Lellis.	0.80
Mar-05-15	Michael De Lellis	Reviewing correspondence.	0.50
Mar-05-15	David Rosenblat	Discussing closing matters with L. Willis; reviewing Plan in light of closing considerations.	0.50
Mar-10-15	David Rosenblat	Reviewing correspondence; discussing closing matters with M. Segal.	0.20
Mar-12-15	David Rosenblat	Reviewing Plan; reviewing correspondence; discussing Plan amendment with M. Wasserman; attending call with M. Segal; responding to emails.	1.30
Mar-16-15	Michael De Lellis	Reviewing correspondence; corresponding with L. Willis at Goodmans; corresponding with D. Rosenblat with respect to the scope of the next required Monitor's report.	0.60
Mar-16-15	David Rosenblat	Reviewing correspondence; discussing stay extension hearing and closing matters with L. Willis.	0.20
Mar-17-15	David Rosenblat	Reviewing correspondence; preparing initial draft Monitor's report.	0.50

Mar-18-15	David Rosenblat	Attending call with E. Dong of FTI; reviewing correspondence; drafting Monitor's report.	0.70
Mar-19-15	Michael De Lellis	Reviewing correspondence; reviewing draft motion materials and considering same; corresponding with D. Rosenblat with respect to additional topics to be noted in the next Monitor's report.	1.10
Mar-19-15	David Rosenblat	Reviewing Cline application materials; discussing same and upcoming Monitor's report with L. Willis; reviewing correspondence; responding to emails; attending call with Marret counsel; attending call with E. Dong; drafting Monitor's report.	6.10
Mar-20-15	Michael De Lellis	Reviewing correspondence; reviewing revisions to form of Order; corresponding with D. Rosenblat.	0.50
Mar-20-15	David Rosenblat	Reviewing correspondence; finalizing initial draft of Monitor's report; responding to emails.	3.00
Mar-22-15	David Rosenblat	Responding to emails; reviewing correspondence.	0.20
Mar-23-15	Michael De Lellis	Reviewing correspondence; reviewing updated motion materials from L. Willis; conference call with D. Rosenblat to discuss fee affidavits and invoices to be approved; reviewing [REDACTED]	1.60
Mar-23-15	David Rosenblat	Reviewing correspondence; discussing outstanding matters with M. De Lellis; discussing stay extension materials with B. Wiffen; responding to emails.	0.40
Mar-24-15	Michael De Lellis	Reviewing correspondence; reviewing [REDACTED]; reviewing draft Monitor's report and drafting revisions and comments to same; meeting with D. Rosenblat to discuss Monitor's report and related issues; reviewing the finalized applicant motion materials; reviewing comments received in respect of draft Monitor's report and corresponding with P. Bishop at FTI with respect to same; discussing issues with D. Rosenblat with respect to fee affidavits.	3.50
Mar-24-15	David Rosenblat	Reviewing correspondence; discussing outstanding matters with M. De Lellis; revising draft report; revising and developing exhibits to draft report; responding to emails; discussing outstanding items with L. Willis.	7.10
Mar-25-15	Michael De Lellis	Reviewing correspondence; [REDACTED]; reviewing revised Monitor's report and finalizing same; reviewing fee affidavit and supporting exhibits and finalizing same; responding to inquiries from D. Rosenblat; meeting with P. Bishop at FTI and D. Rosenblat.	1.40

Mar-25-15	David Rosenblat	Reviewing correspondence; responding to emails; reviewing comments on Monitor's report; discussing same with M. De Lellis; finalizing and serving Monitor's report; meeting with P. Bishop and M. De Lellis; attending call with L. Willis.	2.90
Mar-26-15	David Rosenblat	Coordinating filing of Fourth Report of the Monitor; reviewing correspondence.	0.20
Mar-29-15	Michael De Lellis	Reviewing correspondence; corresponding with P. Bishop; reviewing materials in preparation for court hearing; multiple correspondence with D. Rosenblat.	1.30
Mar-29-15	David Rosenblat	Reviewing motion materials and previous Monitor's reports; preparing for upcoming hearing.	2.20
Mar-30-15	Michael De Lellis	Preparing for court attendance; attending motion; corresponding with P. Bishop; corresponding with L. Willis.	1.20
Mar-30-15	David Rosenblat	Preparing for stay extension hearing; attending stay extension hearing.	1.50
TOTAL HOURS:			40.90

EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Printing Costs	355.82
Telecommunications Charges	0.68
Agent's Fees & Expenses	90.00
TOTAL (CAD):	446.50

Osler, Hoskin & Harcourt LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 MAIN
416.862.6666 FACSIMILE

OSLER

FTI Consulting Canada Inc.
TD Waterhouse Tower, 79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, ON M5K 1G8
CANADA

Invoice No.: 11789946
Date: June 29, 2015
Client No.: 223352

GST/HST No.: 121983217 RT0001

Contact: Marc Wasserman
Direct Dial: (416) 862-4908
E-mail: MWasserman@Osler.com

Attention: Paul Bishop

For professional services rendered for Project Ki (F#1161186).

OUR FEE HEREIN	12,377.00
REIMBURSABLE EXPENSES	68.70
HST @ 13%	1,617.94
TOTAL (CAD):	14,063.64

PAYMENT DUE ON OR BEFORE JULY 29, 2015



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Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: 11789946
Client No.: 223352
Amount: 14,063.64 CAD

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FEE SUMMARY

NAME	HRS	RATE	FEES
<u>PARTNER</u>			
Michael De Lellis	8.50	690	5,865.00
<u>ASSOCIATE</u>			
David Rosenblat	14.80	440	6,512.00
TOTAL FEES (CAD):	23.30		12,377.00

FEE DETAIL

DATE	NAME	DESCRIPTION	HRS
Apr-06-15	David Rosenblat	Following up with Cline's counsel for closing documentation; reviewing correspondence; responding to email.	0.10
Apr-23-15	David Rosenblat	Following up with FTI on outstanding matters.	0.10
May-11-15	David Rosenblat	Reviewing correspondence.	0.10
May-20-15	David Rosenblat	Reviewing correspondence; responding to emails; reviewing revised Plan; providing M. De Lellis with initial comments regarding same; discussing outstanding issues with M. De Lellis.	2.10
May-21-15	Michael De Lellis	Reviewing correspondence; corresponding with P. Bishop and E. Dang at FTI; meeting with D. Rosenblat to discuss outstanding issues with respect to draft Monitor's Report; reviewing draft affidavit, plan amendment order, notice of motion and notice of plan amendment and drafting notes and comments to same; corresponding with L. Willis at Goodmans.	3.20
May-21-15	David Rosenblat	Reviewing correspondence; reviewing past stay extension order; discussing outstanding items and Plan amendments with M. De Lellis; responding to emails; discussing upcoming motion and outstanding issues with M. De Lellis; reviewing Plan amendments.	1.40
May-22-15	Michael De Lellis	Reviewing correspondence; participating in conference call with D. Rosenblat and P. Bishop and E. Dang at FTI; corresponding with K. Coleman at Allen Overy; reviewing proposed changes to the Applicants motion materials with D. Rosenblat.	1.10
May-22-15	David Rosenblat	Reviewing draft applicant materials; discussing same with M. De Lellis; commenting on draft motion materials; developing Monitor's report; attending call with FTI.	2.40

May-23-15	David Rosenblat	Drafting Fifth Report of the Monitor; reviewing previous proceeding materials in connection with preparation of same.	3.80
May-24-15	David Rosenblat	Finalizing initial draft Fifth Report.	0.70
May-25-15	David Rosenblat	Revising draft Report; reviewing correspondence.	1.10
May-26-15	Michael De Lellis	Reviewing correspondence; corresponding with FTI; reviewing draft Monitor's Report and drafting comments to same.	1.50
May-26-15	David Rosenblat	Revising draft Report per comment received thereon; reviewing correspondence; responding to emails.	1.10
May-27-15	Michael De Lellis	Reviewing correspondence; reviewing revised Monitor's Report and providing final comments to same; corresponding with L. Willis at Goodmans.	1.20
May-27-15	David Rosenblat	Finalizing and serving Monitor's report; reviewing correspondence; responding to emails.	1.80
May-28-15	David Rosenblat	Reviewing correspondence; responding to emails.	0.10
May-31-15	Michael De Lellis	Reviewing Monitor's Report; reviewing Applicant's motion record; corresponding with D. Rosenblat; preparing for court attendance.	1.50

TOTAL HOURS:	23.30
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EXPENSE SUMMARY

<u>DESCRIPTION</u>	<u>AMOUNT</u>
<u>EXPENSES - TAXABLE</u>	
Printing Costs	68.70
TOTAL (CAD):	68.70

Osler, Hoskin & Harcourt LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 MAIN
416.862.6666 FACSIMILE

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FTI Consulting Canada Inc.
TD Waterhouse Tower, 79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, ON M5K 1G8
CANADA

Invoice No.: 11793843
Date: July 3, 2015
Client No.: 223352

GST/HST No.: 121983217 RT0001

Attention: Paul Bishop

Contact: Marc Wasserman
Direct Dial: (416) 862-4908
E-mail: MWasserman@Osler.com

For professional services rendered for Project Ki (F#1161186).

OUR FEE HEREIN	3,276.00
REIMBURSABLE EXPENSES	114.00
HST @ 13%	440.70
TOTAL (CAD):	3,830.70

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Account No: 5219313
SWIFT Code: TDOMCATTTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING (RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: 11793843
Client No.: 223352
Amount: 3,830.70 CAD

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FEE SUMMARY

NAME	HRS	RATE	FEES
<u>PARTNER</u> Michael De Lellis	3.60	690	2,484.00
<u>ASSOCIATE</u> David Rosenblat	1.80	440	792.00
TOTAL FEES (CAD):	5.40		3,276.00

FEE DETAIL

DATE	NAME	DESCRIPTION	HRS
Jun-01-15	Michael De Lellis	Reviewing correspondence; preparing for court attendance; attending court motion; corresponding with P. Bishop at FTI; corresponding with L. Willis at Goodmans.	2.00
Jun-05-15	Michael De Lellis	Reviewing correspondence; reviewing draft U.S. motion materials and noting comments and revisions to same; corresponding with Allen Overy LLP.	0.80
Jun-24-15	David Rosenblat	Reviewing closing agendas; discussing same with M. De Lellis; following up with Applicants' counsel.	1.00
Jun-25-15	David Rosenblat	Following up with L. Willis on closing matters.	0.10
Jun-29-15	David Rosenblat	Attending status call with L. Willis; providing update regarding closing status to M. De Lellis.	0.30
Jun-30-15	David Rosenblat	Reviewing correspondence.	0.10
Jul-02-15	Michael De Lellis	Reviewing closing agenda and noting revisions and comments to same; considering closing issues and mechanics.	0.80
Jul-03-15	David Rosenblat	Reviewing correspondence; responding to emails.	0.30
TOTAL HOURS:			5.40

EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Printing Costs	69.00
Agent's Fees & Expenses	45.00
TOTAL (CAD):	114.00

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1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 MAIN
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FTI Consulting Canada Inc.
TD Waterhouse Tower, 79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, ON M5K 1G8
CANADA

Invoice No.: 11803130
Date: July 24, 2015
Client No.: 223352

GST/HST No.: 121983217 RT0001

Attention: Paul Bishop

Contact: Marc Wasserman
Direct Dial: (416) 862-4908
E-mail: MWasserman@Osler.com

For professional services rendered for Project Ki (F#1161186).

OUR FEE HEREIN	18,309.00
REIMBURSABLE EXPENSES	110.30
HST @ 13%	3,369.51
SUB TOTAL (CAD):	21,788.81
ESTIMATED FEES, DISBURSEMENTS & TAXES UP TO AND INCLUDING JULY 31, 2015	7,500.00
TOTAL (CAD):	29,288.81

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FINANCE & ACCOUNTING
(RECEIPTS)
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PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: 11803130
Client No.: 223352
Amount: 29,288.81 CAD

Email payment details to payments@osler.com,
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Please return remittance advice(s) with
cheque.

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FEE SUMMARY

NAME	HRS	RATE	FEES
<u>PARTNER</u>			
Michael De Lellis	9.00	690	6,210.00
<u>ASSOCIATE</u>			
David Rosenblat	26.70	440	11,748.00
<u>STUDENT</u>			
Matt Budd	1.80	195	351.00
TOTAL FEES (CAD):	37.50		18,309.00
ADJUSTED			7,500.00
NET FEES (CAD):			25,809.00

FEE DETAIL

DATE	NAME	DESCRIPTION	HRS
Jul-06-15	Michael De Lellis	Reviewing correspondence; discussing status of matter with M. Wasserman; corresponding with P. Bishop; meeting with D. Rosenblat to discuss various issues; corresponding with L. Willis; meeting with D. Rosenblat to discuss outstanding closing issues.	0.60
Jul-06-15	David Rosenblat	Reviewing Plan and drafting outstanding items list; reviewing same with M. De Lellis; reviewing correspondence; responding to emails; discussing outstanding items with M. De Lellis; attending call with counsel to the Applicant.	4.60
Jul-07-15	Michael De Lellis	Reviewing correspondence; meeting with D. Rosenblat to discuss various issues; corresponding with L. Willis.	0.80
Jul-07-15	David Rosenblat	Attending call with E. Dong of FTI Consulting; attending call with L. Willis of Goodmans; discussing outstanding items with M. De Lellis.	3.40
Jul-08-15	David Rosenblat	Reviewing correspondence; responding to emails.	0.60
Jul-09-15	David Rosenblat	Coordinating filing of Monitor's certificate; reviewing correspondence; responding to email.	0.40
Jul-21-15	David Rosenblat	Discussing upcoming motion and associated materials with M. De Lellis; reviewing correspondence; responding to email; commencing drafting of the Monitor's Sixth Report.	1.70
Jul-22-15	Matt Budd	Receiving instructions from D. Rosenblat; drafting fee affidavits and exhibits.	1.80

Jul-22-15	Michael De Lellis	Reviewing correspondence; reviewing draft affidavit and termination order and noting comments and revisions to same; reviewing revised affidavit and termination order, drafting revisions and comments to same and meeting with D. Rosenblat to discuss same; meeting with D. Rosenblat to discuss the draft Monitor's Sixth Report and responding to inquiries with respect to same; corresponding with L. Willis of Goodmans.	1.80
Jul-22-15	David Rosenblat	Reviewing and commenting on Cline motion materials; discussing outstanding items with M. De Lellis; reviewing correspondence; responding to emails; continued drafting of the Monitor's Sixth Report.	6.10
Jul-23-15	Michael De Lellis	Reviewing correspondence; reviewing the draft Monitor's Sixth Report and drafting revisions and comments to same and meeting with D. Rosenblat to discuss same; reviewing revised Monitor's Sixth Report, revising same and corresponding with P. Bishop with respect to same; reviewing FTI's comments to the revised Monitor's Sixth Report and discussing same with D. Rosenblat; multiple correspondence with P. Bishop with respect to the Applicant's draft motion materials, the draft Monitor's Sixth Report and the proposed termination of the CCAA proceeding; multiple correspondence and conference calls with L. Willis of Goodmans with respect to the Applicant's motion materials, the draft form of order [REDACTED]; reviewing draft fee affidavits and discussing same with D. Rosenblat; discussing continuing aspects of the U.S. proceedings with D. Rosenblat.	5.80
Jul-23-15	David Rosenblat	Finalizing initial draft of the Monitor's Sixth Report; discussing same with Michael De Lellis; reviewing sanction order in connection with same; finalizing fee affidavits and exhibits thereto; reviewing correspondence; responding to emails; multiple calls with E. Dong in connection with upcoming motion and the Monitor's Sixth Report; reviewing revised draft termination order and providing comments thereon; reviewing Plan in connection with same; reviewing and considering comments received on report; revising report per comments received thereon.	9.90

TOTAL HOURS: 37.50

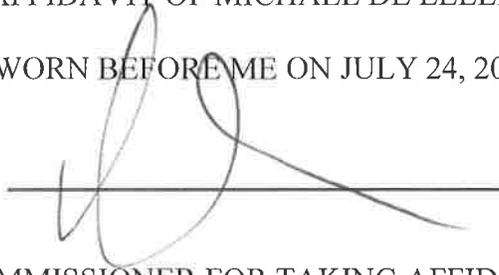
EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Printing Costs	15.30
Agent's Fees & Expenses	95.00
TOTAL (CAD):	<u>110.30</u>

THIS IS EXHIBIT "B" REFERRED TO IN THE

AFFIDAVIT OF MICHAEL DE LELLIS

SWORN BEFORE ME ON JULY 24, 2015

A handwritten signature in black ink is written over a solid horizontal line. The signature is stylized and appears to be the name 'Michael De Lellis'.

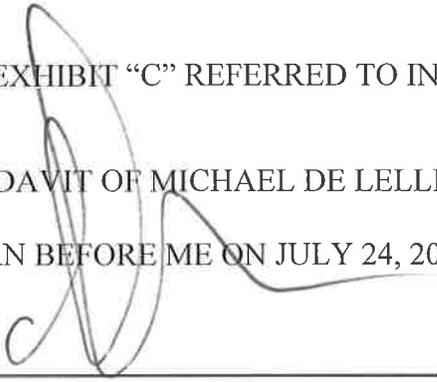
A COMMISSIONER FOR TAKING AFFIDAVITS

EXHIBIT "B"

Osler - Summary of Invoices

Invoice #	Date	Fee	Disbursements	Taxes	Total
11770701	29-Apr-15	\$ 21,096.00	\$ 446.50	\$ 2,800.52	\$ 24,343.02
11789946	29-Jun-15	\$ 12,377.00	\$ 68.70	\$ 1,617.94	\$ 14,063.64
11793843	3-Jul-15	\$ 3,276.00	\$ 114.00	\$ 440.70	\$ 3,830.70
11803130	24-Jul-15	\$ 18,309.00	\$ 110.30	\$ 3,369.51	\$ 21,788.81
TOTALS		\$ 55,058.00	\$ 739.50	\$ 8,228.67	\$ 64,026.17

THIS IS EXHIBIT "C" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON JULY 24, 2015



A handwritten signature in black ink, appearing to read "Michael De Lellis", is written over a horizontal line. The signature is stylized and cursive.

A COMMISSIONER FOR TAKING AFFIDAVITS

EXHIBIT "C"

Osler Fees Invoiced February 29, 2015 to July 24, 2015

Name	Hours	Hourly Rate*	Product
Michael De Lellis	33.5	\$690	\$ 23,115.00
David Rosenblat	71.8	\$440	\$ 31,592.00
Matt Budd	1.8	\$195	\$ 351.00
Total	107.1		\$ 55,058.00

**The average hourly rate for the legal services provided by Osler is \$514.08*

THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, AS AMENDED

Court File No: CV14-10781-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT
OF CLINE MINING CORPORATION, NEW ELK COAL COMPANY LLC AND
NORTH CENTRAL ENERGY COMPANY

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

AFFIDAVIT OF MICHAEL DE LELLIS

OSLER, HOSKIN & HARCOURT LLP

P.O. Box 50, 100 King Street West
1 First Canadian Place
Toronto, Ontario M5X 1B8

Marc Wasserman (LSUC#: 44066M)

Tel: 416.862.4908

Fax: 416.862.6666

Email: mwasserman@osler.com

Michael De Lellis (LSUC#:48038U)

Tel: 416.862.5997

Fax: 416.862.6666

Email: mdelellis@osler.com

Lawyers for the Monitor, FTI Consulting Canada Inc.

Appendix "C"

Court File No. CV14-10781-00CL

**CLINE MINING CORPORATION,
NEW ELK COAL COMPANY LLC
AND NORTH CENTRAL ENERGY
COMPANY**

**FIFTH REPORT
OF FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR OF THE APPLICANTS**

May 27, 2015



ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CLINE MINING CORPORATION, NEW
ELK COAL COMPANY LLC AND NORTH CENTRAL ENERGY
COMPANY

FIFTH REPORT OF FTI CONSULTING CANADA INC.,
in its capacity as Monitor of the Applicants

May 27, 2015

INTRODUCTION

1. On December 3, 2014 (the "**Filing Date**"), Cline Mining Corporation ("**Cline**"), New Elk Coal Company LLC ("**New Elk**") and North Central Energy Company (collectively, the "**Applicants**") filed for and obtained protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Pursuant to the Order of this Honourable Court (the "**Initial Order**") dated December 3, 2014, FTI Consulting Canada Inc. ("**FTI**") was appointed as the Monitor of the Applicants (the "**Monitor**") in these CCAA proceedings (the "**CCAA Proceedings**"). The Initial Order provided, *inter alia*, for a stay of proceedings through to and including December 31, 2014 for the Applicants.

2. On the Filing Date, this Honourable Court also granted an Order that approved a claims process for the identification and determination of claims against the Applicants and their present and former directors and officers (the "**Claims Procedure Order**") and an Order authorizing the Applicants to file a plan of compromise and arrangement and to convene

meetings of their affected secured creditors, affected unsecured creditors, and the WARN Act Plaintiffs (as defined in the Claims Procedure Order) to consider and vote on such plan (the "**Meetings Order**").

3. On December 3, 2014, the Monitor commenced ancillary cases in the United States by filing petitions under chapter 15 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Colorado (the "**U.S. Bankruptcy Court**").

4. On December 4, 2014 the Monitor, as foreign representative of the Applicants, obtained certain relief from the U.S. Bankruptcy Court, including (i) the joint administration of the Chapter 15 Proceedings, (ii) approval of the form and manner of notice of the Chapter 15 Proceedings, and (iii) the entry of a temporary restraining order (the "**TRO**") staying the commencement or continuation of proceedings against the Applicants and preventing parties from exercising contractual rights triggered by the commencement of insolvency proceedings in respect of the Applicants.

5. On December 11, 2014, the U.S. Bankruptcy Court entered a preliminary injunction extending the relief granted in the TRO pending further determination in the Chapter 15 Proceedings.

6. On December 22, 2014, this Honourable Court issued an Order approving an extension of the Stay Period (as defined in the Initial Order) to and including March 1, 2015.

7. On January 15, 2015 the U.S. Bankruptcy Court entered an Order granting recognition of the CCAA Proceedings and giving full force and effect in the United States to the Initial Order, Claims Procedure Order, and Meetings Order.

8. On January 20, 2015 the Applicants filed an amended and restated plan of compromise and arrangement (the “**Plan**”). On January 27, 2015, this Honourable Court issued an Order (the “**Sanction Order**”) extending the Stay Period to and including April 1, 2015 and approving and sanctioning the Plan, as may be further amended, restated, modified or supplemented from time to time.

9. On January 28, 2015, the U.S. Bankruptcy Court entered an Order giving full force and effect to the Sanction Order in the United States.

10. On March 30, 2015, this Honourable Court issued an Order approving an extension of the Stay Period to and including June 1, 2015.

11. On May 26, 2015 the Applicants filed a second amended and restated plan of compromise and arrangement (the “**Amended and Restated Plan**”, attached as Appendix “A” hereto). The Monitor sent the Notice of Plan Amendment Affecting Secured Noteholders, which contains a blackline of the Plan to the Amended and Restated Plan, to Affected Creditors on May 26, 2015 (attached hereto as Appendix “B”).

12. The Applicants’ stated objectives for the CCAA Proceedings include permitting them to pursue a recapitalization with a view to maximizing value for the benefit of their stakeholders. The Applicants believe that without the benefit of CCAA protection there could be significant erosion in the value of the Cline Group (being the Applicants and Raton Basin Analytical LLC, collectively) that could result in the loss of tax attributes and various exploration, mining and environmental permits.

13. Unless otherwise stated, all monetary amounts contained in this fifth report of the Monitor (the “**Fifth Report**”) are expressed in Canadian dollars. Capitalized terms not

otherwise defined herein have the meanings ascribed thereto in the Amended and Restated Plan and the affidavit of Matthew Goldfarb sworn December 2, 2014, as applicable.

14. The following appendices have been attached to this Fifth Report:
- a) Appendix “A” – Amended and Restated Plan;
 - b) Appendix “B” – Notice of Plan Amendment Affecting Secured Noteholders and blackline of the Plan to the Amended and Restated Plan;
 - c) Appendix “C” – the May Forecast (as defined below); and
 - d) Appendix “D” – the fourth report of the Monitor dated March 25, 2015 (the “**Fourth Report**”, without appendices).

PURPOSE

15. The purpose of the Monitor’s Fifth Report is to provide information to this Honourable Court and the Applicants’ stakeholders relating to the following:

- a) the status of the Applicants’ CCAA Proceedings, including an update regarding the implementation of the Plan;
- b) a summary of the key terms in the Amended and Restated Plan
- c) the status of the claims process;
- d) the state of the Applicants’ financial affairs, including:
 - i. the Applicants’ actual receipts and disbursements for the period from March 16, 2015 to May 24, 2015; and

- ii. the Applicants' post-filing consolidated cash position and liquidity as detailed in the May Forecast;
- e) the Monitor's activities since the date of the Fourth Report, being March 25, 2015; and
- f) the Monitor's conclusions and recommendations regarding the Applicants' motion for an Order that grants, among other things, an extension of the Stay Period and approves of certain technical amendments to the Plan, as set forth in the Amended and Restated Plan.

TERMS OF REFERENCE

16. In preparing this report, the Monitor has relied upon audited and unaudited financial information of the Applicants, the Applicants' books and records (where appropriate), certain financial information prepared by the Applicants and discussions with various parties, including the Applicants' management and counsel to the Applicants (collectively, the "**Information**").

17. Except as described in this Fifth Report:

- a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
- b) the Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.

GENERAL BACKGROUND

18. The Cline Group is in the business of locating, exploring and developing mineral resource properties, with a particular focus on gold and metallurgical coal.

19. To avoid unnecessary duplication, please refer to the Initial Order, the Meetings Order, the Claims Procedure Order and the Sanction Order, together with other motion materials and orders granted by this Honourable Court and the U.S. Bankruptcy Court, FTI's pre-filing report dated December 2, 2014 (the "**Pre-Filing Report**"), the Monitor's prior reports filed in the CCAA Proceedings and other documentation filed in the CCAA Proceedings which have been posted on the Monitor's website at <http://cfcanada.fticonsulting.com/cline>.

UPDATE REGARDING THE CCAA PROCEEDINGS

20. Since the Sanction Order was granted by this Honourable Court on January 27, 2015, the Applicants, Marret Asset Management Inc. ("**Marret**", on behalf of the Secured Noteholders) and the Monitor have been working towards implementation of the Plan.

21. As described further in the Second Report, implementation of the Plan was conditional upon the satisfaction or waiver (to the extent permitted) of certain conditions prior to or at the Effective Time. As of the date of the Fourth Report, being March 25, 2015, a limited number of tasks remained to be completed prior to implementation of the Plan. Amongst these tasks was the Secured Noteholders' application to obtain certain relief from the Ontario Securities Commission (the "**OSC**").

22. As described in the Monitor's Fourth Report, Marret sought exemptive relief from the OSC on behalf of certain Secured Noteholders with respect to section 2.6(f) of National Instrument 81-102, which regulates the ability of investment funds to lend cash. Such relief

would be necessary for Marret's regulated investment funds to hold the New Secured Debt (as defined and contemplated in the Plan). Additionally, Marret sought exemptive relief from sections 111(2)(b) and 111(4) of the *Securities Act*, which restrict the ability of a regulated investment fund to make an investment in which the investment fund, alone or together with one or more related investment funds, is a substantial security holder. Marret sought such relief because, pursuant to the existing terms of the Plan, certain of the Secured Noteholders who are regulated investment funds would own, in the aggregate, more than 20 percent of the voting rights attached to the voting securities of Cline on the Plan Implementation Date and therefore would constitute substantial security holders.

23. The Monitor has been advised by the Applicants that the OSC did not grant the exemptive relief requested by Marret. As a result, the Plan cannot be implemented in its present form. Accordingly, certain amendments to the Plan have been proposed by the Applicants in order to alter the form of consideration to be received by the Secured Noteholders so that the Secured Noteholders can hold such consideration and be in compliance with applicable securities laws.

24. Section 10.5(a)(ii) of the Plan provides that the Applicants reserve the right, at any time and from time to time, to amend, restate, modify and/or supplement the Plan, provided that any such amendment, restatement, modification or supplement must be contained in a written document and, if made following the Meetings, approved by this Honourable Court following notice to the Affected Creditors. As described above, such notice was given by way of the Notice of Plan Amendment Affecting Secured Noteholders which the Monitor sent to Affected Creditors on May 26, 2015. The amendments being proposed by way of the Amended and Restated Plan are described below.

SUMMARY OF KEY TERMS IN THE AMENDED AND RESTATED PLAN

Issuance of Cline Shares

25. The Plan provides for the issuance of one class of voting common shares in Cline to the Secured Noteholders on the Plan Implementation Date. However, Secured Noteholders that are regulated investment funds are restricted from holding a substantial voting position in Cline. To address this, the Amended and Restated Plan provides for the issuance of two separate classes of common shares, being as follows:

- a) a class of voting common shares in the capital of Cline (the “**New Cline Common Shares**”); and
- b) a class of non-voting common shares in the capital of Cline (the “**New Cline Convertible Shares**”) that are convertible into New Cline Common Shares on a one-to-one basis at the election of the holder.

26. The New Cline Common Shares and the New Cline Convertible Shares will have the same economic entitlements and differ only with respect to their voting rights. The Amended and Restated Plan provides that New Cline Common Shares will be issued to Secured Noteholders that are not regulated investment funds and New Convertible Common Shares will be issued to Secured Noteholders that are regulated investment funds. Following the implementation of the Amended and Restated Plan, the New Cline Common Shares and New Cline Convertible Shares would, collectively, constitute all of the equity of Cline.

27. The issuance of New Cline Convertible Shares to Secured Noteholders that are regulated investment funds will ensure that the regulated investment funds do not hold a voting

position in Cline, thereby addressing the regulatory issue created by the voting rights that the regulated investment funds would hold under the Plan.

28. As the Secured Noteholders are the only parties receiving common shares in Cline under the Amended and Restated Plan, the amendment to provide for two classes of New Cline Shares will not affect any Affected Creditors other than the Secured Noteholders. Furthermore, the Monitor is advised that Marret, on behalf of the Secured Noteholders, is supportive of this amendment.

Secured Debt

29. The Plan provides for \$55 million in first-ranking New Secured Debt to be issued to the Secured Noteholders in the form of a credit facility governed by the terms of a New Credit Agreement (as defined in the Plan). However, as described above, Secured Noteholders that are regulated investment funds are restricted from holding such debt. Accordingly, the Amended and Restated Plan provides for \$55 million in secured debt to be held pursuant to secured notes governed under trust indentures that will have the same terms as were originally contemplated under the New Credit Agreement.

30. The Amended and Restated Plan provides that \$55 million of the existing Secured Notes will be left outstanding under the existing Indentures and that the existing Indentures will be amended to conform them with the terms that were originally to be set out in the New Credit Agreement. This approach avoids the need to re-document and re-register all of the security and mortgages in respect of the \$55 million of secured debt, since those documents and registrations are already in place with respect to the Secured Notes. The Amended and Restated Plan provides that all amounts owing in respect of the Secured Notes in excess of the \$55 million will be cancelled on the Plan Implementation Date.

31. The foregoing is accomplished under the Amended and Restated Plan by separating the Secured Noteholders Allowed Secured Claim (in the amount of \$92,673,987) into a Secured Noteholders Affected Secured Claim (in the amount of \$37,673,897) and a Secured Noteholders Unaffected Secured Claim (in the amount of \$55 million). The Secured Noteholders Affected Secured Claim will be compromised and released in exchange for the issuance of New Cline Common Shares and New Cline Convertible Shares, as applicable. The Secured Noteholders Unaffected Secured Claim will continue under the Secured Notes in the principal amount of \$55 million. The purpose of these amendments is to ensure that debt obligations held by Marret's regulated investment funds constitute permitted indebtedness for the purposes of National Instrument NI 81-102.

32. This amendment will not affect any Affected Creditors other than the Secured Noteholders. Furthermore, the Monitor is advised that Marret, on behalf of the Secured Noteholders, is supportive of this amendment.

33. Finally, the Amended and Restated Plan also contains certain related technical amendments to effectuate the revised arrangements with respect to the consideration to be received by Secured Noteholders.

STATUS OF THE CLAIMS PROCESS

34. On the Filing Date, this Honourable Court issued the Claims Procedure Order that approved a process for the identification and quantification of claims against the Applicants and their present and former directors and officers.

35. The Monitor reported two Disputed Claims that remained to be resolved as of the date of the Fourth Report, being March 25, 2015. These two Disputed Claims are summarized in the following table:

Creditor	Amount per Notice of Claim	Amount per Notice of Dispute
Canada <u>Brokerlink</u> (Ontario) Inc.	-	3,753.59
Jennifer K. Byrd	30,000.00	374,375.29

36. Canada Brokerlink (Ontario) Inc. ("**Brokerlink**") has asserted that it is owed money in connection with certain commercial liability insurance. The Monitor understands that Brokerlink, through its collection agent, is still in the process of finalizing a settlement with Cline. The Monitor will provide an update in this regard in a subsequent report.

37. Jennifer Byrd's Claim is based on a discrimination claim against New Elk that was previously filed in Colorado. The Applicants continue to be engaged in settlement discussions with Ms. Byrd's legal counsel. The Monitor will provide an update in this regard in a subsequent report.

38. The Applicants, with the assistance of the Monitor, will continue to work towards resolving these Disputed Claims.

THE APPLICANTS' FINANCIAL AFFAIRS

39. Since the Filing Date, the Monitor has continued reviewing the actual receipts and disbursements of the Applicants as well as the Applicants' cash flow statements.

Actual Receipts and Disbursements for the Period from March 16, 2015 to May 24, 2015

40. The Applicants' actual net cash flow from the period of March 16, 2015 to May 24, 2015 (the "Current Period") together with an explanation of key variances as compared to the cash flow forecast provided in the Monitor's Fourth Report is described below. Actual net cash flows for the Current Period were approximately \$0.8 million higher than forecast and are summarized as follows:

	Forecast	Actual	Variance
<i>\$ thousands</i>			
Cash Flow from Operations			
Receipts	126.8	0.9	(125.9)
Operating Disbursements	(1,896.1)	(1,077.5)	818.6
Operating Cash Flows	(1,769.3)	(1,076.6)	692.7
Restructuring/ Non-Recurring Disbursements	(480.7)	(385.7)	95.0
Projected Net Cash Flow	(2,250.0)	(1,462.3)	787.7
Beginning Cash Balance	7,127.8	7,127.8	-
Ending Cash Balance	4,877.8	5,665.4	787.7

41. The variance in actual receipts and disbursements is comprised primarily of the following:

- a) a negative variance in receipts of \$0.1 million relating to a timing difference in the receipt of the Harmonized Sales Tax refund, this variance is anticipated to reverse in future weeks;
- b) a positive variance in operating disbursements of \$0.8 million, of which \$0.5 million is temporary and \$0.3 million is permanent, primarily in relation to a reduction in properties and liabilities insurance; and,

- c) a positive variance in restructuring/non-recurring disbursements of \$0.1 million relating to legal and professional fees, which are primarily timing differences that are anticipated to be temporary in nature and reverse in future weeks.

The Applicants' Revised Cash Flow Forecast

42. The Applicants prepared a cash flow forecast for the period from May 25 2015 to August 30, 2015 (the "**May Forecast**"), attached as Exhibit "C" hereto.

43. The May Forecast shows a negative cash flow of approximately \$5.9 million and is summarized below:

(CAD in millions)	
	Total
Cash Flow from Operations	
Receipts	0.6
Operating Disbursements	(4.9)
Operating Cash Flows	(4.3)
Restructuring/ Non-Recurring Disbursements	(1.6)
Projected Net Cash Flow	(5.9)
Beginning Cash Balance	8.6
Ending Cash Balance	2.7

44. It is anticipated that the Applicants' projected liquidity requirements through to August 17, 2015, being the end of the requested Stay Period, will be met by existing funds available to the Applicants.

MONITOR'S ACTIVITIES

45. Since its appointment, the Monitor has been involved with numerous aspects of the CCAA Proceedings with a view to fulfilling its statutory and court-ordered duties and obligations, as well as assisting the Applicants and their stakeholders in addressing restructuring

issues. FTI described some of the more significant matters that it was involved in prior to the Filing Date in the Pre-Filing Report. In addition, the Monitor described some of the more significant matters it was involved in since the Filing Date through March 25, 2015 in its previous reports. Since then, some of the more significant matters that the Monitor has been involved in, and assisted with, include, but are not limited to the following:

- a) posting various materials relating to the CCAA Proceedings on its website <http://cfcanada.fticonsulting.com/cline> and continuing to update the website by posting, among other things, the Monitor's reports, motion materials, and Orders granted in the CCAA Proceedings;
- b) maintaining a toll free hotline number (416-649-8099/1-855-398-7390) and a dedicated email inbox (cline@fticonsulting.com) to allow creditors and other interested parties to contact the Monitor to obtain additional information concerning the CCAA Proceedings and responding in a timely manner;
- c) participating in numerous discussions with senior management of the Applicants and the Applicants' legal advisors in connection with the Applicants' business and financial affairs, generally, and in connection with the preparation of the Applicants' cash flow forecasts;
- d) assisting the Applicants with the review of the Applicants' receipts and disbursements, the preparation of cash flow forecasts and the reporting thereon;
- e) responding to enquiries from creditors regarding the CCAA Proceedings;
- f) preparing for and attending the Stay Period extension hearing;

- g) participating in numerous discussions with the Applicants and the Applicants' legal advisors in connection with matters related to the Plan, the Amended and Restated Plan and the implementation of the Amended and Restated Plan; and
- h) preparing and delivering this Fifth Report.

CONCLUSIONS AND RECOMMENDATION

46. It is the Monitor's view that the Applicants continue to act with due diligence and in good faith and have not breached any requirements under the CCAA or any other Order of the Court.

47. It is the Monitor's view that the effect of the proposed amendments to the Plan, as provided in the Amended and Restated Plan, is to modify the form (although not the economic attributes) of the consideration received by the Secured Noteholders. Such amendments have no economic impact on the Secured Noteholders, and they do not affect any of the Affected Creditors other than the Secured Noteholders. The Monitor believes that the Amended and Restated Plan is fair and reasonable.

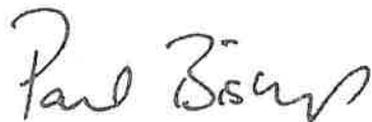
48. The current Stay Period expires on June 1, 2015. In order to allow the Applicants sufficient time to continue towards their restructuring goals and implement the Amended and Restated Plan, the Applicants are requesting that the Stay Period be extended to August 17, 2015.

49. The Monitor believes that the proposed extension is fair and reasonable in the circumstances and that the Applicants will require the protection of the stay of proceedings in order to carry out the Amended and Restated Plan.

50. The Monitor also respectfully requests that this Honourable Court approve the Fourth Report and the activities described therein.

All of which is respectfully submitted this 27th day of May, 2015.

FTI Consulting Canada Inc.,
in its capacity as Monitor of Cline Mining Corporation, New Elk Coal Company LLC and North
Central Energy Company

A handwritten signature in black ink that reads "Paul Bishop". The signature is written in a cursive style with a large initial "P" and a long, sweeping underline.

Paul Bishop

Senior Managing Director

THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, AS AMENDED

Court File No: CV14-10781-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT
OF CLINE MINING CORPORATION, NEW ELK COAL COMPANY LLC AND
NORTH CENTRAL ENERGY COMPANY

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

SIXTH REPORT OF THE MONITOR

OSLER, HOSKIN & HARCOURT LLP

P.O. Box 50, 100 King Street West
1 First Canadian Place
Toronto, Ontario M5X 1B8

Marc Wasserman (LSUC#: 44066M)

Tel: 416.862.4908

Fax: 416.862.6666

Email: mwasserman@osler.com

Michael De Lellis (LSUC#:48038U)

Tel: 416.862.5997

Fax: 416.862.6666

Email: mdelellis@osler.com

Lawyers for the Monitor, FTI Consulting Canada Inc.