



COURT FILE NUMBER: 2101-05019
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY

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

COM
 May 6, 2021
 Justice Shelley

AND IN THE MATTER OF THE COMPROMISE OR
 ARRANGEMENT OF COALSPUR MINES (OPERATIONS)
 LTD.

DOCUMENT: **AFFIDAVIT #2 OF MICHAEL BEYER**

ADDRESS FOR
 SERVICE AND
 CONTACT
 INFORMATION OF
 PARTY FILING THIS
 DOCUMENT

OSLER, HOSKIN & HARCOURT LLP
 Barristers & Solicitors
 Brookfield Place, Suite 2700
 225 6 Ave SW
 Calgary, AB T2P 1N2

Solicitors: Randal Van de Mosselaer / Emily Paplawski
 Telephone: (403) 260-7000
 Facsimile: (403) 260-7024
 Email: RVandemosselaer@osler.com / EPaplawski@osler.com
 File Number: 1217428

AFFIDAVIT #2 OF MICHAEL BEYER

SWORN APRIL 30, 2021

I, Michael Beyer, of the City of Palm Beach Gardens, in the State of Florida, **MAKE
 OATH AND SAY THAT:**

1. I am the Chief Executive Officer ("CEO") of Vista Energy Holdings LLC ("VE Holdings"), the parent corporation of Coalspur Mines (Operations) Ltd. ("Coalspur"). I have been CEO of VE Holdings and a related company, Vista Energy Resources LLC ("VE Resources"), since February 2019. As CEO of VE Holdings, I am responsible for overseeing, among other things, all coal mining operations of Coalspur and other subsidiaries of VE Holdings. Prior to my roles at VE Holdings and VE Resources, I served as President and CEO of Foresight Energy Inc, an Illinois Basin coal producer, and as President of American Electric Power Coal Inc, a Columbus,

Ohio based coal producer. I have held both finance and engineering positions related to the mining industry at PNC Bank and BethEnergy. I hold a Bachelor of Science in mining engineering from Pennsylvania State University, and a Master of Business Administration from Duquesne University.

2. As such, I have personal knowledge of the matters to which I depose in this Affidavit, except where such matters are stated to be based on information and belief, in which case I have stated the source of my information and, in all such cases, I believe such information to be true. In preparing this Affidavit, I have consulted with Coalspur's management team and advisors and reviewed relevant documents and information concerning Coalspur's operations, financial affairs and restructuring activities.

3. Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the CCAA Initial Order of the Honourable Mr. Justice Mah, granted April 26, 2021 (the "**Initial Order**").

4. I swear this Affidavit in support of an application by Coalspur for an or amending and restating the Initial Order including, without limitation:

- (a) extending the Stay Period up to and including July 23, 2021, or such further and other date as this Court may consider appropriate;
- (b) declaring that Coalspur may file a plan of compromise or arrangement;
- (c) declaring that Coalspur may pursue an orderly restructuring of the Business and the Property, including the authority to permanently or temporarily downsize the Business or terminate the employment of various employees;

- (d) increasing the Administration Charge to the aggregate amount of \$500,000; and
- (e) such further and other relief as counsel may request and this Honourable Court may grant.

A. Update and Action Taken since the Initial Order

5. Coalspur is an Alberta coal development company which owns and operates the Vista Coal Mine Project located approximately 10 kilometers east of Hinton, Alberta (the “**Project**”).

6. As discussed in greater detail in my Initial Affidavit, sworn in these proceedings on April 19, 2021 (the “**Initial Affidavit**”), Coalspur sought and obtained CCAA protection on April 26, 2021 due to:

- (a) the shut down of the Project in February 2021 as a result of a permitting issue with the Alberta Energy Regulator (“**AER**”), thereby suspending all coal production and cutting off Coalspur’s only source of revenue; and
- (b) the simultaneous crystallization of an approximately \$59.9 million USD hedge obligation to Trafigura Lte. Ltd. following the rapid escalation in global coal prices in late 2020.

7. The result of the foregoing was to leave Coalspur with no inventory capable of monetization, little liquidity, and no ability to generate new coal production or revenue streams because of Project shut down. What little liquidity remained available to Coalspur was required to fund basic care and maintenance operations at the Project to protect the health and safety of all employees, safeguard the environment, and preserve the Project’s assets and infrastructure.

8. As a result, Coalspur sought and obtained creditor protection and related relief under the CCAA pursuant to the Initial Order on April 26, 2021. FTI Consulting Canada Inc. was appointed Monitor of Coalspur, and a stay of proceedings was granted up to and including May 6, 2021 in respect of Coalspur and its directors and officers. The Initial Order approved interim financing in the total amount of \$26 million USD in order to finance Coalspur's working and capital requirements and other general corporate purposes and capital expenditures, and granted the Interim Lender an Interim Lender's Charge. Pursuant to the Initial Order, Coalspur is authorized to borrow up to \$2,257,000 USD in interim financing during the initial 10-day Stay Period.

9. Since the granting of the Initial Order, Coalspur, with the oversight and assistance of the Monitor, has, among other things:

- (a) started all necessary preparations for restart of the Project including, among other things, organizing the return to work of approximately 250 employees, ordering necessary supplies and equipment, and completing all necessary start up planning and logistics;
- (b) engaged with its suppliers, contractual counterparties, the AER, employees, equipment lessors, and other stakeholders regarding these CCAA proceedings, Coalspur's business during these CCAA proceedings, payment of pre-filing amounts and/or amounts accruing during these CCAA proceedings, and various other issues;
- (c) completed an initial draw under the Interim Lender Term Sheet in the amount of \$2,257,000 USD; and
- (d) reviewed its forecasted operating costs and expenses to reduce unnecessary capital and operational expenditures and conserve capital during these CCAA proceedings.

B. Amended and Restated Initial Order

10. The proposed Amended and Restated Initial Order provides for certain amendments to the Initial Order, namely: (a) the inclusion of certain provisions contained in the standard form template Alberta CCAA Initial Order, including more fulsome restructuring provisions and provisions expanding the Monitor's rights to assist Coalspur's restructuring efforts; (b) the increase of the Administration Charge; and (c) the extension of the Stay Period to July 23, 2021.

(a) Restructuring Provisions

11. At the time these CCAA proceedings were commenced, Coalspur needed urgent relief to permit it to stabilize its business, restart the Project, and explore the best avenue to maximize value for its stakeholders. Coalspur only sought inclusion in the Initial Order of relief that was reasonably necessary for its continued operation in the ordinary course of business during the initial 10-day Stay Period. Coalspur now seeks to include more expansive restructuring provisions in the Amended and Restated Initial Order to enable it to take certain steps that may become necessary during these CCAA proceedings, including: (a) permanently or temporarily downsizing or shutting down any portion of its business or operations; (b) terminating the employment of, or temporarily laying off, its employees; (c) disclaiming or resiliating its arrangements or agreements; and (d) pursuing all avenues of refinancing of the Business or Property.

12. Further, in accordance with the standard form template Alberta CCAA Initial Order, Coalspur is seeking to expand the Monitor's ability to, among other things, advise Coalspur in its development of a plan of compromise or arrangement and assist Coalspur, to the extent required, with the holding and administering of creditors' or shareholders meetings for voting on the plan.

(b) Extension of the Stay Period

13. Coalspur seeks an extension of the Stay Period up to and including July 23, 2021, or such further and other date as this Court may consider appropriate, to provide stability to Coalspur's business while Coalspur restarts the Project and explores the best avenue to restructure its business for the benefit of all stakeholders.

14. Coalspur has enough liquidity to fund its obligations and the costs of these CCAA proceedings through the end of the extended Stay Period.

15. I understand that the Monitor supports the extension of the Stay Period as sought by Coalspur.

(c) Increase to Administration Charge

16. The Administration Charge is described at paragraphs 147 to 150 of my Initial Affidavit. The proposed Amended and Restated Initial Order increases the amount of the Administration Charge from \$250,000 to \$500,000. I understand that the Monitor has reviewed the underlying assumptions upon which the quantum of the proposed increase to the Administration Charge is based and is of the view that the proposed quantum of the increased Administration Charge is reasonable.

SWORN BEFORE ME at the City of Palm Beach Gardens, in the State of Florida, this 30th day of April, 2021.

Janis Bernard

Notary Public in and for the State of Florida

Michael Beyer

Michael Beyer

