

COURT FILE NUMBER 2101-05019

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

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

DOCUMENT SEVENTH REPORT OF FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR OF COALSPUR MINES
(OPERATIONS) LTD.

December 1, 2021

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

MONITOR

FTI Consulting Canada Inc.
1610, 520 5th Ave SW
Calgary, AB T2P 3R7
Deryck Helkaa / Dustin Olver
Telephone: (403) 454-6031 / (403) 454-6032
Fax: (403) 232-6116
E-mail: deryck.helkaa@fticonsulting.com
E-mail: dustin.olver@fticonsulting.com

COUNSEL

Blake, Cassels & Graydon LLP
3500, 855 - 2nd Street SW
Calgary, AB, T2P 4K7
Kelly Bourassa / James Reid
Telephone: (403) 260-9697 / (403) 260-9731
Fax: (403) 260-9700
E-mail: kelly.bourassa@blakes.com
E-mail: james.reid@blakes.com

SEVENTH REPORT OF THE MONITOR

Table of Contents

INTRODUCTION	3
PURPOSE.....	3
TERMS OF REFERENCE	5
ACTIVITIES OF THE MONITOR.....	5
CASH FLOW VARIANCE.....	6
FOURTH CASH FLOW STATEMENT.....	9
RESULTS OF THE CLAIMS PROCESS.....	11
LATE SUBMITTED CLAIMS	16
PLAN OF COMPROMISE AND ARRANGEMENT	17
MONITOR’S ANALYSIS OF THE PLAN AND MEETING ORDER.....	28
ADDITIONAL SECURITY TO FINNING	33
STAY EXTENSION.....	35
CONCLUSIONS AND RECOMMENDATIONS	36

Appendix “A” – Fourth Cash Flow Statement

INTRODUCTION

1. On April 26, 2021, Coalspur Mines (Operations) Ltd. (“**Coalspur**” or the “**Company**”) was granted an initial order (the “**Initial Order**”) from the Court of Queen's Bench of Alberta (the “**Court**”) to commence proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).
2. The Initial Order established a stay of proceedings (the “**Stay of Proceedings**”) in favour of the Company until May 6, 2021 and appointed FTI Consulting Canada Inc. as Monitor in the CCAA Proceedings (the “**Monitor**”). The Stay of Proceedings was extended until and including July 23, 2021 by a subsequent Amended and Restated Initial Order granted by the Court on May 6, 2021. On August 31, 2021, the Court granted an Order, among other things, extending the Stay of Proceedings until and including December 15, 2021.
3. On July 16, 2021, the Court granted an Order approving, among other things, the settlement agreement between Coalspur, RTI and CTC, dated July 13, 2021, and the releases granted thereunder.
4. On August 9, 2021, the Court granted an Order (the “**Claims Process Order**”) approving and authorizing the Monitor, with the assistance of the Company, to implement and carry out a claims process (the “**Claims Process**”).

PURPOSE

5. The purpose of this Seventh Report of the Monitor (the “**Seventh Report**”) is to provide the Court with the Monitor’s comments and recommendations with respect to the following:
 - a. the activities of the Monitor since the Sixth Report of the Monitor dated August 23, 2021 (the “**Sixth Report**”);

- b. the Company's actual cash receipts and disbursements for the 14-week period ended November 19, 2021, as compared to the Third Cash Flow Statement that was attached to the Sixth Report;
- c. a summary of the updated cash flow statement (the "**Fourth Cash Flow Statement**") prepared by the Company for the ten weeks ending January 31, 2022 (the "**Forecast Period**"), including the key assumptions on which the Fourth Cash Flow Statement is based;
- d. a summary of the status and results of the Claims Process;
- e. Coalspur's request for permission, with the consent of the Monitor, to accept the submission of any Proofs of Claim which were submitted to the Monitor after the Claims Bar Date (as defined below);
- f. an overview of the Company's proposed plan of compromise and arrangement (the "**Plan**");
- g. the Monitor's comments and recommendations in respect of the Plan and the Company's request for an order ("**Meeting Order**") authorizing Coalspur to conduct a meeting to present the Plan to Affected Creditors (as defined in the Plan) and seeking approval by having Affected Creditors vote on the Plan;
- h. the Company's request for authorization to grant Finning (Canada), a Division of Finning International Inc. ("**Finning**"), a security interest in the Finning Personal Property (as defined below) in accordance with the terms of the Master Parts, Components and Services Agreement (the "**MPCSA**") between Finning and Coalspur; and
- i. the Company's application for an extension of the Stay of Proceedings until and including January 31, 2022, or such further and other date as the Court may consider appropriate.

TERMS OF REFERENCE

6. In preparing this Seventh Report, the Monitor has relied upon certain information (the “**Information**”) including CMO’s unaudited financial information, books and records and discussions with senior management (“**Management**”).
7. Except as described in this Seventh Report, 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 Chartered Professional Accountants of Canada Handbook.
8. 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 Chartered Professional Accountants of Canada Handbook.
9. Future oriented financial information reported to be relied on in preparing this report is based on Management’s assumptions regarding future events. Actual results may vary from forecast and such variations may be material.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.
11. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the prior reports of the Monitor filed as part of the CCAA Proceedings or the Claims Process.

ACTIVITIES OF THE MONITOR

12. Since the Sixth Report, the Monitor’s activities have included, but not been limited to the following:
 - a. monitoring the Company’s operations and cash flows;

- b. reviewing and reconciling Claims received to date and attending telephone discussions with various secured creditors, unsecured creditors, and other stakeholders since the Claims Process Order was granted; and
- c. working with Coalspur to develop the Plan to present to the Company's creditors for consideration and voting.

CASH FLOW VARIANCE

13. The Company's actual cash flows in comparison to those contained in the Third Cash Flow Statement for the 14-week period from August 14, 2021 to November 19, 2021 are summarized below:

Cash Flow Variance Analysis				
For the Fourteen-Week Period Ended November 19, 2021				
<i>(USD thousands)</i>	Actual	Forecast	Variance	Variance
			\$	%
Operating Receipts				
Sales Receipts	\$ 275,283	\$ 219,670	\$ 55,613	25%
Total Operating Receipts	275,283	219,670	55,613	25%
Operating Disbursements				
Payroll and Benefits	9,519	9,800	(281)	-3%
Contractors	3,291	3,633	(342)	-9%
Rent	26	27	(1)	-4%
Transportation	40,533	48,464	(7,930)	-16%
Royalties	3,974	4,838	(864)	-18%
Fuel	7,870	6,203	1,667	27%
Power	2,984	2,550	434	17%
Material & Supplies	46,841	50,567	(3,726)	-7%
CCAA Professional Fees	857	3,950	(3,093)	-78%
Critical Vendors Accounts Payable	126	-	126	0%
Vista Energy Management Fee	6,000	6,000	-	0%
Other	1,421	6,500	(5,079)	-78%
Total Operating Disbursements	123,444	142,532	(19,088)	-13%
Net Change in Cash from Operations	151,839	77,138	74,701	97%
Financing				
Interim Financing Draw (Repayment)	(26,000)	(26,000)	-	0%
Bank Charges & Interest	(1,108)	(1,135)	27	-2%
FX Impacts	(388)	-	(388)	0%
Net Change in Cash from Financing	(27,496)	(27,135)	(360)	1%
Net Change in Cash	124,343	50,003	74,340	149%
Opening Cash	17,214	17,214	-	0%
Ending Cash	\$ 141,557	\$ 67,217	\$ 74,340	111%

- a. operating receipts are approximately \$55.6 million above forecast due to unprecedented high coal prices during the period, representing a per tonne increase of approximately 113% as compared to the forecasted expectations. Increased shipping volumes have also contributed to the favourable variance;
- b. operating disbursements are approximately \$19.1 million lower than forecasted. Some of the significant variances are as follows:

- i. favourable variance for transportation expenses primarily due to timing differences on payments due for rail and vessel transport fees and reduced number of train sets being sent as a result of heavy rain, thereby delaying costs. These timing differences are expected to reverse in future periods;
 - ii. disbursements for materials and supplies are lower than forecast due to lower capital spending and lower costs incurred for repair and maintenance on equipment and the plant than originally forecast. Some of the variance is due to timing differences, while some is permanent due to lower-than-expected spending;
 - iii. CCAA Professional Fees are lower than expected due to the timing of payments, this variance is expected to reverse in future periods; and
 - iv. the favourable variance for “other” is a temporary difference primarily due to \$6.0 million in certain deposits that were included in the forecast and have not yet been required to be paid. This difference is expected to reverse in future periods. The variance is partially offset by an AER administration fee that was \$1.0 million higher than forecast,
- c. financing related amounts are in line with forecast with the only variance being changes in realized foreign exchange. The Interim Financing was repaid in full and the current balance as at November 19, 2021 is nil.

14. Coalspur’s actual ending cash position is approximately \$74.3 million higher than forecast. This variance is directly attributable to the unprecedented high coal pricing in the second half of the year. As at November 19, 2021, Coalspur had \$141.6 million in cash. Accordingly, the Monitor is of the view that Coalspur has adequate liquidity to continue to operate through the CCAA Proceedings in the normal course.

FOURTH CASH FLOW STATEMENT

15. The Company has prepared the Fourth Cash Flow Statement for the ten-week period commencing on November 20, 2021 and ending January 31, 2022 (the “**Forecast Period**”). The Fourth Cash Flow Statement is presented to forecast the Company’s cash flow through the requested stay extension period. A copy of the Fourth Cash Flow Statement is attached as Appendix “**A**” to this Seventh Report.

16. The Fourth Cash Flow Statement is summarized as follows:

<i>(USD thousands)</i>	April 26 to November 19 Actuals	November 20 to January 31 Forecast	Total
Operating Receipts			
Sales Receipts	\$ 391,453	\$ 99,909	\$ 491,362
Total Operating Receipts	391,453	99,909	491,362
Operating Disbursements			
Payroll and Benefits	20,572	9,300	29,872
Contractors	5,902	2,595	8,497
Rent	60	27	87
Transportation	76,856	16,161	93,018
Royalties	5,639	7,581	13,219
Fuel	16,157	4,331	20,488
Power	5,981	2,040	8,021
Material & Supplies	94,233	40,342	134,574
CCAA Professional Fees	2,215	2,550	4,765
Critical Vendors Accounts Payable	680	-	680
Net Taxes	1,188	-	1,188
Trafigura Payment	13,903	-	13,903
Vista Energy Management Fee	8,500	4,423	12,923
Other	721	-	721
Total Operating Disbursements	252,606	89,350	341,957
Net Change in Cash from Operations	138,847	10,559	149,406
Financing			
Bank Charges & Interest	(1,081)	(5)	(1,086)
FX Impacts	(904)	-	(904)
Net Change in Cash from Financing	(1,985)	(5)	(1,990)
Net Change in Cash	136,862	10,554	147,416
Opening Cash	4,695	141,557	4,695
Ending Cash	\$ 141,557	\$ 152,111	\$ 152,111

17. The Fourth Cash Flow Statement is based on the following key assumptions:

- a. operating receipts are forecasted to be \$99.9 million over the Forecast Period calculated based on current coal production estimates multiplied by the Company's internal forecast coal sales price. The price of coal is the variable that has the largest impact on the Company's cash flow and historically has been subject to significant volatility. The Company currently does not have the credit available to enter into commodity hedge contracts to minimize the risk of volatile fluctuations in pricing. Over the past five years the NEWC benchmark has averaged \$80 / metric tonne and over the last 12 months has risen from approximately \$50 to \$222 / metric tonne. The current NEWC benchmark price is approximately \$160 / tonne.
 - i. The Company forecasts coal sales price per tonne internally by considering the current future strip price of the NEWC benchmark and then applies a discount to account for the significant volatility in recent historical actual coal prices. Over the Forecast Period, the Company is projecting an average coal price of approximately \$150 / tonne, a discount of approximately 6% from the NEWC benchmark future price curve. The final sales price realized is then further adjusted for quality of the coal produced at Coalspur's mine relative to the NEWC benchmark, customer discounts and commissions.
 - ii. Given the recent significant increase in coal prices over the last 12 months and the extreme volatility in pricing over the past five years, the Monitor is of the view that the Company's approach of using the NEWC benchmark future strip price as a baseline and then factoring in a volatility discount is reasonable. The Company's internal forecast coal price is slightly below the NEWC future strip pricing. The Monitor is of the view that the Company's forecast coal price is appropriate and conservative. Using a conservative estimate is reasonable given the historical volatility of coal prices and the Company's inability to enter into hedging contracts.

- b. operating receipts over the Forecast Period are also being impacted by the on-going disruption of rail and highway transportation in Western Canada (mainly in British Columbia) due to significant rainfall causing flooding and slides coming off the mountains. Significant delays in transportation are expected to continue for several days with reduced capacities expected to last through the end of the year. As Coalspur relies on rail transportation to get its coal production to west coast ports, Coalspur has reduced its forecasted operating receipts through mid-December and early January to reflect the shutdowns, noting that this will reverse once transportation is back to full capacity;
 - c. operating disbursements relate to normal course expenditures required to operate the Vista Coal Mine Project; and
 - d. professional fees are forecast to be approximately \$2.6 million during the Forecast Period and include the Company's legal counsel, the Monitor, the Monitor's legal counsel and the legal counsel to CTC.
18. Before considering payments and distributions contemplated by the Plan and certain payments to CTC pursuant to the CTC ARCA (as defined in the Plan), Coalspur is forecasting that it will have \$152.1 million in cash on hand at the end of the Forecast Period. An illustrative summary of the cash requirements for implementation of the Plan and payments to CTC pursuant to the CTC ARCA is included at paragraph 66.

RESULTS OF THE CLAIMS PROCESS

19. On August 9, 2021, the Monitor was granted approval to commence the Claims Process pursuant to the terms of the Claims Process Order. Immediately after the granting of the Claims Process Order, the Monitor, in consultation with the Company commenced the Claims Process. Claimants were requested to file Proofs of Claim with back up supporting their Claim by September 23, 2021 (the "**Claims Bar Date**"). The following provides an overview and summary of the Claims Process to date.

Notice

20. On August 12, 2021 the Monitor mailed a Claims Package to:
- a. each party that appeared on the service list or had requested a Claims Package; and
 - b. all Known Creditors, other than Employees, of the Company at their respective last known addresses as recorded in the Company's books and records.
21. The Monitor caused the Notice to Creditors to be published in four separate newspapers:
- a. the Calgary Herald and the Edmonton Journal on August 11, 2021; and
 - b. The Globe and Mail (National Edition) and The Hinton Voice on August 12, 2021.
22. On August 10, 2021, electronic copies of the Claims Package were posted on the Monitor's Website and the CaseLines Filesite.

Results of Claims Process

23. The following table provides a summary of the number, value, class and status of all Proofs of Claim received based on the actual Claims submitted:

Summary of Claims Received by Class		
<i>CAD Thousands</i>	#	\$
Secured	16	\$ 520,204
Unsecured	158	25,824
Unsecured - Late	11	901
Total Claims Received	185	\$ 546,929

24. The following table provides a summary of the number, value, class and status of the Claims accepted, or revised and undisputed by the claimant, as reviewed and assessed by the Monitor in consultation with the Company:

Summary of Accepted Claims			
<i>CAD Thousands</i>	Classification under the Plan	#	\$
Secured			
CTC	Unaffected Claim	2	\$ 369,559
Komatsu	Unaffected Claim	1	93,116
Caterpillar	Unaffected Claim	1	38,830
Tanager	Unaffected Claim	1	-
RBC	Unaffected Claim	1	1,557
SMS Equipment	Accepted Secured Claim	2	4,367
Grimshaw Trucking	Accepted Secured Claim	1	93
Finning	Accepted Secured Claim	1	3,949
Total Secured Claims		10	511,472
Unsecured	Accepted General Unsecured Creditor Claim	156	26,967
Unsecured - Late	Accepted General Unsecured Creditor Claim	11	865
Total Unsecured Claims		167	27,832
Total Accepted Claims		177	\$ 539,304

25. The following table provides a summary of the Claims submitted that have not been resolved and remain in dispute between the Company and certain claimants:

Summary of Disputed Claims			
<i>CAD Thousands</i>	#	\$	Notes
Secured			
Whirlybyrds Inc.	1	\$ 466	i.
Stillwater Supply Corp	1	1,068	ii.
Construction eLink	1	284	iii.
Unsecured			
Whirlybyrds Inc.	1	6	i.
Stillwater Supply Corp	1	986	ii.
Total Disputed Claims		5 \$ 2,810	

- i. Whirlybyrds Inc. (“**Whirlybyrds**”) submitted both a Secured Claim and an Unsecured Claim. The Monitor, in consultation with Coalspur, issued a Notice of Disallowance, disallowing Whirlybyrd's Claims in their entirety on the basis that a) the Claims are subject to ongoing litigation in Court File No. 2001-09957 (which litigation pre-dates the Initial Order) and Coalspur denies that any amounts are owing to Whirlybyrds by Coalspur, as Whirlybyrds was a sub-contractor of Stillwater Supply Corp. and did not have a contract with Coalspur; b) the builders' lien filed by Whirlybyrds against the Vista Coal Mine Project was not registered in time, and therefore is not valid and enforceable; and c) the Claims included damages for the “remainder of contract obligation” and incurred legal fees, which are not lienable Claims. On October 25, 2021, Whirlybyrds filed a Notice of Dispute in respect of the Notice of Disallowance. The Claims are classified as a “Disputed Secured Claim” and a “Disputed General Unsecured Creditor Claim” under the proposed Plan, which allows the claims to proceed through the dispute resolution process without delaying or otherwise affecting Plan implementation. To the extent that all or a portion of the Whirlybyrd Claims are eventually allowed, any such Claims accepted as Accepted Secured Claims will be paid in full by Coalspur, while any such Claims accepted as General Unsecured Creditor Claims will be paid 75% of the accepted Claim (in accordance with the Plan).

- ii. Stillwater Supply Corp. (“**Stillwater**”) submitted both a Secured Claim and an Unsecured Claim. The Monitor, in consultation with Coalspur, issued a Notice of Disallowance, disallowing Stillwater's Claims in their entirety on the basis that they are subject to ongoing litigation (Court File No. 2001-05044 – which litigation precedes the Initial Order), including a substantial counterclaim by Coalspur against Stillwater. Given the uncertainty of the resolution of the issues in the litigation, and consistent with Coalspur’s position in the litigation, both Claims were disallowed. On October 21, 2021, Stillwater filed a Notice of Dispute in respect of the Notice of Disallowance. The Claims are classified as a “Disputed Secured Claim” and a “Disputed General Unsecured Creditor Claim” under the proposed Plan, which allows the claims to proceed through the dispute resolution process without delaying or otherwise affecting Plan implementation. To the extent that all or a portion of the Stillwater Claims are eventually allowed, any such Claims accepted as Accepted Secured Claims will be paid in full by Coalspur, while any such Claims accepted as General Unsecured Creditor Claims will be paid 75% of the accepted Claim (in accordance with the Plan).

- iii. Construction eLink, Inc. (“**Construction eLink**”) submitted a Secured Claim for which the Monitor issued a Notice of Revision, accepting the value of the Claim, but revising the Claim from secured to unsecured on the basis that the builders’ lien Construction eLink filed against the Vista Coal Mine Project was not registered in time, and therefore is not valid and enforceable. On October 25, 2021, Construction eLink submitted a Notice of Dispute in respect of the Notice of Revision. As of the time of this Seventh Report, the Claim is being treated as a “Disputed Secured Claim” under the proposed Plan, which allows the claim to proceed through the dispute resolution process without delaying or otherwise affecting Plan implementation. To the extent that all or a portion of the Construction eLink Claim is eventually allowed, any such Claim accepted as Accepted Secured Claims will be paid in full by Coalspur, while any such Claim accepted as General Unsecured Creditor Claims will be paid 75% of the accepted Claim (in accordance with the Plan).

LATE SUBMITTED CLAIMS

26. Since the Claims Bar Date, the Monitor has received Proofs of Claim in respect of 11 Unsecured Claims (the “**Late Submitted Claims**”). The Monitor, in consultation with Coalspur, reviewed the Late Submitted Claims and determined that the final provable Claim value of the Late Submitted Claims is CAD \$865,144.
27. The Monitor, in consultation with Coalspur, is of the view that the Late Submitted Claims should be treated as valid, accepted Claims that have been appropriately proven despite being filed after the Claims Bar Date. In the Monitor’s view, these Late Submitted Claims should be accepted for voting and distribution purposes as the Plan has not yet been filed, there is no material prejudice to other creditors by accepting the Late Submitted Claims, and there is no suggestion that the claimants to the Late Submitted Claims intentionally missed the Claims Bar Date or were otherwise not acting in good faith.

PLAN OF COMPROMISE AND ARRANGEMENT

Overview of Plan

28. The Company is seeking approval to conduct a meeting of creditors for the purposes of voting on and approving the Plan. A copy of the Plan is attached as Exhibit “A” to Affidavit #7 of Michael Beyer sworn November 29, 2021. The following provides a summary of the high-level aspects of the Plan. Stakeholders are encouraged to review the Plan in detail for full details.

Class and Treatment of Creditors

29. The Plan contemplates different treatment to various classes of creditors.

General Unsecured Creditor Class

30. Unsecured creditors are contemplated to be affected (the “**General Unsecured Creditor Class**”) by the Plan. The General Unsecured Creditor Class is made up of creditors holding valid, proven, accepted Unsecured Claims against the Company.

31. General unsecured creditors with accepted Claims greater than CAD \$15,000 shall have the option to elect one of the following three options:

- a. Convenience Class Distribution Election Amount – receive CAD \$15,000 and be deemed to vote in favour of the Plan; or
- b. 75% Distribution Election Amount – receive 75% of the total accepted Claim to be paid within 5 business days after the effective date of the Plan (the “**Effective Date**”); or

- c. Installment Distribution Election Amount – if certain conditions are met, this option provides general unsecured creditors the possibility to recover up to 100% of their accepted Claim as follows:
 - i. receive initial distribution for 50% of the accepted Claim within 5 business days after the Effective Date; plus
 - ii. 25% of the accepted Claim within two weeks after December 31, 2022 contingent on the gC NEWC Index price of coal averaging greater than USD \$105.00/metric tonne for the 52 weeks immediately prior to December 31, 2022 (subject to paragraph 31(c)(iv) below); plus
 - iii. 25% of the accepted Claim within two weeks after December 31, 2023 contingent on the gC NEWC Index price of coal averaging greater than USD \$105.00/metric tonne for the 52 weeks before December 31, 2023 (subject to paragraph 31(c)(iv) below).
 - iv. If the obligations owing to CTC under the CTC ARCA (as defined in the Plan) are fully satisfied at any time prior to December 31, 2023, the Company will pay general unsecured creditors who have elected the Installment Distribution Election Amount any remaining unpaid amount of their accepted Claim within 30 days of the satisfaction of Coalspur’s obligations under CTA ARCA. This provision provides the potential for the general unsecured creditors who elect the Installment Distribution Election Amount to be repaid in full in advance of January 2024.

32. Included among the General Unsecured Creditor Class are convenience class creditors (“**Convenience Class Creditors**”). A Convenience Class Creditor holds a Convenience Class Claim, defined as:

- a. any accepted Claim of a general unsecured creditor in an amount that is less than or equal to CAD \$15,000; and

- b. any accepted Claim of a general unsecured creditor in an amount greater than CAD \$15,000 if the relevant creditor has made a valid Convenience Class Distribution Election (as defined and described in the Plan).
33. Convenience Class Creditors are deemed to vote in favour of the Plan.
34. The General Unsecured Creditor Class is the only class of creditors contemplated to vote on the Plan.

Unaffected Claims

35. The Plan designates certain Claims against the Company as unaffected claims (“**Unaffected Claims**”). Holders of Unaffected Claims will not be entitled to vote on the Plan and will not receive any distribution under the Plan. They will retain their current contractual rights and obligations with Coalspur. The Unaffected Claims are:
- a. the Claims secured by charges granted in these CCAA proceedings;
 - b. Claims enumerated in sections 5.1(2) and 19(2) of the CCAA;
 - c. the CTC Claim of CAD \$369.6 million secured against, among other things, all present and after-acquired personal property of the Company. The Monitor's independent legal counsel performed a review of the security held by CTC and concluded that it is valid and enforceable (subject to the customary qualifications and assumptions);
 - d. the Komatsu Claim of CAD \$93.1 million, secured by serial numbered equipment. The Monitor's independent legal counsel performed a review of the security held by Komatsu and concluded that it is valid and enforceable (subject to the customary qualifications and assumptions);

- e. the Caterpillar Claim of CAD \$38.8 million, secured by serial numbered equipment. The Monitor's independent legal counsel performed a review of the security held by Caterpillar and concluded that it is valid and enforceable (subject to the customary qualifications and assumptions);
- f. the Tanager Claim which relates to certain mineral leases Coalspur is purchasing from Consolidated Tanager Limited by way of instalments. The Monitor's independent legal counsel performed a review of the agreements relating to the Tanager Claim and concluded they are valid and enforceable (subject to the customary qualifications and assumptions);
- g. the Royal Bank of Canada Claim of CAD \$1.6 million is secured by two letters of credit, copies of which were attached to Royal Bank of Canada's Proof of Claim and were reviewed by the Monitor and its counsel, and a cash collateral order of the Court from June 16, 2020;
- h. Claims in respect of Regulatory Obligations – at this time there have been no Claims filed in respect of Regulatory Obligations. The Company has ongoing Regulatory Obligations related to the operation and environmental cleanup of the coal mine and, therefore, this provision in the Plan is intended to clarify that Regulatory Obligations (if any arise) are not to be affected;
- i. Post-Filing Trade Payables – post-filing trade payable obligations exist in respect of the Company related to ongoing operations. The Plan contemplates that the Company will continue to pay post-filing obligations in the normal course; and
- j. Government Priority Claims – at this time there have been no Claims filed that would be classified as a Government Priority Claim; however, this provision in the Plan is intended to clarify that Government Priority Claims (if any arise) are not to be affected.

Secured Claims

36. The Plan designates certain Claims against the Company as secured claims (“**Secured Claims**”). A Secured Claim means a Claim which asserts or claims a lien over the assets or property of Coalspur, but expressly excludes Unaffected Claims which would otherwise be Secured Claims. Holders of accepted Secured Claims (“**Accepted Secured Claims**”) will not be entitled to vote on the Plan as they will be paid the full amount of their respective Claims. The Monitor notes that the Accepted Secured Claims are as follows:

- a. SMS Equipment Inc. submitted two Secured Claims: one claiming security over serial numbered equipment and the second being a builders’ lien Claim (in relation to parts, services and trucks supplied to the Vista Coal Mine Project) over the mineral rights held by Coalspur. The Monitor, in consultation with its legal counsel and Coalspur’s legal counsel, reviewed the security over the serial numbered equipment and concluded that it was valid and enforceable. The Monitor, in consultation with its legal counsel and Coalspur’s legal counsel reviewed the builders’ lien Claim, which was registered after the CTC security, and concluded that 85% of this builders’ lien Claim was an Accepted Secured Claim with the remaining amount being an Unsecured Claim. These determinations were discussed between counsel to SMS Equipment Inc., counsel to the Company and counsel to the Monitor and SMS Equipment Inc. has accepted the Monitor’s and the Company’s conclusions on its Claims;
- b. Grimshaw Trucking L.P. submitted a builders’ lien Claim in relation to amounts owing for transportation of equipment and supplies to the mine. The Monitor, in consultation with its legal counsel and Coalspur’s legal counsel, reviewed the builders’ lien Claim, which was registered after the CTC security, and concluded that 85% of this builders’ lien Claim was an Accepted Secured Claim with the remaining amount being an Unsecured Claim. This determination was discussed between counsel to Grimshaw Trucking L.P., counsel to the Company and counsel to the Monitor and Grimshaw Trucking L.P. has accepted the Monitor’s and the Company’s conclusion on its Claim; and

- c. Finning submitted a builders' lien Claim in relation to amounts owing for parts supplied and rental, repair and maintenance services provided. The Monitor, in consultation with its legal counsel and Coalspur's legal counsel, reviewed the builders' lien Claim, which was registered after the CTC security, and concluded that 85% of this builders' lien Claim was an Accepted Secured Claim with the remaining amount being an Unsecured Claim. This determination was discussed between counsel to Finning, counsel to the Company and counsel to the Monitor and Finning has accepted the Monitor's and the Company's conclusion on its Claim.
37. Creditors with Accepted Secured Claims are contemplated to receive a full recovery of their Accepted Secured Claims (as that term is defined in the Plan). On or as soon as practicable following the Effective Date, the Monitor, on behalf of Coalspur, shall pay each Accepted Secured Claim from the Plan Implementation Fund (as defined below) in an amount equal to the Accepted Secured Claim.
38. As discussed in paragraph 27, any disputed Secured Claims ("**Disputed Secured Claims**") or disputed general unsecured creditor Claims ("**Disputed General Unsecured Creditor Claims**") will proceed through and be resolved under the dispute resolution process without delaying or otherwise affecting plan implementation, and to the extent that all or a portion of such claims are eventually allowed, will be accepted as either an Accepted Secured Claim (which will be paid in full by Coalspur) or a General Unsecured Creditor Claim (will be paid 75% in accordance with the Plan) or will be disallowed.

Creditors' Meeting

39. The Company is seeking authorization to call and hold a meeting of creditors ("**Creditors' Meeting**") on January 6, 2022, to allow Affected Creditors to vote in respect of the Plan. Given the current challenges posed by the COVID-19 pandemic, the Creditors' Meeting will be held virtually through Zoom video conferencing. The only persons entitled to attend the Creditors' Meeting are

- a. the Affected Creditors entitled to vote at the Creditors' Meeting and any such Affected Creditors' legal counsel;
 - b. Convenience Class Creditors;
 - c. the Chairperson, the scrutineers and the secretary;
 - d. the Monitor and the Monitor's legal counsel;
 - e. one or more representatives of the Board and/or senior management of the Company and the Company's legal counsel; and
 - f. one or more representatives of CTC and CTC's legal counsel.
40. Any other person may be admitted to the Creditors' Meeting by invitation of the Company, in consultation with the Monitor.

Notice to Creditors

41. The proposed Meeting Order outlines how the Affected Creditors will be given notice of the Meeting. The Monitor shall:
- a. within two business days following the granting of the Meeting Order, post electronic copies of the General Unsecured Creditor Meeting Materials (as defined below) on the Monitor's Website and the CaseLines Filesite; and

b. no later than the fifth business day following the date of the Meeting Order, deliver the General Unsecured Creditor Meeting Materials by pre-paid ordinary mail, courier, personal delivery or e-mail to each general unsecured creditor at the address set out in such general unsecured creditor's Proof of Claim (or in any other written notice that has been received by the Monitor in advance of such date regarding a change of address for a general unsecured creditor). The general unsecured creditors will be provided with the following:

- i. the Notice to Affected Creditors;
- ii. the Meeting Order together with the Plan, attached as Schedule "1" thereto;
- iii. a blank form of the General Unsecured Creditors' Proxy; and
- iv. the Distribution Election Notice.

(collectively, "**General Unsecured Creditor Meeting Materials**").

42. In the Monitor's view, the notice provisions contained in the Meeting Order and the General Unsecured Creditor Meeting Materials are appropriate and will allow creditors to obtain sufficient information and have adequate time prior to the Creditors' Meeting to make an informed decision in respect of the Plan.

Voting

43. In accordance with the Meeting Order, general unsecured creditors shall be entitled to one vote equal to the dollar value of the creditor's voting Claim, and Convenience Class Creditors shall not be entitled to vote on the Plan but shall be deemed to vote in favour of the Plan in the amount of such creditor's accepted Claim.

44. General Unsecured Creditors with accepted Claims equal to or less than CAD \$15,000 shall be deemed to have made a Convenience Class Distribution Election and shall receive the Convenience Class Distribution Election Amount in respect of their accepted Claim in accordance with the Plan.
45. In order for the Plan to be accepted by the creditors, the general unsecured creditors (including Convenience Class Creditors within the body of general unsecured creditors deemed to have voted in favour) will need to vote in favour of the Plan by a majority in number and 2/3 in value of Claims voting in person or by proxy (“**Required Majority**”).

Sanction Order

46. If the Required Majority of the general unsecured creditors approve the Plan, the Company shall apply for the Sanction Order (as defined in the Plan) at an application to be heard during the week of January 10, 2022, or such later date as the Court may set.

Plan Implementation and Distribution

47. The Plan requires the establishment of a plan implementation fund (the “**Plan Implementation Fund**”) to be funded by Coalspur in the amount determined by the Monitor in consultation with Coalspur. The Monitor will hold the Plan Implementation Fund in a segregated account to be used to pay or satisfy the following:
- a. the amount required to satisfy the CCAA Charges;
 - b. the amount required to satisfy the payment of the accepted Secured Claims;
 - c. the amount, if any, required to satisfy the payment in full of the Crown Priority Claims; and
 - d. the amount required to establish the General Unsecured Creditor Cash Fund (as defined in the Plan).

48. The Monitor’s current estimate of the Plan Implementation Fund is as follows. These amounts are subject to change.

Plan Implementation Fund	
<i>CAD Thousands</i>	
CCAA Charges	\$ 638
Accepted Secured Claims	8,410
Crown Priority Claims	-
General Unsecured Creditor Cash Fund	<u>21,196</u>
Total Plan Implementation Fund	<u>\$ 30,244</u>

49. The implementation of the Plan is conditional upon the fulfillment or waiver of the following conditions (among others):

- a. approval of the Plan by the Required Majority;
- b. granting of the Sanction Order; and
- c. the Monitor receiving the funds from Coalspur for the Plan Implementation Fund.

50. Following completion of the conditions for the implementation of the Plan, the Monitor will file a certificate with the Court (the “**Monitor’s Certificate**”) stating the conditions have been satisfied, which, upon filing will establish the Effective Date.

51. The Monitor is required to complete the initial distribution of funds (the “**Initial Distribution Date Distributions**”) with respect to the general unsecured creditors with accepted Claims no more than five Business Days after the Effective Date.

52. In the Monitor’s view, the mechanism and timeline outlined in the Plan for implementation (if all conditions are met) are appropriate and will provide for an efficient and timely distribution of funds to creditors pursuant to the Plan.

Releases

53. The Plan provides for releases on the Effective Date in favour of various parties including:

- a. Coalspur and its affiliates, representatives, employees or agents;
- b. CTC and its directors, officers, managers, current or former alleged fiduciaries, affiliates, representatives, employees or agents;
- c. Vista Energy Resources LLC and Vista Energy Holdings LLC and their respective directors, officers, current or former alleged fiduciaries, affiliates, representatives, employees or agents;
- d. the Directors, the Officers and any current or former alleged fiduciary of Coalspur (whether acting as a director, officer, or other responsible party);
- e. the legal and financial advisors to Coalspur, CTC, Vista Energy Resources LLC and Vista Energy Holdings LLC, and their respective partners, representatives, employees or agents; and
- f. the Monitor and its current and former directors, officers and employees, legal counsel and agents (collectively the “**Monitor Released Party**”)

(collectively, the persons referred to in (a), (b), (c), (d) and (e) above, being the “**Coalspur Released Parties**” and individually, a “**Released Party**”).

54. The Monitor is of the view that the releases provided to the Coalspur Released Parties and the Monitor Released Parties are consistent with the CCAA, do not compromise or extinguish Claims identified in section 5.1(2) of the CCAA and are rationally connected to the Plan and the work undertaken by the Coalspur Released Parties and the Monitor Released Parties in the CCAA Proceedings. The Monitor supports the releases provided to all of the Coalspur Released Parties and the Monitor Released Parties as being fair, reasonable and appropriate in all of the circumstances.

MONITOR'S ANALYSIS OF THE PLAN AND MEETING ORDER

55. The Monitor has reviewed and considered the Plan and Meeting Order and provides the following analysis and recommendations.

Plan versus Alternatives

56. The Monitor has considered the recoveries offered to the various classes of creditors pursuant to the Plan and compared them to recoveries that could be expected under other alternatives, such as a receivership or bankruptcy. The Monitor concluded that the recoveries offered in the Plan:

- a. are greater than would likely be received in an alternative liquidation scenario;
- b. have significantly less risk associated with them as compared to potential recoveries in a liquidation scenario; and
- c. will be received by creditors significantly faster than they would otherwise be received in a liquidation.

Size of Recovery

57. In order to determine the potential liquidation value of the Company's coal mine operations, the Monitor completed a realization analysis by considering the net present value of the future cash flows that would be generated from mining the existing coal resources in place in the currently permitted mine operation. The Monitor concluded that it was unlikely that a liquidation sale of the Company's mining operations would result in a value that would exceed its secured debt and, therefore, in a liquidation scenario there would likely be no recoveries to Unsecured Creditors.

Certainty of Recovery

58. The Company and its creditors have been fortunate to benefit from an unprecedented increase in coal prices since the commencement of these CCAA Proceedings. This price appreciation combined with the Company's success in restructuring various major transportation contracts have significantly improved Coalspur's forecast cash balance expected for December 31, 2021. Accordingly, the Company is in a position to offer a sizeable cash payment to general unsecured creditors pursuant to the terms of the Plan. If accepted, general unsecured creditors will receive up to 75% of their Claims immediately following approval of the Plan. The Plan also offers creditors who choose the Installment Distribution Election to potentially recover 100% of their Claim conditional upon coal prices averaging above USD \$105/metric tonne throughout 2022 and 2023 or if the obligations owing to CTC under the CTC ARCA are fully satisfied at any time prior to December 31, 2023.

59. Given the Company's current cash position and forecast for the remainder of the year, the Monitor is of the view that the Company has the ability to fund the initial recoveries offered to the general unsecured creditors under the Plan.

60. In a liquidation scenario, there is no certainty of a recovery to the general unsecured creditors. In the Monitor's view, a liquidation scenario introduces significant additional risk which could erode value and jeopardize any recovery to the general unsecured creditors. The Monitor notes the following risks:

- a. Highly volatile coal prices – the Company and its creditors have benefited from significant coal price appreciation since the commencement of these CCAA Proceedings. The coal prices over the past decade have been extremely volatile. If the price drops significantly from current levels in the midst of a liquidation, sale value erosion would be significant. As noted elsewhere in this Report, given its current status under the CCAA the Company has been unable to enter into hedging contracts to lock in the current pricing;
- b. Regulatory/permitting issues – the Company has been subject to significant regulatory issues since commencing operations in 2019. As more fully described in the Affidavit of Michael Beyers sworn April 19, 2021, the Company experienced delays in receiving tailings cell permits in 2020. The tailings cell permits are critical to the ongoing operations of the Company's coal mine and resulted in the coal mine ceasing operations in early 2021. There are approximately nine tailings cell permits required to produce the existing permitted coal resource. Without further permits being granted, the coal resources cannot be mined and sold. The Company has requested that all required tailing cells be permitted; however, the Alberta Energy Regulator has only issued two tailings cell permits to date. This creates significant uncertainty with respect to the continued operation of the mine over the next several years. A liquidation of the Company's coal mine introduces further risk of disruption to ongoing operations due to further regulatory permitting issues. Furthermore, there is no certainty that the regulatory bodies would approve the transfer/assignment of the existing coal permits/licenses to a new entity in a liquidation sale. In the Monitor's view, these risks would significantly impact the marketability of the coal mine in a liquidation sale; and

- c. Disruption to operations – when operations ceased in early 2021 due to the above noted permitting issues Coalspur was forced to temporarily lay off the majority of the staff engaged with the Vista Coal Mine Project. The Company was successful in re-hiring the majority of staff and re-commencing operations after filing for protection under the CCAA, securing the Interim Financing, and obtaining the slurry cell permits required to operate. If Coalspur enters a liquidation scenario there is no certainty that staff will be maintained, this could again result in ceased/delayed operations and affect the marketability of the coal mine.

Timing of Distributions to Creditors

- 61. If the Plan is accepted, the creditors will receive their initial payment immediately following Plan sanction. In a liquidation scenario the process and any potential recovery to creditors would be significantly delayed. The Monitor estimates a minimum of six to ten months before the general unsecured creditors would receive any recovery (if at all) in a liquidation scenario.

Support from CTC

- 62. As outlined above, the Company has significant Secured Claims. The largest Claim is the CAD \$369.6 million CTC Claim, which is a Secured Claim over all of the assets and undertakings of Coalspur.
- 63. Pursuant to the terms of the agreements governing the CTC Claim, the entire CTC Claim matures on December 31, 2021. The Company does not have sufficient cash on hand to satisfy the entirety of the CTC Claim. Accordingly, for a successful restructuring to occur, and for Coalspur to develop the Plan for its general unsecured creditors, it was critical to obtain the support of, and to negotiate an accommodation from, CTC to amend and extend the repayment terms of the CTC Claim.
- 64. As detailed in the Plan, the Company has negotiated and will enter into the CTC ARCA upon Plan implementation. The CTC ARCA extends the obligations and repayment terms

of the CTC Claim such that the entire amount of the CTC Claim does not come due December 31, 2021. Instead, the CTC ARCA allows for a portion of the cash on hand to be used to go toward the Plan Implementation Fund and the proposed distributions to the general unsecured creditors as discussed above with the maturity date for the CTC Claim being extended.

Distribution

65. The Plan and Meeting Order contemplate an efficient and timely distribution of the payments to creditors.
66. The Monitor has reviewed the Fourth Cash Flow Statement (as presented above), in connection with the Plan and the CTC ARCA and is of the view that the Company will have sufficient liquidity to make the proposed distributions under the Plan and to continue to operate as a going concern entity. The table below summarizes the illustrative cash requirements as at January 31, 2022, for implementation of the Plan and payments pursuant to the CTC ARCA (after exit from the CCAA Proceedings). The Monitor notes the Company has experienced significant operational disruption due to the flooding in British Columbia. If transportation is disrupted longer than currently anticipated the expected cash balance at January 31, 2022 could be materially lower than projected; however, the Monitor notes that these disruptions would only reduce the payment to CTC as noted in the table below, the Plan Implementation Fund would be unaffected.

Illustrative Use of Cash	
<i>CAD Thousands</i>	
Opening Cash, January 31, 2022	\$ 194,168
Less:	
Plan Implementation Fund	30,244
Payment to CTC pursuant to CTC ARCA	<u>132,011</u>
Ending Cash, January 31, 2022	<u>\$ 31,912</u>

67. The table below provides an estimate of the remaining CTC Claim after the initial payment pursuant to the CTC ARCA:

Reconciliation of CTC Claim		
<i>CAD Thousands</i>	\$	%
CTC Claim	\$ 369,559	100%
Less:		
Estimated Payment to CTC pursuant to CTC ARCA	<u>132,011</u>	<u>36%</u>
Remaining CTC Claim	<u>\$237,548</u>	<u>64%</u>

Monitor's Recommendation in respect of the Plan

68. It is the Monitor's view that the Company pursued the Plan with due diligence and in good faith. The Monitor is satisfied that the Plan presents a superior and more certain recovery to creditors and that the mechanism to distribute recoveries under the Plan is timely and efficient. Nothing has come to the attention of the Monitor that would suggest that the Company has not acted in compliance with the terms of the Initial Order, the Amended and Restated Initial Order, the Claims Process Order, or the CCAA generally.

69. Based on the above, the Monitor respectfully recommends that this Honourable Court approve the filing of the Plan and grant the proposed Meeting Order. Furthermore, based on the above, the Monitor would recommend the General Unsecured Creditor Class vote in favour of the Plan.

ADDITIONAL SECURITY TO FINNING

70. Finning is a major supplier of all parts and inventory used at the Vista Coal Mine Project, which historically were required to be transported to the mine site from off-site locations. This resulted in significant transportation costs and frequent downtimes for equipment requiring repair. In an effort to reduce cost and downtime inefficiencies, Coalspur and Finning negotiated the MPCSA to facilitate the on-site storage of certain parts and equipment at the Vista Coal Mine Project. The MPCSA required, among other things, revising the fee structure and scope of security of the previous contracts.

71. The MPCSA has not yet been executed in light of the current restrictions in paragraph 9(b) of the Amended and Restated Initial Order. The form of MPCSA provided to the Monitor for review provides that at times where it may not be clear to third parties of Finning's ownership over the Inventory and Storage Facility (as defined in the MPCSA), to the extent Coalspur is deemed to have any right, title or interest in the Inventory or the Storage Facility belonging to Finning, Coalspur grants a security interest in:

- a. all goods delivered by Finning to Coalspur at the mine site, including without limitation, all Inventory;
- b. all Parts and Components (as defined in the MPCSA) contained in the Storage Facility;
- c. the Storage Facility; and
- d. all proceeds of the collateral above, including any insurance proceeds and any other payment representing indemnity or compensation for loss or damage to such property.

72. The proposed security interest is restricted to the payment or performance of Coalspur's obligations under the MPCSA relating only to post-filing obligations and is in respect of property that is intended to remain the property of Finning. No new security is being granted by Coalspur with respect to pre-filing obligations due and owing to Finning. Coalspur is of the view that the MPCSA will result in significant cost savings and operational efficiencies at the mine site, ultimately benefiting all stakeholders.

73. The Monitor is supportive of Coalspur's application for authorization to grant this security to Finning for the following reasons:

- a. it is a key and necessary part of the MPCSA, without which Finning and Coalspur will not be able to execute;

- b. the security is limited in scope the Inventory and Storage Facility which are located at the Vista Coal Mine Project, but are intended to remain the property of Finning; and
- c. there will be no material prejudice to Coalspur's creditors and other stakeholders.

STAY EXTENSION

74. The Company is requesting an order extending the Stay of Proceedings to January 31, 2022. The Monitor provides the following comments with respect to Coalspur's application for the requested extension of the Stay of Proceedings:

- a. it will allow Coalspur sufficient time to present the Plan to its creditors and to hold the Creditors' Meeting in accordance with the proposed Meeting Order;
- b. if Coalspur's creditors vote to accept the Plan, it will allow Coalspur time to seek an Order sanctioning the Plan and then to implement the Plan;
- c. there will be no material prejudice to Coalspur's creditors and other stakeholders as a result of the extension of the Stay of Proceedings;
- d. the Fourth Cash Flow Statement demonstrates that Coalspur will have sufficient liquidity to fund its obligations and the costs of these CCAA Proceedings during the term of the proposed extension of the Stay of Proceedings;
- e. in the Monitor's view, Coalspur is acting in good faith and with due diligence; and
- f. the length of the proposed extension of the Stay of Proceedings, approximately one month, is reasonable given the timelines under the Plan and time required to implement to Plan if accepted by the creditors and complete the CCAA Proceedings.


CONCLUSIONS AND RECOMMENDATIONS

75. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court approve the following:

- a. Coalspur's request that the Plan be accepted for filing;
- b. Coalspur's request for a Meeting Order authorizing it to file its Plan and conduct a meeting of its Affected Creditors to vote on the Plan, and to grant various relief related to such meeting and the Plan;
- c. authorization to accept Late Submitted Claims;
- d. authorization for Coalspur to grant additional security to Finning; and
- e. the extension to the Stay of Proceedings.

All of which is respectfully submitted this 1st day of December 2021.

FTI Consulting Canada Inc.
In its capacity as Monitor of the Company


Deryck Helkaa
Senior Managing Director


Dustin Oliver
Senior Managing Director

APPENDIX “A”

Fourth Cash Flow Statement

Appendix "A"

Coalspur Mines (Operations) Ltd.

Fourth Cash Flow Statement

For the ten week period ending January 31, 2022

<i>(USD thousands)</i>	<i>Week Ending</i>	<i>Notes</i>	Week 1 to Week 30 Actuals	Week 31 Forecast 26-Nov	Week 32 Forecast 3-Dec	Week 33 Forecast 10-Dec	Week 34 Forecast 17-Dec	Week 35 Forecast 24-Dec	Week 36 Forecast 31-Dec	Week 37 Forecast 7-Jan	Week 38 Forecast 14-Jan	Week 39 Forecast 21-Jan	Week 40 Forecast 31-Jan	Total
Operating Receipts														
Sales Receipts		[1]	\$ 391,453	\$ 17,476	\$ 9,714	\$ 21,889	\$ -	\$ -	\$ -	\$ -	\$ 33,310	\$ 8,760	\$ 8,760	\$ 491,362
Total Operating Receipts			391,453	17,476	9,714	21,889	-	-	-	-	33,310	8,760	8,760	491,362
Operating Disbursements														
Payroll and Benefits		[2]	20,572	-	1,400	-	1,400	2,000	1,400	-	1,500	-	1,600	29,872
Contractors		[3]	5,902	-	519	-	519	-	519	-	519	-	519	8,497
Rent		[4]	60	-	9	-	-	-	9	-	9	-	-	87
Transportation		[5]	76,856	638	908	500	782	2,386	2,168	1,774	2,413	1,849	2,743	93,018
Royalties		[6]	5,639	983	-	2,810	-	-	-	-	787	3,000	-	13,219
Fuel		[7]	16,157	509	469	453	453	453	453	385	385	385	385	20,488
Power		[8]	5,981	510	-	-	510	-	-	-	510	-	510	8,021
Material & Supplies		[9]	94,233	3,570	5,733	4,089	4,441	5,183	4,089	5,842	2,658	2,306	2,430	134,574
CCAA Professional Fees		[10]	2,215	850	-	-	-	850	-	-	850	-	-	4,765
Critical Vendors Accounts Payable		[11]	680	-	-	-	-	-	-	-	-	-	-	680
Net Taxes		[12]	1,188	-	-	-	-	-	-	-	-	-	-	1,188
Trafigura Payment		[13]	13,903	-	-	-	-	-	-	-	-	-	-	13,903
Vista Energy Management Fee		[14]	8,500	250	650	650	650	650	650	231	231	231	231	12,923
Other		[15]	721	-	-	-	-	-	-	-	-	-	-	721
Total Operating Disbursements			252,606	7,310	9,688	8,502	8,756	11,523	9,288	8,232	9,862	7,771	8,418	341,957
Net Change in Cash from Operations			138,847	10,166	26	13,386	(8,756)	(11,523)	(9,288)	(8,232)	23,447	989	342	149,406
Financing														
Bank Charges & Interest		[16]	(1,081)	-	(3)	-	-	-	-	-	(3)	-	-	(1,086)
FX Impacts			(904)	-	-	-	-	-	-	-	-	-	-	(904)
Net Change in Cash from Financing			(1,985)	-	(3)	-	-	-	-	-	(3)	-	-	(1,990)
Net Change in Cash			136,862	10,166	24	13,386	(8,756)	(11,523)	(9,288)	(8,232)	23,445	989	342	147,416
Opening Cash			4,695	141,557	151,723	151,746	165,133	156,377	144,854	135,567	127,335	150,779	151,769	4,695
Ending Cash			\$ 141,557	\$ 151,723	\$ 151,746	\$ 165,133	\$ 156,377	\$ 144,854	\$ 135,567	\$ 127,335	\$ 150,779	\$ 151,769	\$ 152,111	\$ 152,111

Appendix "A"

Notes:

Management has prepared this Cash Flow Statement solely for the purposes of determining the liquidity requirements of the Company during the CCAA Proceedings.

The Cash Flow Statement is based on the probable and hypothetical assumptions detailed below. Actual results will likely vary from performance projected and such variations may be material.

- [1] Sales Receipts are forecast for receipts from coal sales contracts to Asia-Pacific end customers through Trafigura Pte. Ltd ("Trafigura"). Receipts use the latest coal production estimates times the market price/tonne. The forecasted realized purchase price considers the future strip price of the Newcastle coal index and the average historical price per tonne, less adjustments for quality, customer discounts and commissions.
- [2] Payroll and benefits relate to management and employees at Coalspur's corporate office.
- [3] Contractors include operators and third party sub-contractors to operate the Vista Coal Mine Project.
- [4] Rent relates to apartment rentals for expat employees relocating to Hinton to work on the mine.
- [5] Transportation includes all costs included for vessel and rail transport.
- [6] Royalties payable to Government of Alberta, Tanager and NS Limited. Royalty is determined based on a percent of the gross selling price of the coal less certain deductions, such as transportation costs.
- [7] Fuel relates to fuel costs required to operate the mining operations.
- [8] Power includes electricity costs required to power and operate the mine site.
- [9] Material & Supplies includes chemical and blasting supplies expenses to operate the Hinton mine site, and equipment lease expenses.
- [10] CCAA Professional fees includes the Applicants' legal counsel, as well as the Monitor, Monitor's legal counsel and DIP lenders legal counsel.
- [11] Critical Vendors Accounts Payable reflect a few minor payments made to date to critical vendors for pre-filing amounts as reviewed and approved by the Monitor.
- [12] Net Taxes includes tax payments on expenditures such as fuel and refund for certain GST payments.
- [13] Trafigura Payment relates to payment of principle and interest to Trafigura as senior secured creditor pursuant to letter agreement between Trafigura and Coalspur.
- [14] Vista Energy Management Fee relates to payments to Vista Energy relates to the Management Service Agreement for administrative and other services (payroll, IT, etc.), and supplies incidental to the production of coal.
- [15] Other operating costs including the annual administration fee owed to the Alberta Energy Regulator and the posting of a deposit with respect to Company's reclamation liabilities.
- [16] Bank Charges & Interest includes the repayment of interest owed under the Interim Financing as well as monthly bank charges and interest.