



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 OF  
ARRANGEMENT OF COALSPUR MINES (OPERATIONS)  
LTD.

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

COM  
June 16, 2021  
Justice Romaine

**June 11, 2021**

ADDRESS FOR SERVICE AND  
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## SECOND REPORT OF THE MONITOR

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## INTRODUCTION

1. On April 26, 2021, Coalspur Mines (Operations) Ltd. (“**Coalspur**” or the “**Applicant**”) was granted an initial order (the “**Initial Order**”) 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 Applicant until May 6, 2021 and appointed FTI Consulting Canada Inc. as Monitor in the CCAA Proceedings (the “**Monitor**”). The Stay of Proceedings has since been extended until and including July 23, 2021 by a subsequent Amended and Reinstated Initial Order (the “**ARIO**”) granted by this Honourable Court on May 6, 2021.

## PURPOSE

3. The purpose of this Second Report of the Monitor (the “**Second Report**”) is to provide this Honourable Court and the Applicant’s stakeholders with information and the Monitor’s comments with respect to the following:
  - a. the activities of the Monitor since the ARIO and the Monitor’s First Report dated May 3, 2021 (the “**First Report**”);
  - b. Coalspur’s actual cash receipts and disbursements for the six-week period ended June 4, 2021 as compared to the Revised Cash Flow Statement that was presented to this Honourable Court as attached to the Pre-filing Report of the proposed monitor dated April 23, 2021 (the “**Pre-filing Report**”);
  - c. a summary of the updated cash flow statement (the “**Second Cash Flow Statement**”) prepared by the Applicants for the 13 weeks ending September 3, 2021 (the “**Forecast Period**”), including the key assumptions on which the Second Cash Flow Statement is based;

- d. Coalspur's application to the Court seeking an Order:
  - i. authorizing Coalspur to provide cash collateral to Royal Bank of Canada (“**RBC**”) in the amount of \$200,000 (the “**Authorized Cash Collateral**”), and to grant RBC a security interest in such Authorized Cash Collateral; and
  - ii. sealing the Confidential Affidavit of Donald S. Swartz II, sworn June 8, 2021 (the “**Confidential Swartz Affidavit**”) as well as certain further confidential information or documentation related thereto;
- e. the Monitor's application seeking authorization for CaseLines to be used to serve and manage and coordinate all documents filed in the CCAA Proceedings; and
- f. the Monitor's conclusions and recommendations.

#### **TERMS OF REFERENCE**

- 4. In preparing this Second Report, the Monitor has relied upon certain information (the “**Information**”) including Coalspur's unaudited financial information, books and records and discussions with senior management (“**Management**”).
- 5. Except as described in this Second 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.
- 6. The Monitor has not examined or reviewed financial forecasts and projections referred to in this Second Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

7. Future oriented financial information reported to be relied on in preparing this Second Report is based on Management's assumptions regarding future events. Actual results may vary from forecast and such variations may be material.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.
9. Capitalized terms not otherwise defined herein are defined in the Pre-Filing Report and the First Report.

#### **ACTIVITIES OF THE MONITOR**

10. Up to and including the date of this Second Report, the Monitor's activities have included, but have not been limited to, the following:
  - a. ongoing discussions with Management and the Applicant's legal counsel regarding Coalspur's business and financial affairs, including ongoing efforts to successfully re-start the mine operations;
  - b. monitoring the Company's operations and cash flows;
  - c. attending telephone discussions with various secured creditors, unsecured creditors, and other stakeholders including the Alberta Energy Regulator;
  - d. consulting with the Applicant with respect to various ongoing restructuring matters, options, and initiatives in an effort to advance progress towards a restructuring plan;  
and

- e. approving the Company's request to send a notice under section 32 of the CCAA to disclaim various agreements between Coalspur and its terminal service provider, Ridley Terminals Inc. ("Ridley"). Ridley is objecting to the disclaimer. This matter is not being dealt with at the June 16, 2021 application and accordingly the Monitor intends to provide its analysis and comments in respect of the disclaimer in a subsequent report in advance of that hearing.

## CASH FLOW VARIANCE ANALYSIS

11. The Applicant's actual cash flows in comparison to those contained in the Revised Cash Flow Statement for the period April 26, 2021 to June 4, 2021 are summarized below:

| <b>Cash Flow Variance Analysis</b>        |                 |                    |                  |                 |
|---|-----------------|--------------------|------------------|-----------------|
| <b>Six Week Period Ended June 4, 2021</b> |                 |                    |                  |                 |
| <i>(USD thousands)</i>                    | <b>Actual</b>   | <b>Forecast</b>    | <b>Variance</b>  | <b>Variance</b> |
|   |                 |                    | <b>\$</b>        | <b>%</b>        |
| <b>Operating Receipts</b>                 |                 |                    |                  |                 |
| Sales Receipts                            | \$ 5,917        | \$ 5,083           | \$ 834           | 16%             |
| <b>Total Operating Receipts</b>           | <u>5,917</u>    | <u>5,083</u>       | <u>834</u>       | <u>16%</u>      |
| <b>Operating Disbursements</b>            |                 |                    |                  |                 |
| Payroll and Benefits                      | 3,617           | 2,735              | 883              | 32%             |
| Contractors                               | 546             | 1,132              | (587)            | -52%            |
| Rent                                      | 19              | 15                 | 4                | 25%             |
| Transportation                            | 11,982          | 7,672              | 4,310            | 56%             |
| Royalties                                 | 223             | 99                 | 125              | 127%            |
| Fuel                                      | 3,021           | 1,896              | 1,125            | 59%             |
| Power                                     | 745             | 552                | 193              | 35%             |
| Material & Supplies                       | 6,651           | 10,474             | (3,823)          | -36%            |
| CCAA Professional Fees                    | 382             | 1,375              | (993)            | -72%            |
| Critical Vendors Accounts Payable         | 354             | -                  | 354              | 0%              |
| Net Taxes                                 | (130)           | 270                | (400)            | -148%           |
| Vista Energy Management Fee               | 750             | 750                | -                | 0%              |
| Other                                     | (253)           | -                  | (253)            | 0%              |
| <b>Total Operating Disbursements</b>      | <u>27,907</u>   | <u>26,969</u>      | <u>938</u>       | <u>3%</u>       |
| <b>Net Change in Cash from Operations</b> | <u>(21,990)</u> | <u>(21,886)</u>    | <u>(104)</u>     | <u>0%</u>       |
| <b>Financing</b>                          |                 |                    |                  |                 |
| Interim Financing Draw (Repayment)        | 19,257          | -                  | 19,257           | 0%              |
| Bank Charges & Interest                   | 21              | -                  | 21               | 0%              |
| FX Impacts                                | (7)             | -                  | (7)              | 0%              |
| <b>Net Change in Cash from Financing</b>  | <u>19,271</u>   | <u>-</u>           | <u>19,271</u>    | <u>0%</u>       |
| <b>Net Change in Cash</b>                 | <u>(2,719)</u>  | <u>(21,886)</u>    | <u>19,167</u>    | <u>-88%</u>     |
| <b>Opening Cash</b>                       | <u>4,695</u>    | <u>4,374</u>       | <u>321</u>       | <u>7%</u>       |
| <b>Ending Cash</b>                        | <u>\$ 1,976</u> | <u>\$ (17,512)</u> | <u>\$ 19,489</u> | <u>-111%</u>    |

- a. operating receipts are approximately \$800,000 higher than forecast due to the increase in the market price of coal since the Revised Cash Flow Statement was prepared;
- b. operating disbursements are approximately \$900,000 lower than forecast, resulting mostly from timing variances. Some of the significant variances are as follows:
  - i. payroll and benefits are higher than forecast as a result of the payment of deferred workers compensation amounts and overtime pay during statutory holidays, these variances are expected to be permanent;
  - ii. expenses relating to re-starting the mining operations, including transportation and fuel are higher than forecast due to prepayment deposits and production increasing earlier than anticipated, these variances are expected to reverse in future periods; and
  - iii. materials and supplies as well as CCAA professional fees are lower than forecasted due to the delayed timing of payments, these variances are expected to reverse in future periods;
- c. financing related amounts are higher than forecasted as a result of the Revised Cash Flow Forecast not including draws on the Interim Financing Facility. As a result of the minimal variance in net change in cash from operations, the amounts drawn on the Interim Financing Facility are in line with the expected ending cash deficiency in the Revised Cash Flow Forecast.

## **SECOND CASH FLOW STATEMENT**

12. Coalspur has prepared the Second Cash Flow Statement to set out the liquidity requirements for the 13 weeks ending September 3, 2021. The Second Cash Flow Statement reflects the revised payments to Trafigura as discussed below.

13. A copy of the Second Cash Flow Statement is attached as Appendix “A” to this Second Report.

14. The Second Cash Flow Statement is summarized as follows:

| <i>(USD thousands)</i>                    | April 26 to<br>June 4<br>Actuals | June 5 to<br>September 3<br>Forecast | Total             |
|---|----------------------------------|--------------------------------------|-------------------|
| <b>Operating Receipts</b>                 |                                  |                                      |                   |
| Sales Receipts                            | \$ 5,917                         | \$ 136,015                           | <b>\$ 141,932</b> |
| <b>Total Operating Receipts</b>           | <u>5,917</u>                     | <u>136,015</u>                       | <b>141,932</b>    |
| <b>Operating Disbursements</b>            |                                  |                                      |                   |
| Payroll and Benefits                      | 3,617                            | 8,715                                | <b>12,332</b>     |
| Contractors                               | 546                              | 3,114                                | <b>3,660</b>      |
| Rent                                      | 19                               | 27                                   | <b>46</b>         |
| Transportation                            | 11,982                           | 36,938                               | <b>48,920</b>     |
| Royalties                                 | 223                              | 2,863                                | <b>3,087</b>      |
| Fuel                                      | 3,021                            | 5,817                                | <b>8,838</b>      |
| Power                                     | 745                              | 3,310                                | <b>4,055</b>      |
| Material & Supplies                       | 6,651                            | 44,534                               | <b>51,185</b>     |
| CCAA Professional Fees                    | 382                              | 2,790                                | <b>3,172</b>      |
| Critical Vendors Accounts Payable         | 354                              | -                                    | <b>354</b>        |
| Net Taxes                                 | (130)                            | 1,365                                | <b>1,235</b>      |
| Trafigura Payment                         | -                                | 13,906                               | <b>13,906</b>     |
| Vista Energy Management Fee               | 750                              | 2,500                                | <b>3,250</b>      |
| Other                                     | (253)                            | -                                    | <b>(253)</b>      |
| <b>Total Operating Disbursements</b>      | <u>27,907</u>                    | <u>125,880</u>                       | <b>153,787</b>    |
| <b>Net Change in Cash from Operations</b> | <u>(21,990)</u>                  | <u>10,135</u>                        | <b>(11,855)</b>   |
| <b>Financing</b>                          |                                  |                                      |                   |
| Interim Financing Draw (Repayment)        | 19,257                           | 6,743                                | <b>26,000</b>     |
| Bank Charges & Interest                   | 21                               | -                                    | <b>21</b>         |
| FX Impacts                                | (7)                              | -                                    | <b>(7)</b>        |
| <b>Net Change in Cash from Financing</b>  | <u>19,271</u>                    | <u>6,743</u>                         | <b>26,014</b>     |
| <b>Net Change in Cash</b>                 | <u>(2,719)</u>                   | <u>16,878</u>                        | <b>14,159</b>     |
| <b>Opening Cash</b>                       | <u>4,695</u>                     | <u>1,976</u>                         | <b>4,695</b>      |
| <b>Ending Cash</b>                        | <u>\$ 1,976</u>                  | <u>\$ 18,854</u>                     | <b>\$ 18,854</b>  |

15. The Second Cash Flow Statement is based on the following key assumptions:

- a. operating receipts are forecasted to be \$136.0 million over the Forecast Period due to revised production estimates and the impacts of the current, favorable global coal prices. The purchase price received is an index price per tonne less adjustments for quality, customer discounts and commissions;
  - b. operating disbursements – relate to normal course expenditures required to operate the Vista Coal Mine Project;
  - c. professional fees are forecast to be approximately \$2.8 million during the Forecast Period and include the Applicant’s financial advisor, the Applicant’s legal counsel, the Monitor, the Monitor’s legal counsel and legal counsel to the interim lender; and
  - d. an additional \$6.7 million is forecast to be drawn on the interim financing loan during the Forecast Period.
16. Overall, the Applicant is forecasting to have \$18.9 million in cash on hand at the end of the Forecast Period.

#### **PAYMENTS TO TRAFIGURA**

17. As at the Filing Date, Coalspur was indebted to Trafigura in the amount of \$13,907,852 (the “**Trafigura Debt**”). The Trafigura Debt has a first priority security interest in the Coal Inventory.
18. Pursuant to paragraph 9(a) of the ARIO, the Applicant is authorized to make “permitted payments of principal and interest to Trafigura (“**Trafigura Payments**”) as reflected in the Cash Flow Statements prepared by the Monitor from time to time”.

19. As a result of increased global coal prices since the Filing Date, Coalspur's cash flows have been higher than initially projected in the Revised Cash Flow Statement. In an effort to avoid further accrual of interest and to repay the Trafigura Debt, the Applicant has requested to increase the Trafigura Payments as reflected in the Second Cash Flow Statement.
20. The Monitor's Counsel completed an independent security review of the security held by Trafigura in relation to the Applicant and has provided the Monitor with an independent written legal opinion that the security held by Trafigura against the Applicant is valid and enforceable, subject to customary assumptions and qualifications.
21. The Monitor is supportive of the Applicant's request to pay principal and interest payments to Trafigura in accordance with the Second Cash Flow Statement for the following reasons:
  - a. as evidenced in the Second Cash Flow Statement, there is sufficient liquidity and cash flow to make the increased payments to Trafigura while maintaining normal course operations and funding ongoing CCAA administration costs;
  - b. Cline Trust Company LLC, as interim financing lender and second secured creditor, is not opposing the Trafigura Payments; and
  - c. given there is adequate cash flow to make the Trafigura payments, and Trafigura has valid and enforceable first ranking security, the Monitor is of the view that no creditors would be materially prejudiced by authorizing the Applicant to make the Trafigura Payments.

#### **AUTHORIZED CASH COLLATERAL TO RBC**

22. On May 14, 2021, U.S. Bank National Association terminated their agreement with Coalspur to provide Coalspur with corporate credit card services. The corporate credit cards were secured by a \$210,000 letter of credit posted by Coalspur.

23. The corporate credit cards are necessary for the continuation of the business operations. Accordingly, Coalspur commenced discussions with RBC as a potential alternative credit card provider.
24. RBC has proposed to provide Coalspur with replacement corporate credit cards having an aggregate limit of \$200,000, with the conditions that: (i) Coalspur post cash collateral equal in value to the aggregate credit card limits, and (ii) grant RBC a security interest in such cash collateral. Paragraph 9(b) of the ARIIO prohibits the Applicant's from granting the security interest requested by RBC without approval from the Court.
25. The Monitor is supportive of the Applicant's request to grant the security interest requested by RBC for the following reasons:
- a. the amount of the charge is relatively immaterial compared to the size of the business operations and debts;
  - b. the security interest is only over the posted cash collateral; and
  - c. corporate credit cards are necessary for the continuation of the business operations.

#### **RESTRICTED COURT ACCESS ORDER**

26. The Confidential Swartz Affidavit has been sworn in support of an application filed by Coalspur on May 25, 2021, and in response to an application filed by Ridley on May 21, 2021. The Confidential Swartz Affidavit contains highly confidential, commercially sensitive information that is subject to third party confidentiality obligations which could materially harm the interest of both the Applicant and the third parties disclosed therein.

27. A Restricted Court Access Order is necessary to prevent the confidential and commercially sensitive information contained in the Confidential Swartz Affidavit from being published and disclosed. The Restricted Court Access Order sought is the least restrictive means possible to prevent disclosure of the confidential and commercially sensitive information in the Confidential Swartz Affidavit.

#### **CASELINES DOCUMENT MANAGEMENT TOOL**

28. There are numerous stakeholder groups with interests in the CCAA Proceedings, many of which are represented by legal counsel. Administering the CCAA Proceedings has additional complexity as a result of Court hearings being conducted virtually due to COVID-19 related social distancing protocols.

29. In order to coordinate filing and review of Court materials as well as facilitate Court presentations in a virtual format, the Monitor has set up a CaseLines cloud-based document management platform.

30. The platform was launched on April 27, 2021 and on June 2, 2021 all members of the Service List received an email inviting them to register for CaseLines with corresponding instructions for using the site included.

31. As of the time of the completion of this Second Report, 37 individuals have registered on the CaseLines platform. In advance of the June 16, 2021 hearing, parties have been uploading materials onto the platform, making those materials instantly available to all parties and to the Court.

32. The Monitor will work with the CaseLines service provider to provide a webinar training opportunity for all stakeholders who wish to avail themselves of that opportunity.

33. The Monitor is bringing an application for an Order seeking that CaseLines be used to serve and manage all documents in the CCAA Proceedings going forward.

## CONCLUSIONS AND RECOMMENDATIONS

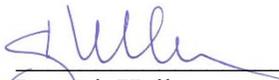
34. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the following:

- a. an Order authorizing the Applicant to provide the Authorized Cash Collateral to RBC;
- b. the Restricted Court Access Order to seal the Confidential Swartz Affidavit; and
- c. a CaseLines Service Order approving the use of the CaseLines platform in these CCAA Proceedings.

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All of which is respectfully submitted this 11 day of June 2021.

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

  
\_\_\_\_\_  
Deryck Helkaa  
Senior Managing Director

  
\_\_\_\_\_  
Dustin Olver  
Senior Managing Director

# APPENDIX “A”

Second Cash Flow Statement

**Coalspur Mines (Operations) Ltd.**  
 Second Cash Flow Statement  
 For the 19-week period ending September 3, 2021

| (USD thousands)                           | Week Ending | Notes | Week 1 to | Week 7    | Week 8   | Week 9    | Week 10   | Week 11   | Week 12   | Week 13   | Week14    | Week15    | Week16    | Week17    | Week18    | Week19    | Total      |
|---|-------------|-------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
|   |             |       | Week 6    | Forecast  | Forecast | Forecast  | Forecast  | Forecast  | Forecast  | Forecast  | Forecast  | Forecast  | Forecast  | Forecast  | Forecast  | Forecast  |            |
|   |             |       | Actuals   | 11-Jun    | 18-Jun   | 25-Jun    | 2-Jul     | 9-Jul     | 16-Jul    | 23-Jul    | 30-Jul    | 6-Aug     | 13-Aug    | 20-Aug    | 27-Aug    | 3-Sep     |            |
| <b>Operating Receipts</b>                 |             |       |           |           |          |           |           |           |           |           |           |           |           |           |           |           |            |
| Sales Receipts                            |             | [1]   | \$ 5,917  | \$ 11,466 | \$ -     | \$ 19,245 | \$ 18,864 | \$ 7,940  | \$ 22,706 | \$ 13,286 | \$ 7,805  | \$ 7,407  | \$ 7,115  | \$ 13,645 | \$ 6,535  | \$ -      | \$ 141,932 |
| <b>Total Operating Receipts</b>           |             |       | 5,917     | 11,466    | -        | 19,245    | 18,864    | 7,940     | 22,706    | 13,286    | 7,805     | 7,407     | 7,115     | 13,645    | 6,535     | -         | 141,932    |
| <b>Operating Disbursements</b>            |             |       |           |           |          |           |           |           |           |           |           |           |           |           |           |           |            |
| Payroll and Benefits                      |             | [2]   | 3,617     | -         | 1,465    | -         | 1,650     | -         | 1,600     | -         | 1,300     | -         | 1,300     | -         | 1,400     | -         | 12,332     |
| Contractors                               |             | [3]   | 546       | -         | 519      | -         | 519       | -         | 519       | -         | 519       | -         | 519       | -         | 519       | -         | 3,660      |
| Rent                                      |             | [4]   | 19        | -         | 9        | -         | -         | -         | 9         | -         | -         | -         | 9         | -         | -         | -         | 46         |
| Transportation                            |             | [5]   | 11,982    | 2,272     | 3,410    | 4,067     | 1,513     | 3,944     | 2,984     | 3,364     | 1,153     | 3,111     | 3,644     | 2,737     | 2,941     | 1,799     | 48,920     |
| Royalties                                 |             | [6]   | 223       | -         | 595      | -         | -         | -         | 1,044     | -         | -         | -         | 1,224     | -         | -         | -         | 3,087      |
| Fuel                                      |             | [7]   | 3,021     | 509       | 509      | 509       | 461       | 426       | 426       | 426       | 426       | 426       | 426       | 426       | 426       | 426       | 8,838      |
| Power                                     |             | [8]   | 745       | 250       | 510      | -         | 510       | -         | 510       | -         | 510       | -         | 510       | -         | -         | 510       | 4,055      |
| Material & Supplies                       |             | [9]   | 6,651     | 2,276     | 4,287    | 3,942     | 5,063     | 2,844     | 3,669     | 2,820     | 2,720     | 4,666     | 2,879     | 3,410     | 2,480     | 3,477     | 51,185     |
| CCAA Professional Fees                    |             | [10]  | 382       | 100       | 570      | -         | 720       | -         | -         | -         | -         | 550       | -         | -         | -         | 850       | 3,172      |
| Critical Vendors Accounts Payable         |             | [11]  | 354       | -         | -        | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | 354        |
| Net Taxes                                 |             | [12]  | (130)     | 105       | 105      | 105       | 105       | 105       | 105       | 105       | 105       | 105       | 105       | 105       | 105       | 105       | 1,235      |
| Trafigura Payment                         |             | [13]  | -         | 1,500     | -        | 2,031     | 5,016     | 1,507     | 3,853     | -         | -         | -         | -         | -         | -         | -         | 13,906     |
| Vista Energy Management Fee               |             | [14]  | 750       | -         | 250      | 250       | 250       | 250       | 250       | 250       | 250       | -         | 250       | -         | 250       | 250       | 3,250      |
| Other                                     |             | [15]  | (253)     | -         | -        | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | (253)      |
| <b>Total Operating Disbursements</b>      |             |       | 27,907    | 7,012     | 12,228   | 10,904    | 15,807    | 9,076     | 14,969    | 6,964     | 6,982     | 8,858     | 10,866    | 6,677     | 8,120     | 7,416     | 153,787    |
| <b>Net Change in Cash from Operations</b> |             |       | (21,990)  | 4,454     | (12,228) | 8,342     | 3,056     | (1,136)   | 7,737     | 6,322     | 823       | (1,451)   | (3,751)   | 6,968     | (1,585)   | (7,416)   | (11,855)   |
| <b>Financing</b>                          |             |       |           |           |          |           |           |           |           |           |           |           |           |           |           |           |            |
| Interim Financing Draw (Repayment)        |             | [16]  | 19,257    | 2,000     | 4,743    | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | 26,000     |
| Bank Charges & Interest                   |             |       | 21        | -         | -        | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | 21         |
| FX Impacts                                |             |       | (7)       | -         | -        | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | (7)        |
| <b>Net Change in Cash from Financing</b>  |             |       | 19,271    | 2,000     | 4,743    | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | 26,014     |
| <b>Net Change in Cash</b>                 |             |       | (2,719)   | 6,454     | (7,485)  | 8,342     | 3,056     | (1,136)   | 7,737     | 6,322     | 823       | (1,451)   | (3,751)   | 6,968     | (1,585)   | (7,416)   | 14,159     |
| <b>Opening Cash</b>                       |             |       | 4,695     | 1,976     | 8,430    | 945       | 9,287     | 12,343    | 11,207    | 18,944    | 25,266    | 26,089    | 24,638    | 20,887    | 27,855    | 26,270    | 4,695      |
| <b>Ending Cash</b>                        |             |       | \$ 1,976  | \$ 8,430  | \$ 945   | \$ 9,287  | \$ 12,343 | \$ 11,207 | \$ 18,944 | \$ 25,266 | \$ 26,089 | \$ 24,638 | \$ 20,887 | \$ 27,855 | \$ 26,270 | \$ 18,854 | \$ 18,854  |

**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 var

- [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 production estimates times the market price/ tonne. The purchase price is an index price based on an average of the price per tonne of coal published in the global Coal Newcastle index. The purchase price received is an index 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 as well as the employees that are currently performing care and maintenance activities at the mine site.
- [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 forecast 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 include miscellaneous disbursements.
- [16] Interim Financing Draw (Repayment) reflects the draws made to date on the interim financing loan.