

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

January 10, 2022

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EIGHTH REPORT OF THE MONITOR

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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 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**”).
4. On December 7, 2021, Coalspur presented its plan of compromise and arrangement dated November 29, 2021 (“**CCAA Plan**”) to the Court and made an application requesting authorization to call, hold and conduct a meeting of Affected Creditors to vote on a resolution to approve the CCAA Plan.
5. On December 7, 2021, the Court granted various orders including:
 - a. an Order (the “**Meeting Order**”) approving Coalspur’s request for authorization to file their CCAA Plan and conduct a virtual meeting of Affected Creditors on January 6, 2022 (the “**Creditors’ Meeting**”) to consider and vote on the CCAA Plan; and
 - b. an Order providing various other relief, including:

- i. authority to admit proofs of claim filed in good faith after the Claims Bar Date where Coalspur determines such acceptance is appropriate, the late proofs of claim are accepted in accordance with the Claims Process Order, and the Monitor consents;
 - ii. authority to grant additional security to Finning (Canada), a Division of Finning International Inc.; and
 - iii. granting an extension to the stay of proceedings to and including January 31, 2022.
6. On January 5, 2022, Coalspur filed an amended CCAA Plan, and the Monitor, in accordance with the CCAA Plan, posted the amended CCAA Plan on the Monitor's Website and the CaseLines Filesite.
7. On January 6, 2022, the Monitor held the Creditors' Meeting in accordance with the Meeting Order and 100% of the votes cast at the Creditors' Meeting either in person or by proxy were in favour of the CCAA Plan, as amended.

PURPOSE

8. The purpose of this Eighth Report of the Monitor (the "**Eighth Report**") is to provide the Court with:
 - a. an update with respect to the Creditors' Meeting held on January 6, 2022, in accordance with the Meeting Order and the results of the Affected Creditors' vote on the CCAA Plan, as amended;
 - b. the Monitor's comments and recommendations with respect to Coalspur's request for an Order sanctioning and approving the CCAA Plan; and
 - c. the Monitor's comments with respect to the implementation of the CCAA Plan and termination of these CCAA Proceedings.

9. Further background and information regarding the Company and these CCAA proceedings can be found on the Monitor's Website at <http://cfcanada.fticonsulting.com/coalspur/>.

TERMS OF REFERENCE

10. In preparing this Eighth 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**").
11. Except as described in this Eighth 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.
12. 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.
13. 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.
14. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.
15. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the prior reports of the Monitor filed in these CCAA Proceedings or the Meeting Order.

THE CCAA PLAN AND MEETING ORDER

16. The Company filed the CCAA Plan by means of a notice of motion pertaining to an application heard by this Court on December 7, 2021. On December 7, 2021, the Court

granted the Meeting Order authorizing Coalspur to convene a Creditors' Meeting on January 6, 2022, to consider and vote on the CCAA Plan.

Notice to Creditors

17. The Meeting Order outlined how the Affected Creditors were to be given notice of the Meeting. The Meeting Order provided that 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 CCAA 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**").

18. On December 8, 2021, in accordance with the Meeting Order, the Monitor posted an electronic copy of the General Unsecured Creditor Meeting Materials on its website and the Caselines Filesite, and delivered to Affected Creditors the General Unsecured Meeting Materials by e-mail.

Amendment to the CCAA Plan

19. On January 5, 2022, Coalspur filed an amended CCAA Plan, which, in accordance with section 9.1 of the CCAA Plan, the Monitor posted on the Monitor's Website and the CaseLines Filesite.

20. The only changes to the CCAA Plan were to revise the definitions of two Unaffected Claims, being the definitions of “Caterpillar Claim” and “Komatsu Claim” following consultation with counsel to Caterpillar and Komatsu (each as defined in the CCAA Plan).

21. These amendments to the CCAA Plan did not impact the Affected Creditors.

CREDITORS’ MEETING

22. The Creditors’ Meeting commenced at 1:00 pm Calgary time on Thursday, January 6, 2022 virtually by Zoom. Attendees were asked to sign in upon arriving at the Creditors’ Meeting. A total of 43 Affected Creditors attended the Creditors’ Meeting virtually or by phone.

23. The purpose of the meeting was to allow Affected Creditors with Voting Claims to consider and vote on the CCAA Plan, as amended.

24. Mr. Dustin Olver, Senior Managing Director of FTI Consulting Canada Inc., acted as chair (the “**Chair**”) of the Creditors’ Meeting and appointed Ms. Lindsay Shierman, Managing Director of FTI Consulting Canada Inc., as scrutineer (the “**Scrutineer**”).

25. At the Creditors’ Meeting quorum was present and, accordingly, the Chair declared the meeting to be properly constituted. Representatives of Coalspur, the Monitor and their

respective legal counsel were available to answer questions throughout the Creditors' Meeting.

26. The Chair opened the Creditors' Meeting by outlining the purpose of the meeting and then turned it over to representatives of Coalspur to provide an overview of the issues that led to the commencement of these CCAA Proceedings and the restructuring initiatives accomplished throughout these CCAA Proceedings by the Company.
27. The Company's legal counsel then presented an overview of the CCAA Plan.
28. Subsequently, the Chair offered attendees the opportunity to pose any questions with respect to the CCAA Plan or the restructuring process.
29. The Chair then reviewed the guidelines for the voting process in accordance with the Meeting Order and advised the attendees that there were no Disputed Claims.
30. The Chair advised that there was one class of Affected Creditors, the "General Unsecured Creditor Class" (as defined in the CCAA Plan) and that the General Unsecured Creditor Class was comprised of 177 Affected Creditors with aggregate unsecured claims of approximately \$29.8 million.
31. The Chair then read the resolution to approve the CCAA Plan, as amended. The resolution was proposed and seconded by two proxy holders representing Affected Creditors and the meeting moved to voting.

Results of Vote

32. The Scrutineer tabulated the votes and presented them to the Affected Creditors present at the Creditors' Meeting. In respect of the resolution to approve the CCAA Plan, as amended, the Affected Creditors voted as follows:

	Value			
	Number	(CAD 000's)	% Number	% Value
In Favour	161	\$ 25,310	100%	100%
Against	-	-	0%	0%
Total Voting	161	\$ 25,310		

33. The Chair noted that with all votes tabulated, the support of Affected Creditors for the CCAA Plan was greater than the Required Majority (as defined in the CCAA Plan) in number and in dollar value to approve the amended CCAA Plan in accordance with the CCAA.

34. Accordingly, the Chair advised the Affected Creditors that the resolution to approve the CCAA Plan, as amended, had been approved by the Required Majority and the Company would be making an application to have the amended CCAA Plan sanctioned by the Court on January 13, 2022.

CCAA PLAN IMPLEMENTATION

CCAA Plan Implementation and Distribution

35. The CCAA Plan requires the establishment of a plan implementation fund (the “**Plan Implementation Fund**”) to be funded by Coalspur in an amount determined by the Monitor in consultation with Coalspur.

36. 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 accepted Secured Claims;

- c. the amount, if any, required to satisfy the payment in full of Crown Priority Claims; and
- d. the amount required to establish the General Unsecured Creditor Cash Fund (as defined in the CCAA Plan).

37. The Monitor's current estimate of the amount necessary to establish the Plan Implementation Fund is as follows (these amounts are subject to change):

Plan Implementation Fund	
<i>CAD 000s</i>	
CCAA Charges	\$ 637
Accepted Secured Claims	8,410
Crown Priority Claims	-
General Unsecured Creditor Cash Fund	21,154
Total Plan Implementation Fund	\$ 30,201

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

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

39. Following receipt of written confirmation from Coalspur that all conditions to implementation of the CCAA Plan have been satisfied or waived, the Monitor will deliver to Coalspur and file with the Court a certificate (the "**Monitor's Certificate**"). When the Monitor provides the Monitor's Certificate to Coalspur, the Effective Date (as defined in the CCAA Plan) will be established.

40. The Monitor is required to complete all cash distributions to the Affected Creditors with Accepted Claims on the Initial Distribution Date (as defined in the CCAA Plan) not more than five Business Days after the Effective Date.
41. As contemplated in the CCAA Plan, Affected Creditors with claims greater than \$15,000 had the option to select either:
- a. Convenience Class Distribution Election (as defined in the CCAA Plan) – a General Unsecured Creditor could elect to receive \$15,000 in full satisfaction of its Accepted Claim;
 - b. 75% Distribution Election (as defined in the CCAA Plan) – a General Unsecured Creditor could elect to receive 75% of the Affected Creditor's Accepted Claim paid by the Monitor within 5 days after the Effective Date of the CCAA Plan; or
 - c. Installment Distribution Election (as defined in the CCAA Plan) – a General Unsecured Creditor could elect to receive an initial distribution of 50% of the Affected Creditor's Accepted Claim paid by the Monitor within 5 days of the Effective Date of the CCAA Plan and up to two subsequent contingent payments of 25% of the Affected Creditors claim paid on December 31, 2022 and December 31, 2023 respectively. The contingent payments are contingent on the gC NEWC Index (as defined in the CCAA Plan) benchmark price averaging above a certain threshold in each or the amounts owing by Coalspur under the CTC ARCA having been fully repaid by Coalspur prior to the Second Anniversary Distribution Date. The Company will have the responsibility to make the contingent payments if the conditions to payment are met. There were 8 Affected Creditors (“**Contingent Payment Creditors**”) who selected the contingent payment option. The Company has identified the Contingent Payment Creditors in paragraph 31 of the proposed form of Sanction Order in order to ensure it is clear who the Company will have a continued contingent obligation to once these CCAA Proceedings are terminated.

42. The Monitor has been working with Coalspur's finance and accounting teams and does not expect there will be any issues with the above-noted CCAA Plan implementation steps.

THIRD PARTY RELEASES

43. The CCAA 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, and excluding the Monitor Released Party, the "**Coalspur Released Parties**").

44. The CCAA Plan provides for releases in favour of the Coalspur Released Parties, which include certain third parties, in a customary form and in line with other CCAA plans of

compromise and arrangement previously approved by this Honourable Court. The Monitor is of the view that the Coalspur Released Parties provided significant benefit to the Company and their creditors over the course of these CCAA Proceedings.

45. The work undertaken by the Coalspur Released Parties included having discussions with regulators to obtain the required permits to restart the Company's mine operations, negotiating and obtaining the required financing to restart operations, negotiating and restructuring various transportation agreements resulting in a significant improvement to the Company's cost structure, managing the day to day mine operations and developing the CCAA Plan. The Monitor is of the view that the releases in favour of the Coalspur Released Parties are reasonable and appropriate in the circumstances.

TERMINATION OF THE CCAA PROCEEDINGS

46. Coalspur is seeking the approval of a two-stage approach for the conclusion of these CCAA Proceedings and the discharge of the Monitor.
47. Initially, after all of the Restructuring Transactions set forth in Schedule "A" to the CCAA Plan, including the cash distributions required to be made on the Initial Distribution Date (as defined in the CCAA Plan) and as contemplated by section 7.1(a)(iii) of the CCAA Plan, have occurred, or been deemed to have occurred, the Monitor will file a termination certificate (the "**CCAA Termination Certificate**") concluding and terminating these CCAA Proceedings.
48. Subsequently, the Monitor will file the Monitor's Discharge Certificate (the "**Monitor's Discharge Certificate**"), confirming (i) all cash distributions to be made under the CCAA Plan on the Initial Distribution Date in accordance with section 7.1(a) of the CCAA Plan have been made; and (ii) all undeliverable or unclaimed distributions (if any) have been returned to Coalspur in accordance with section 7.5(a)(iii) of the CCAA Plan. Upon the Monitor filing the Monitor's Discharge Certificate:

- a. The Monitor will be discharged and released from any and all further obligations as Monitor and any and all liability in respect of any act done by the Monitor in these proceedings; and
 - b. the Administration Charge will be terminated.
49. The Monitor supports the proposed two-stage process as it provides Coalspur and the Monitor with an efficient and cost-effective way to conclude the CCAA Proceedings and effect the Monitor's discharge without the need to return to Court and unnecessarily expend judicial resources.

CONCLUSIONS AND RECOMMENDATIONS

50. The Monitor respectfully recommends that Coalspur's motion for an Order sanctioning the CCAA Plan be approved by this Honourable Court on the basis that:
- a. notice of the Creditors' Meeting held to approve consider and vote on the CCAA Plan was duly given, the Creditors' Meeting was duly constituted, and the voting was properly carried out, all in accordance with the Meeting Order;
 - b. as discussed in the Monitor's Seventh Report, the CCAA Plan is fair and reasonable, and offers Affected Creditors a substantial distribution that is better than the expected alternative, including in a liquidation;
 - c. the Affected Creditors, voting in person or by proxy at the Creditors' Meeting, overwhelmingly approved the CCAA Plan in excess of the thresholds required by the CCAA; and
 - d. to the best of the Monitor's knowledge, Coalspur has complied with all statutory requirements of the CCAA and all previous orders of this Honourable Court and have not done or purported to do anything which is not authorized by the CCAA or previous orders of this Honourable Court.


51. The Monitor respectfully recommends that this Honourable Court grant the Order to conclude and terminate these CCAA Proceedings and discharge the Monitor on the basis that the CCAA Termination Certificate and Monitor's Discharge Certificate provide a fair, efficient and cost-effective way to complete any remaining restructuring matters in respect of Coalspur and bring these CCAA Proceedings to a conclusion.

All of which is respectfully submitted this 10th day of January 2022.

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



Deryck Helkaa
Senior Managing Director



Dustin Olver
Senior Managing Director