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JUDICIAL CENTRE
OF CALGARY

COURT FILE NUMBER 1701 - 01142
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF CHINA MINSHENG BANKING CORP., LTD., HONG KONG
BRANCH AND CHINA MINSHENG BANKING CORP., LTD.,
SHANGHAI BRANCH, AND SONICFIELD GLOBAL LIMITED,
AS SECURED LENDERS, AND COMPUTERSHARE TRUST
COMPANY OF CANADA, IN ITS CAPACITY AS COLLATERAL
AGENT FOR AND ON BEHALF OF THE SECURED LENDERS

DEFENDANTS GRANDE CACHE COAL LP, GRANDE CACHE COAL
CORPORATION, UP ENERGY (CANADA) LIMITED AND
0925165 B.C. LTD.

DOCUMENT **THIRD REPORT OF DELOITTE RESTRUCTURING INC. AS
THE COURT-APPOINTED RECEIVER AND MANAGER OF
THE DEBTORS**

DATED NOVEMBER 19, 2018

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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INTRODUCTION

- 1) Pursuant to an Order (the "**Receivership Order**") of the Court of Queen's Bench of Alberta (the "**Court**") dated February 3, 2017 (the "**Date of Receivership**"), Deloitte Restructuring Inc. ("**Deloitte**") was appointed as receiver and manager (the "**Receiver**") of all of the current and future assets, undertakings and properties (the "**Property**") of Grande Cache Coal LP, Grande Cache Coal Corporation (collectively, "**GCC**"), Up Energy (Canada) Limited and 0925165 B.C. Ltd. (collectively, the "**Debtors**").
- 2) The Receivership Order was granted as a result of an application by China Minsheng Banking Corp., Ltd., Hong Kong Branch and China Minsheng Banking Corp., Ltd., Shanghai Branch ("**CMBC**"), and Sonicfield Global Limited ("**Sonicfield**") (CMBC and Sonicfield are collectively referred to herein as the "**Lenders**"), and Computershare Trust Company of Canada, in its capacity as Collateral Agent for and on behalf of the Lenders.
- 3) Deloitte was also appointed as receiver over specific equipment and real property (the "**Specific Assets**") of GCC pursuant to a separate Order of the Court dated January 24, 2017 (the "**January 24 Order**"). The Specific Assets are described in greater detail in Schedule 1 to the January 24 Order which was granted as a result of an application by HSBC Bank Canada, by its assignee, GCC Maple Holdings Ltd. ("**GCC Maple**") as secured lenders in respect of the Specific Assets.
- 4) The Receiver issued its first report to Court (the "**First Report**") on June 27, 2017 in connection with seeking an Order of the Court approving the Receiver's Sales and Investment Solicitation Process (the "**SISP**"), approving an increase of the maximum outstanding principal amount of the Receiver's borrowings to \$15.0 million (the "**Receiver's Borrowings**"), and approving the Receiver's proposed key employee retention plan (the "**KERP**"). The relief requested was granted by the Court pursuant to an Order pronounced on July 5, 2017 (the "**July 5 Order**").
- 5) The Receiver issued its second report to Court (the "**Second Report**") on January 2, 2018 in connection with seeking Orders of the Court: i) approving the asset purchase and sale agreement, dated December 22, 2017 (the "**APA**"), and vesting in Sonicfield (or its nominee to be named before closing) title to the Property free and clear of all encumbrances (the "**Approval and Vesting Order**"); ii) the temporary sealing of the APA and the Receiver's confidential supplement to the Second Report (the "**Sealing Order**"); iii) approving an increase of the maximum outstanding principal amount of the Receiver's Borrowings to \$35.0 million pursuant to the Receiver's borrowing facility term sheet (the "**Term Sheet**") between the Debtors and Sonicfield, signed and executed on December 22, 2017 (the "**Increased Financing Facility**"); and iv) approving the interim accounts of the Receiver and its legal counsel from the Date of Receivership to November 30, 2017 (the "**DIP Term Sheet and Administrative Order**"). On January 8, 2018, the relief requested was granted by the Court pursuant to the Approval Vesting Order, Sealing Order and DIP Term Sheet and Administrative Order (collectively, the "**January 8 Orders**").
- 6) The Receivership Order, the January 24 Order, the July 5 Order and the January 8 Orders, together with related Court documents, the First Report, the Second Report, and this third report of the Receiver (the "**Third Report**") (collectively, the "**Receiver's Reports**") have been posted on the Receiver's website at www.insolvencies.deloitte.ca/en-ca/GrandeCacheCoal.
- 7) Unless otherwise provided, all other capitalized terms not defined in this Report are as defined in all reports filed and orders previously issued in respect of the receivership.

Purpose

- 8) The purpose of this Third Report is to:
- a) Provide an update on the Receiver's activities since the date of the Second Report; and
 - b) Respectfully recommend that this Honourable Court make an Order:
 - i) Approving the activities of the Receiver as described in the Receiver's Reports, including the disclaimer of the Main Street Lofts (as defined later in this Third Report);
 - ii) Approving the Receiver's Final Statement of Receipts and Disbursements;
 - iii) Authorizing and directing the Receiver to make a partial repayment to Sonicfield with respect to the Receiver's Borrowings using funds available in the estate after settlement of residual receivership costs and professional fees following the completion of the Receiver's administration;
 - iv) Approving the interim accounts of the Receiver and its legal counsel from December 1, 2017 to October 31, 2018 and future estimated professional fees and disbursements of the Receiver and its legal counsel to the completion of the Receiver's administration;
 - v) Discharging the Receiver and authorizing the Receiver to complete its administration of the estate as described herein and distributing the remaining funds held by the Receiver in the manner more particularly described herein;
 - vi) Barring and extinguishing all claims against the Receiver by any person upon the Receiver's discharge; and
 - vii) Provide such further and other relief that the Court considers just and warranted in the circumstances.

Terms of Reference

- 9) In developing this Third Report, the Receiver has relied upon unaudited financial information prepared by the Debtors' management ("**Management**"), the Debtors' books and records and discussions with Management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards or Canadian Auditing Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information. Accordingly, readers are cautioned that this Third Report may not disclose all significant matters in respect of the Debtors and may not be suitable for the readers' purposes.
- 10) Future-oriented financial information referred to in this Third Report consists of forecasts and projections which were prepared based on estimates and assumptions which are, by their nature, not ascertainable. Actual results achieved may vary from the forecasts or projections, even if the assumptions materialize, and the variations could be material. As such, the Receiver expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Third Report, or relied upon by the Receiver in preparing this Third Report.

Currency

- 11) All dollar amounts in this Third Report are in Canadian dollars, unless otherwise indicated.

BACKGROUND

- 12) The Debtors' core assets comprised inactive and proposed metallurgical coal mines located in the Municipal District of Greenview near Grande Cache, Alberta (the "**Mine**"). The Mine has direct rail capacity with access to export terminals in British Columbia and the Great Lakes. GCC historically supplied customers primarily located in Asia and also supplied customers in Brazil, Europe and Canada.
- 13) CMBC was the principal secured lender to the Debtors held a first ranking security position against the Debtors and the Property (other than the Specific Assets). CMBC was owed approximately UDS\$448.1 million at the Date of Receivership and Sonicfield was owed approximately USD\$5.9 million. Pursuant to a loan assignment agreement with Sonicfield, GCC Maple took an assignment of Sonicfield's loan and therefore had a loan with the Debtors in the amount of approximately USD\$5.9 million, which ranked *pari passu* with CMBC's security. Also, GCC Maple had secured loans with Grande Cache Coal LP in the amount of approximately \$18.8 million and held a first ranking security position against the Specific Assets.
- 14) As set out in the First Report, due to low metallurgical coal prices, surface mining was suspended in January 2015. In December 2015 the underground mining operations were suspended due to continued deterioration of metallurgical coal prices. The Debtors laid off a significant number of employees such that, only 18 employees remained at the Date of Receivership.
- 15) The Receiver retained existing staff and management personnel based at the mine site in Grande Cache and the head office located in Calgary to facilitate ongoing care and maintenance activities, environmental monitoring, compliance reporting, and filing of applications. As noted below, the Receiver retained additional personnel as necessary, including for the purpose of planning for the future restart of the Mine.

UPDATE ON THE SALE OF THE MINE

- 16) Subsequent to the date of the Approval and Vesting Order, Sonicfield incorporated a new entity, CST Canada Coal Limited ("**CST Coal**"), which now holds the Mine following the closing of the sale transaction.
- 17) The Receiver made arrangements with CST Coal and local management to attend to the requests of the Alberta Energy Regulator (the "**AER**") with respect to mining licence transfers and related applications, hosting meetings with other key stakeholders and a Town Hall in Grande Cache. The Receiver also commenced certain pre-closing preparatory activities including equipment refurbishment and recruitment of staff, in anticipation of CST Coal's restarting mining operations as soon as possible after closing the transaction.
- 18) As described more particularly later in this Third Report, CST Coal elected to exclude certain residential real property from the purchased assets pursuant to the APA.
- 19) On July 18, 2018, the Receiver filed its Receiver's Certificate with the Court confirming the closing of the sale transaction pursuant to the APA.

RECEIVER'S ACTIVITIES

- 20) Since the Second Report, the Receiver has undertaken, with the assistance of GCC employees where necessary, the following activities:
- a) Coordinating ongoing care and maintenance of the Mine;
 - b) Continuing environmental testing, commissioning of engineering reports and regulatory and compliance reporting;
 - c) Engaging contractors to perform ongoing water management activities;
 - d) Remitting payments to key GCC employees pursuant to Key Employee Retention Plan agreements in accordance with the July 5 Order;
 - e) Engaging contractors with prior experience and knowledge of the mine to assist with mining applications and to respond pre-closing preparatory activities;
 - f) Coordinating final payroll, records of employment and T4 slips with respect to GCC employees following the closing of the sale transaction;
 - g) Arranging for additional borrowing draws in accordance with the Term Sheet to facilitate ongoing care and maintenance activities and pre-closing preparatory costs;
 - h) Filing post-receivership Goods and Service Tax ("**GST**") returns, remitting payroll source deductions, and corresponding with Canada Revenue Agency ("**CRA**") in respect of the related trust audits and filing requirements;
 - i) Coordinating lease extensions for the head office lease in Calgary and its ultimate assignment to CST Coal upon closing of the sale transaction;
 - j) Carrying out the required steps to meet the conditions of closing pursuant to the APA;
 - k) Corresponding with McCarthy Tétrault LLP, the Receiver's independent legal counsel ("**McCarthy's**"), on various legal matters relating to the receivership;
 - l) Corresponding with creditors and other interested parties;
 - m) Addressing various additional matters as they arose from time to time; and
 - n) Preparing, reviewing and finalizing this Third Report.

MAIN STREET LOFTS

- 21) GCC is the owner of 32 of 34 residential condominium units located at 3 Main Street (the "Main Street Lofts") in the Town of Grande Cache (the "**Town**"). The GCC owned units were previously occupied by employees and temporary staff until mining operations were suspended in 2015. GCC does not own any of the 10 commercial condominium units which also form part of the Main Street Lofts. The Receiver had arranged for insurance coverage of the GCC owned units and retained a property manager to ensure the units remained vacant throughout the receivership period.

- 22) In 2012, the Town issued a stop order (the "**Stop Order**") in respect of the Main Street Lofts, subsequently detailed various deficiency repairs which were estimated to cost in excess of \$2.3 million to rectify and denied occupancy in respect of the Main Street Lofts. The Receiver sought input from the Town and subsequently from the Municipal District of Greenview, in respect of potential resolutions which could facilitate a potential sale and future occupancy of the Main Street Lofts.
- 23) In March 2018, the Receiver obtained an independent appraisal report prepared by Colliers International Valuation & Advisory Services ("**Colliers**") in respect of the Main Street Lofts.
- 24) The Receiver advised the Town that the Main Street Lofts appeared unsaleable in the circumstances, but that the Receiver would make commercially reasonable efforts to facilitate a sale to CST Coal or another purchaser before considering the abandonment of the property.
- 25) On April 24, 2018, CST Coal notified the Receiver that it had determined that the Main Street Lofts were not viable and as such, CST Coal would not be purchasing the 32 resident condominiums pursuant to the APA.
- 26) Consequently, the Receiver retained CBRE Limited ("**CBRE**"), a national real estate brokerage, to conduct a marketing process in respect of the Main Street Lofts. CBRE launched its sales process in July 2018 and canvassed a broad group of prospective purchasers, several of which expressed interest and contacted the Town to assess the viability of the Main Street Lofts. Ultimately, no party advanced an offer to purchase the Lofts and the Receiver understands this is due to the Main Street Lofts being uneconomic as occupancy permits cannot be obtained and no waiver of the deficiency repairs established by the Town.
- 27) On October 29, 2018, the Receiver wrote to the Town and advised it was abandoning its interest in the Main Street Lofts and that it would not be advancing any further receivership estate funds in respect of the GCC owned units.

RECEIVER'S BORROWINGS

- 28) Throughout the receivership and up to the closing of the sale transaction, the Mine was not operating. Consequently, substantially all funds required to meet the various expenses incurred were provided from the Receiver's Borrowings.
- 29) Paragraph 20 of the Receivership Order authorized the Receiver to borrow monies, as it considers necessary, up to a maximum principal amount of \$10.0 million subject to the Receiver's Borrowing Charge (as defined in the Receivership Order).
- 30) As set out in the First Report, the Receiver entered into a borrowing facility with Sonicfield (the "**Initial Financing Facility**") effective February 10, 2017 for a maximum availability of \$10.0 million. The Receiver borrowed a principal amount of approximately \$2.8 million by way of eleven Receiver's Certificates under the Initial Financing Facility, before interest and costs.
- 31) For reasons set out in the First Report, the Receiver required new financing and entered into an arrangement with GCC Maple to provide the Receiver with the necessary funds to fund the ongoing receivership obligations. A Receiver's Certificate in the amount of \$10.0 million was issued to GCC Maple on June 26, 2017, and those funds were provided to the Receiver in early July 2017.
- 32) Pursuant to the July 5 Order, the Receiver was authorized to increase its borrowings from \$10.0 million to \$15.0 million. The Receiver, in addition to other expenses, retired the amount owed to

Sonicfield in the amount of approximately \$2.9 million (including interest of approximately \$182,000).

- 33) As described in the Second Report, additional funds were required until the closing of the sale transaction to meet unpaid and ongoing obligations, including payroll, environmental stewardship, water management, regulatory compliance, licensing and permit applications for potential resumption of mining operations, insurance costs, and professional fees. Additional funds were also required to facilitate CST Coal's pre-closing preparatory activities in respect of equipment refurbishment and hiring additional employees.
- 34) On December 22, 2017, the Increased Financing Facility pursuant to the Term Sheet between the Debtors and Sonicfield was signed and executed.
- 35) Pursuant to the DIP Term Sheet and Administrative Order, the Receiver was authorized to borrow a further \$20.0 million, increasing the amount to be borrowed by the Receiver from \$15.0 million to \$35.0 million, subject to the Receiver's Borrowings Charge. The Term Sheet contemplated three tranches totaling \$35.0 million, of which \$23.0 million was drawn by the Debtors:
 - a) Tranche A (\$15.0 million) – The full amount \$15.0 million was received on December 27, 2017 following the execution of the APA. Those funds were used to repay and retire outstanding Receiver's Certificates (with interest) owing to GCC Maple, paying the amounts owed with respect to the KERP Charge, and paying outstanding costs and expenses of the receivership proceedings;
 - b) Tranche B (\$4.0 million) – The full amount of \$4.0 million was received on January 10, 2018 for the purposes of paying the costs of the receivership proceedings; and
 - c) Tranche C (\$16.0 million) – A partial draw of \$4.0 million was made on May 15, 2018 to pay the costs and expenses of the receivership proceeding and funding certain preparatory costs to enable the Mine to resume production as soon as possible after closing the sale transaction.
- 36) In accordance with the Term Sheet, the Receiver remitted \$736,742 in respect of Sonicfield's legal fees which were funded from the Receiver's Borrowings.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

- 37) Attached as Appendix "A" is a Statement of Receipts and Disbursements ("SRD") reflecting the administration of the receivership for the cumulative period February 3, 2017 to November 4, 2018. The notes to the SRD provide further explanation of the receipts and disbursements incurred by the Receiver.
- 38) As noted earlier in this Report Sonicfield had made advances in respect of Receiver's Borrowings totaling \$23.0 million pursuant to the Term Sheet. No distributions or repayments of receivership estate advances have been made from the receivership trust account to date.
- 39) As at November 4, 2018, the Receiver holds approximately \$1.98 million in its receivership trust account.

RETURN OF SONICFIELD'S DEPOSIT

- 40) Sonicfield provided a deposit of USD \$2.50 million to the Receiver pursuant to the APA. The deposit funds were held in a separate interest bearing receivership trust account. The deposit is not reflected in the SRD.
- 41) Sonicfield's deposit was not used in respect of its purchase of the Property as the purchase price was fully satisfied on closing of the sale transaction without use of the deposit. Accordingly, the deposit became returnable. By letter dated November 5, 2018, Sonicfield authorized the release of the deposit paid under the APA to CST Coal. The Receiver has paid CST Coal approximately USD \$2.52 million comprising principal and interest.

PARTIAL REPAYMENT OF THE RECEIVER'S BORROWINGS

- 42) The Receiver has not used all of the funds it borrowed from Sonicfield under the Increased Financing Facility. Accordingly, as the administration of the receivership is now substantially complete, the Receiver is seeking an Order to pay to Sonicfield the unused Receivership Borrowings which are held in the Receiver's trust account, upon the conclusion of the receivership and settlement of all future remaining receivership liabilities and professional fees and expenses.
- 43) The Receiver will formally retire the Receiver's Certificates in connection with the outstanding Receiver's Borrowings concurrently with the distribution of the remaining funds held by the Receiver to Sonicfield upon completion of the receivership administration.

PROFESSIONAL FEES

- 44) The Receiver and its legal counsel have maintained detailed records of their professional time and costs since the Date of Receivership. The professional fees are calculated based on hours spent at rates established by each professional based on their respective qualifications and experience. Pursuant to paragraph 18 of the Receivership Order, the Receiver and its legal counsel were directed to pass their accounts from time to time before this Court.
- 45) In accordance with paragraph 19 of the Receivership Order, the Receiver shall periodically pay fees and disbursements incurred by the Receiver and its legal counsel, subject to approval of such accounts by the Court in due course.
- 46) The interim accounts of the Receiver and its legal counsel from the Date of Receivership to November 30, 2017 were approved by the Court pursuant to the DIP Term Sheet and Administrative Order, a copy of which is attached hereto as Appendix "B".
- 47) The Receiver's fees and expenses incurred, including Deloitte Hong Kong, during the period December 1, 2017 to October 31, 2018, total approximately USD\$1.10 million excluding GST. A summary of the Receiver's fees and expenses incurred to date are attached as Appendix "C".
- 48) McCarthy's fees and expenses during the period December 1, 2017 to July 31, 2018, total approximately USD\$89,000 (excluding GST). A summary of McCarthy's fees and expenses incurred to date are attached as Appendix "D".
- 49) The Receiver estimates it will incur additional fees and expenses, including Deloitte Hong Kong, of approximately USD\$110,000 for the period November 1, 2018 to the completion of the administration of the receivership. The Receiver also estimates that McCarthy's will incur additional

fees and expenses the period August 1, 2018 to completion of the receivership administration of approximately \$30,000.

BOOKS AND RECORDS

- 50) Substantially all of GCC's books and records were located at the Mine and the head office in Calgary, and formed part of the assets that were purchased by CST Coal.
- 51) The Receiver maintained its own records relating to the administration of the receivership proceedings and will retain such records in accordance with statutory requirements.

REMAINING ACTIVITIES AND DISCHARGE OF THE RECEIVER

- 52) The Receiver has concluded the majority of its administration of the receivership. The remaining tasks to conclude the receivership proceedings are as follows:
 - a) Correspondence with CRA, facilitating final tax audits and/or clearance certificates by CRA in respect of payroll tax and GST accounts, completion of remaining GST tax reporting, and closing of the receivership period tax accounts;
 - b) Settle any remaining estate liabilities and payment of professional fees in the discretion of the Receiver;
 - c) Distribution of the remaining funds held by the Receiver to Sonicfield in connection with the Receiver's Borrowings;
 - d) Prepare a final statutory report to the Office of the Superintendent of Bankruptcy in accordance with subsection 246(3) of the *Bankruptcy and Insolvency Act*; and
 - e) Closing the Receiver's trust accounts.
- 53) Other than the issues addressed in this Report, the Receiver has completed its administration of the estate in accordance with the terms of the Receivership Order and the various other orders rendered by the Court in the course of this proceeding. The Receiver is not aware of its services being required for any further purpose other than as set out herein. Accordingly, the Receiver recommends that it be discharged.

CONCLUSIONS AND RECOMMENDATIONS

- 54) Based on the foregoing, the Receiver respectfully recommends that this Honourable Court grant the relief detailed in paragraph 8 b) of this Report.

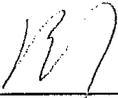
* * *

All of which is respectfully submitted at Calgary, Alberta this 19th day of November, 2018.

DELOITTE RESTRUCTURING INC.,

solely in its capacity as
Court-appointed receiver and manager of
Grande Cache Coal Corporation, Grande Cache Coal LP,
Up Energy (Canada) Limited and 0925165 B.C. Ltd.,
and not in its personal or corporate capacity

Per:



Robert J. Taylor, FCA, FCPA, CIRP, LIT, CFE
Senior Vice-President

Per:



Stefano Damiani, CA, CPA, CIRP, LIT
Vice-President

APPENDIX A

In the Matter of the Receivership of Grande Cache Coal et al.
Statement of Receipts and Disbursements
For the Period February 3, 2017 to November 4, 2018
(Amounts in CAD \$)

Receipts	Notes	
Receiver's Borrowings - Sonicfield (before June 9, 2017)	1	2,750,000
Receiver's Borrowings - GCC Maple	1	10,000,000
Receiver's Borrowings - Sonicfield (after December 18, 2017)	2	23,000,000
GST refunds		461,801
Dumping and toll bridge revenue		117,394
Transfers from the Debtors' bank accounts		112,613
Interest from guaranteed investment certificates		36,933
Deposit refund		100,000
Non-recurring cash receipts		39,549
Total receipts		36,618,289
		-
Disbursements		
Retirement of GCC Maple's Receiver's Borrowings	2	10,367,426
Retirement of Sonicfield's Receiver's Borrowings	1	2,931,817
Receiver's fees and expenses	3	4,513,670
Receiver's legal counsel's fees and expenses	4	183,360
Operational Restart	5	3,766,175
Payroll and benefits	6	3,716,153
Electricity, natural gas and fuels	7	2,018,531
Dredging, hauling and routine water management	8	1,612,395
Insurance	9	1,516,736
Environmental and engineering reports	10	759,133
Lender's legal counsel expenses	11	736,742
Other administrative costs		687,492
Community and Regulator remittances	12	567,021
Software license fees		263,617
Contractors		240,464
Other environmental and maintenance		229,699
Property taxes (Municipal District of Greenview)		195,608
Head office rent		161,655
Carbon Tax (Government of Alberta)		143,274
Coal Royalties (Government of Alberta) and audit costs		22,513
Total disbursements		34,633,480
Excess of cash receipts over cash disbursements		1,984,809

Notes:

- 1 On or before June 9, 2017, the Receiver borrowed approximately \$2.8 million by way of 11 Receiver's Certificates pursuant to the financing agreement with Sonicfield Global Limited ("Sonicfield"). The Receiver's Certificates were retired and repaid. The amount repaid totaled approximately \$2.9 million comprising principal, interest and costs. On June 26, 2017, the Receiver executed a Receiver's Certificate with GCC Maple Holdings Ltd. ("GCC Maple") in the amount of \$10.0 million.
- 2 The Receivership Order Amendment authorized the Receiver to borrow up to \$35.0 million pursuant to a new credit facility between the Debtors and Sonicfield (the "Increased Credit Facility"). On January 3, 2018, the Receiver's Certificate in respect of GCC Maple were retired and repaid, the amount repaid totaled approximately \$10.4 million comprising principal, interest and costs. The Receiver has borrowed \$23.0 million by way of three Receiver's Certificates pursuant to the Increased Credit Facility.
- 3 The Receiver's fees and expenses are in US currency and were translated into CAD in the SRD. The Receiver's fees and expenses are comprised of USD \$2.0 million paid to Deloitte Restructuring Inc. in Canada (excluding GST) and USD \$1.5 million to Deloitte Advisory (Hong Kong) Limited. Included in this amounts was a reimbursement of Receiver's fees paid directly by CMBC totaling USD \$1.1 million, of which USD \$0.4 million and USD \$0.7 million were paid to Deloitte Canada (excluding GST) and Deloitte Hong Kong, respectively.
- 4 Payments made for the Receiver's legal counsel's fees and expenses.
- 5 Payments made for the preparation of the restart of the mine.
- 6 Includes salaries, benefits and payroll source deductions for mine site and head office personnel.
- 7 Electricity, natural gas and fuels primarily related to the mine site.
- 8 Payments in relation to the spring water management program and ongoing routine water management.
- 9 Payment of premiums with respect to existing and newly established insurance policies.
- 10 Includes laboratory testing and environmental and engineering consultants.
- 11 Settlement of the fees of Sonicfield's legal counsel as contemplated by the Increased Credit Facility.
- 12 Payments pursuant to Community Impact Benefit Agreements and periodic remittances to regulators.

APPENDIX B

COURT FILE NUMBER 1701-01142

COURT COURT OF QUEEN'S BENCH OF ALBERTA

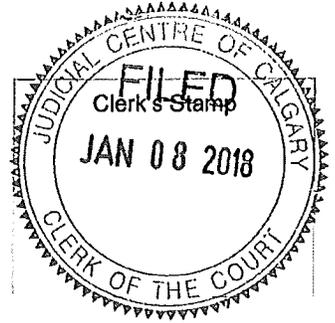
JUDICIAL CENTRE CALGARY

PLAINTIFFS CHINA MINSHENG BANKING CORP., LTD.,
HONG KONG BRANCH AND CHINA
MINSHENG BANKING CORP., LTD.,
SHANGHAI BRANCH, AND SONICFIELD
GLOBAL LIMITED, AS SECURED
LENDERS, AND COMPUTERSHARE
TRUST COMPANY OF CANADA, IN ITS
CAPACITY AS COLLATERAL AGENT FOR
AND ON BEHALF OF THE SECURED
LENDERS

DEFENDANTS GRANDE CACHE COAL LP, GRANDE
CACHE COAL CORPORATION, UP
ENERGY (CANADA) LIMITED AND 0925165
B.C. LTD.

DOCUMENT **ORDER (APPROVAL OF DIP TERM SHEET
AND RECEIVERSHIP ORDER AMENDMENT)**

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pkyriakakis@mccarthy.ca



I hereby certify this to be a true copy of
the original **ORDER**
Dated this 8 day of January 2018
for Clerk of the Court.

DATE ON WHICH ORDER WAS PRONOUNCED: January 8, 2018

NAME OF JUDGE WHO MADE THIS ORDER: Honourable Justice K.M. Horner

LOCATION OF HEARING: Calgary, Alberta

UPON the application of Deloitte Restructuring Inc., in its capacity as the court-appointed receiver and manager (the "**Receiver**") of the assets, properties, and undertakings (collectively, the "**Property**") of Grande Cache Coal LP, Grande Cache Coal Corporation, Up Energy (Canada) Limited and 0925165 BC Ltd. (collectively, the "**Debtors**") pursuant to receivership orders issued under the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (the "**BIA**") on n January 24, 2017 and on February 3, 2017 (collectively, the "**Receivership Order**"); **AND UPON** having read the Application (as defined below) and the Second Report of the Receiver, dated January 2, 2018

APPENDIX C

**In the Matter of the Receivership of Grande Cache Coal et al.
Summary of the Receiver's Fees and Expenses
For the Period February 3, 2017 to October 31, 2018**

(Amounts in USD \$)

Deloitte Invoice #	Covering Period	Invoice amount
<u>i) Receiver's Fees to November 30, 2017, as approved by the Court on January 8, 2018</u>		
FE007184	December 2016	120,000
DF301077	January 2017	120,000
DF304625/DF307429/DF311358	Up to end of February 2017	360,000
DF329283	March 2017	357,887
DF327205	April 2017	166,547
Amount paid directly by CMBC and subsequently reimbursed		1,124,434
DF347615	May 2017	78,005
DF348793	June 2017	171,960
DF359012	July 2017	172,495
DF360884	August 2017	170,927
DF00003418	September 2017	217,431
DF00015145	October 2017	202,307
DF00016157	November 2017	320,667
Total fees for the period May 1, 2017 to November 30, 2017		1,333,792
Total Court-approved fees to November 30, 2017		2,458,226
<u>ii) Receiver's Fees for the period December 1, 2017 to October 31, 2018</u>		
DF00026355	December 2017	276,313
DF00036950	January 2018	121,837
DF00043300	February 2018	106,039
DF00056811	March 2018	121,917
DF00078136	April 2018	98,461
DF00080380	May 2018	120,859
DF00097436	June 2018	156,185
DF00107500	July 2018	97,693
Total fees for the period December 1, 2017 to October 31, 2018		1,099,304
<u>iii) Cumulative Receiver's Fees to October 31, 2018</u>		
Total fees for the period February 3, 2017 to October 31, 2018		3,557,530

(*) - The above fees of the Receiver Include Deloitte Restructuring Inc. in Canada and Deloitte Advisory (Hong Kong) Limited, all amounts before any applicable GST.

APPENDIX D

**In the Matter of the Receivership of Grande Cache Coal et al.
 Summary of the Receiver's Legal Counsel's Fees and Expenses
 For the Period February 3, 2017 to October 31, 2018
 (Amounts in USD \$)**

McCarthy Invoice #	Covering Period	Invoice amount*	
<u>i) Receiver's Legal Counsel's Fees to November 30, 2017, as approved by the Court on January 8, 2018</u>			
2902021	February 2017	7,479	
2907116	March 2017	1,814	
2914583	April 2017	14,102	
2919969	May 2017	5,102	
2927102	June 2017	16,386	
Amount paid directly by CMBC		44,885	a
2940292	July - August 2017	16,422	
2949420U	September 2017	9,707	
2952809	October 2017	19,156	
2957674U	November 2017	13,937	
		59,223	b
Total fees for the period July 1, 2017 to November 30, 2017		104,107	a+b
Total Court-approved fees to November 30, 2017			
<u>ii) Receiver's Legal Counsel's Fees for the period December 1, 2017 to October 31, 2018</u>			
2965094U	December 2017	52,586	
2973988U	January 2018	13,059	
2976941U	February 2018	5,715	
2985975U	March 2018	2,524	
2992376U	April 2018	1,093	
2998330U	May 2018	4,595	
3011405U	June - July 2018	9,135	
Total fees for the period December 1, 2017 to October 31, 2018		88,707	c
iii) Cumulative Receiver's Legal Counsel's Fees to October 31, 2018			
Total fees for the period February 3, 2017 to October 31, 2018		192,814	a+b+c
Amount paid from the Receiver's Trust Account		147,929	b+c

(*) - The invoices from February 2017 to June 2017 were billed in CAD\$. The amount showed in USD\$ for the periods are converted at CAD:USD=0.8.