

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

Westmoreland Coal Company, et al.,¹

Debtors.

Chapter 11

Case No. 18-35672 (DRJ)

(Jointly Administered)

**DECLARATION OF KEITH E. ALESSI IN SUPPORT OF THE SALE OF
THE KEMMERER MINE AND CERTAIN OTHER ASSETS
TO KEMMERER OPERATIONS, LLC**

I, Keith E. Alessi, state as follows:

1. I am the Chief Executive Officer of each of Kemmerer Operations, LLC (the “Purchaser”) and Kemmerer Holdings, LLC (“Kemmerer Holdings”). Kemmerer Holdings is the sole member and the manager of the Purchaser. I am authorized to make this declaration (this “Declaration”) on behalf of the Purchaser and do so based on my personal knowledge and review of the relevant pleadings except for the statements made herein on information and belief. I am competent to testify to the facts set forth herein. I am aware of the negotiations between the Purchaser, on the one hand, and Westmoreland Resource Partners, LP, Westmoreland Kemmerer, LLC, Westmoreland Kemmerer Fee Coal Holdings, LLC, and certain other affiliates (collectively, the “Sellers”), on the other hand, regarding an asset purchase agreement (the “APA”) pursuant to which Purchaser would acquire the Kemmerer Mine and certain other assets. As part of my duties,

¹ Due to the large number of debtors in these chapter 11 cases, for which joint administration has been granted, a complete list of the debtors and the last four digits of their tax identification, registration or like numbers is not provided herein. A complete list of such information may be obtained on the website of the WMLP Debtors’ claims and noticing agent in these chapter 11 cases at www.donlinrecano.com/westmoreland. Westmoreland Coal Company’s service address for the purposes of these chapter 11 cases is 9540 South Maroon Circle, Suite 300, Englewood, Colorado 80112.

I have reviewed various drafts of the APA exchanged by the parties. I am familiar with the actions of the Purchaser generally with respect to the APA. I submit this Declaration in support of the *Expedited Motion of Westmoreland Resource Partners, LP and its Subsidiaries for Entry of an Order (I) Approving the Sale of the Kemmerer Mine and Certain Other Assets Free and Clear of Substantially All Liens, Claims, Encumbrances and Interests Pursuant to a Credit Bid from Secured Lenders, (II) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection Therewith and (III) Granting Related Relief* [Docket No.1863] (the “Kemmerer Credit Bid Sale Motion”). Any capitalized term used but not defined herein shall have the meaning ascribed to it in the Kemmerer Credit Bid Sale Motion.

Qualifications

2. I have over 25 years of turnaround experience in senior management positions (including Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer) at several companies in the retail, distribution, franchising, and manufacturing industries. In particular, as the Chairman and Chief Executive officer of Jackson Hewitt, I engineered a two year turnaround that resulted in it becoming the leading gaining stock on any United States stock exchange in 1997. I have served as a board member of numerous public companies and have taught at several universities, including Washington and Lee University where I am currently an Adjunct Professor for its School of Law.

3. From 2007 to 2015, I was the Chief Executive Officer of Westmoreland Coal Company (“WCC”). During that time, WCC grew from operating five mines with \$30 million in EBITDA to operating 25 mines with \$300 million in EBITDA.

Adequate Assurance of Future Performance

4. Based on my experience at WCC, I am familiar with the economics, operations, labor force, and contractual counterparties for the Kemmerer Mine and what is necessary to ensure its successful operation. I negotiated WCC's purchase of the Kemmerer Mine from Chevron in 2011 and in the first year of Kemmerer's management by WCC, its EBITDA doubled from \$24 million (under Chevron) to \$48 million.

5. Based on the current status of negotiations, I anticipate that the APA will provide for, among other things: (a) the Sellers' assumption and assignment to the Purchaser of the Assigned Contracts and (b) the Purchaser's provision of adequate assurance of future performance, as required under the United States Bankruptcy Code, of such Assigned Contracts. The Purchaser has prepared information demonstrating that it will be able to perform the Assigned Contracts going forward, which is attached hereto as Exhibit A (the "Adequate Assurance Package").

6. The Adequate Assurance Package contains information supporting the Purchaser's financial wherewithal and ability to perform under the Assigned Contracts. Specifically, the Adequate Assurance Package demonstrates that the Purchaser has (a) a viable business plan that I helped formulate as part of my duties, based on my experience, and (b) sufficient working capital to carry out that business plan,² all of which demonstrate that the Purchaser can perform under the Assigned Contracts going forward.

Free and Clear Sale

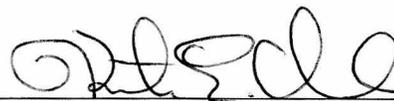
7. It is my understanding that the Purchaser will acquire the Purchased Assets free and clear of all Liens and Liabilities (other than Permitted Exceptions and Assumed Liabilities). The Purchaser would not consummate the Sale Transaction if the sale of the Purchased Assets were not free and clear of all Liens and Liabilities (other than Permitted

² As of the date hereof, the commitment and related documentation for the working capital facility referenced in the Adequate Assurance Package has not yet been executed.

Exceptions and Assumed Liabilities), or if the Purchaser would, or in the future could, be liable for (a) any such Liens and/or Liabilities (other than Permitted Exceptions and Assumed Liabilities) or (b) any claims against the Sellers under any theory of successor or vicarious liability, *de facto* merger, substantial continuity, or similar theories of any kind or character, except as otherwise set forth in the APA and any order granting the Kemmerer Credit Bid Sale Motion.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

DATED 6-2, 2019.



Keith E. Alessi

EXHIBIT A

Adequate Assurance Package

**Adequate
Assurance of
Future
Performance
June 3, 2019**

Kemmerer Operations, LLC

Forward Looking Statements

Disclaimer

This presentation contains forward looking statements regarding Kemmerer Operations, LLC (the "Purchaser") -- an acquisition vehicle formed by BF Oxford SPE LLC, GCU III LLC, TOCU IV LLC, BlackRock Capital Investment Corporation, Medley Capital Corporation, Sierra Income Corporation, Tennenbaum Opportunities Funds VI, LLC and Tennenbaum Opportunities Fund V LLC (collectively, the "MLP Secured Lenders") in their capacity as term loan lenders of Westmoreland Resource Partners, LP and certain of its subsidiaries (collectively, the "WMLP Debtors"). These forward looking statements are based on, among other things, projections disclosed on July 25, 2018 by Westmoreland Coal Company and its affiliated debtors and debtors-in-possession (collectively, the "Debtors") and on assumptions regarding the Purchaser's future business and performance, the economy and other future conditions and forecasts of future events, circumstances and results. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstance. Although the statements contained herein are made in good faith and the assumptions are believed to be reasonable, actual results may vary materially from those expressed or implied in these forward looking statements. No representations can be made as to the accuracy of the Debtors' projections or the Purchaser's ability to achieve the results stated herein. These statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the Purchaser's control, including achieving operating efficiencies, cost and availability of raw materials and energy, maintaining good employee relations, existing and future governmental regulations and actions of governmental bodies, general economic conditions in the markets in which the Purchaser will operate, industry-specific risk factors and other market and competitive conditions. Any forward-looking statements made herein speak only as of the date on which they are made. The Purchaser and MLP Secured Lenders are under no obligation to, and expressly disclaim any obligation to, update or alter their forward-looking statements, whether as a result of new information, subsequent events or otherwise.

KemCo Corporate Structure Overview

Corporate Overview

- Kemmerer Operations, LLC ("**KemCo**"), an entity formed by the MLP Secured Lenders, will acquire certain assets of the WMLP Debtors as part of an asset sale under section 363 of the Bankruptcy Code
- Ownership, Management and Operations
 - KemCo will be owned by Kemmerer Holdings, LLC, whose membership interests are owned, directly or indirectly, by the MLP Secured Lenders
 - Keith Alessi, formerly the CEO of Westmoreland Coal Company, will be the CEO of KemCo
 - North American Construction Group ("**NACG**"), an industry leader, will provide enhanced operational support. The CFO of NACG, Jason Veenstra, previously served as CFO and Treasurer of Westmoreland Coal Company

KemCo Business Improvements and Liquidity

Business Improvements and Liquidity Overview

- With a substantially delevered balance sheet, KemCo will be well positioned for success based on initiatives undertaken as part of the bankruptcy. Certain key business improvements include:
 - Reduction in debt of approximately \$280 million, replaced with \$25 million term loan ("take-back paper") and \$24.3 million working capital facility¹
 - Expected to reduce operational expenses to gives operations greater flexibility and lower overall annual costs
 - Streamlined operations as a result of shedding burdensome contracts
 - Improved corporate structure resulting from transferring mine-level employees to the operating entity
 - Enhanced operational expertise as result of contractor mining agreement with NACG
 - NACG is a publicly traded provider of heavy construction and mining services, based in Alberta, Canada
 - With over 60 years of experience and one of the largest independently owned equipment fleets in the region, they offer a comprehensive and integrated approach to satisfy all their customers' requirements
 - NACG has a strong focus on trust, expertise, sustainability and being a low overhead, no frills operator
 - NACG will be the exclusive provider of all services to the Kemmerer mine. Such services will include, but will not be limited to, mine planning, overburden removal, the mining and transport of ore, and providing personnel and mine support services
 - NACG has a high degree of familiarity with Kemmerer as its CFO, Jason Veenstra, previously spent 10 years at Westmoreland Coal Company in various positions, including CFO and Treasurer

¹ As of the date hereof, the commitment and related documentation for the working capital facility has not yet been executed

KemCo Business Improvements and Liquidity

Business Improvements and Liquidity Overview

- KemCo will have significant liquidity to operate and perform its obligations under the contracts and leases assumed in connection with the asset sale.
- Upon the closing of the sale, KemCo will have access to:
 - \$23.4 million working capital facility²
 - Substantial free cash flow:

Forecasted Cash Flow 2019E – 2022E (\$ in millions)

	PY2019E	2020E	2021E	2022E
Cash Flow Available For Distribution / ARO Pre-Funding	\$17.3	\$16.8	\$18.3	\$24.3
<i>Cumulative Cash Flow Available For Distribution / ARO Pre-Funding</i>	17.3	34.2	52.5	76.8

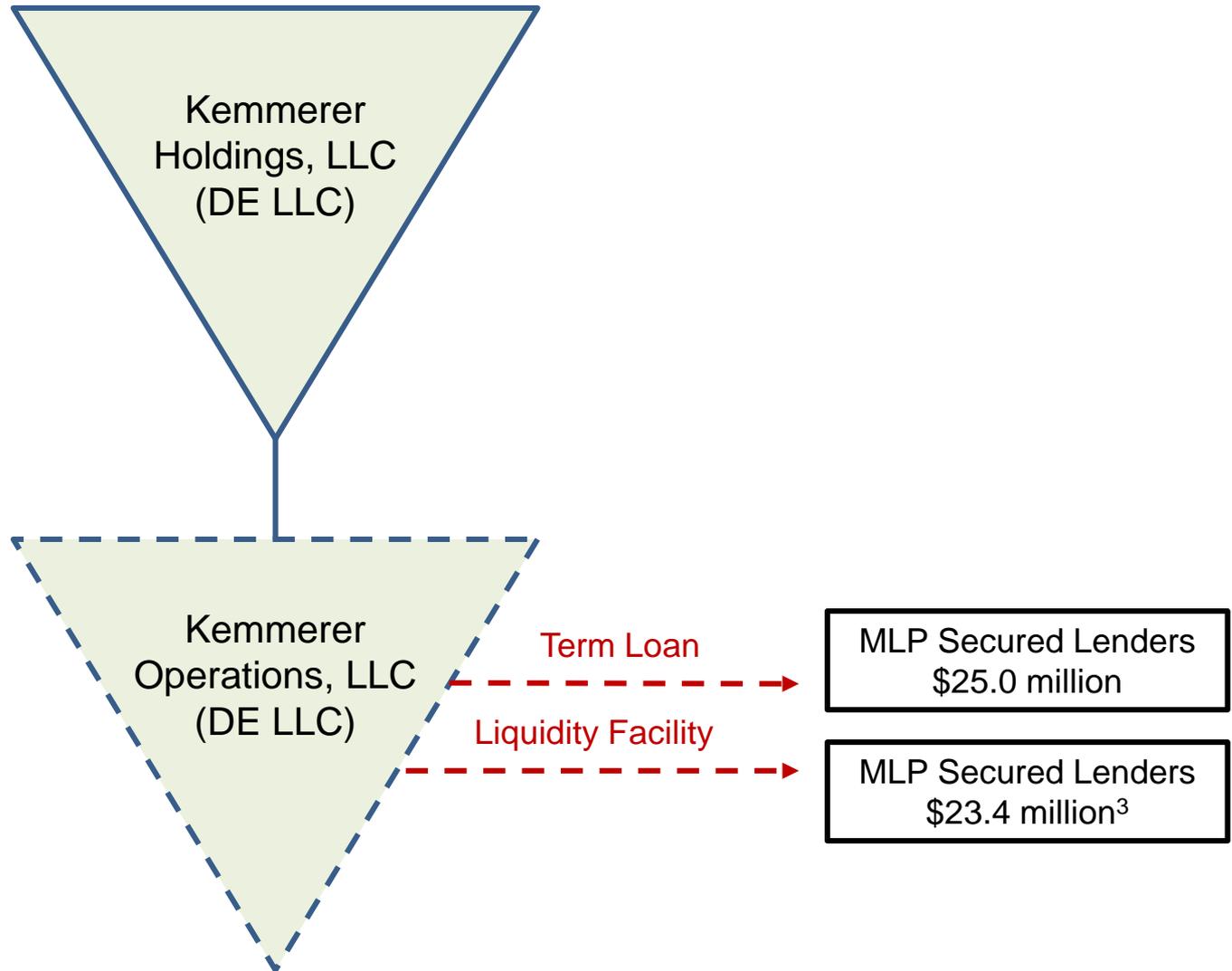
² As of the date hereof, the commitment and related documentation for the working capital facility has not yet been executed

Overview of Keith Alessi

Keith Alessi, CPA

- Keith was CEO of Westmoreland Coal Company from 2007 to 2015 and built the company from 5 mines with \$30 million in EBITDA to 25 mines producing over \$300 million in EBITDA. At the time of his retirement, Westmoreland had been the leading gaining public coal stock for three consecutive years. He negotiated the purchase of the Kemmerer mine from Chevron in 2011. In the first year under Westmoreland Coal Company management the mine increased EBITDA from \$24 million (under Chevron) to \$48 million
- Prior to that, he had over 25 years of turnaround experience as a senior manager (CFO, COO, CEO) and over 80 years of public company board experience. As Chairman and CEO of Jackson Hewitt, Inc. (NASDAQ: JTAX) he engineered a two year turnaround that resulted in Jackson Hewitt being the leading gaining stock on any exchange in the United States in 1997. He has experience in the retail, distribution, franchising and manufacturing industries
- Since 2016, Keith has been an adjunct professor at the Washington and Lee University Law School in Lexington, Virginia where he held the same title from 1997 through 2007. He has also taught as an adjunct at the Ross School of Business at the University of Michigan, The Virginia Military Institute and Southern Virginia University
- Keith holds a Master of Business Administration from the University of Michigan, a Bachelor of Science in Business from Wayne State University and is a Certified Public Accountant

Pro Forma Kemmerer NewCo Structure



³ As of the date hereof, the commitment and related documentation for the working capital facility has not yet been executed