

Court File No. CV-23-00707394-00CL

Tacora Resources Inc.

**SUPPLEMENT TO THE EIGHTH
REPORT OF FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS COURT-APPOINTED MONITOR**

April 24, 2024

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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
TACORA RESOURCES INC.**

(Applicant)

**SUPPLEMENTAL REPORT TO THE EIGHTH REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

INTRODUCTION

1. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated October 10, 2023, Tacora Resources Inc. (“**Tacora**” or the “**Applicant**”) was granted protection under the Companies’ Creditors Arrangement Act, R.S.C., c. C-36, as amended (the “**CCAA**” and in reference to the proceeding, the “**CCAA Proceeding**”) and FTI Consulting Canada Inc. was appointed monitor of the Applicant (in such capacity, the “**Monitor**”).
2. On April 22, 2024, the Monitor filed its eighth report to the Court (the “**Eighth Report**”). This report (the “**Supplemental Eighth Report**”) is supplementary to and should be read in conjunction with the Eighth Report. All capitalized terms used herein but not defined shall have the meanings given to them in the Eighth Report and this Supplemental Eighth Report is subject to the same terms of reference and disclaimer as set out in the Eighth Report in all respects.
3. The Eighth Report was filed in connection with Tacora’s motion returnable April 23, 2024 seeking a Stay Extension and DIP Order and a Claims Procedure Order. At the hearing on April 23, 2024 the Claims Procedure Order was granted and Justice Kimmel issued an endorsement (the “**Endorsement**”) adjourning the Stay Extension and DIP Order hearing until April 25, 2024, followed by a summary of the timetable (the “**Summary Timetable**”) for the adjournment. A copy of the Endorsement and the Summary Timetable are attached as Appendix “**A**” and “**B**” hereto.

PURPOSE

4. The purpose of this Supplemental Eighth Report is to provide additional information to the Court in respect of the relief sought by Tacora in the Stay Extension and DIP Order following issuance of the Endorsement and Summary Timetable.

UPDATE ON STAY EXTENSION AND DIP ORDER REQUEST

5. On the afternoon of April 23, 2024, counsel to the Ad Hoc Group emailed the Monitor with a list of questions as contemplated by the Summary Timetable. A copy of the email is attached as Appendix “C” hereto.
6. Following the Monitor’s receipt of the Ad Hoc Group’s list of questions, the Company, its advisors, and counsel thereto, worked cooperatively with the Monitor and its counsel to provide responses to the Ad Hoc Group on a timely basis.
7. On the evening of April 23, 2024, counsel to the Monitor responded to counsel to the Ad Hoc Group providing answers to the questions posed that afternoon. A copy of the responding email and answers provided (not including the detailed cashflow forecast excel documents attached to the email) is attached as Appendix “D” hetero.
8. The Monitor is not aware of any amendments to the Second Amended DIP Agreement.

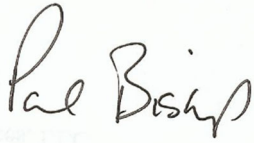
UPDATE ON MONITOR’S RECOMMENDATION

9. The Monitor, for the reasons set out in its Eighth Report, supports approval of the Stay Extension and DIP Order. As the Monitor has previously noted, stability and certainty for the Applicant are critical while Tacora’s board evaluates alternative paths to emerge from this CCAA Proceeding in a timely manner.
10. The Monitor agrees that the Offtake Agreement as currently structured is an impediment to a successful restructuring.
11. As Tacora enters this next, critical stage of its restructuring, it is imperative that all stakeholders act reasonably. The Monitor encourages the parties to reach the accommodations required to allow this matter to proceed on consent and be willing to make the compromises that will be required to ensure a timely, successful emergence from this CCAA Proceeding.

The Monitor respectfully submits to the Court this Supplemental Eighth Report dated this 24th the day of April, 2024.

FTI Consulting Canada Inc.

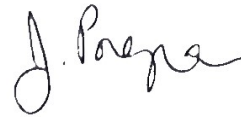
in its capacity as Court-appointed Monitor of
Tacora Resources Inc. and not in its personal or
corporate capacity



TO
LAW
LTC

By:

Paul Bishop
Senior Managing Director



Jodi Porepa
Senior Managing Director

APPENDIX “A”



ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL SLIP/ENDORSEMENT

COURT FILE NO.: CV-23-00707394-00CL DATE: April 23, 2024

NO. ON LIST: 2

TITLE OF PROCEEDING: In the Matter of a Plan of Compromise or Arrangement of Tacora Resources Inc.

BEFORE: Justice Kimmel

PARTICIPANT INFORMATION

For Applicant(s):

Name of Person Appearing	Name of Party	Contact Info
Ashley Taylor	Counsel for Tacora Resources Inc.	ataylor@stikeman.com
Lee Nicholson		leenicholson@stikeman.com
Philip Yang		pyang@stikeman.com
Natasha Rambaran		nrambaran@stikeman.com

For Other:

Name of Person Appearing	Name of Party	Contact Info
Joe Thorne	Counsel for 1128349 BC Ltd.	joethorne@stewartmckelvey.com
Caroline Descours	Counsel for Cargill, Incorporated and Cargill International Trading Pte Ltd.	cdescours@goodmans.ca
Robert J. Chadwick		rchadwick@goodmans.ca
Marc Wasserman	Counsel for the Consortium of Noteholders	mwasserman@osler.com
Jeremy Dacks		jdacks@osler.com
Shaan Tolani		tolanis@bennettjones.com
Jane Dietrich	Counsel for the Proposed Monitor (FTI Consulting Canada Inc.)	jdietrich@cassels.com
Alan Merskey		amerskey@cassels.com
Ryan Jacobs		rjacobs@cassels.com
John Leslie	Counsel for Caterpillar Financial Services Ltd.	jleslie@dickinsonwright.com
Natasha MacFarland	Counsel for Crossing Bridge Advisors	nmacparland@dwpv.com
Gerry Apostolatos	Counsel for Quebec North Shore and Labrador Railway Inc.	gerry.apostolatos@langlois.ca

ENDORSEMENT OF JUSTICE KIMMEL:

1. The Company's motion for a Stay Extension and DIP Amendment Approval Order is adjourned to Thursday April 25, 2024 commencing at 11:00 a.m. for two hours, for reasons given orally in court today and based on the timetabled that the court directed, which requires all materials to have been served, filed and uploaded into CaseLines by 9:00 p.m. on Wednesday April 24, 2024.
2. The Company's motion for a Claims Procedure Order is not opposed. I accept the submissions of the Company in its factum as to the jurisdiction of the court to approve this order under s. 11 of the CCAA and reasons for the court to exercise its discretion to do so. I find the proposed Claims Procedure Order to be fair, reasonable and appropriate in the circumstances and it is approved.
3. The Claims Procedure Order may be issued in the form signed by me today.

A handwritten signature in cursive script that reads "Kimmel J." in dark ink.

KIMMEL J.

APPENDIX “B”

Hoy, Alec

From: Soljic, Marlon (MAG) <Marlon.Soljic@ontario.ca>
Sent: Tuesday, April 23, 2024 3:36 PM
To: ataylor@stikeman.com; leenicholson@stikeman.com; pyang@stikeman.com; nrambaran@stikeman.com; joethorne@stewartmckelvey.com; cdescours@goodmans.ca; rchadwick@goodmans.ca; mwasserman@osler.com; jdacks@osler.com; tolanis@bennettjones.com; Dietrich, Jane; Merskey, Alan; Jacobs, Ryan; jleslie@dickinsonwright.com; nmacparland@dwpv.com; gerry.apostolatos@langlois.ca
Cc: Bunoza, Linda (MAG)
Subject: Re: Kimmel J. Order + Endorsement / In the Matter of a Plan of Compromise or Arrangement of Tacora Resources Inc. (CV-23-00707394-00CL)

CAUTION: External Email

Dear Counsel,

Justice Kimmel has provided the below summary of the timetable for the matter returning on April 25, 2024 at 11:00 a.m., as directed orally in court earlier today:

1. If AHG has fact-based questions that it considers might be of assistance to its analysis and comparisons, for example about assumptions underlying the cash flow or about support for specific terms in the Amended DIP (e.g. the Cargill litigation costs agreed to) those can be sent to the Monitor by 3p.m. today. It was discussed in court that requests for board decks and minutes, if they exist, may be subject to redactions for privilege.
2. The Monitor will make best efforts to respond if it has the information/documents requested, or is able to get them from the relevant parties, by 9 pm this evening.
3. If the AHG wishes to cross-examine Mr. Broking on the affidavit he swore in support of this motion and it can be arranged within the time parameters indicated to enable the delivery of material in accordance with the timetable, they may do so.
4. The AHG shall deliver a responding record and its written submissions in opposition to the request for approval of the Second Amended and Restated Cargill DIP Agreement by 3 p.m. tomorrow.
5. The company and the Monitor may deliver reply submissions on this motion by 9 p.m. tomorrow.
6. All written submissions may be in the form of either a factum or Aide Memoire, in the case of the AHG not to exceed 25 pages double spaced and in the case of any reply submissions not to exceed five pages double spaced each.

Best regards,

Marlon Soljic
Court & Client Representative
Superior Court of Justice

Bankruptcy, Commercial, & Estates
Toronto, ON | M5G 1R7



From: Soljic, Marlon (MAG) <Marlon.Soljic@ontario.ca>

Sent: Tuesday, April 23, 2024 14:03

To: ataylor@stikeman.com <ataylor@stikeman.com>; leenicholson@stikeman.com <leenicholson@stikeman.com>;
pyang@stikeman.com <pyang@stikeman.com>; nrambaran@stikeman.com <nrambaran@stikeman.com>;
joethorne@stewartmckelvey.com <joethorne@stewartmckelvey.com>; cdescours@goodmans.ca
<cdescours@goodmans.ca>; rchadwick@goodmans.ca <rchadwick@goodmans.ca>; mwasserman@osler.com
<mwasserman@osler.com>; jdacks@osler.com <jdacks@osler.com>; tolanis@bennettjones.com
<tolanis@bennettjones.com>; jdietrich@cassels.com <jdietrich@cassels.com>; amerskey@cassels.com
<amerskey@cassels.com>; rjacobs@cassels.com <rjacobs@cassels.com>; jleslie@dickinsonwright.com
<jleslie@dickinsonwright.com>; nmacparland@dwpv.com <nmacparland@dwpv.com>; gerry.apostolatos@langlois.ca
<gerry.apostolatos@langlois.ca>

Cc: Bunoza, Linda (MAG) <Linda.Bunoza@ontario.ca>

Subject: Kimmel J. Order + Endorsement / In the Matter of a Plan of Compromise or Arrangement of Tacora Resources Inc. (CV-23-00707394-00CL)

Good afternoon,

Please see Madam Justice Kimmel's signed Order and endorsement, regarding the Matter of a Plan of Compromise or Arrangement of Tacora Resources Inc (CV-23-00707394-00CL).

Kindly confirm your receipt of this email, and its attachments, via reply.

Should there be any pertinent parties that are not copied hereto, kindly forward this message and its attachments.

If there are any issues with accessing the files, please let me know.

Best regards,

Marlon Soljic

Court & Client Representative
Superior Court of Justice
Bankruptcy, Commercial, & Estates
Toronto, ON | M5G 1R7



APPENDIX “C”

Hoy, Alec

From: Muller, Ben <bmuller@osler.com>
Sent: Tuesday, April 23, 2024 3:32 PM
To: Bishop, Paul; Jodi.Porepa@fticonsulting.com; Jacobs, Ryan; Dietrich, Jane
Cc: Wasserman, Marc; De Lellis, Michael; Dacks, Jeremy
Subject: Tacora - Questions for Monitor
Attachments: Tacora - Questions for Monitor - 23-APR-2024.docx

CAUTION: External Email

All,

In connection with the oral Endorsement of Justice Kimmel this afternoon, please find attached the Consortium's questions in connection with the New Cargill DIP approval motion. We look forward to receiving your response to the attached.

Regards,
Ben

OSLER

Ben Muller
Associate
416.862.5923 | bmuller@osler.com
Osler, Hoskin & Harcourt LLP | osler.com

TACORA – QUESTIONS FOR MONITOR

Questions for the Monitor in relation to the DIP Amendment Approval Order as of April 23, 2024

The below reflects the questions and/or requests that the Consortium Noteholder Group¹ (the “**Consortium**”) poses to the Monitor in accordance with the oral Endorsement of Justice Kimmel on April 23, 2024.

Questions / Requests

- Please provide a copy of all board minutes from any meeting of the Board of Directors of Tacora Resources Inc. (“**Tacora**” or the “**Company**”) considering proposed new DIP financing (the “**New Cargill DIP**”) submitted by Cargill Inc. (“**Cargill**”) or the alternative DIP facility offered by the Consortium (the “**Consortium DIP**”), including from the board meetings held on April 19th and April 20th.
- Please provide all presentations by Greenhill & Co. Canada Ltd. in respect of financial and other considerations that the Board of Directors of Tacora was advised to consider in connection with the selection of a new DIP proposal.
- Was a joint DIP option pursued with Cargill? If so, what were the views of Cargill?
- The New Cargill DIP provides for the payment of Cargill’s out-of-pocket legal and financial advisory fees and expenses related to the sale approval motion in the amount of \$2,032,000 plus applicable taxes shall (the “**Cargill Motion Expenses**”). How was the quantum of Cargill Motion Expenses calculated? Why did Tacora agree to pay Cargill’s legal and financial advisory fees and expenses related to the sale approval motion without input or a ruling from the Court when there was a cheaper available alternative?
- What assumptions were made in the DIP Budget (as defined in the New Cargill DIP) regarding iron ore prices?
- What is the total cost to the Company of the New Cargill DIP versus the underlying cost to the Company of the Consortium DIP?
- What is the internal rate of return to Cargill under the New Cargill DIP versus the internal rate of return to the Consortium under the Consortium DIP?
- How long does Tacora plan to engage in consensual negotiations before an expedited sale and investment solicitation process or mediation is sought from the Court?
- The New Cargill DIP provides that a subsequent exit fee in the amount of \$800,000 is payable, unless the DIP Obligations and Post-Filing Credit Extensions (each as defined in the New Cargill DIP) are repaid in full on or before May 8, 2024 (the “**Subsequent Exit Fee**”). How was the Subsequent Exit Fee (as defined in the New Cargill DIP) arrived at? In particular, how was the quantum arrived at and how was the May 8 condition arrived at? Was the May 8 condition discussed? What is the purpose of it? What is it expected to achieve?

¹ The Consortium is comprised of Snowcat Capital Management LP, Brigade Capital Management, LP, Millstreet Capital Management LLC, MSD Partners, LP, O’Brien-Staley Partners, and Javelin Global Commodities (SG) Pte Ltd. as holders of US\$201,680,000 (89.6%) in principal of 8.250% Senior Secured Notes due 2026 and/or US\$14,955,000 (55.4%) in principal of 9.00% Cash / 4.00% PIK Senior Secured Priority Notes due 2023.

- Provide forward curve used in DIP forecast (including P62, P65 and freight)
- Break out other items impacting net inflows including mark to market or final settlement payments
- Provide production (i.e., trains per week) assumptions including discussion of any planned downtime for maintenance
- Provide vessel schedule and implied stockpile assumptions
- What is the dollar amount of payments made to / not received from Cargill during the forecast period?
- Break out restructuring legal and professional costs
- Break out Cargill's legal and financial advisory fees (C\$2.032mm) – are they being paid in this forecast? What is the total DIP quantum including all fees and expenses that the Board evaluated in its decision-making process?
- What quantum of equipment lease payments is flowing through the forecast?
- Provide the Company's cash flow model for the Consortium DIP
- How did the Company use the forecasts in evaluating the costs and expenses of the DIP proposals, including the interest rate and fees?
 - As discussed in Paragraph 17(a) of the Broking Affidavit
- What factors did the Company consider in evaluating the anticipated timeline to enter into and consummate another going-concern transaction between the two DIP proposals?
 - As discussed in Paragraph 17(b) of the Broking Affidavit
- What specific risks did the Company consider in evaluating each DIP proposal (including the cost and delay resulting from litigation)?
 - As discussed in Paragraph 17(c) of the Broking Affidavit
- What prejudice to the stakeholders did the Company consider in evaluating the DIP proposals?
 - As discussed in Paragraph 17(d) of the Broking Affidavit
- What views did the Monitor present, including those related to the forecasts, with respect to the selection of the DIP?
 - As discussed in Paragraph 17(e) of the Broking Affidavit
- Does the Company have any hedging proposals that it considered as a part of the Cargill DIP? If so, please provide the details and potential costs associated with these hedges.
- Did the Company approach Cargill with any alternative DIP structures? Which structures and what was Cargill's response?
 - Has the Company asked Cargill to PIK or defer its fees under the offtake agreement to improve liquidity?
- Provide the IRR calculation used for both DIPs

- How did the Company evaluate the returns profiles of the two DIPs?
- How did the Company consider the impact of the exit fees on the returns profiles of the two DIPs – for example, the Cargill DIP IRR is nearly 3x the Consortium DIP IRR?
- Why is the benefit of the OPA included in the Cargill DIP when the cost of the OPA (in the form of the prohibitive offtake agreement) not included?

APPENDIX “D”

Hoy, Alec

From: Merskey, Alan
Sent: Tuesday, April 23, 2024 9:51 PM
To: Marc Wasserman (mwasserman@osler.com); Jeremy E. Dacks (jdacks@osler.com); Michael De Lellis (mdelellis@osler.com); 'bmuller@osler.com'
Cc: Paul Bishop Esq. (Paul.Bishop@fticonsulting.com); Jodi.Porepa@fticonsulting.com; McIntyre, Graham; Dietrich, Jane; Jacobs, Ryan; Lee Nicholson; Ashley John Taylor (ataylor@stikeman.com); Philip Yang
Subject: Tacora - Responses to Questions for Monitor [IWOV-LEGAL.FID4500039]
Attachments: Tacora - Responses to Questions for Monitor - 23-APR-2024(119128037.2).pdf; Project Element - AHG DIP Budget 2024.04.20_vf.xlsx; Project Element - Cargill DIP Budget _Detail_(2024.04.21).xlsx; DIP Proposal Side by Side Comparison(2024.04.20)_vFFFF (Page 2).pdf; Project Element - Board Materials (2024.04.20)_vF.pdf

All,

In accordance with the Court's direction to the Monitor to make best efforts to respond if it has the information/documents requested, or is able to get them from relevant parties, we enclose the response from the Company and Monitor to your questions of 3:32 pm, together with associated attachments.

Best regards

Cassels | **ALAN MERSKEY** *(he/him/his)*
Partner
t: +1 416 860 2948
e: amerskey@cassels.com

Cassels Brock & Blackwell LLP | [cassels.com](https://www.cassels.com)
Suite 3200, Bay Adelaide Centre – North Tower
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TACORA – QUESTIONS FOR MONITOR
Responses to Questions for the Monitor from the Consortium Noteholder Group¹
(the “Consortium”) in relation to the DIP Amendment Approval Order as of April 23, 2024

The below reflects the responses to the questions and/or requests that the Consortium posed to the Monitor in accordance with the oral endorsement of Justice Kimmel on April 23, 2024.

Questions / Requests and Answers

- Please provide a copy of all board minutes from any meeting of the Board of Directors (the “**Board**”) of Tacora Resources Inc. (“**Tacora**” or the “**Company**”) considering proposed new DIP financing (the “**New Cargill DIP**”) submitted by Cargill Inc. (“**Cargill**”) or the alternative DIP facility offered by the Consortium (the “**Consortium DIP**”), including from the board meetings held on April 19th and April 20th.

Answer: The Board minutes considering the New Cargill DIP and the Consortium DIP have not been prepared.

- Please provide all presentations by Greenhill & Co. Canada Ltd. in respect of financial and other considerations that the Board of Directors of Tacora was advised to consider in connection with the selection of a new DIP proposal.

Answer: Please refer to the attached Board Deck dated April 20, 2024 (the “**Greenhill Board Deck**”). At the request of the Board during the meeting, the third bullet of slide 3 of the Board Deck in the “Cargill Considerations” column was revised after the Board meeting to clarify the construct that the Offtake Agreement could be disclaimed pursuant to a Court order.

The side-by-side comparison handed to the Court is also attached.

- Was a joint DIP option pursued with Cargill? If so, what were the views of Cargill?

Answer: The Board directed the Company’s advisors on April 19, 2024, to pursue a potential joint DIP with Cargill and the AHG. Initial discussions were held with Cargill and its counsel. The response received from Cargill was that Cargill did not believe it was feasible to agree upon the terms of a joint DIP in the time available, but Cargill was open to having discussions with the Ad Hoc Group if the Cargill DIP was approved.

- The New Cargill DIP provides for the payment of Cargill’s out-of-pocket legal and financial advisory fees and expenses related to the sale approval motion in the amount of \$2,032,000 plus applicable taxes shall (the “**Cargill Motion Expenses**”). How was the quantum of Cargill Motion Expenses calculated? Why did Tacora agree to pay Cargill’s legal and financial advisory fees and expenses related to the sale approval motion without input or a ruling from the Court when there was a cheaper available alternative?

Answer: The calculation of the Cargill Motion Expenses was based on (a) 60% recovery of legal fees incurred, and (b) 100% recovery of expert fees incurred, in connection with the sale approval motion. A subsequent \$800,000 discount was applied to such amount to arrive at the Cargill Motion Expenses. The

¹ The Consortium is comprised of Snowcat Capital Management LP, Brigade Capital Management, LP, Millstreet Capital Management LLC, MSD Partners, LP, O’Brien-Staley Partners, and Javelin Global Commodities (SG) Pte Ltd. as holders of US\$201,680,000 (89.6%) in principal of 8.250% Senior Secured Notes due 2026 and/or US\$14,955,000 (55.4%) in principal of 9.00% Cash / 4.00% PIK Senior Secured Priority Notes due 2023.

Cargill Motion Expenses, which the Cargill DIP proposal provides will be added to the quantum of the DIP, are significantly less than the professional fees initially sought to be recovered by Cargill in connection with the DIP and represents a negotiated compromise. In considering the Cargill Motion Expenses, the Company assessed and considered (y) the risk that Cargill would be awarded partial indemnity costs by the Court if the AHG DIP Proposal was accepted; and (z) the expected costs payable to the AHG professionals under the AHG DIP Proposal.

- What assumptions were made in the DIP Budget (as defined in the New Cargill DIP) regarding iron ore prices?

Answer: Please refer to the attached Cargill DIP Forecast. The Cargill DIP Forecast assumes a flat \$105/tonne P62 over the forecast period.

- What is the total cost to the Company of the New Cargill DIP versus the underlying cost to the Company of the Consortium DIP?

Answer: Please refer to the Greenhill Board Deck.

- What is the internal rate of return to Cargill under the New Cargill DIP versus the internal rate of return to the Consortium under the Consortium DIP?

Answer: Please refer to the Greenhill Board Deck.

- How long does Tacora plan to engage in consensual negotiations before an expedited sale and investment solicitation process or mediation is sought from the Court?

Answer: This has not been determined. Tacora will assess the relevant facts and circumstances at the time.

- The New Cargill DIP provides that a subsequent exit fee in the amount of \$800,000 is payable, unless the DIP Obligations and Post-Filing Credit Extensions (each as defined in the New Cargill DIP) are repaid in full on or before May 8, 2024 (the “**Subsequent Exit Fee**”). How was the Subsequent Exit Fee (as defined in the New Cargill DIP) arrived at? In particular, how was the quantum arrived at and how was the May 8 condition arrived at? Was the May 8 condition discussed? What is the purpose of it? What is it expected to achieve?

Answer: The exit fee was initially calculated as 2% of the incremental DIP availability for operations. This is referenced in the Cargill DIP proposal that was included in Cargill’s cross-motion delivered on March 14, 2024. The amount remained the same despite the increase in incremental DIP availability for operations. The May 8 date was proposed by Cargill to provide additional flexibility in the case of discussions between the Ad Hoc Group and Cargill on a consensual resolution and/or joint DIP, which could occur prior to May 8.

- Provide forward curve used in DIP forecast (including P62, P65 and freight)

Answer: Please refer to above pricing assumption in the attached Cargill DIP Forecast.

- Break out other items impacting net inflows including mark to market or final settlement payments

Answer: Please refer to the attached Cargill DIP Forecast.

- Provide production (i.e., trains per week) assumptions including discussion of any planned downtime for maintenance

Answer: Please refer to the attached Cargill DIP Forecast.

- Provide vessel schedule and implied stockpile assumptions

Answer: Please refer to the attached Cargill DIP Forecast.

- What is the dollar amount of payments made to / not received from Cargill during the forecast period?

Answer: Please refer to the attached Cargill DIP Forecast. All amounts due from Cargill are forecasted to be received.

- Break out restructuring legal and professional costs

Answer: Please refer to the attached Cargill DIP Forecast.

- Break out Cargill's legal and financial advisory fees (C\$2.032mm) – are they being paid in this forecast? What is the total DIP quantum including all fees and expenses that the Board evaluated in its decision-making process?

Answer: Please refer to the above answer and the Greenhill Board Deck.

- What quantum of equipment lease payments is flowing through the forecast?

Answer: No material amount of equipment lease payments are projected to be paid during the forecast period.

- Provide the Company's cash flow model for the Consortium DIP

Answer: Please refer to the attached Ad Hoc Group's Cash Flow Workbook.

- How did the Company use the forecasts in evaluating the costs and expenses of the DIP proposals, including the interest rate and fees?
 - As discussed in Paragraph 17(a) of the Broking Affidavit

Answer: Please refer to the Greenhill Board Deck.

- What factors did the Company consider in evaluating the anticipated timeline to enter into and consummate another going-concern transaction between the two DIP proposals?
 - As discussed in Paragraph 17(b) of the Broking Affidavit

Answer: Please refer to the Greenhill Board Deck.

- What specific risks did the Company consider in evaluating each DIP proposal (including the cost and delay resulting from litigation)?
 - As discussed in Paragraph 17(c) of the Broking Affidavit

Answer: Please refer to the Greenhill Board Deck.

- What prejudice to the stakeholders did the Company consider in evaluating the DIP proposals?
 - As discussed in Paragraph 17(d) of the Broking Affidavit

Answer: Please refer to the Greenhill Board Deck.

- What views did the Monitor present, including those related to the forecasts, with respect to the selection of the DIP?
 - As discussed in Paragraph 17(e) of the Broking Affidavit

Answer: The Monitor's views presented at the Board Meeting are reflected in the Monitor's Eighth Report.

- Does the Company have any hedging proposals that it considered as a part of the Cargill DIP? If so, please provide the details and potential costs associated with these hedges.

Answer: The Company does not have any hedging proposals at this time.

- Did the Company approach Cargill with any alternative DIP structures? Which structures and what was Cargill's response?

Answer: See above response regarding joint DIP.

- Has the Company asked Cargill to PIK or defer its fees under the offtake agreement to improve liquidity?

Answer: No.

- Provide the IRR calculation used for both DIPs

Answer: Please refer to the Greenhill Board Deck.

- How did the Company evaluate the returns profiles of the two DIPs?

Answer: Please refer to the Greenhill Board Deck.

- How did the Company consider the impact of the exit fees on the returns profiles of the two DIPs – for example, the Cargill DIP IRR is nearly 3x the Consortium DIP IRR?

Answer: The IRR for Cargill's DIP included a \$2.25 million Exit Fee associated with the initial DIP amount of \$75 million. Excluding this initial Exit Fee and including the \$0.8 million incremental Exit Fee from the current DIP, the IRR would be 14.1% assuming the \$0.8 million is paid on May 8 and 14.0% assuming it is paid on June 23.

- Why is the benefit of the OPA included in the Cargill DIP when the cost of the OPA (in the form of the prohibitive offtake agreement) not included?

Answer: The Company does not currently have a readily available alternative to the Offtake Agreement. The base assumption in the AHG DIP Proposal is also continuation of the Offtake Agreement.

Summary of DIP Economic Terms

Cargill (April 21)

Ad Hoc Group Consortium (April 18)

	Cargill (April 21)	Ad Hoc Group Consortium (April 18)	
Facilities	Total	<ul style="list-style-type: none"> \$181.3 million (including implicit benefit of Margin Facility / OPA) 	<ul style="list-style-type: none"> \$200.0 million
	DIP	<ul style="list-style-type: none"> \$125.0 million in total comprised of the existing \$100.0 million and an incremental \$25.0 million 	<ul style="list-style-type: none"> \$200.0 million new money
	Margin Facility	<ul style="list-style-type: none"> \$25.0 million available under post-petition facility 	<ul style="list-style-type: none"> N/A
	OPA	<ul style="list-style-type: none"> \$31.3 million (implicit under current agreement) ⁽¹⁾ 	<ul style="list-style-type: none"> None. DIP sizing assumes no OPA post DIP replacement
Cost of Capital	Interest	<ul style="list-style-type: none"> 10.0% cash or PIK at Company's option 	<ul style="list-style-type: none"> 10.0% cash or PIK at Company's option
	Basis	<ul style="list-style-type: none"> Daily accrual paid monthly 	<ul style="list-style-type: none"> Daily accrual paid monthly
	Exit Fees	<ul style="list-style-type: none"> Incremental 1.6% on subsequent \$50.0 million, or \$0.8 million Earned and payable on May 8, 2024 	<ul style="list-style-type: none"> None
	Litigation Costs	<ul style="list-style-type: none"> ~\$1.5mm (C\$2.0mm) of advisor fees incurred in connection with a sale transaction to be added to the DIP balance 	<ul style="list-style-type: none"> Potential ~\$1.1mm (C\$1.5mm) partial indemnity costs for withdrawn sale approval motion (at discretion of Court)
	Advisor Fees	<ul style="list-style-type: none"> Fees related to DIP paid in cash Following fees paid in cash or added to DIP balance at Company's option: (i) related to sale motion, (ii) ongoing activities (max \$250,000 / month) and (iii) for AHG Consortium's advisors (max \$250,000 / month and paid concurrently with fees to Cargill's advisors related to ongoing activities) ⁽²⁾ 	<ul style="list-style-type: none"> All fees incurred after the DIP replacement paid in cash DIP Lender fees incurred to-date added to DIP balance ⁽³⁾
	IRR	<ul style="list-style-type: none"> 9.1%⁽⁴⁾ excluding fees / 28.8%⁽⁴⁾ including fees 	<ul style="list-style-type: none"> 10.4% excluding fees / 10.4% including fees
Draw Schedule	<ul style="list-style-type: none"> \$15.5 million (Initial Advance) Subsequent Advances: <ul style="list-style-type: none"> Every other week (or as otherwise agreed by Borrower and DIP Lender) No less than \$10.0 million and no more than \$15.0 million at one time 	<ul style="list-style-type: none"> Four draws <ul style="list-style-type: none"> \$160.0 million (Initial Advance) \$20.0 million (Second Advance) \$10.0 million (Third Advance) \$10.0 million (Fourth Advance) 	
Other	<ul style="list-style-type: none"> DIP and Margin Facility amounts may be adjusted with the consent of the Monitor as long as they sum to \$150.0 million Increase OPA limit to 500,000 MT from 400,000 MT through June 24, 2024 Option to hedge under separate facility from Offtake (and with no implication for Offtake's status as an eligible financial contract) 	<ul style="list-style-type: none"> N/A 	
Maturity	<ul style="list-style-type: none"> October 10, 2024 	<ul style="list-style-type: none"> October 31, 2024 	

1. Measured as the difference in payments for ore delivered to the port and loaded onto a vessel between May 6 and June 23 under the Cargill and AHG DIP proposals
2. Fees for AHG Consortium's advisors receive same treatment as fees for Cargill's advisors for ongoing activities and will be added to DIP balance if such treatment is given to fees for Cargill's advisors for ongoing activities
3. Approximately \$100,000 of other DIP Lenders' Expenses to be deducted from the Initial Advance
4. Includes benefit from OPA. IRR including fees assumes that Exit Fees are paid on June 23

PROJECT ELEMENT

Board Materials

APRIL 20, 2024

Summary of DIP Economic Terms

	Cargill (April 19)	Ad Hoc Group Consortium (April 18)	
Facilities	Total	<ul style="list-style-type: none"> \$181.3 million (including implicit benefit of Margin Facility / OPA) 	<ul style="list-style-type: none"> \$200.0 million
	DIP	<ul style="list-style-type: none"> \$125.0 million in total comprised of the existing \$100.0 million and an incremental \$25.0 million 	<ul style="list-style-type: none"> \$200.0 million new money
	Margin Facility	<ul style="list-style-type: none"> \$25.0 million available under post-petition facility 	<ul style="list-style-type: none"> N/A
	OPA	<ul style="list-style-type: none"> \$31.3 million (implicit under current agreement) ⁽¹⁾ 	<ul style="list-style-type: none"> None. DIP sizing assumes no OPA post DIP replacement
Cost of Capital	Interest	<ul style="list-style-type: none"> 10.0% cash or PIK at Company's option 	<ul style="list-style-type: none"> 10.0% cash or PIK at Company's option
	Basis	<ul style="list-style-type: none"> Daily accrual paid monthly 	<ul style="list-style-type: none"> Daily accrual paid monthly
	Exit Fees	<ul style="list-style-type: none"> Incremental 1.6% on subsequent \$50.0 million, or \$0.8 million ⁽²⁾ Earned and payable on May 8, 2024 	<ul style="list-style-type: none"> None
	Litigation Costs	<ul style="list-style-type: none"> ~\$1.5mm (C\$2.0mm) of advisor fees incurred in connection with a sale transaction to be added to the DIP balance 	<ul style="list-style-type: none"> Potential ~\$1.1mm (C\$1.5mm) partial indemnity costs for withdrawn sale approval motion (at discretion of Court)
	Advisor Fees	<ul style="list-style-type: none"> DIP Lender fees incurred after the DIP amendment paid in cash All other fees being added to secured debt 	<ul style="list-style-type: none"> All fees incurred after the DIP replacement paid in cash DIP Lender fees incurred to-date added to DIP balance ⁽³⁾
	IRR	<ul style="list-style-type: none"> 9.1%⁽⁴⁾ excluding fees / 28.9%⁽⁴⁾ including fees 	<ul style="list-style-type: none"> 10.4% excluding fees / 10.4% including fees
Draw Schedule	<ul style="list-style-type: none"> \$15.5 million (Initial Advance) Subsequent Advances: <ul style="list-style-type: none"> Every other week (or as otherwise agreed by Borrower and DIP Lender) No less than \$10.0 million and no more than \$15.0 million at one time 	<ul style="list-style-type: none"> Four draws <ul style="list-style-type: none"> \$160.0 million (Initial Advance) \$20.0 million (Second Advance) \$10.0 million (Third Advance) \$10.0 million (Fourth Advance) 	
Other	<ul style="list-style-type: none"> DIP and Margin Facility amounts may be adjusted with the consent of the Monitor as long as they sum to \$150.0 million Increase OPA limit to 500,000 MT from 400,000 MT through June 2, 2024 Option to hedge under separate facility from Offtake (and with no implication for Offtake's status as an eligible financial contract) 	<ul style="list-style-type: none"> N/A 	
Maturity	<ul style="list-style-type: none"> October 10, 2024 	<ul style="list-style-type: none"> October 31, 2024 	

1. Measured as the difference in payments for ore delivered to the port and loaded onto a vessel between May 6 and June 23 under the Cargill and AHG DIP proposals

2. Company requested removal of incremental Exit Fee in comments to Cargill's April 17 draft, but Cargill reinserted this fee in its April 18 draft

3. Approximately \$100,000 of other DIP Lenders' Expenses to be deducted from the Initial Advance

4. Includes benefit from OPA. IRR including fees assumes that exit fee on Interim DIP (\$0.8mm) is paid on May 8 (28.8% IRR if paid on June 23)

Comparing DIP Transactions

Benefits and considerations of the increased Cargill DIP and replacement DIP from the AHG

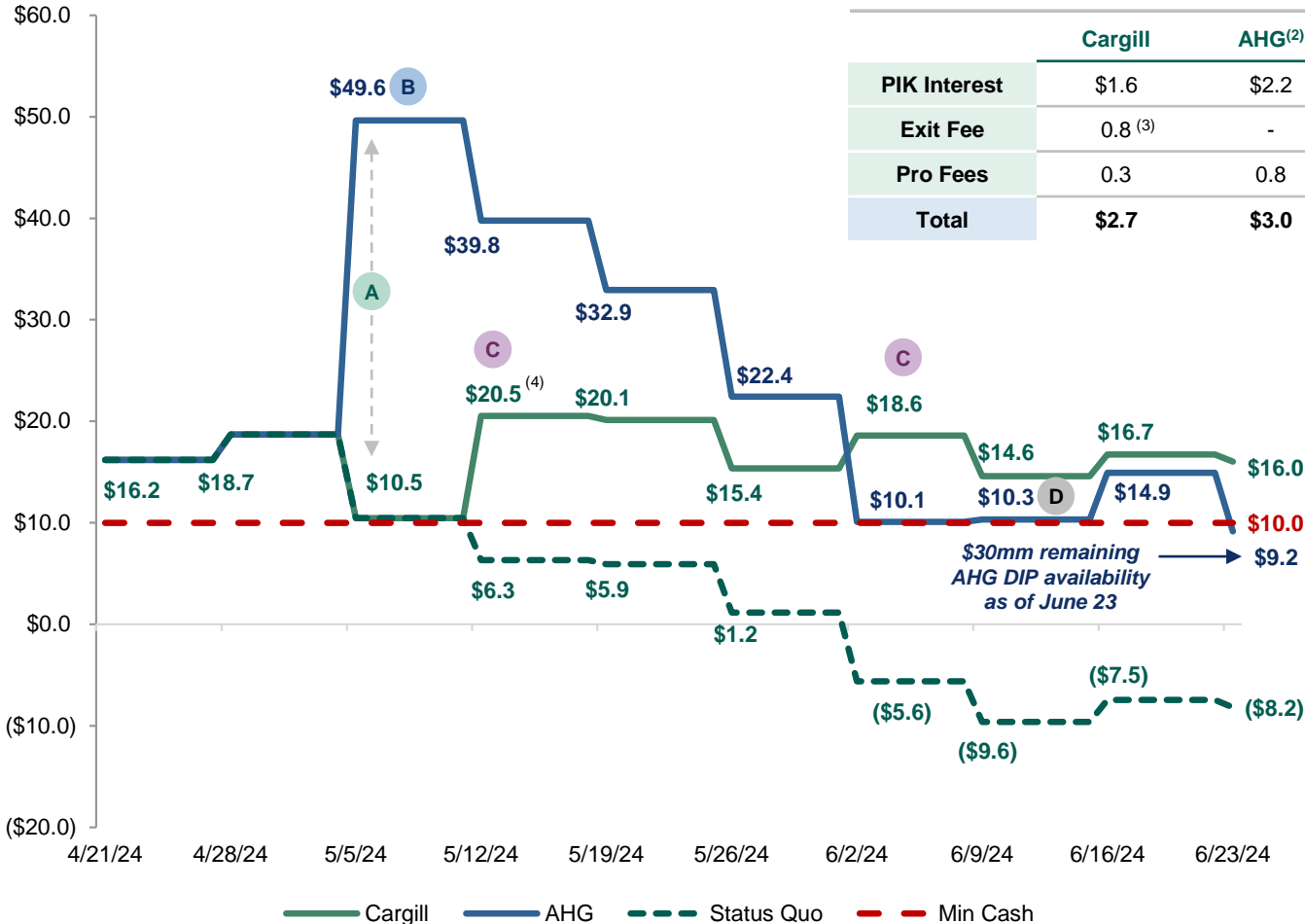
	Cargill	Ad Hoc Group Consortium
Benefits	<ul style="list-style-type: none"> ✓ Onshore Purchase Agreement remains in place ✓ Weekly payments ✓ Increase size by 100,000 MT through June 2 ✓ Lower quantum of DIP required ✓ Ability to hedge 	<ul style="list-style-type: none"> ✓ Significant investment in business of new money ✓ Only \$170mm of \$200mm DIP required to refinance the Cargill DIP and provide sufficient funding to June 23 ✓ DIP provides sufficient funding to the Company for a longer period of time ✓ No exit fees ✓ \$30mm of additional availability as of June 23
Considerations	<ul style="list-style-type: none"> ✗ Potential for DIP to be used as leverage in litigation proceedings or other negotiations in the case ✗ AHG Consortium will likely oppose ✗ 1.6% cash exit fee on incremental amount ✗ No flexibility to disclaim or terminate the Offtake Agreement except pursuant to a Court Order ✗ Unclear path to exit given lack of committed equity investors ✗ Will require further liquidity ask and associated Court approval if timeline extended past June 23 ✗ Higher cost of capital 	<ul style="list-style-type: none"> ✗ Potential for DIP to be used as leverage in litigation proceedings or other negotiations in the case ✗ Cargill will likely oppose ✗ Greater volatility in revenues due to payment received when ore is loaded onto a vessel ✗ Risk of potential disruption to operations ✗ Unclear path to exit and uncertainty related to availability of incremental funding ✗ Larger quantum of PIK interest incurred ✗ Cargill may request cash collateral against weekly MTM

Illustrative Near-Term Liquidity Comparison

Both DIP proposals would provide sufficient liquidity through June 23 under the Company's latest forecasts. Without additional DIP financing, liquidity is projected to drop below \$10mm during the week ending May 12

Projected Cash Balance (April 21 through June 23)

(US\$ in millions)



Commentary

- Assumes flat \$105 / tonne price curve and CCAA production assumptions for all scenarios
 - Cargill DIP scenario assumes OPA stays in place, whereas AHG scenario assumes the OPA is discontinued
- A** Assumes DIP amendment / replacement occurs on May 3
- B** \$160mm initial AHG DIP draw would be used to:
- Repay \$104.2mm in Cargill DIP principal
 - Repay \$16.7mm in projected Cargill Margining Facility principal
 - Fund operations
- C** \$15mm draw under Cargill DIP the week ending May 12 and \$10mm draw the week ending June 2
- D** \$10mm draw under AHG DIP the week ending June 9

Source: Company near-term cash flow forecast as of April 15

1. Amounts shown from time of DIP amendment / replacement (assumed to be May 3) to June 23
 2. AHG DIP has no exit fee, but Cargill exit fee of \$3.1mm would need to be paid in connection with a DIP replacement
 3. Represents exit fee on incremental DIP (excludes \$2.25mm exit fee on original \$75mm commitment)
 4. Assumes payment of \$0.8mm exit fee on Interim Cargill DIP on May 8

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TACORA RESOURCES INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

SUPPLEMENT TO THE EIGHTH REPORT OF THE MONITOR

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