



No. S-226670
Vancouver Registry
Estate No. 51-126392

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE RECEIVERSHIP OF
TREVALI MINING (NEW BRUNSWICK) LTD.**

SECOND REPORT OF THE RECEIVER

OCTOBER 18, 2023

SECOND REPORT OF THE RECEIVER

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INTRODUCTION

1. On August 19, 2022, Trevali Mining Corporation and Trevali Mining (New Brunswick) Ltd. (“**Trevali NB**” and collectively, “**Trevali**”) sought and obtained an initial order (the “**Initial Order**”) from the Supreme Court of British Columbia under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Pursuant to the Initial Order, FTI Consulting Canada Inc. (“**FTI**”) was appointed monitor of Trevali.
2. On September 14, 2022, this Honourable Court granted an order approving procedures for a sales and investment solicitation process (the “**SISP**”) for the assets of Trevali. With respect to Trevali NB, and its operations at the Caribou mine, the SISP did not generate any bids prior to the October 7, 2022 LOI Deadline, as defined in the SISP. As a result of this outcome, Trevali, with the assistance of FTI as monitor, engaged with the secured lenders and the Government of New Brunswick to consider next steps with respect to the Caribou mine.
3. On January 9, 2023, this Honourable Court granted the following orders:
 - a. an order (the “**Receivership Order**”) appointing FTI as receiver (in such capacity, the “**Receiver**”) of all of the assets, undertakings and property of Trevali NB, including all proceeds thereof, other than any real property, mineral claims, mining leases, or real property leases owned or held by Trevali NB (collectively, the “**Property**”) effective on January 24, 2023 at 11:59pm PST; and
 - b. an order authorizing and approving the Department of Natural Resources and Energy Development (“**DNRED**”) and its approved contractors’ right to rent and use certain equipment currently owned or leased by Trevali NB from the commencement of the rental term until and including March 15, 2023, in exchange for payment of US\$198,000 (the “**Rental Agreement**”). On March 15, 2023, the Receiver and DNRED extended the Rental Agreement to April 30, 2023 for a rental fee of \$15,000 per week, and the Rental Agreement was subsequently

extended to June 30, 2023. On June 30, 2023, the Rental Agreement was extended indefinitely at \$1,500 per week.

4. The purpose of this Second Report is to provide this Honourable Court with an update with respect to:
 - a. the Receiver's activities since the First Report of the Receiver dated June 1, 2023 (the "**First Report**");
 - b. the results of the sales process conducted by the Receiver;
 - c. the Receiver's interim statement of cash receipts and disbursements ("**R&D**") for Trevali NB for the period of January 24, 2023 to October 10, 2023; and
 - d. the Receiver's planned next steps.
5. The Receivership Order and other publicly available information in respect of these proceedings (the "**Receivership Proceedings**") are posted on the Receiver's website at <http://cfcanada.fticonsulting.com/Trevali/receivership.htm>.

TERMS OF REFERENCE

6. In preparing this report, the Receiver has relied upon certain information (the "**Information**") including Trevali's unaudited financial information, books and records and discussions with former senior management of Trevali ("**Management**").
7. Except as described in this report, the Receiver 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.

8. The Receiver 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.
9. Future oriented financial information reported to be relied on in preparing this report is based on assumptions regarding future events. Actual results may vary from forecast and such variations may be material.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined are as defined in the Receivership Order.

RECEIVER'S ACTIVITIES

11. Since the date of the First Report, the Receiver's activities have included, among other things, the following:
 - a. completing a sales process to solicit binding bids on the Property, including:
 - i. preparing the equipment for sale;
 - ii. preparing process documentation and populating a data room;
 - iii. corresponding with various interested parties; and
 - iv. attending the Caribou mine site in Bathurst, New Brunswick on June 27, 2023, to facilitate viewings of the equipment;
 - b. corresponding with DNRED and other stakeholders with respect to potential investors in the Caribou mine site;
 - c. responding to inquiries from and advancing discussions with potential investors in the Caribou mine site;

- d. corresponding with counsel to the Environmental Impact Assessment Branch of the Department of Environment and Local Government at the Province of New Brunswick (“**DELG**”) regarding the *Environmental Impact Assessment Regulation*, N.B. Reg. 87-83 (the “**EIA Regulation**”), under the *Clean Environment Act*, R.S.N.B. 1973, c. C-6, and related implications for the removal of the Property from the Caribou mine site;
- e. collecting rental fees from DNRED and negotiating extensions of the Rental Agreement;
- f. corresponding with DNRED regarding the rented equipment;
- g. arranging property and general liability insurance in respect of the Property;
- h. corresponding with Glencore Canada Corporation in respect of Harmonized Sales Tax owing to the Canada Revenue Agency;
- i. reviewing and resolving, where possible, claims relating to Trevali NB; and
- j. corresponding with legal counsel with respect to the above.

SALES PROCESS

12. Since certain of Trevali NB’s mining equipment was inoperable and had been left underground, the Receiver engaged a contractor (the “**Contractor**”) to bring certain assets to a staging area on the surface of the Caribou mine, and to clean and complete any minor repairs to otherwise prepare the equipment for sale.
13. In early June 2023, the Receiver prepared a document (the “**Invitation for Offers**”), including the following information:
 - a. an overview of the proceedings;

- b. a description of the equipment offered for sale;
 - c. a summary of the key dates for the process;
 - d. an appendix detailing the equipment offered for sale; and
 - e. a template form of offer, including the terms and conditions of sale.
14. In consultation with representatives of DNRED, the Invitation for Offers referred parties seeking information on the real property, mineral claims, mining leases or real property leases owned or held by Trevali NB to a contact person with DNRED.
15. Highlights of the sales process are as follows:
- a. the Invitation for Offers was sent to 42 parties including auctioneers and parties that had previously contacted either the Receiver or DNRED expressing interest in certain assets of Trevali NB;
 - b. a data room was set up by the Receiver, which included photos of the equipment and a copy of the Invitation for Offers;
 - c. eight parties contacted the Receiver expressing an interest in the assets and were provided with access to the data room;
 - d. on June 27, 2023, the Receiver arranged site visits for three parties to allow them to physically inspect the equipment; and
 - e. prior to the offer deadline, the Receiver received four offers from auctioneers and three expressions of interest from parties wishing to pursue an acquisition of the Caribou mine with a goal of restarting operations.
16. Given the interest from parties seeking to restart the Caribou mine, the Receiver delayed advancing an offer with an auctioneer to allow parties interested in restarting the Caribou

mine an opportunity to engage with DNRED regarding issues related to the continued operation of the Caribou mine.

17. The Receiver and DNRED are in on-going discussions with parties interested in seeking to restart the Caribou mine.
18. With the impending change of weather conditions expected in the near term, the Receiver has been advised by one of the auctioneers that conducting an auction currently or through the fall or winter would be challenging and if an auction were to proceed at this time the result would likely be impaired.
19. The Receiver has decided to defer its decision to sell the Property and use the next few months to work in conjunction with DNRED to attempt to facilitate a going-concern transaction for the Caribou mine.
20. The Receiver has solicited a proposal from the Contractor for the winterization of Trevali NB's equipment and will re-visit the equipment sale in early 2024 in the event a transaction for the Caribou mine has not progressed.

RECEIVER'S INTERIM STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

21. A summary of the Receiver's cash receipts and disbursements for the period from January 24, 2023 to October 10, 2023, is summarized below:

Trevali NB	
Statement of Receipts and Disbursements	
Thirty-Seven Week Period Ending October 10, 2023	
(CAD Thousands)	Actual
Receipts	
Transfer of cash on hand	\$ 216
Equipment rental fee	593
Vendor deposits	57
Bank interest	2
Total Receipts	867
Disbursements	
Insurance	(47)
Costs incurred to ready equipment for sale	(40)
Receiver's fees and expenses	(292)
Legal fees and expenses	(98)
Total Disbursements	(477)
Ending Cash	\$ 390

22. The Receiver is holding approximately \$390,000 in its estate trust accounts, comprised of the following receipts and disbursements:

- a. cash of approximately \$216,000 that was transferred to the Receiver's estate accounts at the instruction of the Receiver;
- b. rental fees from DNRED of approximately \$593,000 covering the period to August 31, 2023;
- c. vendor deposits recovered by the Receiver totaling approximately \$57,000;
- d. insurance costs of \$47,000 for 10 months of property and general liability coverage ending November 24, 2023;
- e. costs incurred to prepare the equipment for sale; and
- f. Receiver's fees and expenses and Receiver's legal counsel's fees and expenses of approximately \$292,000 and \$98,000, respectively.

NEXT STEPS

23. Over the course of the next several weeks, the Receiver intends to:

- a. where possible, resolve outstanding creditor claims;
- b. winterize the equipment in preparation for the change in weather conditions in Bathurst, New Brunswick;
- c. continue to hold discussions with interested going-concern buyers for the Caribou mine with the intention to re-visit the equipment sale in early 2024 if a transaction does not materialize in the near-term; and
- d. continue to engage with DELG regarding the EIA Regulation and any related implications for the removal of the Property from the Caribou mine site.

All of which is respectfully submitted this 18th day of October, 2023.

FTI Consulting Canada Inc.
in its capacity as Receiver of
Trevali Mining (New Brunswick) Ltd.



fox: Tom Powell
Senior Managing Director



Mike Clark
Senior Director