

No. S-226670
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

**IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57, AS AMENDED AND THE *BUSINESS CORPORATIONS ACT*, S.N.B.
1981, c. B-9.1, AS AMENDED**

AND

**IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
TREVALI MINING CORPORATION AND TREVALI MINING (NEW BRUNSWICK)
LTD.**

PETITIONERS

**CONFIDENTIAL SUPPLEMENTAL REPORT TO THE
TWELFTH REPORT OF THE MONITOR**

June 26, 2023

**CONFIDENTIAL SUPPLEMENTAL REPORT TO THE
TWELFTH REPORT OF THE MONITOR**

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INTRODUCTION

1. The Twelfth Report dated June 26, 2023, describes the closing of the Appian Transaction but does not disclose certain commercially sensitive information.
2. The purpose of this Confidential Supplemental Report to the Twelfth Report (the “**Twelfth Confidential Supplemental**”) is to provide certain commercially sensitive amounts that were not included in the Twelfth Report.
3. The Twelfth Confidential Supplemental should be read in conjunction with the Twelfth Report and all capitalized terms used herein are as defined in the Twelfth Report.

TERMS OF REFERENCE

4. In preparing this report, the Monitor has relied upon certain Information including the Applicants’ unaudited financial information, books and records and discussions with Management.
5. Except as described in this report, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
6. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
7. Future-oriented financial information reported to be relied on in preparing this report is based on Management’s assumptions regarding future events. Actual results may vary from forecast and such variations may be material.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars to be consistent with the Applicants’ primary reporting currency.

APPIAN TRANSACTION

9. On June 23, 2023, the Appian Transaction was closed for a gross purchase price of approximately \$147.9 million (the “Purchase Price”). A summary of the Purchase Price is as follows:

| Purchase Price (USD thousands) | |
|-----------------------------------|-------------------|
| Base Purchase Price | \$ 120,000 |
| Estimated Working Capital Amount | 27,613 |
| RP2.0 study costs | 309 |
| Total Purchase Price | \$ 147,922 |

10. The sources and uses of cash in respect of the Appian Transaction are summarized as follows:

| Sources and Uses Summary (USD thousands) | |
|--|-------------------|
| Sources | |
| Amounts funded by Purchasers on Closing Date | \$ 141,782 |
| Deposit and Deposit Interest | 6,140 |
| Total sources | 147,922 |
| Uses | |
| National Bank Financial Asset Sale Transaction Fee | 2,041 |
| Working Capital Escrow Amount | 6,000 |
| Indemnity Escrow Amount | 9,000 |
| Wind-down Reserve | 3,000 |
| Provision for D&O Charge | 1,200 |
| Payment to RCF Administrative Agent | 113,572 |
| Payment to Glencore pursuant to Settlement Agreement | 13,109 |
| Total uses | \$ 147,922 |

- a. the Purchase Price was funded through payments by ANR totalling approximately \$141.8 million, the deposit of \$6.0 million and interest accrued on the deposit of approximately \$140,000;

- b. pursuant to the Sales Agent Agreement, the Sales Agent was paid a transaction fee of 1.5% of the transaction value, less a credit of 50% of the aggregate engagement fees paid during the first five months of the engagement;
- c. the Working Capital Escrow Amount and Indemnity Escrow Amount were paid to the escrow agents, being the Monitor and the Computershare Trust Company of Canada, respectively;
- d. the Wind-down Reserve of \$3.0 million and a holdback to secure the D&O Charge (as defined in the ARIO) of \$1.2 million were funded to be held in trust by the Monitor in relation to the ongoing administration of the estate and potential claims related thereto;
- e. the RCF Administrative Agent, on behalf of the RCF Lenders, was paid the full amounts outstanding under the Interim Financing Tranche and the Revolving Credit Facility for a total of approximately \$113.6 million; and
- f. Glencore was paid a distribution of approximately \$13.1 million. In this regard, the Distribution Order authorized Trevali Corp. to make distributions in an amount not to exceed the Outstanding Interim Financing Balance plus the aggregate amounts owing under the Revolving Credit Facility and Glencore Facility which, as stated in the Tenth Report of the Monitor dated April 17, 2023, preserves the determination of the effect or application of such payments in the context of interpreting the Settlement Agreement for another day.

All of which is respectfully submitted this June 26, 2023.

FTI Consulting Canada Inc.
In its capacity as Monitor of Trevali



Tom Powell
Senior Managing Director



Mike Clark
Senior Director