

Court File No. CV-12-9539-00CL

**Timminco Limited
Bécancour Silicon Inc.**

TWENTY-SIXTH REPORT OF THE MONITOR

September 24, 2014

**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
TIMMINCO LIMITED AND BÉCANCOUR SILICON INC.

**TWENTY-SIXTH REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

INTRODUCTION

1. On January 3, 2012, Timminco Limited (“**Timminco**”) and its wholly owned subsidiary, Bécancour Silicon Inc. (“**BSI**”, together with Timminco, the “**Timminco Entities**”) made an application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) and an initial order (the “**Initial Order**”) was made by the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), granting, *inter alia*, a stay of proceedings against the Timminco Entities until February 2, 2012, (the “**Stay Period**”) and appointing FTI Consulting Canada Inc. as monitor of the Timminco Entities (the “**Monitor**”). The proceedings commenced by the Timminco Entities under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
2. The Stay Period has been extended a number of times. Pursuant to the Order of the Honourable Mr. Regional Senior Justice Morawetz granted June 10, 2014 (the “**June 10 Order**”) the Stay Period currently expires on September 30, 2014.

3. On June 15, 2012, the Honourable Mr. Justice Morawetz granted an order approving a procedure for the submission, review and adjudication of claims against the Timminco Entities and of claims against the directors and officers of the Timminco Entities (the “**Claims Procedure Order**”). The Claims Bar Date was set at 5:00 p.m. Toronto time on July 23, 2012. The Monitor has reviewed all claims and been in contact with various claimants in order to attempt to resolve a variety of outstanding issues.
4. By Order of the Honourable Mr. Justice Newbould dated August 17, 2012, Russell Hill Advisory Services Inc. (“**Russell Hill**”) was appointed as Chief Restructuring Officer (the “**CRO**”) of the Timminco Entities and the engagement letter dated July 24, 2012, between Russell Hill and the Timminco Entities (the “**CRO Agreement**”) was approved.
5. The CRO Agreement was for an initial term of six months with any extension to be negotiated with the Monitor subject to approval of the Court. The CRO Agreement was extended a number of times pursuant to the terms of the CRO Extension Agreement dated April 25, 2013 approved by the Court on May 14, 2013.
6. The CRO was discharged on December 16, 2013 pursuant to the provisions of the December 16 Order. On the same date, Mr. Justice Newbould issued an Order (the “**Monitor Powers Order**”) expanding the powers of the Monitor to enable the Monitor to complete the estate in the name of and on behalf of the Timminco Entities.
7. To date, the Monitor has filed twenty-five reports on various matters relating to the CCAA Proceedings. The purpose of this, the Monitor’s Twenty-Sixth Report is to:
 - (a) Inform the Court of the payment of an interim distribution on account of the Haley Deemed Trust;

- (b) Inform the Court of the agreement of the quanta of the BSI Deemed Trust Claims;
- (c) Update the Court on the matters remaining to be completed in order to finalize the CCAA Proceedings; and
- (d) Request the granting of an Order extending the Stay Period until December 31, 2014.

TERMS OF REFERENCE

- 8. In preparing this report, the Monitor has relied upon unaudited financial information of the Timminco Entities, the Timminco Entities' books and records, certain financial information prepared by the Timminco Entities and discussions with various parties.
- 9. Except as described in this Report:
 - (a) 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 Canadian Institute of Chartered Accountants Handbook;
 - (b) 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 Canadian Institute of Chartered Accountants Handbook;
- 10. Future oriented financial information reported or 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.

11. The Monitor has prepared this Report in connection with the motion described in its Notice of Motion dated September 24, 2014. The Report should not be relied on for other purposes.
12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the previous reports of the Monitor, the Initial Order or other Order of the Court issued in the CCAA Proceedings.

INTERIM DISTRIBUTION ON ACCOUNT OF THE HALEY DEEMED TRUST

13. On July 23, 2014, pursuant to the Order of the Honourable Mr. Regional Senior Justice Morawetz granted June 24, 2014, the Monitor made an interim distribution of \$1,145,778.08 on account of the Haley Deemed Trust.
14. A final distribution of any remaining funds in the Timminco estate will be made on account of the Haley Deemed Trust once the Monitor has completed the necessary steps to finalize the CCAA Proceedings.

THE BSI DEEMED TRUST CLAIMS

15. The quanta the BSI Deemed Trust Claims has now been agreed between the BSI Pension Committees, IQ and the Monitor as follows:
 - (a) BSI Union Plan - \$2,164,495.00 as at September 30, 2014 plus interest of \$175.07 per diem thereafter; and
 - (b) BSI Non-union Plan - \$252,697.00 as at September 30, 2014 plus interest of \$16.40 per diem thereafter.

16. Pursuant to the Reimbursement Agreement, IQ will refund to the Monitor sufficient monies to pay the BSI Deemed Trust Claims in full. Any remaining funds in the BSI estate following completion of the necessary steps to finalize the CCAA Proceedings will be paid to IQ on account of its secured claim.

MATTERS REMAINING TO BE COMPLETED

17. The only known significant activities remaining to be completed prior to the termination of the CCAA Proceedings and the discharge of the Monitor are as follows:
 - (a) Filing of tax returns necessary to enable the collection of certain tax refunds;
 - (b) Completing the distributions described herein and matters related thereto;
 - (c) Statutory and administrative duties and filings; and
 - (d) Termination of CCAA Proceedings and discharge of Monitor and matters ancillary thereto.

EXTENSION OF THE STAY PERIOD

18. The Stay Period currently expires on September 30, 2014. Additional time is required for the Timminco Entities to complete the remaining matters in the CCAA Proceedings as described earlier in this report. Accordingly, the Timminco Entities now seek an extension of the Stay Period to December 31, 2014.
19. As at the date of this report, the Monitor holds cash of approximately \$991,000 on behalf of the Timminco Entities. The Timminco Entities therefore appear to have sufficient funding for the extension of the Stay Period.

20. Based on the information currently available, the Monitor believes that creditors would not be materially prejudiced by an extension of the Stay Period to December 30, 2014.
21. The Monitor also believes that the Timminco Entities have acted, and are acting, in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate.

The Monitor respectfully submits to the Court this, its Twenty-Sixth Report.

Dated this 24th day of September, 2014.

FTI Consulting Canada Inc.
In its capacity as Monitor of
Timminco Limited and Bécancour Silicon Inc.



Nigel D. Meakin
Senior Managing Director