



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-9.1, AS AMENDED**

AND

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

PETITIONERS

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

DECEMBER 19, 2022

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

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INTRODUCTION

1. The Sixth Report dated December 19, 2022, which was filed in connection with Trevali's application to approve the Appian SPA, includes a summary of the Appian SPA but does not disclose certain commercially sensitive information.
2. The purpose of this Confidential Supplemental Report to the Sixth Report (the "**Confidential Supplement**") is to provide certain commercially sensitive amounts and terms of the Appian SPA that were not included in the Sixth Report.
3. The Monitor has not included a summary of the other Qualified Bids received under the SISP as the Purchase Price and key terms of the Appian Qualified Bid are vastly superior to the next highest competing bid and the Monitor is of the considered view that the disclosure of a full bid summary, which might be appropriate in other cases, may impair the Applicants' ability to recover on the full value of the Purchase Price including the significant escrow amounts as described herein and in the Sixth Report.
4. The Confidential Supplement should be read in conjunction with the Sixth Report and all capitalized terms used herein are as defined in the Sixth Report or the Appian SPA.

TERMS OF REFERENCE

5. In preparing this report, the Monitor has relied upon certain Information including Trevali's unaudited financial information, books and records and discussions with Management.
6. 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.

7. 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.
8. 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.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars to be consistent with the Applicants' primary reporting currency.

APPIAN SPA

10. Certain key commercial terms of the Appian SPA are described in the Sixth Report and are not repeated herein.
11. The commercially sensitive amounts and terms that were not provided in the Sixth Report are summarized as follows:
 - a. the aggregate consideration payable by the Purchasers (the "**Purchase Price**") for the GLCR Shares and the Capital Loans will be an amount in cash calculated as follows:
 - i. the Base Purchase Price of \$120.0 million;
 - ii. plus or minus, as applicable, the Estimated Working Capital Amount;
 - iii. minus the Estimated Group Indebtedness;
 - iv. minus the Deposit.
 - b. at closing, the Purchasers shall deliver or cause to be delivered to Trevali not less than one business day prior to the Closing Date, an amount equal to the Purchase

Price minus an amount equal to \$6.0 million to be held by the Monitor (the “**Working Capital Escrow Amount**”) and an amount equal to 7.5% (or \$9.0 million) of the Base Purchase Price (the “**Indemnity Escrow Amount**”) to be held by a mutually agreed to escrow agent or by Computershare Trust Company of Canada or if such firm is unable to act, TSX Trust Company (the “**Indemnity Escrow Agent**”);

- c. Trevali will not have any liability or obligations with respect to any single claim for indemnification unless the amount of damages with respect to any such claim is greater than \$200,000 and cumulatively exceed \$1.2 million, up to a cap equal to 25% of the Base Purchase Price. The Monitor notes that any claim for indemnification of the Purchasers over and above the Indemnity Escrow Amount will be unsecured and recoverable only to the extent that the Applicants have future or other assets over and above the claims of the secured creditors; and
- d. the target closing date shall be February 28, 2023 and the outside closing date shall be April 30, 2023, subject to that date being extended by mutual agreement of the parties.

12. The Monitor’s comments with respect to the Appian SPA are included in the Sixth Report and are not repeated herein.

All of which is respectfully submitted this December 19, 2022.

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



Tom Powell
Senior Managing Director



Mike Clark
Senior Director