

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

SUPPLEMENTAL REPORT TO THE FIRST REPORT OF THE MONITOR

AUGUST 28, 2022

**SUPPLEMENTAL REPORT TO THE
FIRST REPORT OF THE MONITOR**

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INTRODUCTION

1. The purpose of this Supplemental Report to the First Report (the “**Supplemental Report**”) is to supplement the First Report of the Monitor dated August 26, 2022 (the “**First Report**”) by providing this Honourable Court with information with respect to intercompany funding transfers that are likely required to address an expected liquidity shortfall at Trevali’s non-filing operating subsidiaries associated with the Rosh Pinah mine in Namibia.
2. The First Report was filed in connection with Trevali’s application for the ARIO which provides for a Stay Extension until and including September 30, 2022.
3. The Supplemental Report should be read in conjunction with the First Report and all capitalized terms used herein are as defined in the First Report.

TERMS OF REFERENCE

4. In preparing this report, the Monitor has relied upon certain information (the “**Information**”) including Trevali’s unaudited financial information, books and records and discussions with senior management (“**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.

INTERCOMPANY FUNDING TRANSACTIONS

9. As referenced in the First Report, the Cash Flow Statement prepared by Management for the 13-week period ending November 15, 2022 does not include any cash disbursements to address the liquidity requirements of the Applicants' non-filing operating subsidiaries including the entities associated with Perkoa and Rosh Pinah.
10. Management based the Cash Flow Statement on the assumption that Rosh Pinah would be able to draw on certain working capital and overdraft facilities in Namibia (the "**Namibian Credit Facilities**") to address liquidity shortfalls during the period of the Cash Flow Statement.
11. As described in the First Report, Trevali's access to the Namibian Credit Facilities was restricted by the applicable lenders (not the RCF Lenders) on August 24, 2022 pending review by the corresponding lenders of the potential for cross-defaults relating to the CCAA Proceedings.
12. While the Applicants have been responsive to the information requests made by the provider of the Namibian Credit Facilities, Management's attempts to advance the discussions have been impeded by a national public holiday in Namibia on Friday, August 26, 2022.
13. Subsequent to the filing of the First Report, Management has advised the Monitor that the Namibian Credit Facilities remain restricted and that, absent access to the Namibian Credit Facilities by the morning (Pacific Time) of Monday, August 29, 2022, Rosh Pinah will require an immediate intercompany funding transfer from Trevali Corp. of

approximately \$4.5 million in order to meet its monthly payment run for contract payroll and monthly operating and capital expenditures.

14. The Applicants have requested that the Monitor approve an intercompany funding transfer from Trevali Corp. to Rosh Pinah of approximately \$4.5 million on August 29, 2022 in order to meet those obligations and preserve the value of the Rosh Pinah mine. If the obligations associated with Rosh Pinah are not met, a shut down of the operations may be required causing likely and significant erosion of the value of Rosh Pinah.
15. Management is forecasting that an additional transfer from Trevali Corp. to Rosh Pinah of approximately \$1.0 million may be required during the period of the Stay Extension but has not yet sought the Monitor's approval for a second transfer.
16. The Applicants have kept the RCF Lenders apprised of the status of the Namibian Credit Facilities and have recently provided them with details of the proposed transfers and related circumstances.
17. Based on the forgoing, the Monitor is inclined to provide its approval for the proposed intercompany funding transfer of \$4.5 million. However, given that at the time of issuing this Supplemental Report the Court hearing seeking approval of the ARIO is hours away, the Monitor believes it is prudent to delay providing its approval until the matter can be spoken to at the Court hearing in the CCAA Proceedings scheduled for August 29, 2022.

All of which is respectfully submitted this 28th day of August 2022.

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



Tom Powell
Senior Managing Director



Mike Clark
Senior Director