



No. S-238572
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 A PLAN OF COMPROMISE AND ARRANGEMENT OF
MYRA FALLS MINE LTD.**

PETITIONER

FOURTH REPORT OF THE MONITOR

July 30, 2024

FOURTH REPORT OF THE MONITOR

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INTRODUCTION

1. On December 18, 2023, Myra Falls Mine Ltd. (“**MFM**” or the “**Petitioner**”) was granted an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) in the Supreme Court of British Columbia Action No. S-238572, Vancouver Registry (the “**CCAA Proceedings**”).
2. The Initial Order provides for, among other things:
 - a. a stay of proceedings against the Petitioner (the “**Stay of Proceedings**”) until December 28, 2023;
 - b. the appointment of FTI Consulting Canada Inc. as Monitor of the Petitioner (the “**Monitor**”);
 - c. the approval of an interim financing facility to be advanced by Trafigura US Inc. (the “**Interim Lender**”) in an amount not to exceed \$4.0 million as an initial advance;
 - d. certain priority charges against the property of the Petitioner (the “**Court-Ordered Charges**”); and
 - e. the authorization for MFM to pay two additional weeks of wages or salaries to terminated or temporarily laid off employees on the pay cycle following their termination or temporary layoff.
3. On December 28, 2023, the Petitioner was granted an amended and restated initial order (the “**ARIO**”), which, among other things:
 - a. extended the Stay of Proceedings to February 29, 2024;
 - b. increased the amounts of the Court-Ordered Charges;

- c. granted the Court-Ordered Charges priority ahead of secured creditors pursuant to ss. 11.2(2), 11.51(2) and 11.52(2) of the CCAA;
 - d. authorized the Petitioner to borrow up to \$21.0 million from the Interim Lender, being the full principal amount available under the interim financing facility (the “**DIP Facility**”), together with a corresponding increase in the amount of the charge securing the DIP Facility (the “**Interim Lender’s Charge**”); and
 - e. authorized the Petitioner to make certain payments, at its discretion, to terminated or temporarily laid off employees of a further six weeks of salary or wages.
4. On February 27, 2024, this Honourable Court granted an order (the “**SISP Order**”) which, among other things:
- a. approved the engagement of FTI Capital Advisors – Canada ULC (the “**Financial Advisor**”) as MFM’s financial advisor in connection with the SISP;
 - b. approved a sale and investment solicitation process (the “**SISP**”);
 - c. declared that the Monitor, Financial Advisor and the Petitioner and their respective affiliates, partners, directors, employees, advisors, agents, shareholders and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability in connection with or as a result of the SISP except to the extent such losses, claims, damages or liabilities result from their gross negligence or willful misconduct;
 - d. amended the ARIO to make the Financial Advisor a beneficiary of the Administration Charge; and
 - e. extended the Stay of Proceedings to June 30, 2024.

5. On June 28, 2024, this Honourable Court granted an order (the “**Stay Extension and Other Relief Order**”) which, among other things:
 - a. approved a Key Employment Retention Plan;
 - b. authorized MFM to borrow up to an aggregate amount of \$26.5 million under the DIP Facility and amending and increasing the amount of Interim Lender’s Charge to the same amount; and
 - c. extended the Stay of Proceedings to August 2, 2024.

6. On July 26, 2024, the Petitioner served a notice of application returnable August 2, 2024, seeking, among other things, the following:
 - a. an order (the “**Stay Extension and Additional Relief Order**”), among other things:
 - i. extending the Stay of Proceedings to October 31, 2024;
 - ii. authorizing the Company to enter into a financing agreement (the “**CAFO Agreement**”) with CAFO Inc. (“**CAFO**”) with respect to the financing by CAFO of the premium payable by MFM in relation to its property insurance policy, and granting CAFO a first-ranking priority Court-Ordered charge to the unearned premium of such insurance policy; and
 - iii. authorizing MFM to borrow up to an aggregate amount of \$34.0 million under the DIP Facility and amending and increasing the amount of the Interim Lender’s Charge to the same amount;
 - b. an order (the “**AMTI AVO**”) authorizing the Company to enter into a transaction contemplated by an asset purchase agreement (the “**AMTI Agreement**”) between Amalgamated Mining & Tunnelling Inc. (“**AMTI**”) for the sale, transfer and

assignment to AMTI of all of the right, title and interest of MFM in and to certain assets (the “**AMTI Equipment**”) and the sale, transfer and assignment to MFM of all the right, title and interest of AMTI in and to the 2016 Sandvik Loader (as defined below);

- c. an order (the “**NTM AVO**”) authorizing the Company to enter into a transaction contemplated by a sale and assignment of an equipment lease agreement (the “**NTM Agreement**”) for the sale of MFM’s right, title and interest in an equipment lease between MFM, as lessee, and Sandvik Canada Inc. (“**Sandvik**”), as lessor, dated April 19, 2018 (the “**Sandvik Lease**”) to Nyrstar Tennessee Mines – Strawberry Plains LLC (“**NTM**”), a related party to MFM, and vesting the purchased interest in NTM, free and clear of any incumbrances; and
- d. an order (the “**Omnibus Approval Order**”) approving a sale process in respect of certain of MFM’s equipment and parts inventory (the “**Tender Process**”) and certain other ancillary relief.

PURPOSE

7. The purpose of this report is to provide this Honourable Court and the Petitioner’s stakeholders with information with respect to the following:
 - a. the proposed sale of equipment to AMTI;
 - b. the proposed assignment of the Sandvik Lease to NTM;
 - c. the proposed equipment sale process (the “**Tender Process**”);
 - d. the proposed increase to the DIP Facility and the Interim Lender’s Charge;
 - e. the Petitioner’s actual cash receipts and disbursements for the 31-week period ended July 19, 2024 as compared to the cash flow forecast filed with the Third Report of the Monitor (the “**Fourth Cash Flow Forecast**”);

- f. an updated cash flow statement (the “**Fifth Cash Flow Forecast**”) prepared by the Petitioner for the 46-weeks ending November 1, 2024 (the “**Forecast Period**”), including the key assumptions on which the Fifth Cash Flow Forecast is based;
- g. MFM’s application for the Stay Extension; and
- h. the Monitor’s conclusions and recommendations.

TERMS OF REFERENCE

- 8. In preparing this report, the Monitor has relied upon certain information (the “**Information**”) including the Petitioner’s unaudited financial information, books and records and discussions with senior management of MFM (collectively, “**Management**”).
- 9. 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.
- 10. 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.
- 11. 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.
- 12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

AMTI AGREEMENT

13. The Petitioner is seeking authorization to enter into the AMTI Agreement to:
- a. sell, transfer and assign to AMTI, all of the right, title and interest of MFM in and to the AMTI Equipment (as defined in the AMTI Agreement); and
 - b. purchase, transfer and assign to MFM, all of the right title and interest of AMTI in a 2016 Sandvik LH514 Loader (the “**2016 Sandvik Loader**”) that has been buried underground since prior to the CCAA Proceedings.
14. The aggregate consideration to be paid by AMTI to MFM is \$3,828,750, plus applicable GST (the “**Purchase Price**”), including cash consideration of \$295,000, satisfied as follows:
- a. \$295,000 cash consideration representing the amount by which the purchase price exceeds the buyout value of the equipment;
 - b. \$3,271,950 via the cancellation of amounts owed to AMTI under a financing lease; and
 - c. a credit to AMTI of \$261,800 for the buyout by MFM of the 2016 Sandvik Loader that has been buried underground and for which title will be transferred to MFM.
15. The Monitor’s comments with respect to the AMTI Agreement are as follows:
- a. the Purchase Price is reasonable when taking into consideration the forced liquidation value of the appraisal performed by Rouse Services Canada Ltd., dated February 16, 2024, as well as an appraisal performed by Allen Repair and Appraisals Inc.;

- b. the Petitioner has advised the Monitor that the AMTI Equipment is not required for the care and maintenance of the Mine;
- c. the AMTI Agreement is the result of direct negotiations between MFM, AMTI and the Interim Lender;
- d. the AMTI Agreement resolves the dispute among AMTI and MFM and avoids the costs of potential future litigation;
- e. the Interim Lender is supportive of the AMTI Agreement;
- f. concluding the AMTI Agreement will provide cash consideration that may be used to fund care and maintenance operations and these CCAA Proceedings; and
- g. overall, concluding the transaction contemplated by the AMTI Agreement is in the best interests of the creditors of MFM.

NTM AGREEMENT

16. The Petitioner is seeking authorization to enter into the NTM Agreement to sell and assign its right, title and interest in the Sandvik Lease in respect of four pieces of equipment (the “**Sandvik Equipment**”) to NTM for a purchase price of \$2,000,000 (the “**Purchase Price**”). A copy of the proposed NTM Agreement is attached to Sixth Frey Affidavit.
17. MFM, with the assistance of the Monitor, advertised an invitation for offers to purchase the Sandvik Equipment (the “**Sandvik Invitation for Offers**”) in the Northern Miner’s weekly newsletter on July 11 and July 18, 2024 and also circulated the advertisement in the Northern Miner’s daily newsletter for the period of July 15 to 22, 2024. The Monitor is advised that the Northern Miner weekly newsletter reaches an audience of approximately 12,000 email addresses while the daily newsletter reaches approximately 3,500 email addresses through its paid subscriber base.

18. The advertisement provided a direct click-through link to the Monitor’s website where the Sandvik Invitation for Offers was posted. A copy of the Sandvik Invitation for Offers is attached as Appendix “A” to this report.
19. No expressions of interest were received by the Monitor for the Sandvik Equipment and, as a result, the Company proceeded to conclude negotiations of the NTM Agreement.
20. The Purchase Price corresponds to MFM’s equity in the Sandvik Equipment, calculated as:
 - a. the fair market value of the Sandvik Equipment pursuant to an appraisal dated June 26, 2024 prepared by Rouse Services Canada Ltd., an affiliate of Ritchie Bros. Auctioneers (Canada) Ltd. and attached as Appendix “B” to this report; less
 - b. the lease amounts owing by MFM to Sandvik under the Sandvik Lease.
21. The Monitor’s comments with respect to the NTM Agreement are as follows:
 - a. the Purchase Price was determined based on the appraised fair market value of the Sandvik Equipment;
 - b. good faith efforts were made to assign the Sandvik Lease to persons who are not related to the Company;
 - c. the Petitioner has advised the Monitor that the Sandvik Equipment is not required for the care and maintenance of the Mine;
 - d. Sandvik has consented to the NTM Agreement;
 - e. the Interim Lender is supportive of the NTM Agreement. The Petitioner has advised the Monitor that Trafigura Pte Ltd. has provided certain guarantees to Sandvik in respect of the Petitioner’s obligations under the Sandvik Lease and

therefore a timely assignment of the Sandvik Lease may allow the Interim Lender or its affiliates to avoid exposure under the guarantee;

- f. concluding the NTM Agreement will provide cash consideration that may be used to fund care and maintenance operations and these CCAA Proceedings; and
- g. overall, concluding the transaction contemplated by the NTM Agreement is in the best interests of the creditors of MFM.

TENDER PROCESS

22. The Petitioner is proposing to undertake the Tender Process for the sale of various redundant mining equipment and parts inventory (the “**Assets**”) located at the Mine. The Assets are comprised of items that are not needed for care and maintenance operations or otherwise would not be needed in the immediate start up of the Mine.

23. The key components of the Tender Process are as follows:

- a. as soon as reasonably practicable after MFM’s inventory classification is completed, MFM, in consultation and with the assistance of the Monitor, will prepare a list of prospective purchasers (the “**List of Prospective Purchasers**”);
- b. MFM shall provide information and documentation to the Monitor to allow the Monitor to create a virtual data room with respect to the Assets available for sale to prospective purchasers;
- c. MFM, in consultation and with the assistance of the Monitor, will prepare a Tender Process summary outlining the process and inviting prospective purchasers to provide an offer (the “**Invitation for Offers**”);
- d. MFM, with the assistance of the Monitor, will arrange for the Invitation for Offers to be distributed to the parties on the List of Prospective Purchasers;

- e. offers by prospective purchasers in respect of the Assets (the “**Offers**”) must be received by the Company, with a copy to the Monitor, no later than 4 p.m. (Vancouver Time) on the day that is not later than 45 days following the date the Invitation for Offers is sent to prospective purchasers or on such specific date as might be set by the Company with the Monitor’s consent (the “**Bid Deadline**”);
- f. Offers must be accompanied by a 10% non-refundable, good faith cash deposit;
- g. MFM in consultation with the Monitor, will assess the Offers received by the Bid Deadline and determine whether such Offers constitute an Offer which complies with the required terms and conditions (each a “**Qualified Offer**”);
- h. MFM, in consultation with the Monitor and Interim Lender will consider the following factors, among others, in its review the Qualified Offers:
 - i. the purchase price and net value (including assumed liabilities and other obligations to be performed by the Prospective Purchaser);
 - ii. the claims likely to be created by such Offer in relation to other Offers;
 - iii. the counterparties to the transaction;
 - iv. the terms of transaction documents;
 - v. the closing conditions;
 - vi. factors affecting the value of the transaction;
 - vii. the parcels of Assets included or excluded from the Offer;
 - viii. any restructuring costs that would arise from the Offer;
 - ix. the likelihood and timing of consummating the transaction;

- x. whether the Interim Lender supports the Offer; and
 - xi. any other factors that MFM or the Monitor may deem relevant in their sole discretion;
- i. following evaluation of the Qualified Offers, MFM may, with the consent of the Interim Lender and the Monitor, undertake one or more of the following steps:
 - i. accept one or more of the Qualified Offers;
 - ii. continue negotiations with prospective purchasers who have submitted Qualified Offers with a view to finalizing acceptable terms with one or more prospective purchasers that submitted Qualified Offers; or
 - iii. terminate the Tender Process without consummating a transaction.

24. The Tender Process allows Prospective Purchasers to make an Offer in respect of individual parcels of assets. To minimize costs, the Company is seeking the Omnibus Approval Order to, among other things:

- a. authorize MFM to, with the consent of the Monitor, dispose of redundant or non-material assets up to \$1.0 million for individual transactions, and up to \$4.0 million in aggregate, for all transactions arising from the Tender Process;
- b. provide a mechanism to advise the Service List and any creditors with financing statements registered in the PPR over the equipment to be made aware of MFM's intention to complete a transaction;
- c. if no notice of objection is received, allows MFM to complete such a transaction without the need to return to the Court; and

- d. vest the assets in the purchaser free and clear of all claims upon the filing of a Monitor's certificate.

25. The Monitor's comments on the Tender Process and Omnibus Approval Order are as follows:

- a. the Tender Process procedures were developed with input from the Monitor, which has experience in marketing assets of similar value and nature;
- b. the Interim Lender has been consulted in respect of the Tender Process;
- c. the timeframe to solicit interest in the Assets is reasonable and appropriate in the circumstances and takes into consideration the additional time the Company requires to review and catalogue its spare parts inventory. It is the view of the Monitor that the Tender Process provides adequate time for any party that may wish to submit an Offer to perform site visits and conduct appropriate due diligence;
- d. the consultation rights of the Interim Lender are appropriate in the circumstances;
- e. the increase on the limits for sale transactions is a considerable increase from what is currently permitted in the ARIO but remains subject to approval by the Monitor, will reduce the potential costs associated with Court applications in respect of transactions resulting from the Tender Process, and is subject to the ability of a party to dispute the transaction; and
- f. the Tender Process is a fair and transparent marketing process designed to identify the highest and best offers for the Assets and to maximize recoveries for the stakeholders of MFM.

26. Overall, it is the Monitor's view that the Tender Process terms and timelines are reasonable in the circumstances and will provide additional funding for the CCAA Proceedings.

DIP FACILITY AMENDMENT

27. The proposed Stay Extension and Other Relief Order provides for an increase in the amount of the approved Interim Facility from \$26.5 million to \$34.0 million and a corresponding increase in the Interim Lender's Charge to a maximum of \$34.0 million.

28. The proposed increases to the DIP Facility and Interim Lender's Charge have been determined based on the amount that MFM is forecasting to require to fund the CCAA Proceedings through to the expiry of the proposed Stay Extension.

29. It is the Monitor's view that the increased availability under the DIP Facility is required by the Petitioner to continue its ongoing care and maintenance operations and restructuring initiatives and is reasonable in the circumstances.

CASH FLOW VARIANCE ANALYSIS

30. The Petitioner reported its actual cash flows in comparison to those contained in the Fourth Cash Flow Forecast to the Monitor on a weekly basis and provided biweekly cash flow reporting to the Interim Lender accompanied by rolling cash flow projections as provided for under the DIP Facility.

31. MFM's actual cash receipts and disbursements as compared to the Fourth Cash Flow Forecast for the period of December 18, 2023 to July 19, 2024, are summarized below:

Myra Falls Mine Ltd.
Cash Flow Variance Analysis
Thirty-One Week Period Ended July 19, 2024
(CAD\$ thousands)

	Actual	Forecast	Variance	
Operating Receipts				
Sales	\$ 5,903	\$ 4,048	\$ 1,854	46%
Other receipts	4,796	4,456	340	8%
Total Operating Receipts	10,699	8,505	2,194	26%
Operating Disbursements				
Payroll and Benefits	(13,870)	(13,957)	87	1%
Consultants and Contractors	(6,367)	(6,304)	(62)	(1)%
Pension Fund Contributions	(22)	(23)	1	5%
Fuel	(1,147)	(1,159)	13	1%
Materials and Supplies	(1,219)	(1,182)	(38)	(3)%
Leases	(1,132)	(1,033)	(99)	(10)%
Other operating disbursements	(3,207)	(2,811)	(396)	(14)%
Total Operating Disbursements	(26,963)	(26,469)	(494)	(2)%
Net Change in Cash from Operations	(16,264)	(17,964)	1,700	9%
Non-Operating Items				
Capital Expenditures	(98)	(133)	35	26%
Impact Benefit Agreement	(216)	(216)	-	-
Restructuring Professional Fees	(3,485)	(3,872)	387	10%
Net Change in Cash from Non-Operating Items	(3,800)	(4,222)	422	10%
Financing				
Interim Financing	21,000	21,000	-	-
Net Change in Cash from Financing	21,000	21,000	-	-
Effect of Foreign Exchange Translation	11	7	4	57%
Net Change in Cash	948	(1,179)	2,126	180%
Opening Cash	2,047	2,047	-	-
Ending Cash	\$ 2,995	\$ 869	\$ 2,126	245%

32. Overall, MFM realized a favourable net cash flow variance of approximately \$2.1 million. The key components of the variance are as follows:

- a. receipts were higher than forecast primarily as a result of the following:

- i. the receipt of \$1.8 million from Trafigura Canada Limited (“TCL”) in relation to the closing and final assay reconciliations of provisional invoices of copper, zinc and lead; and
 - ii. the collection of interest payments from TCL on the Tax Optimization Plan (as defined in the Third Report) structure as discussed in previous reports;
- b. operating disbursements were higher than forecast, primarily as a result of \$391,000 in property taxes that were paid and not included in the Fourth Cash Flow Forecast;
- c. the favourable variance in restructuring professional fees is largely a timing difference that is expected to unwind in the coming weeks. A summary of the professional fee disbursements incurred since the commencement of the CCAA Proceedings is set out in the below table:

Professional Fee Summary						
Thirty-One Week Period Ended July 19, 2024						
<i>(CAD\$ thousands)</i>						
Firm	Role	Fees	Disbursements	Taxes	Total	
FTI Consulting Canada Inc.	Monitor	\$ 730	\$ 11	\$ 33		775
Blake Cassels & Graydon LLP	Monitor's Counsel	211	0	16		227
Gowling WLG	Company's Counsel	1,744	7	210		1,961
FTI Capital Advisors	Financial Advisor	497	-	25		522
Total		\$ 3,183	\$ 18	\$ 284		3,485

FIFTH CASH FLOW FORECAST

33. The Petitioner has prepared the Fifth Cash Flow Forecast to set out the liquidity requirements of MFM during the 46 weeks ending November 1, 2024. A copy of the Fifth Cash Flow Forecast is attached as Appendix “C”.

34. The Fifth Cash Flow Statement is summarized in the following table:

Myra Falls Mine Ltd.			
Fifth Cash Flow Forecast			
Forty-six Week Period Ending November 1, 2024	Weeks 1-31	Weeks 32-46	
(CAD\$ thousands)	Actual	Forecast	Total
Operating Receipts			
Sales	\$ 5,903	\$ -	\$ 5,903
Other receipts	4,796	-	4,796
Total Operating Receipts	10,699	-	10,699
Operating Disbursements			
Payroll and Benefits	(13,870)	(2,201)	(16,071)
Consultants and Contractors	(6,367)	(1,742)	(8,108)
Pension Fund Contributions	(22)	(187)	(209)
Fuel	(1,147)	(215)	(1,361)
Materials and Supplies	(1,219)	(301)	(1,520)
Leases	(1,132)	(16)	(1,148)
Other operating disbursements	(3,207)	(6,439)	(9,646)
Total Operating Disbursements	(26,963)	(11,099)	(38,062)
Net Change in Cash from Operations	(16,264)	(11,099)	(27,363)
Non-Operating Items			
Capital Expenditures	(98)	(51)	(149)
Impact Benefit Agreement	(216)	-	(216)
Restructuring Professional Fees	(3,485)	(1,934)	(5,419)
Net Change in Cash from Non-Operating Items	(3,800)	(1,985)	(5,784)
Financing			
Interim Financing	21,000	11,000	32,000
Net Change in Cash from Financing	21,000	11,000	32,000
Effect of Foreign Exchange Translation	11	-	11
Net Change in Cash	948	(2,084)	(1,136)
Opening Cash	2,047	2,047	2,047
Ending Cash	\$ 2,995	\$ (36)	\$ 911

35. The Fifth Cash Flow Forecast is based on the following key assumptions:

- a. receipts are assumed to be nil as all outstanding receivables from mining activities have now been collected and no further collections of GST refunds are expected pending the outcome of an ongoing GST audit;

- b. payroll and benefits reflect the reduced work force following the transition to care and maintenance;
- c. consultants and contractors include supporting safety and environmental services as well as asset maintenance contractors;
- d. pension fund contributions relate to the defined contribution pension plan for hourly employees;
- e. leases relate to certain machinery and equipment that MFM continues to use for care and maintenance activities;
- f. the remaining operating disbursements relate primarily to ordinary course payments for fuel and other supplies needed for care and maintenance activities;
- g. other operating disbursements include, among other things:
 - i. a \$2.5 million payment in late July in respect of an annual premium relating to a \$132.0 million reclamation bond;
 - ii. a \$1.5 million payment in respect of an estimate for an insurance renewal in mid-August. The Monitor notes that the full amount of the insurance renewal will not be immediately payable should the Stay Extension and Additional Relief Order be granted which authorizes the Petitioner to enter into the CAFO Agreement to finance the premium over the policy term. The Monitor understands that funding the annual property insurance premium is consistent with past practice; and
 - iii. a \$1.9 million payment to the CRA in respect of its preliminary findings as a result of its ongoing GST audit. MFM is in the process of reviewing the reassessment and has included the full amount in the Fifth Cash Flow Forecast.

- h. payments to the Wei Wai Kum and We Wai Kai First Nations in respect of the Impact & Benefit Agreement and Discovery Terminal lease are forecast under the other operating disbursements and lease line items;
 - i. restructuring professional fees include fees and disbursements for the Petitioner's legal counsel, the Financial Advisor, the Monitor and the Monitor's legal counsel;
 - j. it assumed that the Petitioner will draw an additional \$11.0 million under the DIP Facility during the period of the proposed extension; and
 - k. all interest and fees pertaining to the DIP Facility are forecast to be paid in kind.
36. The Monitor notes that the Petitioner is seeking an increase in the aggregate amount of the authorized DIP to \$34.0 million rather than \$32.0 million forecast to be advanced in the Fifth Cash Flow Statement and is of the view that it is reasonable in the circumstances due size and nature of the forecast disbursements and the potential for unfavourable cash variances.

STAY EXTENSION

37. MFM is seeking a Stay Extension in these CCAA Proceedings, extending the Stay of Proceedings until and including October 31, 2024.
38. The Monitor has considered MFM's application for the Stay Extension and has the following comments:
- a. the Petitioner requires the Stay Extension to consult with its key stakeholders, including the Interim Lender, the Union and the First Nations and develop a plan to effect an operational and financial restructuring,
 - b. the Petitioner requires additional time to prepare for and implement the Tender Process;

- c. the Fifth Cash Flow Forecast forecasts that the Petitioner will have available liquidity during the term of the proposed Stay Extension;
- d. there will be no material prejudice to the Petitioner's creditors and other stakeholders as a result of the Stay Extension;
- e. MFM's overall prospects of effecting a viable restructuring will be enhanced by the Stay Extension; and
- f. the Petitioner is acting in good faith and with due diligence.

CONCLUSIONS AND RECOMMENDATIONS

39. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the following:

- a. the Stay Extension and Additional Relief Order;
- b. the AMTI AVO;
- c. the NTM AVO; and
- d. the Omnibus Approval Order.

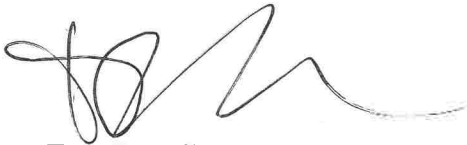
All of which is respectfully submitted this July 30, 2024.

FTI Consulting Canada Inc.
in its capacity as Monitor of MFM



for

Paul Bishop
Senior Managing Director



Tom Powell
Senior Managing Director

Appendix A

Sandvik Invitation for Offers

Mining Equipment – Invitation for Offers



Background

On December 18, 2023, Myra Falls Mine Ltd. ("**MFM**") sought and obtained an initial order (the "**Initial Order**") from the Supreme Court of British Columbia (the "**Court**") under the Companies' Creditors Arrangement Act R.S.C. 1985, c. C-36, as amended ("**CCAA**"). Pursuant to the Initial Order FTI Consulting Canada Inc. was appointed monitor (the "**Monitor**") of MFM.

The Monitor is assisting MFM in seeking offers to assign MFM's right, title and interest in certain mining equipment (the "**Sandvik Equipment**") leased by Sandvik Canada Inc. ("**Sandvik**").

Asset Description

The Sandvik Equipment is comprised of the following:

- 2021 Sandvik Underground Development Drill Rig (model DL432i)
- 2021 Sandvik Underground Haul Truck (model TH545)
- 2021 Sandvik Underground Haul Truck (model TH545)
- 2022 Sandvik Underground Haul Truck (model TH545i)

Offer Process for the Equipment

Any interested party may request access to an electronic data room including photographs of the Sandvik Equipment, equipment hours and other details.

Site visits to inspect the Sandvik Equipment can be arranged upon request to the Monitor.

The timeline for the process is as follows:

- July 10 to July 18, 2024 – access to the electronic data room and due diligence
- **July 19, 2024 (4pm Pacific Daylight Time) – deadline for submitting offers**
- July 20, 2024 to July 22, 2024 – finalize a binding lease assignment
- August 2, 2024 – anticipated Court approval
- August 14, 2024 – closing of lease assignment

MFM may at any time extend, alter or modify the time periods set out herein in its sole discretion. MFM reserves its right not to accept any offers and may withdraw from the process altogether without ascribing any reason thereto and without any liability to any interested party.

Required Terms and Conditions

In order for an offer to be considered by MFM, the following terms and conditions must be included:

- assumption of the current lease or execution of a new lease in respect of the Sandvik Equipment
- minimum payment of \$2,000,000 to Myra Falls Mine Ltd. by guaranteed funds at closing (Aug. 14, 2024)
- payment of all outstanding lease arrears to Sandvik
- payment of buyout amounts due to Sandvik
- a guarantee acceptable to Sandvik, in its discretion, sufficient to release the current guarantee provided by Trafigura
- all equipment shall be acquired “as-is / where-is” and must be removed from the MFM yard at the Myra Falls Mine site at the purchasers expense by August 15, 2024
- any purchaser must pay legal fees associated with the transaction
- all offers are subject to Court approval

A summary of the estimated amounts owed by lease is below, subject to a true-up of any further accrued amounts and applicable taxes owing to Sandvik:

Sandvik Equipment Summary					
Equipment Description	Contract Number	Lease Arrears	Ongoing Lease Payment	Buyout Amount	Lease Expiry
Sandvik DL432i	47200358	\$ 331,701.51	\$ 47,385.93	\$ 215,918.92	6/15/2025
Sandvik TH545	47200332	71,542.17	N/A	100,000.00	Expired 4/1/2024
Sandvik TH545	47200355	147,660.30	N/A	100,000.00	Expired 6/1/2024
Sandvik TH545i	47202014	287,000.00	41,000.00	216,117.00	5/15/2025
Total		\$ 837,903.98	\$ 88,385.93	\$ 632,035.92	

Inquiries or requests for information relating to the Sandvik Equipment should be directed to the Monitor at the contact details at the bottom of this page.

Records relating to the CCAA proceedings can be found on the Monitor’s website (<http://cfcanada.fticonsulting.com/myrafalls>).



FTI Consulting Canada Inc.
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Appendix B

Rouse Services Canada Ltd. Appraisal

Mrya Falls Mine Ltd.

Desktop for the Equipment Fleet (CAD)

Prepared for Mrya Falls Mine Ltd.
by Rouse Services Canada Ltd.

Value Effective Date: June 2024

Submission Date: June 26, 2024



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Introduction



Introduction

Rouse Services Canada Ltd. (“Rouse”) was engaged by Mrya Falls Mine Ltd. (“Company” or “Client”) to provide an unbiased opinion of the estimated value of its equipment fleet (“Equipment”).

The purpose of this appraisal is to arrive at a conclusion of Fair Market Value (“FMV”), Orderly Liquidation Value (“OLV”) and Forced Liquidation Value (“FLV”) for these items as of June 2024. These definitions of value are in accordance with those outlined by the American Society of Appraisers. For more details on the definitions, please see the Appendix – Key Definitions at the end of this report. We do not suggest that there could not be any fluctuation of values in the future. The fee for this report is for our expressed opinion as of the date of this report, with no warranties or guarantees of the outcome if values are tested at any future date.

This report is for use only by the Client listed above and is intended only for use in internal transfer of assets. Use of this report by others is not intended by the writer, nor is the report intended for any other use unless express written consent is further granted.

This report sets forth our findings and conclusions which are based upon an investigation of conditions affecting value and which are subject to the Statement of Limiting Conditions and Value Definitions in this report. Without reading the Statement of Limiting Conditions and Value Definitions, the report could be erroneously interpreted.

The reported property consists of primarily the following equipment types:

Equipment Types	Units
Underground Dump Truck	3
Top Hammer Longhole Drill	1
Total	4



Scope of Work



Scope of Work

This report provides FMV, OLV and FLV for the Company's Equipment as of June 2024. See appendix for value definitions. Our scope of work included:

Data Review

Rouse requested from the Company:

- List of Equipment

The valuation herein relies in large part on this data. The information accuracy was assumed, and the information was utilized throughout this report without independent verification or audit. The data was reviewed for completeness and to determine the information provided was reasonable. See below for the data provided by the Company:

Data Requested	Data Received	Date Received
Listing of Equipment to be Valued	Yes	5/30/2024

Interviews with Company Representatives

Rouse interviewed the following Company representatives regarding operations, policies and procedures, as well as to discuss the Equipment appraised:

Name	Title	Location
Jan Majkut	Finance Manager	Myra Falls, BC
Frey Hein	General Manger	Myra Falls, BC

Rouse additionally reviewed and confirmed with the company that the data was accurate and complete.

Inspections

In connection with this engagement, Rouse was not instructed to perform any physical inspections of the subject assets. As a result, no on-site inspections of equipment were performed for this report.

Valuation Analysis

Rouse assessed the market values for the assets by studying and reviewing the market data available as of the value effective date. In conducting this analysis Rouse considered several key factors, including but not limited to the following:

- Manufacturer, model, model year, and specification
- Where applicable, Rouse reviewed configuration, attachments and accessories, or modifications to the equipment, and usage
- Category mix, quantity, and composition of the asset register



Experience



Experience

Rouse was founded in 1920 as an auction and liquidation firm with a focus on construction equipment. Since the turn of the century, Rouse has transitioned to a leading information services company for the construction industry. Rouse's services include valuations, used equipment sales support and rental metric benchmarking. Rouse Appraisals provides up-to-date retail, orderly liquidation, and auction values to support financing, business transactions, and lease finance services. Rouse currently serves clients and tracks market values across three core geographies: United States, United Kingdom, and Canada.

Rouse's core focus is on machinery & equipment including which primarily covers the following product verticals:

- **General rental:** aerial work platforms, telehandlers, compact earthmoving, construction support (light towers, generators, etc.)
- **Heavy earthmoving:** large excavators, dozers, wheel loaders, motor graders, etc.
- **Heavy lifting:** all-terrain cranes, crawler cranes, rough-terrain cranes, etc.
- **Transportation:** truck tractors, trailers
- **Material Handling:** forklift trucks, pallet trucks, etc.
- **Transportation:** truck tractors, trailers
- **Agricultural:** tractors, seeders, etc
- **Specialty:** vocational trucks, concrete pumping trucks, etc.

Rouse's appraisers come from an array of backgrounds including financial services, private equity, corporate finance, and traditional appraisals and carry significant experience in the auction, liquidation and appraisal of machinery and equipment.

Rouse appraisers currently appraise approximately \$45 billion of rental and construction equipment on an annual basis. Rouse provides appraisal services to an array of clients ranging from the largest equipment rental companies in North America to major regional equipment dealers such as Caterpillar.



Methodology



Methodology

Rouse receives over \$17 billion in equipment sales transaction data annually and applies it (on a monthly basis) at a make / model / spec / year level across approximately >70,000 standardized equipment models to develop values.

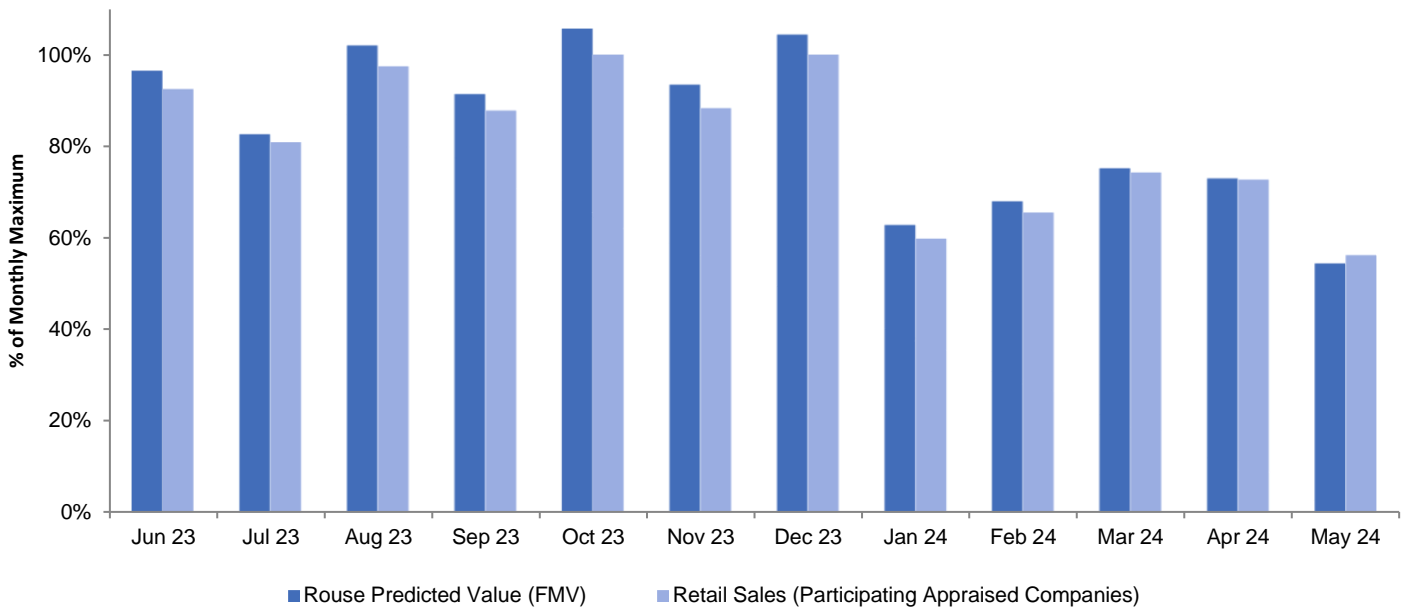
Rouse’s rental and dealer clients provide Rouse with detailed transaction data on all of the equipment they sell. This transaction data is updated generally nightly or when available within in Rouse’s database, providing a comparable-backed appraisal source for fair market and orderly liquidation values. For retail specifically, Rouse clients contribute an average of approximately \$1.2 billion in transaction data every month. Rouse tests its FMV values against these results on an ongoing basis.

Rouse also monitors every major auction of equipment and updates its database with these auction sale comparables as these auction take place. As Rouse is owned by Ritchie Bros., Rouse tracks a direct feed of assets sold through RB or their other auction companies. Rouse appraisers collect an average of approximately \$250 million in North American auction sales every month.

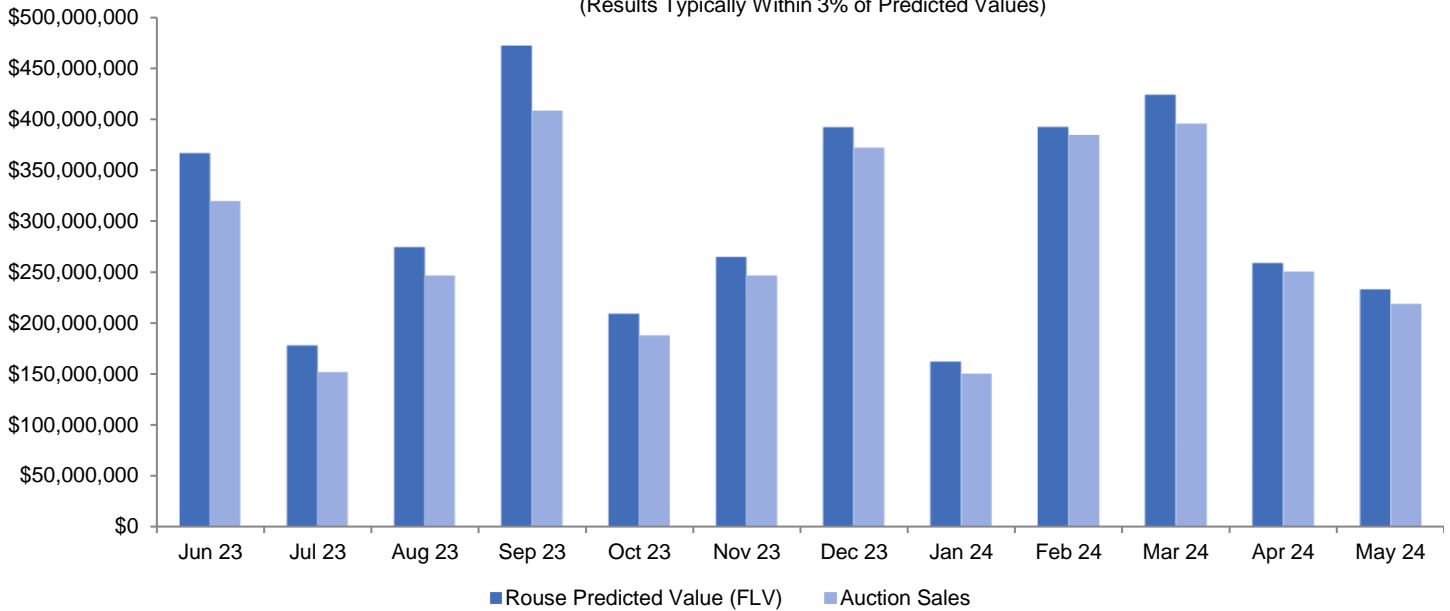
This robust database enables the development of a market or comparable-based mass appraisals model whereby Rouse systematically provides a value that considers current market condition and secondary market trading levels. This model leverages multivariable nonlinear regression analysis which considers a number of factors including: asset type, specification, usage, configuration, geography, and physical condition and is dynamically updated as new criteria or variables which impact value emerge in the marketplace.

One of the core elements of Rouse’s approach is model testing and performance tuning whereby values are assessed vs. actual disposals on a monthly basis to determine where adjustments are needed. Typically, Rouse values come within a 3% margin of market sales as seen in the charts below:

Rouse FMV Performance Against Market Retail Sales
(Results Typically Within 3% of Predicted Values)



Rouse FLV Performance Against NA Auction Sales
(Results Typically Within 3% of Predicted Values)



Rouse’s proprietary database was the primary source for determining the values attributed to the Equipment in this report.

Where supplemental data is needed Rouse’s appraisers analyze auction market comparables for like equipment from a variety of sources, including Machinery Trader, Truck Paper, Green Guide and Top Bid.

The three recognized approaches to value that are used in appraisal analyses are:

- Market Approach
- Cost Approach
- Income Approach

The market approach via Rouse’s appraisal model was primarily used to establish values for the Equipment contained within this appraisal. This approach is preferred as it’s the most reliable prediction of value as it’s based on actual transactions of like equipment. In rare instances where observable sales of like equipment are not available, the cost approach is relied upon. This is typical for fixed machinery that doesn’t trade in secondary markets and generally helpful for more unique illiquid asset types.

The income approach is not used as it tends not to be a reliable prediction for value as the equipment can be used in a variety of applications and the income can be heavily impacted by its use case. A definition of these approaches can be seen below:

Market Approach:	The market or sales comparison approach involves the comparison of recent sales (or offerings) to the subject asset in order to arrive at an indication of the most probably selling price (value) for the subject. Within this approach comparable sales should be adjusted based on marketplace conditions and the properties’ characteristics of value.
Cost Approach:	The cost approach estimates the current costs to reproduce or create a property with another of comparable use and marketability. This approach assumes the maximum value of an asset to a knowledgeable buyer is the amount currently required to construct a new asset of equal utility. If the subject asset is not new, the current cost new must be adjusted for all forms of depreciation attributable to the asset at the date of the appraisal.
Income Approach:	The income approach considers value to be represented by the present worth of future benefits derived from ownership and is usually measured by capitalization of future benefits and / or specific levels of income.



Company Profile



Company Profile



Myra Falls Mine Ltd. (Myra Falls) is a mining company located in Strathcona Provincial Park, BC. Myra Falls mines for commodities such as Zinc, Lead, Copper, Silver, and Gold.

Company Overview

The assets within the scope of this appraisal are four Sandvik Toro mining machines (defined below) that were manufactured in 2021 or 2022.

Mining Equipment This category is composed of the following equipment types: Underground Loaders, Haul Trucks, Anfo Loaders, Rock Bolters, Drill Rigs, Scissor Lifts, Ball Mills, Air Tuggers, Granulators, Underground Locomotives, Scoop Trams, Vertical Shaft Drills, Muckers, etc. This category is for all equipment used in mining.

Summary by Category

A detailed breakdown of the categories of equipment can be seen below:

Category	Units	Age (Months)
Underground Dump Truck	3	97.1
Top Hammer Longhole Drill	1	35.4
Total	4	132.4



Valuation Summary



Valuation Summary

Values by Category

Equipment Types	Units	FLV	OLV	FMV
Underground Dump Truck	3	\$1,580,000	\$1,980,000	\$2,470,000
Top Hammer Longhole Drill	1	\$1,000,000	\$1,250,000	\$1,560,000
Total	4	\$2,580,000	\$3,230,000	\$4,030,000



Market Conditions



Market Conditions

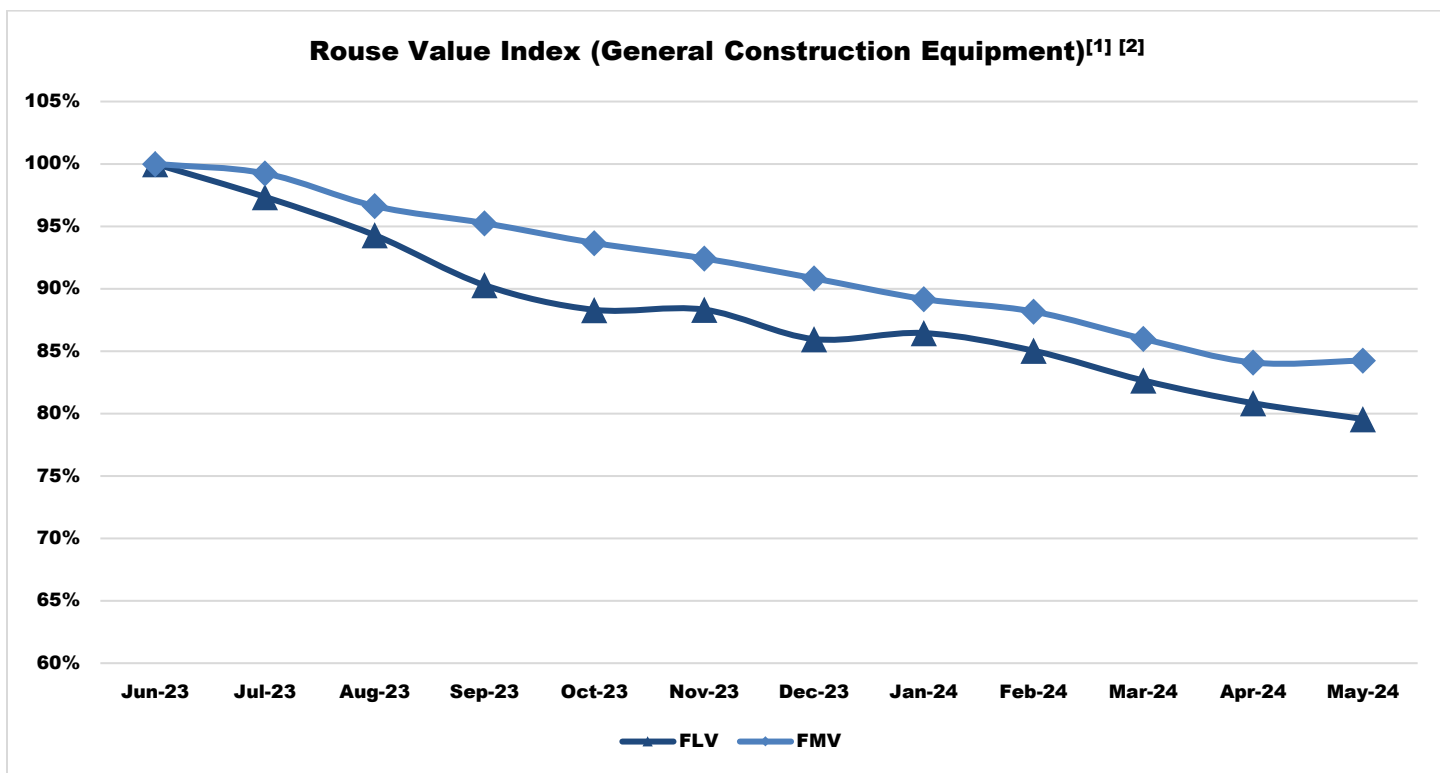
Market Overview and Recent Trends

Throughout 2023, equipment values steadily declined from the peak observed in late 2022 but remained above historic averages. This downward trend was primarily due to an increase in the supply of used equipment in the secondary market, despite robust end-market demand. The increase in supply was facilitated by improvements in supply chain conditions, enabling companies to acquire new equipment and sell their aging equipment in the secondary markets. The strong demand seen in 2023 was largely attributed to tailwinds like mega projects resulting from recent legislative acts, the onshoring/reshoring of manufacturing, and continued investment in technology-related construction.

End market demand is expected to remain healthy in 2024, further fueled by the tailwinds seen in 2023. In the onset of 2024, auction values, often serving as a leading indicator for retail values, have seen month-over-month stability, despite a significant increase in supply year-over-year.

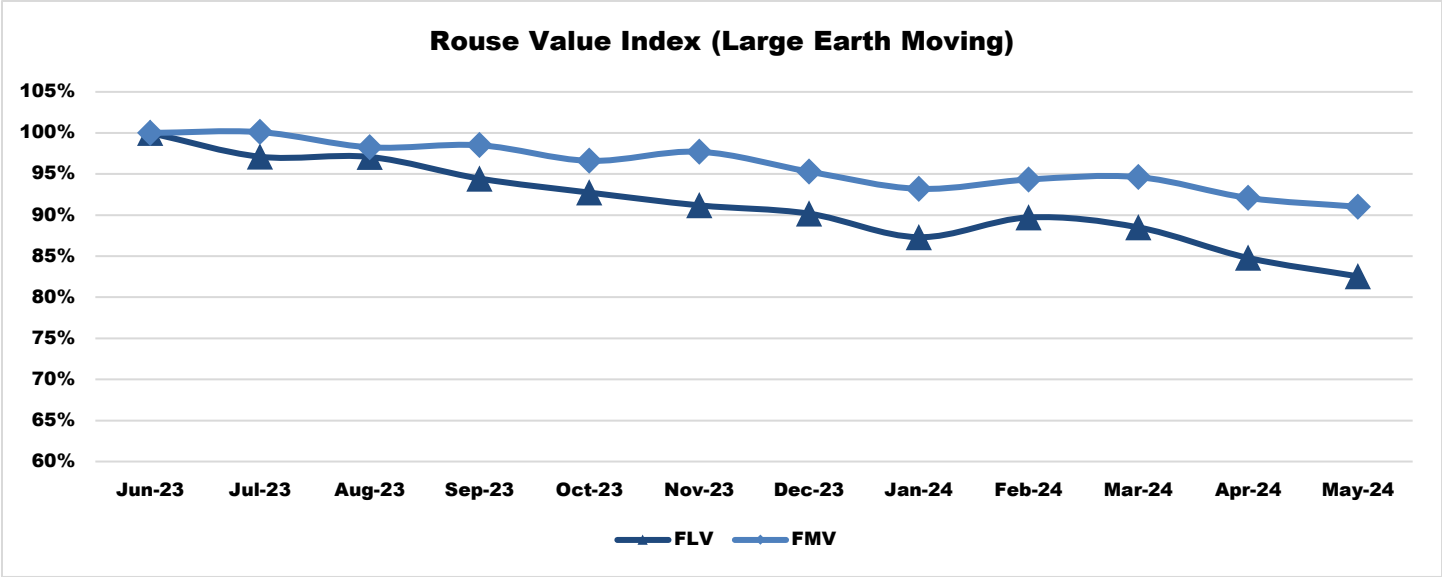
Over the 12-month period ending May 31, 2024, General Rental Equipment was down by 18.1%. Small-Medium Earth Moving was down by 12.5% followed by Large Earth Moving, which was down by 13.2%, and Support that was trending down 15.4%. Aerial Equipment was down 21.2%. Telehandlers and Forklifts were down by 21.7% and 25.4%, respectively. A broad group performance is reflected in those average percentages. Any brand, model, or vintage may exhibit varying degrees of impact.

The following chart illustrates the 12-month trend of FMV and FLV as a percentage of cost, indexed to 100% in the first period presented, for General Construction Equipment. The index is intended to represent average recoveries where age is constant. Were an asset or entire fleet to age, values might decline even in flat to upward market conditions:



- Notes:
- ^[1] The categories contained within include, aerial equipment, telehandlers, support equipment, and small-medium earthmoving equipment, each having an equal impact.
 - ^[2] Each monthly data point in any given value index represents the average recovery, as a percentage of cost, for six different model years of equipment ranging from three to eight years old, with each year weighted equally and indexed to 100% in the first period presented.





The Dodge Momentum Index is a leading economic indicator that measures the initial planning activity of non-residential construction projects. It focuses on projects in the planning stage and provides insights into future construction spending for nonresidential buildings by a full year. The Dodge Momentum Index helps gauge the direction and momentum of construction activity and overall economic growth; whereas The Dodge Index serves as an indicator of current construction activity and market conditions by measuring the value of construction starts during a specific period. Construction starts are projects that have begun physical construction work, such as site preparation, foundation work, and structural construction.

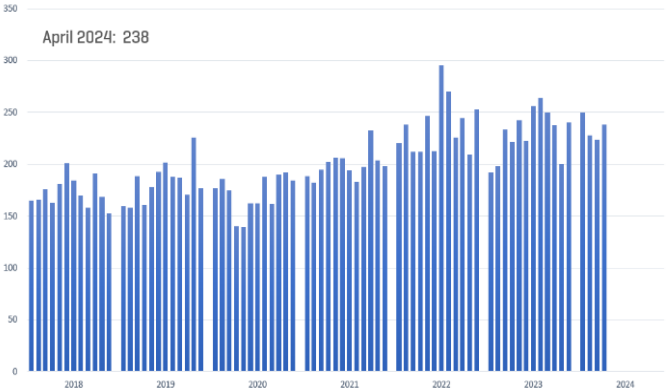
In May, the Dodge Momentum Index rose by 2.7% month-over-month, primarily due to a surge in commercial planning activity. This uptick reflects developers' growing confidence in the market conditions for 2025, along with stable and predictable interest rates. However, this growth in commercial activity is partially offset by a slowdown in institutional planning, which is being hindered by high material costs, labor shortages, and elevated interest rates. In April, total construction starts increased by 6% month-over-month, driven largely by rising confidence in end-market demand.

DODGE MOMENTUM INDEX (2000=100, Seasonally Adjusted)



Source: Dodge Construction Network (May 2024)

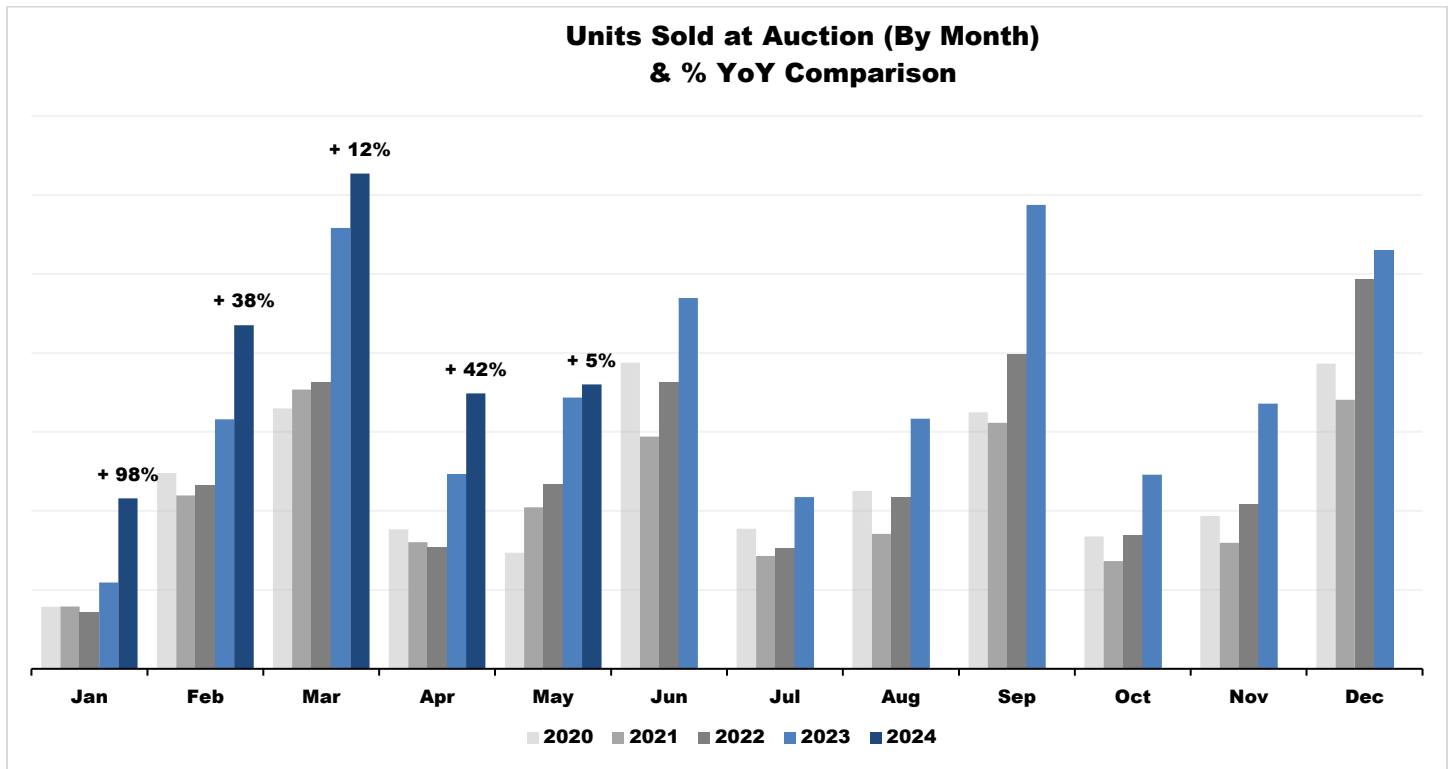
THE DODGE INDEX (2000=100, Seasonally Adjusted)



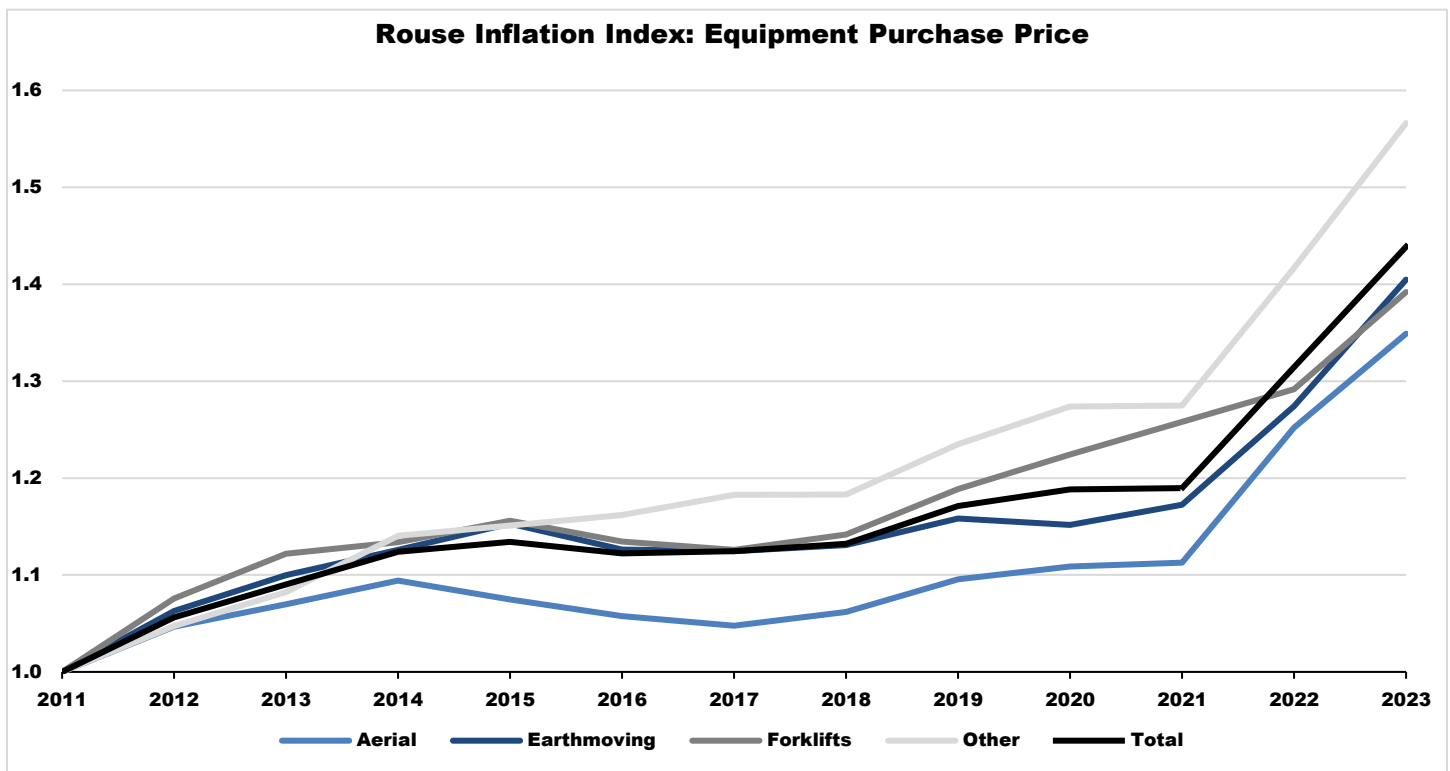
Source: Dodge Construction Network (April 2024)



Through 2023 and into 2024, major rental companies continued to sell their accumulated ageing equipment in the secondary markets as supply chain conditions improved, enabling them to acquire new equipment to replace the old. This trend has led to an increasing supply of used equipment in the secondary market, surpassing pre-pandemic levels.



Throughout 2023, Original Equipment Manufactures continued to report favorable price realizations as supply chain conditions improved and inflation eased compared to the challenges seen in 2022, when OEMs responded to inflation and a disrupted supply chain by increasing equipment prices and implementing dynamic pricing models like surcharges.



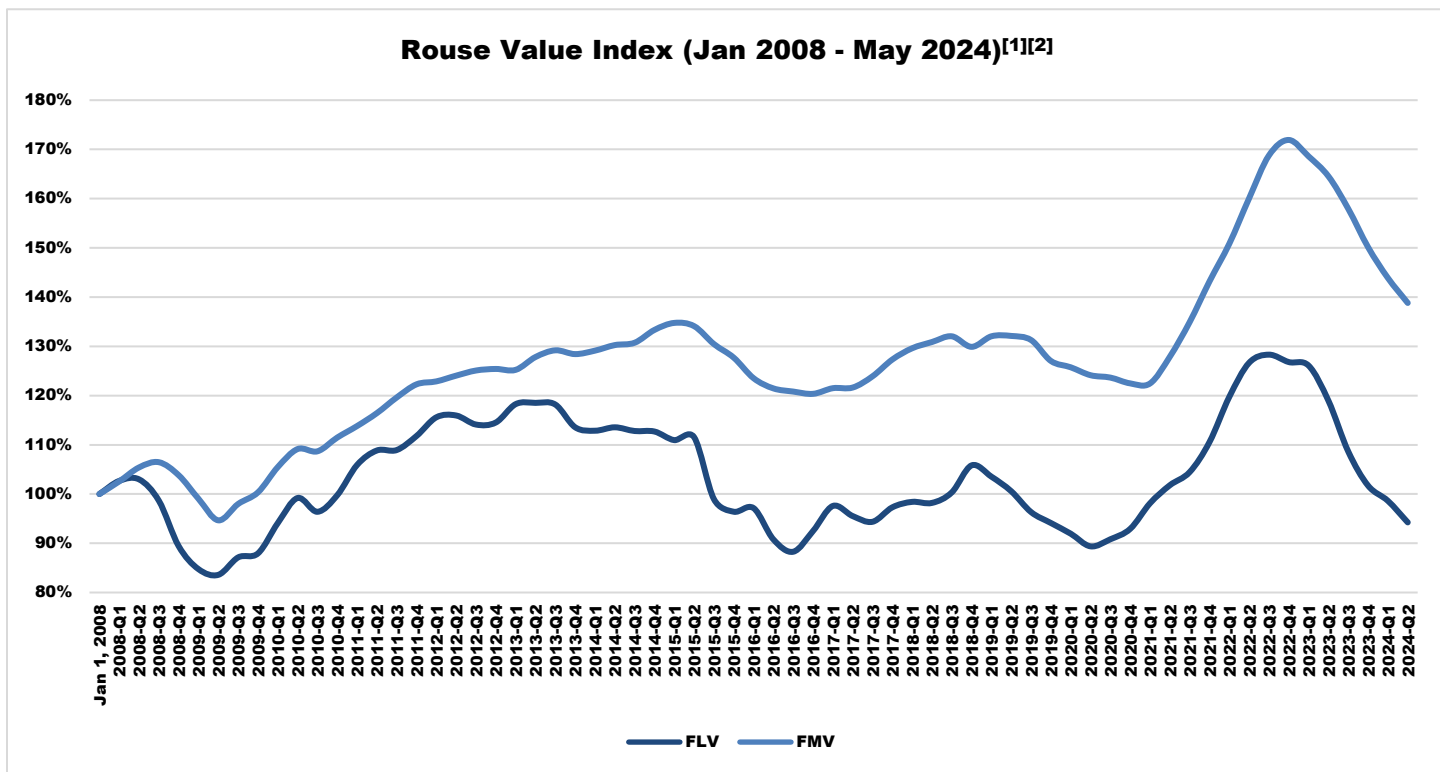
Historic Performance

Relative values in the used equipment marketplace for construction and general rental equipment were at 10-year historic highs across most of the major equipment categories at the beginning of 2007, and values reached their peak in the middle of 2007. Shortly thereafter, the housing market crashed, which led to decreased demand for earthmoving equipment, and values in earthmoving equipment started to decline. Subsequently, non-residential construction began to slow, which caused equipment demand and values in categories more closely linked with non-residential activity to decline beginning in the middle of 2008.

In September 2008, we experienced the beginning of the Global Financial Crisis; we saw major financial institutions collapse or be taken over, and the government created the bailout package to rescue the financial systems. Credit markets essentially froze – and the stock markets around the globe began to tumble. The housing and non-residential construction slowdown, lack of credit availability, and consumer confidence all played a part in propelling equipment values downward to historic lows.

April of 2009 proved to be the inflection point and used equipment values increased at a meaningful rate from April of 2009, month-over-month through the first half of 2012, which also marked a narrowing in the gap between retail and auction values. While the pace of value increases was more moderate, relative values continued to increase for the next two years, plateauing during 2014 just above the prior peak. Relative values stayed mostly flat through the end of 2014 and then remained relatively steady through the first nine months of 2015 but finished out that year with some softening that saw values decline through mid-2016. Values in 2017-18 rebounded, driven by a strengthening auction market and moderate improvements on the retail side. 2019 demonstrated a level-off in the growth and softness through the back half of the year and into 2020 as COVID-19 impacted secondary markets. Rouse observed a notable dip in equipment values and a trough in recoveries in the mid to late part of the year. In the late part of 2020 and 2021 values strengthened as uncertainty declined and normal economic activity resumed. Relative values saw a sharp rise in 2022 and reached an all-time high in the latter part of the year, driven by a constrained supply chain and robust demand from end markets. Despite the continued robust demand throughout 2023 and into 2024, values started to decline from the late 2022 peak, driven by a surge in the supply of used equipment in the secondary market, surpassing pre-pandemic levels. This increase in supply was primarily attributed to improved supply chain conditions, enabling companies to acquire new equipment to replace the ageing equipment they had been retaining for longer than average.

The following chart illustrates the trend of FMV and FLV for All Equipment^[1] from 2008 through 2024 as a percentage of cost, indexed to 100% on January 1, 2008. The index is intended to represent average recoveries where age is constant. Were an asset or entire fleet to age, values might decline even in flat to upward market conditions:



- Notes:
- [1] The categories contained include all equipment that Rouse tracks.
 - [2] Each quarterly data point represents the average recovery, as a percentage of cost, for six different model years of equipment ranging from three to eight years old, with each year weighted equally and indexed to 100% in the first period presented.



Valuation Considerations



Valuation Considerations

Fleet Profile

Myra Falls Mine Ltd.'s fleet primarily consists of underground mining machinery including Underground Dump Trucks and Top Hammer Longhole Drills. The type and mix of machinery are very consistent with underground mining operations across North America. This equipment is made by well-known manufacturers Sandvik-Toro. In the event of a liquidation, most of this equipment would be desirable due to versatility throughout the Mining Industry.

Location of Assets

All these assets are located remotely in a provincial park. The removal of these assets from their remote location would be a painstaking process. This equipment may have to be disassembled, placed on trucks, hauled away, and reassembled, which could be costly.

Liquidation Scenario

In a hypothetical liquidation scenario, these assets would need a specific buyer, such as another mining company or operation. Most of these assets are very large capacity and not all companies would require machines of this size. If this is not the case, return values could be low. Ideally, all these assets would be purchased by a single buyer who is taking over the operation, which would likely result in the highest return values. Rouse's values reflect these scenarios.

Extraordinary Assumptions

Usage: If no meter reading is provided for an asset, Rouse assumes the industry average usage for the asset. The industry average usage is tracked at the Rouse Subcategory level and is based on annualized usage.

Age: With regard to age calculation, if no acquisition date is provided for an asset, Rouse calculates the age by using the midpoint of the model year as the starting point. Similarly, if an asset has been purchased "used," Rouse calculates the age by using the midpoint of the model year as the starting point.

Condition: Rouse assumes all units are in a "project-ready" (i.e. Good) condition, unless otherwise designated by physical inspections.

Configuration: For any asset types where Rouse tracks configuration, if no configuration detail is provided, Rouse assumes industry average configuration. The industry average configuration is tracked at the Subcategory and Make levels.

Ownership: Unless otherwise noted, Rouse assumes all assets are entirely owned and clear of any liens.

Impact of Proprietary Technology

The Equipment that is the subject of this appraisal is not characterized by any special proprietary technology or custom designs that might have an impact on its recovery.



Statement of Limiting Conditions



Statement of Limiting Conditions

ROUSE's Role and Use of the Valuation Report

Any report delivered under the terms of the engagement (a "Valuation Report") between the ROUSE entity specified in the engagement letter ("ROUSE", "us", "we" or "our") and you, the addressee, incorporates by reference this Statement of Limiting Conditions. By engaging ROUSE, you are also accepting this Statement of Limiting Conditions. If you do not accept this Statement of Limiting Conditions in its entirety, the Valuation Report must be immediately returned to us, and any copies destroyed.

Neither the appraiser nor any other employee of ROUSE has any financial interest in the assets appraised. Our Valuation Report is an unbiased expression of professional opinion. The fees payable to us are not contingent nor dependent whatsoever on the values provided.

Unless prior arrangements have been made or we are compelled by valid subpoena, court order or applicable law, the appraiser is not required to give testimony, be present in any court of law, or appear before any commission or board by reason of preparing a Valuation Report.

All analysis and conclusions set out in a Valuation Report are true and accurate to the best of the appraiser's knowledge and belief. We reserve the right to recall all copies of a Valuation Report to correct any omission or error.

The opinions expressed in a Valuation Report are valid only for the express and stated purpose of providing information and assistance to the parties to whom the report is specifically addressed. The values are not in any way, implied or expressed, to be construed, used, circulated, quoted, relied upon, or otherwise referred to for any other purpose without ROUSE's prior written permission.

Estimation Only; No Guarantee

Values assigned in a Valuation Report are amounts our appraiser would recommend to a prospective buyer as a fair price to pay under the prevailing circumstances specified in the Valuation Report, and within the parameters of the defined value concepts used in the Valuation Report, unaffected by personal interest, bias or prejudice. Those values are the appraiser's opinion based on the facts and data specified in the Valuation Report and are not a warranty or representation of fact, nor a determination of probability. As such, the reported values are estimates only. ROUSE makes no guarantees as to the actual value realizable from the sale of the assets or the price at which the assets may be purchased. ROUSE assumes no responsibility for any inability, nor has any obligation, to sell or purchase the assets at the values provided. ROUSE does not enter into in any transactions involving the disposition or financing of appraised assets.

Value Determination

The values attributed to assets in a Valuation Report are valid as of the effective date of the report. Changes in the status of the assets, the composition of the assets or changes in the market could have significant effects on values. ROUSE has not undertaken, and is under no obligation, to update, revise, reaffirm, or withdraw the Valuation Report, except as may be otherwise agreed in writing.

Where on-site inspections were performed and photographs of assets included in a Valuation Report, the photographs represent a sampling of assets viewed, were not selected based on any specific criteria and may or may not include all the photographs taken. Appraisers do not rely on the photographs to appraise assets. Photographs are used only as a visual aid to confirm or provide a general sense of condition relative to an inspector's assessment. Unless otherwise indicated in writing in the Valuation Report, only equipment assets that were present at the locations visited by ROUSE inspectors were inspected. No inspections of equipment assets that were on rent or otherwise out of the yard were performed.



As part of the engagement, Rouse has not:

- Investigated title to any of the assets. All assets are assumed to be the property of the subject organization and physically available in order to consummate the sales transaction in a timely manner;
- Considered if any liens or other encumbrances are registered against the assets other than those specified in the Valuation Report, if any;
- Considered any possible environmental or safety hazards impacting the assets;
- Determined whether the assets conform to all statutes, regulations, standards and codes that might relate to or impact their use, sale, or other disposition;
- Attributed any value to any intangibles, such as patents, trademarks, copyright, industrial designs, rights to manufacture or distribute, goodwill, and/or trade secrets; nor
- Investigated the free transferability of any software or hardware powering telematics or similar devices installed within the assets.

In general, the values assigned are based on the following:

1. The value definition(s) specified in the Valuation Report.

Where OLV is attributed to an asset in the Valuation Report, the value has been determined by the appraiser as a percentage of the FLV and FMV values of the subject asset based on the appraiser's experience and judgment. The reported OLV is not necessarily representative of the actual liquidation proceeds that may be realized from the sale of the asset.

Where NFLV, and/or NOLV or NLV, is expressed for an asset in the Valuation Report, the value is based on the disposition scenario that is described in the body of the Valuation Report and ROUSE does not express any opinion on possible proceeds that may be realized from the sale under any other form of disposition method.

2. Asset lists and other information provided by the subject organization, its representative(s) and/or lender(s). Unless otherwise indicated in writing in the Valuation Report, we have not investigated the accuracy of the information or verified the quantities of assets provided to us, nor do we have any responsibility to do so. If any information supplied to us is incorrect, then assets may receive inaccurate appraisal values. In instances where we have endeavored to independently verify the information provided, we have subjected the information to such tests as we determined, in good faith, to be appropriate and reliable to confirm its accuracy.
3. All equipment assets being in Rental Ready or Project Ready condition unless otherwise specifically noted. If assets are not considered Rental Ready or Project Ready, ROUSE may assess the value of those assets differently from equivalent Rental Ready or Project Ready assets. For our purposes, "Rental Ready" or "Project Ready" means that an equipment asset: (i) performs and operates as intended by its manufacturer; (ii) does not have any known mechanical defects; (iii) is clean; and (iv) has been subject to all safety and required manufacturer inspections and maintenance.
4. Any non-rental equipment assets are assumed to be in similar condition to equivalent rental assets.
5. All procedures necessary to preserve the value of the assets have been followed by the subject organization and/or its representative(s).
6. Certain adjustments in value, even for similar or identical assets, due to differences in required installation or removal of assets, local market demand or supply, asset condition, and other appropriate factors relating to the sale.

Any other applicable conditions, assumptions, and/or limitations affecting the values provided in this Valuation Report are defined and individually set out within the Valuation Report where such conditions, assumptions, and/or limitations are applicable.



Certification



Certification

We certify that:

1. No on-site inspections of equipment were performed.
2. The statements contained in this appraisal and upon which the opinions expressed herein are true and correct to the best of our knowledge and belief, subject to the limiting conditions set forth;
3. To the best of our knowledge and belief, no pertinent information has been overlooked or withheld; and
4. We have no interest either presently or contemplated in the property appraised or in any proceeds to be derived there from.
5. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
6. We have not conducted a previous assignment of this machinery and equipment that is the subject of this appraisal report within the three-year period preceding acceptance of this assignment.
7. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
8. Our analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. No person or persons other than those stated below provided significant professional input for this appraisal report.

Name	Role
Ryan Chesterton	Appraisals Director, Senior ASA
Caroline Spitzer	Director of Project Management
Noah Coleman	Senior Appraisal Analyst
Mariam Botros	Project Manager

ROUSE SERVICES CANADA LTD.

I hereby certify that I reviewed this appraisal.



Ryan Chesterton
Appraisals Director, Senior ASA



Noah M. Coleman III
Senior Appraisal Analyst



Appendix – Key Definitions



Appendix – Key Definitions

Value Definitions

Fair Market Value A professional opinion of the estimated most probable price expressed in terms of money to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts as of the effective date of this report. Additionally, this value is not discounted for assembling, cleaning, security, advertising, brokerage, or other disposal costs, if any.

Orderly Liquidation Value The estimated gross amount expressed in terms of money that the Equipment will typically realize at a privately negotiated sale, properly advertised and professionally managed by an experienced seller of property of the kind and type being sold where the liquidation sale is to take place over a reasonable time period. All Equipment to be sold piecemeal “as is where is” with the purchaser being responsible for removal of the assets at its own risk and expense.

Forced Liquidation Value The estimated gross amount expressed in terms of money that the Equipment will typically realize at a properly conducted public auction when the seller is compelled to sell with a sense of immediacy as of a specific date. This amount does not account for Equipment make ready costs or transportation of the Equipment to the auction site. All Equipment to be sold piecemeal, “as is where is” with the purchaser being responsible for removal of the assets at purchaser’s own risk and expense.



Bibliography

Appraisal Standards Board. Uniform Standards of Professional Appraisal Practice 2020-2021. Washington, DC: The Appraisal Foundation, 2019 (extended through December 31, 2022).



Experience Summary



Experience Summary

Ryan Chesterton
*Appraisals Director,
Senior ASA*

Ryan has been with Rouse Appraisals since 2017 and currently serves as a Director focusing on the valuation of machinery and equipment. His current responsibilities are focused on the management and execution of appraisals that are complete, accurate, and delivered on time. Ryan has a strong background in valuation, data analysis, strategic consulting, relationship management, and project management.

Ryan has experience performing and reviewing appraisals for lending institutions, private equity firms, and equipment owners worldwide ranging from single unit valuations to multi-billion dollar appraisals.

Ryan is an Accredited Senior Appraiser (ASA) with a focus Machinery and Technical Specialties (MTS). Prior to joining Rouse, Ryan began his career at KPMG and graduated from Villanova University with degrees in Finance and Accounting.

Caroline Spitzer
*Director of Project
Management*

Caroline Spitzer is a Director of Project Management at Rouse Appraisals with approximately 10 years of experience as a Project Manager. Caroline has been in the Construction Industry for about 4 years. Caroline has taken and passed the USPAP exam. She has worked closely with the appraisers to ensure the appraisals are completed on time. She also handles the contracts, client communication, planning the inspections, and billing. Caroline's prior background includes financing and tax credits. Caroline graduated with a B.B.A. in Business Administration and Management.

Noah Coleman
*Senior Appraisal
Analyst*

Noah Coleman is a Senior Appraisal Analyst with Rouse Appraisals with five years of experience appraising machinery and equipment. He graduated from Appalachian State University and began his machinery and equipment appraisal career with Gordon Brothers. His experience includes financial and asset valuation, data analysis, project management, and equipment inspections. His appraisal expertise is in machinery and equipment where he has appraised a wide array of assets ranging from heavy construction equipment to manufacturing equipment and his responsibilities include the valuation and analysis of appraisal projects.

Mariam Botros
Project Manager

Mariam Botros is a Project Manager at Rouse Appraisals with seven years of experience in the construction equipment industry. Prior to joining Rouse Appraisals, Mariam worked for Quinn Caterpillar, where she gained extensive knowledge regarding machinery specification and application. She works closely with the appraisers to ensure that projects are completed on time and efficiently. In addition, she is responsible for managing contracts, client communication, as well as planning inspections. Mariam earned her B.A. from the University of California San Diego.



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Appendix C

Fifth Cash Flow Statement for the
46-week Period Ending November 1, 2024

Myra Falls Mine Ltd.
Updated Cashflow Projections
For the 46-week period ending November 01, 2024

Week Ending (CAD\$ thousands)	Weeks 1-31 19-Jul-24 Actual	Week 32 26-Jul-24 Forecast	Week 33 2-Aug-24 Forecast	Week 34 9-Aug-24 Forecast	Week 35 16-Aug-24 Forecast	Week 36 23-Aug-24 Forecast	Week 37 30-Aug-24 Forecast	Week 38 6-Sep-24 Forecast	Week 39 13-Sep-24 Forecast	Week 40 20-Sep-24 Forecast	Week 41 27-Sep-24 Forecast	Week 42 4-Oct-24 Forecast	Week 43 11-Oct-24 Forecast	Week 44 18-Oct-24 Forecast	Week 45 25-Oct-24 Forecast	Week 46 1-Nov-24 Forecast	Total
Operating Receipts																	
Sales	(1)	5,903	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,903
Other receipts	(2)	4,796	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,796
Total Operating Receipts		10,699															10,699
Operating Disbursements																	
Payroll and Benefits	(3)	(13,870)	(150)	(195)	(230)	(100)	(242)	(100)	(222)	(100)	(222)	(60)	(230)	(60)	(230)	(60)	(16,071)
Consultants and Contractors	(4)	(6,367)	(171)	(106)	(106)	(106)	(106)	(112)	(132)	(112)	(112)	(107)	(127)	(107)	(107)	(107)	(8,108)
Fuel Fund Contributions	(5)	(22)	-	-	-	-	-	-	(93)	-	-	-	(93)	-	-	-	(209)
Pension	(6)	(1,147)	(31)	(31)	(31)	(31)	(31)	(31)	(23)	(31)	(23)	(31)	(19)	(31)	(19)	(31)	(1,361)
Materials and Supplies	(7)	(1,219)	(23)	(19)	(19)	(19)	(19)	(23)	(23)	(23)	(23)	(19)	(19)	(19)	(19)	(19)	(1,520)
Leases	(8)	(1,132)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1,148)
Other operating disbursements	(10)	(3,207)	(2,821)	(11)	(3,515)	(11)	(11)	(8)	(8)	(8)	(8)	(11)	(11)	(11)	(11)	(11)	(9,831)
Total Operating Disbursements		(26,963)	(3,164)	(3,63)	(3,902)	(237)	(379)	(274)	(479)	(274)	(366)	(228)	(481)	(228)	(523)	(227)	(38,247)
Net Change in Cash from Operations		(16,264)	(3,164)	(3,63)	(3,902)	(237)	(379)	(274)	(479)	(274)	(366)	(228)	(481)	(228)	(523)	(227)	(27,548)
Non-Operating Items																	
Capital Expenditures	(11)	(98)	(14)	-	-	-	-	-	-	-	(22)	-	-	(15)	-	-	(149)
Impact Benefit Agreement	(12)	(216)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(216)
Restructuring Professional Fees	(13)	(3,483)	(359)	-	(263)	-	(263)	-	(263)	-	(263)	-	(263)	-	(263)	-	(5,419)
Net Change in Cash from Non-Operating Items		(3,800)	(373)	-	(263)	-	(263)	-	(263)	-	(284)	-	(263)	(15)	(263)	-	(5,784)
Financing																	
Interim Financing	(14)	21,000	3,000	-	3,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	32,000
Net Change in Cash from Financing		21,000	3,000	-	3,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	32,000
Effect of Foreign Exchange Translation		11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11
Net Change in Cash		948	(537)	(363)	(1,164)	(237)	359	(274)	258	(274)	350	(228)	257	(244)	215	(227)	(1,321)
Opening Cash		2,047	2,995	2,458	1,938	774	537	895	621	879	604	954	726	982	738	953	2,047
Ending Cash		\$ 2,995	\$ 2,458	\$ 2,095	\$ 1,938	\$ 774	\$ 537	\$ 895	\$ 621	\$ 879	\$ 604	\$ 954	\$ 982	\$ 738	\$ 953	\$ 726	\$ 726

Notes:

- Management has prepared this Cash Flow Statement solely for the purposes of determining the liquidity requirements of Myra Falls Mine Ltd. during the CCAA Proceedings. The Cash Flow Statement is based on the probable and hypothetical assumptions detailed below. Actual results will likely vary from performance projected and such variations may be material.
- (1) Sales relate to production from prior to the commencement of the CCAA Proceedings.
- (2) Other receipts are assumed to be nil during the forecast period as all outstanding receivables from mining activities have been collected and no further GST refunds are expected pending the outcome of a GST audit.
- (3) Payroll is decreasing as the Company continues to reduce headcount to minimize costs while in care and maintenance. The first KERP Payment was made in July 2024.
- (4) Consultants and contractors include supporting safety and environmental services, reclamation and asset maintenance.
- (5) Pension fund contributions relate to a defined contribution pension plan for hourly employees.
- (6) Fuel is required for generators and other equipment during care and maintenance activities.
- (7) Materials and supplies relates to various consumable items required for care and maintenance activities, including certain items required to comply with environmental regulations.
- (8) The forecast includes payments for certain leased equipment used in respect of care and maintenance activities.
- (9) Other operating disbursements includes other overhead costs, such as information technology and human resources, bonding in the week ending July 26, insurance premiums as well as a GST payment in the week ending August 16, 2024.
- (10) Capital expenditures relate primarily to lease buy-outs for vehicles used in care and maintenance activities.
- (11) Payments to the Wai Kum and We Kai First Nations in respect of the Impact & Benefit Agreement and Discovery Terminal lease are forecast under the other operating disbursements and lease line items.
- (12) Restructuring professional fees include the fees and disbursements of the Petitioner's legal counsel, the Monitor, the Monitor's legal counsel and the Financial Adviser.
- (13) Interim financing of \$34 million, from which \$24 million has already been received, is forecast to be extended over the forecast period, with any and all applicable interest and fees being paid in kind.