



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

SEVENTH REPORT OF THE MONITOR

April 1, 2025

SEVENTH REPORT OF THE MONITOR

Table of Contents

INTRODUCTION	3
PURPOSE	7
TERMS OF REFERENCE	8
MEDIATION PROCEEDINGS	9
ENGAGEMENT OF A FINANCIAL ADVISOR	9
STALKING HORSE BID.....	10
SECOND SISP.....	14
DIP FACILITY AMENDMENT	22
CASH FLOW VARIANCE ANALYSIS	22
EIGHTH CASH FLOW FORECAST	26
STAY EXTENSION.....	29
CONCLUSIONS AND RECOMMENDATIONS	29

Appendix A – Fifth Amendment to the DIP Term Sheet

Appendix B – Eighth Cash Flow Forecast for the 85-week period ending August 1, 2025

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. amended the ARIO to make the Financial Advisor a beneficiary of the Administration Charge; and
 - d. extended the Stay of Proceedings to June 30, 2024.
5. On June 28, 2024, this Honourable Court granted an 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 August 2, 2024, this Honourable Court granted the following:
- a. an order which, among other things:
 - i. extended the Stay of Proceedings to October 31, 2024;
 - ii. authorized the Company to enter into a financing 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. authorized 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 (plus interest and costs);
 - b. an order which authorized the Company to enter into a transaction contemplated by an asset purchase 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 and the sale, transfer and assignment to MFM of all the right, title and interest of AMTI in and to a 2016 Sandvik Loader;
 - c. an order authorizing the Company to enter into a transaction contemplated by a sale and assignment of an equipment lease agreement for the sale of MFM’s right, title and interest in an equipment lease between MFM, as lessee, and Sandvik Canada Inc., as lessor, dated April 19, 2018 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 approving a sale process in respect of certain of MFM’s equipment and parts inventory and certain other ancillary relief.

7. On October 30, 2024, this Honourable Court granted an order which, among other things:
 - a. extended the Stay of Proceedings to January 31, 2025; and
 - b. authorized the Petitioner to disclose certain personal information of members of UNIFOR Local 3019 (the “**Union**”) to representatives of the Union.
8. On January 29, 2025, this Honourable Court granted the following:
 - a. an order (the “**Mediator Order**”) appointing William Kaplan K.C. as an officer of the Court to act as a neutral third party to assist representatives of the Union and the Petitioner with the mediation of discussions (the “**Mediation**”) between the Union and the Petitioner related to the draft memorandum of agreement and the Collective Bargaining Agreement amendments; and
 - b. an order which, among other things:
 - i. extended the Stay of Proceedings to April 4, 2025;
 - ii. authorized the Petitioner to borrow an additional \$3 million (bringing total borrowings up to an aggregate principal amount of \$37 million) and increased the Interim Lender’s Charge accordingly; and
 - iii. approved the auction and liquidation services agreement (the “**Auction**”) between the Petitioner and Maynards Industries II Canada Ltd. (“**Maynards**”).
9. On March 31, 2025, the Petitioner served a notice of application returnable April 3, 2025, seeking the following:
 - a. an order (the “**Second SISP Order**”), among other things:

- i. approving a sale and investment solicitation process (the “**Second SISP**”), including a stalking horse purchase agreement (the “**Stalking Horse Bid**”) dated March 31, 2025 among the Petitioner and Trafigura Holding S.à r.l. (the “**Stalking Horse Bidder**”);
 - ii. approving the Expense Reimbursement Amount (as defined in the Stalking Horse Bid);
 - iii. approving the re-appointment of the Financial Advisor in connection with the SISP; and
- b. an order (the “**Stay Extension Order**”), among other things:
 - i. extending the Stay to July 31, 2025 (the “**Stay Extension**”); and
 - ii. authorizing the Petitioner to borrow an additional \$8 million (bringing total borrowings up to an aggregate principal amount of \$45 million) and increasing the Interim Lender’s Charge accordingly.

PURPOSE

10. The purpose of this report is to provide this Honourable Court and the Petitioner’s stakeholders with information with respect to the following:
- a. an update on the Mediation;
 - b. the re-appointment of the Financial Advisor in respect of the Second SISP;
 - c. the key commercial terms of the proposed Stalking Horse Bid;
 - d. the components and timelines of the proposed Second SISP;
 - e. the proposed increase to the DIP Facility and Interim Lender’s Charge;

- f. the Petitioner's actual cash receipts and disbursements for the 65-week period ended March 14, 2025 as compared to the cash flow forecast (the "**Seventh Cash Flow Forecast**") filed with the Sixth Report of the Monitor dated January 24, 2025 (the "**Sixth Report**");
- g. an updated cash flow forecast (the "**Eighth Cash Flow Forecast**") prepared by the Petitioner up to the week ending August 1, 2025, including the key assumptions on which the Eighth Cash Flow Forecast is based;
- h. MFM's application for the Stay Extension; and
- i. the Monitor's conclusions and recommendations.

TERMS OF REFERENCE

- 11. 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**").
- 12. 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.
- 13. 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.
- 14. 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.

15. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

MEDIATION PROCEEDINGS

16. Pursuant to the Mediator Order, the mediation proceedings were scheduled to take place on February 18 and 20, 2025. The parties met with the mediator for two days during which time various proposals were exchanged, but the parties were not able to reach an agreement. The mediation concluded on February 20, 2025.

ENGAGEMENT OF A FINANCIAL ADVISOR

17. The Petitioner has re-engaged the Financial Advisor to provide MFM with investment banking advice and assistance in connection with the Second SISP. A copy of the fee arrangement and terms (the “**Financial Advisor Agreement**”) is attached as Exhibit “C” to the 9th Affidavit of Hein Frey dated March 31, 2025.
18. The Financial Advisor’s team includes the same senior professionals who conducted the first SISP and have knowledge of the Mine and potential investors gained through their involvement in the SISP and have extensive experience in the sale of assets of a similar nature and scale. The Financial Advisor is an affiliate of the Monitor and will coordinate its approach to avoid duplication of roles with the Monitor and/or Management.
19. The Financial Advisor Agreement provides for the Financial Advisor to be compensated on the same basis as its previous agreement which was based upon time incurred by its professionals, at the standard hourly rate of its professionals, subject to a cap in the amount of US\$135,000 per month. The Financial Advisor Agreement does not entitle the Financial Advisor to any success-based or other contingency-based fee.
20. The Monitor has reviewed the fees in comparable formal restructuring proceedings of a similar scale and is of the view that the fees and terms provided for in the Financial Advisor Agreement are reasonable in the circumstances.

21. The Monitor has reviewed the monthly forecasted professional fees, in consultation with MFM, and is of the view that the current Administration Charge is sufficient and does not need to be increased in consideration of the projected Financial Advisor's fees.

STALKING HORSE BID

22. The Second SISP contemplates Court approval of the Stalking Horse Bid, which the Petitioner believes will allow for a transparent, fair and efficient process that will result in the best price for the Petitioner's assets.
23. The Stalking Horse Bid is structured as a subscription agreement and is subject to certain implementation steps required to be completed prior to closing and the approval of a reverse vesting order ("**RVO**") by this Honourable Court which will vest certain assets and liabilities in a corporation ("**Residual Co.**") to be formed by MFM or its affiliates prior to closing.
24. The key commercial terms of the Stalking Horse Bid are as follows:
- a. the total aggregate consideration payable (the "**Purchase Price**") by the Purchaser (as defined in the Stalking Horse Bid) is equal to:
 - i. an amount equal to all outstanding amounts under the DIP Facility as of the Closing Date (the "**DIP Repayment Consideration**");
 - ii. cash in an amount sufficient to address:
 - 1. services performed by the Monitor and its legal counsel after the Closing Date in connection with the CCAA Proceedings (the "**Administrative Expense Amount**"), up to the amount of \$100,000; and
 - 2. amounts owing in respect of obligations secured by the Court-ordered Charges (with the exception of the Interim Lender's

Charge which will be automatically released following the receipt by the DIP Lender of the DIP Repayment Amount) (the “**CCAA Charge Amount**”);

- iii. an amount equal to those priority payments prescribed under subsections 6(3), 6(5) and 6(6) of the CCAA (the “**Priority Payments**” and collectively with the Administrative Expense Amount and CCAA Charge Amount, the “**Cash Consideration**”);

b. certain liabilities will be retained, including, among other things;

- i. unsettled post-filing obligations of the Petitioner;
- ii. liabilities of MFM that relate to the period and arise from and after closing; and
- iii. certain other specific liabilities, including, among other things:
 - 1. intercompany claims;
 - 2. any reclamation obligations;
 - 3. obligations and liabilities pursuant to the TCL Offtake Agreements and Mineral Leases;
 - 4. obligations and liabilities pursuant to the IBA and Wharf Lease, as amended;
 - 5. obligations and liabilities associated with certain pension plans; and

6. any other liabilities identified by the Purchaser to MFM prior to service of materials for an order approving the transaction contemplated by the Stalking Horse Bid;
- c. excluded assets, including, among other things,:
 - i. the Cash Consideration;
 - ii. tax records and returns, and books and records pertaining to any of the Excluded Liabilities or Excluded Assets;
 - iii. certain contracts; and
 - iv. any other assets, including contracts and leases, identified by the Purchaser to MFM prior to service of materials for an order approving the transaction contemplated by the Stalking Horse Bid;
 - d. except as expressly retained, all liabilities of the Petitioner shall become the sole obligation of Residual Co. pursuant to the RVO and include, among other things:
 - i. all pre-filing claims;
 - ii. any liabilities arising from the termination of leases or other contracts; and
 - iii. any pre-closing unsecured employee claims;
 - e. conditions for closing for the benefit of the Stalking Horse Bidder, include among other things, amendments to the Impact Benefit Agreement and Wharf Lease (as defined in the Stalking Horse Bid), in form and substance satisfactory to the Stalking Horse Bidder, as well as a new credit agreement between the Petitioner and the Stalking Horse Bidder or an affiliate thereof;

- f. the Stalking Horse Bidder may make conditional offers of employment to MFM's current non-unionized salaried employees and if accepted, will be considered new employees with service commencing effective as of the Closing Date, except as required for compliance with the minimum statutory severance requirements;
- g. non-unionized, salaried employees who are offered employment will have 4 days to consider acceptance prior to closing;
- h. notwithstanding that the Collective Bargaining Agreement ("CBA") is not an Excluded Contract, the Stalking Horse Bid excludes any monetary obligation owing under the CBA that is a pre-closing, unsecured employee claim, including amounts arising from a unionized employee's entitlement to common law notice of termination or statutory or contractual notice, severance or termination or entitlement to payment on the lapse of any recall period for unionized employees;
- i. the Stalking Horse Bid contemplates a number of implementation steps to occur prior to the Closing Date, including among other things, the formation of Residual Co. to assume the Excluded Liabilities in consideration of the transfer of the Excluded Assets pursuant to the RVO;
- j. the anticipated closing date of the Stalking Horse Bid is September 30, 2025;
- k. the Purchaser shall be entitled to be paid an amount not exceeding \$500,000 for the reimbursement of its expenses (the "**Expense Reimbursement Amount**") in connection with the preparation of the Stalking Horse Bid and is payable upon completion of a Successful Bid other than the Stalking Horse Bid.

25. The Monitor's comments with respect to the Stalking Horse Bid are as follows:

- a. the value of the Stalking Horse Bid is superior to any bids resulting from the previous SISP and therefore serves as a reasonable baseline price;

- b. the Stalking Horse Bid will provide a level of assurance to the stakeholder groups (including ongoing suppliers, employees and other creditors) as to a transaction in respect of the Petitioner's business that preserves the possibility of a future restart of the Myra Falls Mine;
- c. while the Stalking Horse Bid would not see any recovery to unsecured creditors of MFM, other than certain retained liabilities, it sets a baseline price that may result in superior bids under the Second SISP;
- d. the Stalking Horse Bidder spent considerable time, resources and legal costs in performing diligence on the potential transaction as well as drafting the Stalking Horse Bid. The payment of the Expense Reimbursement Amount (which is an expense reimbursement only and not a break-fee) is justified in the circumstances should there be a Successful Bid other than the Stalking Horse Bid; and
- e. overall, the Stalking Horse Bid provides for a going concern restructuring transaction and sets price expectations for prospective bidders, which will assist with the efficiency of the Second SISP. The Second SISP provides a reasonable opportunity for alternative bidders to come forward with a superior offer and reimburse the Stalking Horse Bidder for certain fees should a superior bid be selected in accordance with the Second SISP. The Monitor is of the view that the Stalking Horse Bid is reasonable in the circumstances and will be accretive to the Second SISP.

SECOND SISP

26. The previous SISP, conducted in 2024, did not result in any transaction capable of being implemented for the sale of the Myra Falls Mine. Since the first SISP, MFM has been working with its Interim Lender and its parent company, Trafigura Pte Ltd., to develop a plan to reorganize MFM's operations and balance sheet.

27. The purpose of the Second SISP is to perform a market refresh and conclude a restructuring transaction that will see MFM exit from these CCAA Proceedings. Accordingly, the Petitioner is seeking the Second SISP Order to approve the Second SISP and authorize MFM, with the assistance Financial Advisor and the Monitor, to carry out the Second SISP procedures described therein.
28. The key components of the Second SISP are as follows:
- a. the Second SISP is intended to solicit interest in all or substantially all the Property and/or the Business (each as defined in the Initial Order), or an investment in MFM, and assess if the Stalking Horse Bid is the best available transaction for MFM's assets at this time;
 - b. the Second SISP will be implemented by MFM with the assistance of the Financial Advisor and under the supervision of the Monitor;
 - c. the Monitor, as described in the Second SISP and outlined below, will be involved throughout the Second SISP and is granted certain consent and consultation rights under the Second SISP;
 - d. a limited number of MFM representatives (the "**Designated Representatives**") will be designated by MFM prior to the commencement of the Second SISP to make decisions on behalf of MFM and shall keep all information obtained by them in the course of the Second SISP confidential;
 - e. the Financial Advisor, in consultation with the Monitor and MFM, will prepare a list of potential bidders (the "**Potential Bidders**") who may have an interest in a transaction involving the Myra Falls Mine;
 - f. the Financial Advisor, in consultation with the Monitor and MFM, will prepare a process summary (the "**Teaser Letter**") outlining the opportunity to Potential Bidders;

- g. MFM, in consultation with the Monitor, will prepare a draft form of non-disclosure agreement (a “**NDA**”) in form and substance satisfactory to the Financial Advisor and Monitor;
- h. the Financial Advisor will prepare a confidential virtual data room (the “**VDR**”) and make the information available to Potential Bidders who have executed an NDA;
- i. a copy of the Stalking Horse Bid will be made available in the VDR and shall be used as the basis for any Phase 2 Qualified Bid (as subsequently defined);
- j. Phase 1 of the Second SISP requires the Potential Bidder to submit a non-binding letter of intent (“**LOI**”) to the Financial Advisor by no later than 12:00 p.m. PST on May 27, 2025 (the “**Phase 1 Bid Deadline**”);
- k. the Monitor may waive or amend the Phase 1 Bid Deadline with respect to any “**Phase 1 Bidder**” in its sole discretion;
- l. following the Phase 1 Bid Deadline, the Petitioner, in consultation with the Financial Advisor and the Monitor, shall determine which LOIs satisfy the SISP criteria (a “**Phase 1 Qualified Bid**”) and the applicable Potential Bidders shall be deemed a “**Phase 2 Bidder**” and invited to participate in Phase 2 of the SISP;
- m. an LOI submitted by a Phase 1 Bidder will only be considered a Phase 1 Qualified Bid if the LOI includes, among other things:
 - i. an offer to: (a) acquire all or substantially all of the Property or Business, whether through an asset purchase, a share purchase, a share subscription, or a combination thereof; or (b) to make an investment in, recapitalize, restructure or refinance MFM and/or its Business (an “**Investment Proposal**”);

- ii. the LOI provides for: (a) net cash proceeds on closing that are not less than the aggregate of: the DIP Repayment Consideration, plus the Cash Consideration, plus a minimum overbid amount of \$1,000,000 (in the aggregate, the “**Minimum Cash Purchase Price**”); and (b) an assumption of the TCL Offtake Agreements (as defined in the Stalking Horse Bid) and all environmental obligations and liabilities of MFM, including reclamation security obligations in respect of the Mine, the Discovery Terminal and the Business (the “**Existing Reclamation Security**”) such that the Existing Reclamation Security is fully and finally released, and MFM and any other Trafigura entity who posted a bond or provided a guarantee in connection with such Existing Reclamation Security no longer has any remaining reclamation obligation under the Existing Reclamation Security, at law or otherwise (the “**Minimum Retained Liabilities**” and together with the Minimum Cash Purchase Price, the “**Minimum Consideration**”);
- i. a description of the liabilities and obligations which the Phase 1 Bidder intends to assume in addition to the Minimum Retained Liabilities and those it does not intend to assume, and specifically whether the Phase 1 Bidder intends to assume or maintain the existing Trafigura offtake agreements on their existing terms or any proposed amendments thereto;
- ii. an indication of the structure and means by which the Phase 1 Bidder intends to satisfy the Minimum Retained Liabilities; and
- iii. a description of the structure of any transaction in respect of an Investment Proposal, including, among other things, the aggregate amount of the equity and debt investment and the consideration to be allocated to the stakeholders of MFM;

- n. the Financial Advisor shall notify each Phase 1 Bidder, in writing, as to whether such Phase 1 Bidder has been determined to be permitted to proceed to Phase 2 by no later than June 3, 2025;
- o. if by no later than June 3, 2025, MFM, in consultation with the Financial Advisor, and with the consent of the Monitor, has determined that it has received no Phase 1 Qualified Bids, then the Stalking Horse Bid shall be deemed the Successful Bid, and MFM will seek Court approval of the transaction contemplated by the Stalking Horse Bid;
- p. Phase 2 Bidders will be permitted to perform additional due diligence including meetings with Management and on-site inspections;
- q. to the extent any parties interested in making a bid under the Second SISP wish to engage, discuss or communicate with any party with an existing contractual relationship with MFM in relation to the Second SISP, or the business or the assets of MFM, such parties may only do so after advising MFM and the Monitor and obtaining the Monitor's consent;
- r. Phase 2 Bidders may submit a "**Phase 2 Bid**" to the Financial Advisor by no later than 12:00 p.m. PST on July 15, 2024 (the "**Phase 2 Bid Deadline**"). Such final bids that satisfy the SISP criteria as set out in paragraph 26 of the Second SISP will be deemed "**Phase 2 Qualified Bids**";
- s. all Phase 2 Bids must be accompanied by a non-refundable, good-faith cash deposit equal to the greater of (i) 5% of the total cash component of the purchase price contemplated by such a Phase 2 Bid, or (ii) \$2.5 million to be paid to the Monitor in trust until the earlier of (a) the closing of the Successful Bid and (b) rejection of the Phase 2 Bid;
- t. the Monitor may waive or amend the Phase 2 Bid Deadline with respect to any Phase 2 Bidder in its sole discretion;

- u. the Petitioner, in consultation with the Financial Advisor and the Monitor, will review all Phase 2 Qualified Bids to determine the highest and best Phase 2 Qualified Bid (the “**Successful Bid**”), considering, among other things, the purchase price and net value (including the structure and means for the release of the Existing Reclamation Security and identifying any other obligations to be assumed by the Phase 2 Bidder) and levels of conditionality and timeline to closing of any bid;
- v. in the event that no Phase 2 Qualified Bid is received, then the Stalking Horse Bid shall be deemed the Successful Bid, and MFM will seek Court approval of the transactions contemplated by the Stalking Horse Bid;
- w. in the event at least one Phase 2 Qualified Bid in addition to the Stalking Horse Bid is received, then a Successful Bid will be identified through an auction to be implemented by the Monitor between the Phase 2 Qualified Bidder(s) and the Stalking Horse Bid;
- x. the SISP Procedures (as defined in the SISP Order) may be modified, amended, varied or supplemented by the Petitioner, in consultation with the Financial Advisor, and with the consent of the Monitor, provided that the changes do not materially prejudice the rights of all bidders; and
- y. the transaction closing is to occur no later than October 31, 2025.

29. For ease of reference, the key dates in the Second SISP are summarized as follows:

Event	Date
Notice of Second SISP	No later than April 11, 2025
Access to VDR	Commencing April 17, 2025
Phase 1 Bid Deadline	May 27, 2024 at 12:00 p.m. (Pacific Time)

Notification of Phase 1 Qualified Bid or selection of Stalking Horse Bid if no Phase 1 Qualified Bids	No later than June 3, 2025
Hearing of Approval Motion	No later than June 30, 2025
Closing of Stalking Horse Bid	September 30, 2025 or such other date as may be agreed to between the parties, not to be later than October 31, 2025
Phase 2 Bid Deadline	No later than July 15, 2025 at 12:00 p.m. (Pacific Time)
Auction (if needed)	July 21, 2025
Definitive Documentation Deadline	July 30, 2025
Approval Motion	Week of August 18, 2025
Outside Closing Date	No later than October 31, 2025

30. The Monitor's comments on the SISP are as follows:

- a. the Second SISP procedures were developed in consultation with MFM, the Interim Lender, the Monitor and the proposed Financial Advisor;
- b. certain key stakeholders have been consulted in respect of the Second SISP;
- c. the timeframes to solicit purchasers or investors in the business are reasonable and appropriate in the circumstances including:
 - i. the funding requirements of the operations of the mine;
 - ii. the fact that the Petitioner has been under CCAA protection since December 2023; and
 - iii. the nature of the Petitioner's assets; and the fact that the first SISP has already been run;
- d. the Second SISP provides adequate time for any party to perform appropriate due diligence, submit a bid and participate in the auction, if applicable;

- e. the Monitor understands that the Financial Advisor is prepared to begin working on the SISP immediately;
- f. the Stalking Horse Bid is intended to either enhance the potential bid values or, in the event there are no LOIs received prior to the Phase 1 Bid Deadline, facilitate the expedited conclusion of a restructuring transaction;
- g. the Monitor has considered whether having MFM implement the Second SISP pursuant to its terms is appropriate given the relationships between MFM, its parent company, the DIP Lender, and the Stalking Horse Bidder, and the Monitor notes that:
 - i. the Monitor and the Financial Advisor were involved in the first SISP and the Monitor is not aware of any interested party expressing a concern with respect to MFM implementing the first SISP;
 - ii. it is very likely that any potential bidder in the Second SISP will have to work with the DIP Lender and other Trafigura affiliated entities to consummate a transaction;
 - iii. the Monitor is of the view that the integrity of the Second SISP can be preserved through the direct and material involvement of the Monitor as prescribed in the Second SISP and including the use of the Designated Representatives at MFM, the consent rights granted to the Monitor, and the visibility afforded to the Monitor through its role as well as its affiliation to the Financial Advisor;
 - iv. the Monitor will observe the conduct of the Second SISP, including MFM's compliance with its confidentiality provisions, carefully and will report on any issues that may arise; and

- h. the Second SISP is a fair and transparent marketing process designed to identify the highest and best offers for MFM's assets and to maximize recoveries for the stakeholders of MFM.
31. Overall, it is the Monitor's view that the Second SISP terms and timelines are reasonable in the circumstances and afford the Petitioner with an opportunity to achieve successful restructuring transactions with respect to the Myra Falls Mine. The Monitor will have sufficient visibility and involvement in the Second SISP to observe and report on the integrity of the Second SISP including with respect to compliance with confidentiality protocols.

DIP FACILITY AMENDMENT

32. The proposed Stay Extension Order provides for an increase in the amount of the approved Interim Facility from \$37.0 million to \$45.0 million and a corresponding increase in the Interim Lender's Charge to a maximum of \$45.0 million. The fifth amendment to the DIP Term Sheet is attached as Appendix "A" to this report.
33. The proposed increase to the DIP Facility and Interim Lender's Charge has 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.
34. It is the Monitor's view that the increased availability under the DIP Facility is reasonable in the circumstances and is required by the Petitioner to continue, among other things, its ongoing care and maintenance operations, including meeting all environmental and safety requirements and its restructuring initiatives, including the proposed Second SISP.

CASH FLOW VARIANCE ANALYSIS

35. The Petitioner has reported its actual cash flows in comparison to those contained in the Seventh 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.

36. MFM's actual cash receipts and disbursements as compared to the Seventh Cash Flow Forecast for the period of December 18, 2023 to March 14, 2025, are summarized below:

Myra Falls Mine Ltd.
Cash Flow Variance Analysis
Sixty-Five Week Period Ending March 14, 2025
(CAD\$ thousands)

	Actual	Forecast	Variance	
Operating Receipts				
Sales	\$ 7,130	\$ 6,932	\$ 198	3%
Other receipts	9,283	9,129	153	2%
Total Operating Receipts	16,412	16,061	351	2%
Operating Disbursements				
Payroll and Benefits	(19,874)	(19,818)	(55)	(0)%
Consultants and Contractors	(11,092)	(11,426)	335	3%
Pension Fund Contributions	67	47	20	(43)%
Fuel	(1,715)	(1,608)	(107)	(7)%
Materials and Supplies	(2,382)	(2,362)	(20)	(1)%
Leases	(1,476)	(1,480)	4	0%
Other operating disbursements	(8,210)	(8,366)	156	2%
Total Operating Disbursements	(44,682)	(45,015)	333	1%
Net Change in Cash from Operations	(28,270)	(28,954)	684	2%
Non-Operating Items				
Capital Expenditures	(235)	(482)	247	51%
Impact Benefit Agreement	(687)	(687)	(0)	(0)%
Restructuring Professional Fees	(5,178)	(6,204)	1,026	17%
Net Change in Cash from Non-Operating Items	(6,100)	(7,373)	1,273	(17)%
Financing				
Interim Financing	34,000	35,000	(1,000)	(3)%
Net Change in Cash from Financing	34,000	35,000	(1,000)	(3)%
Effect of Foreign Exchange Translation	3	(1)	4	(395)%
Net Change in Cash	(367)	(1,328)	961	(72)%
Opening Cash	2,047	2,047	-	-
Ending Cash	\$ 1,680	\$ 720	\$ 961	134%

37. Overall, MFM realized a favourable net cash flow variance of approximately \$961,000.

The key components of the variance are as follows:

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

- i. a higher than forecast final true-up payment for the post-filing sale of the remaining zinc and gold concentrate to Trafigura Canada Limited, driven by finalized zinc and gold provisional grades that were determined upon invoicing; 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 lower than forecast, primarily as a result the following:
 - i. a favourable variance in consultants and contractors driven by the timing of work commenced by environment consultants on the water dams and generally lower than expected environmental expenditures;
 - ii. the Petitioner's fuel consumption was higher than anticipated due to increased heating demands caused by colder weather conditions;
 - iii. the favourable variance in other operating disbursements largely relates to the timing of payment of an excess liability insurance premium that was funded at the Trafigura group level but has yet to be re-invoiced to MFM; and
 - iv. the favourable variance in capital expenditures relates to the timing of the MTU generator rebuild, which has be rescheduled for May 2025;
- c. while restructuring professional fees have been lower than forecast, a significant portion of the favourable variance is driven by timing of payment of invoices. A summary of the professional fee disbursements incurred since the commencement of the CCAA Proceedings is set out in the table below:

Professional Fee Summary					
Sixty-Five Week Period Ended March 14, 2025					
(CAD\$ thousands)					
Firm	Role	Fees	Disbursements	Taxes	Total
FTI Consulting Canada Inc.	Monitor	\$ 1,222	\$ 21	\$ 58	1,301
Blake Cassels & Graydon LLP	Monitor's Counsel	355	0	34	389
Gowling WLG	Company's Counsel	2,634	14	317	2,965
FTI Capital Advisors	Financial Advisor	497	-	25	522
Total		\$ 4,709	\$ 35	\$ 433	5,177

EIGHTH CASH FLOW FORECAST

38. The Petitioner has prepared the Eighth Cash Flow Forecast to set out the liquidity requirements of MFM during the Stay Extension (the “**Forecast Period**”). A copy of the Eighth Cash Flow Forecast is attached as Appendix “**B**”.

39. The Eighth Cash Flow Statement is summarized in the following table:

Myra Falls Mine Ltd. Seventh Cash Flow Forecast Eighty-Five Week Period Ending August 1, 2025 (CAD\$ thousands)			
	Weeks 1-65 Actual	Weeks 66-85 Forecast	Total
Operating Receipts			
Sales	\$ 7,130	\$ -	\$ 7,130
Other receipts	9,283	-	9,283
Total Operating Receipts	16,412	-	16,412
Operating Disbursements			
Payroll and Benefits	(19,874)	(3,663)	(23,537)
Consultants and Contractors	(11,092)	(3,086)	(14,178)
Pension Fund Contributions	67	(75)	(8)
Fuel	(1,715)	(285)	(2,000)
Materials and Supplies	(2,382)	(609)	(2,991)
Leases	(1,476)	(427)	(1,903)
Other operating disbursements	(8,210)	(1,084)	(9,294)
Total Operating Disbursements	(44,682)	(9,230)	(53,912)
Net Change in Cash from Operations	(28,270)	(9,230)	(37,500)
Non-Operating Items			
Capital Expenditures	(235)	(610)	(845)
Impact Benefit Agreement	(687)	(542)	(1,229)
Restructuring Professional Fees	(5,178)	(2,605)	(7,783)
Net Change in Cash from Non-Operating Items	(6,100)	(3,757)	(9,856)
Financing			
Interim Financing	34,000	12,000	46,000
Net Change in Cash from Financing	34,000	12,000	46,000
Effect of Foreign Exchange Translation	3	-	3
Net Change in Cash	(367)	(987)	(1,354)
Opening Cash	2,047	1,680	2,047
Ending Cash	\$ 1,680	\$ 694	\$ 694

40. The Eighth Cash Flow Forecast is based on the following key assumptions:

- a. the Auction conducted by Maynards of redundant equipment occurred in mid-February with anticipated proceeds expected to be less than \$100,000 due to the curtailed scope of the equipment included. At the time of this report, the amount

and timing of receipt of the total proceeds has yet to be finalized and accordingly was excluded from the forecast. There are no other anticipated receipts during the Forecast Period;

- 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 correction of certain over and under-contributions identified by the Petitioner to its defined contribution pension plan;
- e. leases relate to certain machinery and equipment that MFM continues to use for care and maintenance activities as well as payment of the Discovery Lease in late June 2025;
- 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 includes other overhead costs, such as information technology and human resources as well the annual bond premium that is forecast to be paid in the first week of August 2025;
- 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 Impact Benefit Agreement 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 assumes that the Petitioner will draw a total of \$46 million under the DIP Facility during the Forecast Period, of which \$45 million will be drawn during the proposed extension; and
- k. all interest and fees pertaining to the DIP Facility are forecast to be paid in kind.

STAY EXTENSION

41. MFM is seeking a Stay Extension in these CCAA Proceedings, extending the Stay of Proceedings until and including July 31, 2025.

42. The Monitor has considered MFM's application for the Stay Extension and has the following comments:

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

CONCLUSIONS AND RECOMMENDATIONS

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

- a. the Second SISP Order; and

b. the Stay Extension Order.

All of which is respectfully submitted this April 1, 2025.

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



Paul Bishop
Senior Managing Director



Tom Powell
Senior Managing Director

Appendix A

Fifth Amendment to the DIP Term Sheet

FIFTH AMENDMENT TO DIP FACILITY TERM SHEET

Dated: March 31, 2025.

RECITALS:

- A. Myra Falls Mine Ltd. (the “**Borrower**”), as borrower, and Trafigura US Inc. (the “**DIP Lender**”), as lender, entered into a DIP facility term sheet dated December 17, 2023 (the “**DIP Facility Term Sheet**”);
- B. On February 16, 2024, the Borrower and the DIP Lender executed an amendment to the DIP Facility Term Sheet (the “**First Amendment**”), to extend the Maturity Date (as defined in the DIP Facility Term Sheet) to June 30, 2024;
- C. On June 20, 2024, the Borrower and the DIP Lender executed an amendment to the DIP Facility Term Sheet (the “**Second Amendment**”), to extend the Maturity Date and increase the Maximum Amount (as defined in the DIP Facility Term Sheet);
- D. On October 22, 2024, the Borrower and the DIP Lender executed an amendment to the DIP Facility Term Sheet (the “**Third Amendment**”), to extend the Maturity Date to January 31, 2025;
- E. On January 22, 2025, the Borrower and the DIP Lender executed an amendment to the DIP Facility Term Sheet (the “**Fourth Amendment**”), to extend the Maturity Date to April 4, 2025 and increase the Maximum Amount (as defined in the DIP Facility Term Sheet); and
- F. Subject to the terms and conditions contained in this agreement (this “**Fifth Amendment**”), the parties hereto have agreed to further amend the DIP Facility Term Sheet on the terms and conditions set out below.

NOW THEREFORE in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

1. DEFINITIONS

- 1.1 **Use of Defined Terms.** Unless otherwise defined herein or the context otherwise requires, capitalized terms used in this Fifth Amendment, including its preamble and recitals, have the meanings provided in the DIP Facility Term Sheet, as amended by the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment (the “**Amended DIP Facility Term Sheet**”), as applicable.

2. AMENDMENTS TO THE AMENDED DIP FACILITY TERM SHEET

- 2.1 **Amendments.** Subject to the satisfaction of each of the conditions to effectiveness set forth in this Fifth Amendment, the parties agree to amend the Amended DIP Facility Term Sheet as follows:

2.1.1 The reference to "April 4, 2025" in the Amended DIP Facility Term Sheet in paragraph (a) of the heading "**Maturity Date**" shall be deleted and replaced with "July 31, 2025".

2.1.2 The reference to the "Maximum Amount" in the Amended DIP Facility Term Sheet, under the heading "**DIP Facility**" shall be amended to reflect the following:

"up to the maximum principal amount of CDN \$45,000,000".

3. REPRESENTATIONS AND WARRANTIES

- 3.1 **Representations.** The Borrower represents and warrants to the DIP Lender that, as of the date hereof (after giving effect to this Fifth Amendment):

3.1.1 This Fifth Amendment has been duly authorized, executed and delivered by the Borrower;

3.1.2 This Fifth Amendment constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other applicable laws affecting creditors' rights generally and to general principles of equity, regardless of whether considered in a proceeding in equity or at law;

3.1.3 The representations and warranties set forth in the Amended DIP Facility Term Sheet, and the other DIP Credit Documentation are true and correct in all respects on and as of the date hereof as though made on and as of such date, unless stated to be made as of a specified date; and

3.1.4 No Default or Event of Default has occurred and is continuing.

4. CONDITIONS

- 4.1 **Conditions Precedent.** This Fifth Amendment shall become effective on the date upon which there has been receipt by the DIP Lender of the following (which conditions precedent are for the sole and exclusive benefit of the DIP Lender and may be waived by the DIP Lender):

4.1.1 a counterpart of this Fifth Amendment executed by the Borrower; and

- 4.1.2 receipt by the DIP Lender of updated Cash Flow Projections up to and including July 31, 2025, in form and substance satisfactory to the DIP Lender in its discretion.

5. GENERAL PROVISIONS

- 5.1 **Headings.** The inclusion of headings in this Fifth Amendment is for convenience of reference only and does not affect the construction or interpretation hereof.
- 5.2 **Governing Law.** This Fifth Amendment is governed by and is to be construed and interpreted in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- 5.3 **Assignment.** This Fifth Amendment enures to the benefit of, and is binding upon, the parties and their respective successors and permitted assigns.
- 5.4 **Conflicts.** If, after the date of this Fifth Amendment, any provision of this Fifth Amendment is inconsistent with any provision of the Amended DIP Facility Term Sheet, the relevant provision of this Fifth Amendment shall prevail.
- 5.5 **DIP Credit Documentation.** This Fifth Amendment constitutes DIP Credit Documentation for all purposes under the Amended DIP Facility Term Sheet.
- 5.6 **Counterparts.** This Fifth Amendment may be executed in multiple counterparts, each of which shall be deemed to be an original agreement and all of which shall constitute one agreement. All counterparts shall be construed together and shall constitute one and the same agreement. This Fifth Amendment, to the extent signed and delivered by means of electronic transmission (including, without limitation, facsimile and Internet transmissions), shall be treated in all manner and respects as an original agreement and should be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

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IN WITNESS WHEREOF the parties hereto have executed this Fifth Amendment as of the date first written above.

MYRA FALLS MINE LTD.

By: 

Name: _____

Title: Authorized Signatory

I have the authority to bind the corporation.

TRAFIGURA US INC.

By:  

Name: Corey Prologo Robert Kreider

Title: Authorized Signatory

I have the authority to bind the corporation.

Appendix B

Eighth Cash Flow Forecast for the 85-
week period ending August 1, 2025

Myra Falls Mine Ltd.
Eight Cash Flow Statement
For the 86-week period ending August 01, 2025

Week Ending (CDSR Month)	Notes	Weeks 1-65 Actual	Week 66 21-Mar-25 Forecast	Week 67 28-Mar-25 Forecast	Week 68 4-Apr-25 Forecast	Week 69 11-Apr-25 Forecast	Week 70 18-Apr-25 Forecast	Week 71 25-Apr-25 Forecast	Week 72 2-May-25 Forecast	Week 73 9-May-25 Forecast	Week 74 16-May-25 Forecast	Week 75 23-May-25 Forecast	Week 76 30-May-25 Forecast	Week 77 6-Jun-25 Forecast	Week 78 13-Jun-25 Forecast	Week 79 20-Jun-25 Forecast	Week 80 27-Jun-25 Forecast	Week 81 4-Jul-25 Forecast	Week 82 11-Jul-25 Forecast	Week 83 18-Jul-25 Forecast	Week 84 25-Jul-25 Forecast	Week 85 1-Aug-25 Forecast	Total
Operating Receipts																							
Sales	[1]	7,130	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,130
Other receipts	[2]	9,283	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,283
Total Operating Receipts		16,412	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,412
Operating Disbursements																							
Payroll and Benefits	[3]	(19,874)	(119)	(95)	(194)	(149)	(156)	(193)	(320)	(375)	(82)	(152)	(375)	(87)	(205)	(193)	(367)	(82)	(152)	(197)	(374)	(82)	(23,537)
Payroll Contributions	[4]	(11,093)	(778)	(178)	(156)	(156)	(135)	(320)	(120)	(120)	(312)	(209)	(87)	(87)	(210)	(110)	(110)	(110)	(97)	(100)	(100)	(100)	(14,178)
Pension Fund Contributions	[5]	(67)	(35)	(15)	(30)	(30)	(30)	(30)	(30)	(30)	-	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(8)
Fuel	[6]	(1,715)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(33)	(29)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(31)	(2,600)
Materials and Supplies	[7]	(2,382)	(32)	(32)	(33)	(33)	(33)	(33)	(33)	(33)	(29)	(29)	(29)	(31)	(31)	(31)	(31)	(29)	(29)	(29)	(29)	(29)	(2,900)
Leases	[8]	(1,476)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1,903)
Other operating disbursements	[9]	(8,210)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(9,294)
Total Operating Disbursements		(44,682)	(396)	(352)	(425)	(350)	(310)	(558)	(566)	(435)	(433)	(326)	(533)	(233)	(488)	(346)	(960)	(232)	(320)	(338)	(545)	(1,084)	(53,912)
Net Change in Cash from Operations		(28,270)	(396)	(352)	(425)	(350)	(310)	(558)	(566)	(435)	(433)	(326)	(533)	(233)	(488)	(346)	(960)	(232)	(320)	(338)	(545)	(1,084)	(37,500)
Non-Operating Items																							
Capital Expenditures	[10]	(235)	-	-	-	(50)	-	-	-	(405)	-	-	-	(155)	-	-	-	-	-	-	-	-	(845)
Impact Benefit Agreement	[11]	(687)	-	-	(381)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,068)
Restructuring Professional Fees	[12]	(5,178)	(30)	(376)	-	(390)	-	-	-	(603)	-	-	-	(603)	-	-	-	-	(603)	-	-	-	(12,783)
Net Change in Cash from Non-Operating Items		(6,100)	(30)	(376)	(381)	(440)	-	-	-	(405)	(603)	-	-	(155)	(603)	-	(161)	-	(603)	-	-	-	(9,856)
Financing																							
Interest Financing	[13]	34,000	1,500	-	-	500	500	500	1,000	500	1,000	500	500	500	1,000	500	1,000	1,000	1,000	500	500	1,000	46,000
Net Change in Cash from Financing		34,000	1,500	-	-	500	500	500	1,000	500	1,000	500	500	500	1,000	500	1,000	1,000	1,000	500	500	1,000	46,000
Effect of Foreign Exchange Translation		3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
Net Change in Cash		(367)	1,074	(728)	(806)	(290)	(110)	(58)	434	(340)	(36)	174	(33)	112	(91)	154	(120)	(232)	77	162	(65)	(86)	(1,354)
Operating Cash		2,047	1,680	2,254	2,026	1,220	930	620	561	986	656	620	795	762	874	783	937	817	584	661	823	777	2,047
Ending Cash		1,680	2,754	2,026	1,220	930	620	561	996	656	620	795	762	874	783	937	817	584	661	823	777	694	694