

No. [S-28572]
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

PRE-FILING REPORT OF THE PROPOSED MONITOR

December 17, 2023

PRE-FILING REPORT OF THE PROPOSED MONITOR

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INTRODUCTION

1. FTI Consulting Canada Inc. (“**FTI**” or the “**Proposed Monitor**”) has been advised that Myra Falls Mine Ltd. (“**MFM**” or the “**Petitioner**”) intends to make an application for an initial order (the “**Initial Order**”) to commence proceedings (the “**CCAA Proceedings**”) under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) and establish an initial stay of proceedings in favour of the Petitioner.

PURPOSE

2. 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 background of the Petitioner and the causes of its insolvency;
 - b. the qualifications of FTI to act as Monitor in the CCAA Proceedings, if appointed;
 - c. the terms of an interim financing facility (the “**DIP Facility**”) to be advanced by Trafigura US Inc. (the “**Interim Lender**”) to fund the MFM’s transition to care and maintenance operations and preserve its assets during the CCAA Proceedings;
 - d. a cash flow statement (the “**Cash Flow Statement**”) for the 13-week period ending March 15, 2024 (the “**Forecast Period**”) as well as the key assumptions on which the Cash Flow Statement is based;
 - e. the amount and priority of the proposed Court-ordered charges; and
 - f. the Proposed Monitor’s conclusions.

TERMS OF REFERENCE

3. In preparing this report, the Proposed 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**”).
4. Except as described in this report, the Proposed 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.
5. The Proposed 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.
6. 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.
7. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

OVERVIEW AND CAUSES OF INSOLVENCY

8. MFM is a base-metals mining company located approximately 90 kilometres southwest of Campbell River, British Columbia in Strathcona Provincial Park on Vancouver Island. MFM’s primary asset is the Myra Falls Mine (the “**Mine**”).
9. MFM derives its revenues through an offtake agreement with Trafigura Canada Limited which purchases 100% of the zinc concentrate, copper concentrate and lead concentrate produced by the Petitioner.

10. In 2019, Trafigura Pte Ltd. (“**TPTE**”) became an indirect majority shareholder of Nyrstar, the then owner of the Mine. Since its acquisition, TPTE and other members of the Trafigura group of companies (collectively, the “**Trafigura Group**”) have financed the operations and have provided unsecured shareholder loans under which in excess of \$100 million was outstanding as at November 30, 2023.
11. MFM has 370 employees including 265 that are unionized and represented by Unifor Local 3019 (the “**Union**”). MFM and the Union are party to a collective bargaining agreement which expired in September 2023. The parties begun negotiations but have not, as of yet, reached a new collective bargaining agreement.
12. MFM is also party to an impact and benefit agreement dated February 27, 2023 (the “**IBA**”) with the Wei Wai Kum and We Wei Kai First Nations. MFM is required to pay an annual Benefit Payment or Alternative Benefit Payment (each as defined in the IBA) within 90 days of the fiscal year end September 30, 2023, based on the Net Cash Flows and Net Smelter Returns (each as defined in the IBA) of MFM.
13. In addition to the IBA, MFM is party to a lease in connection with the Discovery Terminal (the “**Discovery Terminal Lease**”) which is located on the lands of the Wei Wai Kum First Nation. MFM is current with respect to the IBA and Discovery Terminal Lease payments.
14. Since the acquisition, the Mine has been unsuccessful in achieving profitability and has been dependent on shareholder loans from the Trafigura Group to fund its operations. The Mine’s ability to achieve profitable operations has been adversely impacted by, among other things:
 - a. commodity prices, and in particular the price of zinc which has been volatile in recent years and has trended downwards throughout 2023; and
 - b. production costs that have increased in recent years.

15. Trafigura Group is no longer willing to fund the Mine on the basis that it has since the acquisition, and the has demanded repayment of all of its loans advanced to the Petitioner.
16. The financial and operational circumstances described above have resulted in an urgent liquidity crisis and the Petitioner is unable to meet its obligations to creditors as they generally become due. Trafigura Group is unwilling to continue funding full-scale operations and the Petitioner intends on transitioning the Mine to care and maintenance operations upon the commencement of the CCAA Proceedings.
17. The business and affairs of the Petitioner and the causes of their insolvency are described in further detail in the Affidavit of Hein Frey dated December 17th, 2023 (the “**Frey Affidavit**”).

PROPOSED MONITOR

18. FTI is a trustee within the meaning of section 2 of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as Monitor of MFM pursuant to section 11.7 (2) of the CCAA.
19. The senior FTI personnel with carriage of the matter are Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees and have experience acting in restructuring matters of this nature and scale.
20. Since being engaged by MFM, FTI has become familiar with the business and operations of the Petitioner and the key stakeholders in the proposed CCAA Proceedings and is in a position to immediately act as Monitor if appointed by this Court.

DIP FACILITY

21. As reflected in the Cash Flow Statement, the Petitioner is unable to pay current and ongoing restructuring expenses without a significant cash injection in the coming weeks. Accordingly, the Petitioner has arranged for the DIP Facility to fund the transition of the

Mine to care and maintenance operations and preserve MFM's assets during the CCAA Proceedings. The DIP Term Sheet is attached as Appendix "A" to this report.

22. While the Petitioner has considered soliciting interim financing from alternative parties, Trafigura Group has historically funded the operations since its acquisition of the business in 2019 and is the most logical party to provide the required financing on the available timeline.

23. The key commercial terms of the proposed DIP Facility are as follows:

- a. MFM, as borrower, will borrow from the Interim Lender up to a maximum principal amount of \$21.0 million including an initial advance of up to \$4.0 million;
- b. Unless accelerated by an Event of Default (as defined in the DIP Term Sheet), the DIP Facility shall be paid in full in cash on the date (the "**Maturity Date**") which is the earliest of:
 - i. May 31, 2024 or such later date as the Interim Lender may agree to in writing with MFM;
 - ii. the date on which the Stay of Proceedings is lifted without consent of the Interim Lender or the CCAA Proceedings are terminated for any reason;
 - iii. the closing of a sale for all or substantially all of the assets and business or similar transaction;
 - iv. the implementation of a plan of compromise and arrangement which has been approved by the requisite majorities of MFM's creditor and by an order of the Court; or

- v. the conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada);
- c. All obligations in connection with the DIP Facility shall be secured by a charge (the “**Interim Lender’s Charge**”) against the property of the Petitioner, subject only to:
 - i. the Administration Charge;
 - ii. the Director’s Charge (both as defined below);
 - iii. any person with a validly perfected security interest against MFM or its assets; and
 - iv. those claims contemplated by section 11.8(8) of the CCAA;
- d. interest shall accrue on the DIP Facility at a rate equal to 11% per annum and shall be added to the to the principal amount owing on the first day of each month;
- e. the borrower shall pay a fee of \$210,000 representing 1% of the amount available under the DIP Facility which shall be satisfied following the granting of the Initial Order by crediting it against the amount owing under the DIP Facility;
- f. the borrower must not exceed a 10% unfavourable variance in cumulative total cash receipts or cumulative total cash disbursements, tested bi-weekly against cash flow projections approved by the Interim Lender (the Cash Flow Statement is to be used as the initial cash flow projections); and
- g. the DIP Facility is conditional upon, among other things, the granting of the Initial Order and the Interim Lender’s Charge.

24. The Proposed Monitor has considered MFM's application for approval of the DIP Facility and Interim Lender's Charge and has the following comments:

- a. the Petitioner is in urgent need of funding to support its transition to care and maintenance operations and fund the restructuring costs associated with the CCAA Proceedings;
- b. absent interim financing, the Petitioner will be unable to fund any of the above noted costs which would result in a deterioration of the value of its operations and business;
- c. the interim financing is required to allow MFM to maintain environmental and regulatory compliance for the Mine;
- d. the DIP Facility will provide sufficient liquidity for MFM to pursue its restructuring initiatives as set out in the Frey Affidavit;
- e. the interest and fee payable to the Interim Lender under the DIP Facility are within the range of market comparable transactions for debtor-in-possession interim financings in recent CCAA Proceedings; and
- f. the Petitioner requires an initial advance of \$4.0 million to meet its obligations during the first ten days of the CCAA Proceedings while providing for potential variances in timing of receipts and settlement price fluctuations.

25. Overall, it is the Proposed Monitor's view that the DIP Facility is necessary for the funding of the Petitioner's operations and restructuring costs in the near term and will enhance the Petitioner's prospects of achieving a successful restructuring.

AMOUNT AND PRIORITY OF COURT-ORDERED CHARGES

26. The Initial Order provides for certain Court-ordered charges to rank in priority to all other charges and security interests against the Petitioner, other than secured creditors with a

perfected security interest against the Petitioner or any of its Property that have not been served with the Petition. The proposed charges include:

- a. an administration charge (the “**Administration Charge**”);
- b. a director’s charge (the “**Director’s Charge**”); and
- c. a charge to secure the DIP Facility (the “**Interim Lender’s Charge**” and collectively, the “**Charges**”).

Administration Charge

27. The proposed Initial Order provides for an Administration Charge to secure the fees and disbursements incurred by counsel to the Petitioner, the Proposed Monitor and the Proposed Monitor’s counsel in connection with services rendered to the Petitioner before and after the commencement of the CCAA Proceedings related to the Petitioner’s restructuring. The Administration Charge will not exceed \$350,000 and is contemplated to cover the initial ten day stay period.
28. The Proposed Monitor believes it is appropriate for the beneficiaries to be afforded the benefit of the Administration Charge as they will be undertaking a necessary and integral role in the CCAA Proceedings.
29. The Proposed Monitor has reviewed the underlying assumptions upon which the Petitioner has based the quantum of the proposed Administration Charge, the anticipated complexity of the CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge during the first ten days of the CCAA Proceedings and is of the view that the proposed quantum of the Administration Charge is reasonable and appropriate in the circumstances.

Director's Charge

30. The Initial Order provides for the Director's Charge over the property of MFM in favour of the director and officers of the Petitioner as security for the indemnity contained in the Initial Order in respect of specified obligations and liabilities that the director or officers may incur after commencement of the CCAA Proceedings. The Director's Charge approximates the salary and wages earned during the initial ten day stay period and will not exceed \$650,000 at this time, and will rank subordinate to the Administration Charge.
31. The Trafigura Group maintains certain insurance coverage for the director and officers of MFM, but the current coverage levels may not fully cover the potential statutory or other liabilities of the beneficiaries of the Director's Charge. The Proposed Monitor notes that the director and officers will only be entitled to the benefit of the Director's Charge to the extent that they do not have coverage under any existing insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the director and officers are entitled to be indemnified pursuant to the provisions of the proposed Initial Order.
32. It is the Proposed Monitor's view that the continued support of the director and officers of the Petitioner during the CCAA Proceedings will be beneficial to the Petitioner's efforts to preserve value and maximize recoveries for stakeholders through completion of the CCAA Proceedings. The Proposed Monitor has considered the existing insurance coverage and is of the view that the quantum and priority of the Director's Charge are reasonable and appropriate in the circumstances.

Interim Lender's Charge

33. The Initial Order provides for the Interim Lender's Charge in favour of the Interim Lender in an amount of \$4.0 million plus applicable fee and interest and to rank subordinate to both the Administration Charge and Director's Charge.
34. The Proposed Monitor has considered the terms and the need for the proposed DIP Facility and understands that the Interim Lender is not prepared to advance funds under

the DIP Facility without the benefit of the Interim Lender's Charge. Without the funds from the DIP Facility, MFM would be unable to undertake an organized restructuring in these CCAA Proceedings, which would be to the detriment of all stakeholders.

Accordingly, the Proposed Monitor is of the view that the Petitioner's request for the Interim Lender's Charge is reasonable and appropriate in the circumstances.

CASH FLOW STATEMENT

35. The Petitioner has prepared the Cash Flow Statement to set out the liquidity requirements of MFM during the 13 weeks ending March 15, 2024. A copy of the Cash Flow Statement is attached as Appendix "**B**".

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

Myra Falls Mine Ltd. Cash Flow Statement 13-week Period Ending March 15, 2024 (CAD\$ thousands)	Initial Stay Period		
	Weeks 1-2 Forecast	Weeks 3-13 Forecast	Weeks 1-13 Total
Operating Receipts			
Sales	\$ 812	\$ 2,295	\$ 3,107
Other receipts	-	1,100	1,100
Total Operating Receipts	812	3,395	4,207
Operating Disbursements			
Payroll and Benefits	(3,534)	(4,480)	(8,014)
Consultants and Contractors	(467)	(2,980)	(3,448)
Pension Fund Contributions	(272)	-	(272)
Fuel	(225)	(295)	(520)
Materials and Supplies	(439)	(646)	(1,085)
Leases	(219)	(399)	(618)
Reclamation	(59)	(368)	(427)
Other operating disbursements	(101)	(553)	(654)
Total Operating Disbursements	(5,316)	(9,722)	(15,038)
Net Change in Cash from Operations	(4,504)	(6,327)	(10,831)
Non-Operating Items			
Capital Expenditures	-	(33)	(33)
Impact Benefit Agreement	-	(204)	(204)
Restructuring Professional Fees	(479)	(1,333)	(1,812)
Net Change in Cash from Non-Operating Items	(479)	(1,570)	(2,049)
Financing			
Interim Financing	4,000	6,500	10,500
Net Change in Cash from Financing	4,000	6,500	10,500
Effect of Foreign Exchange Translation	-	-	-
Net Change in Cash	(983)	(1,397)	(2,380)
Opening Cash	2,866	1,884	2,866
Ending Cash	\$ 1,884	\$ 486	\$ 486

37. The Cash Flow Statement is based on the following key assumptions:

- a. the forecast cash balance of \$1.9 million at the end of the initial stay period is subject to variability as receipts totaling \$1.3 million had yet to be received at the time the Cash Flow Statement was prepared;

- b. the projected operating receipts are assumed to be collected under normal course trade settlement terms. Following receipt of outstanding collections relating to mining activities from the pre-filing period, sales receipts are anticipated to be nil;
- c. Payroll and benefits for MFM are assumed to decrease as MFM operations transition to care and maintenance reducing from 371 FTEs to 47 FTEs by February 2024. MFM is forecast to pay standard payroll through to December 31, 2023 and any accrued and unpaid vacation pay for redundant employees. The Petitioner has advised the Monitor that it intends to seek an Order from the Court authorizing the Petitioner to pay terminated or laid off employees a further six weeks of wages and salaries to ensure a smooth and safe transition of the Mine into care and maintenance, though such amounts are not provided for in the current Cash Flow Statement;
- d. Consultants and contractors include supporting safety and environmental services, demobilization and asset maintenance;
- e. MFM has forecast certain costs to fulfill its regulatory requirements while in care and maintenance including the completion of the enhancements to the tailings disposal facility and other regulatory maintenance;
- f. MFM leases certain machinery and equipment and anticipates both maintaining those payments for the time being and entering into buyout agreements for the equipment it continues to use during and after the transition to care and maintenance operations;
- g. MFM has forecast payments relating to amounts owing under the IBA as described earlier in this report;
- h. the remaining operating disbursements relate primarily to ordinary course payments for fuel and other supplies as MFM transitions to care and maintenance operations;

- i. restructuring professional fees are forecast to be approximately \$1.8 million during the Forecast Period and include fees and disbursements for the Petitioner's legal counsel, the Monitor and the Monitor's legal counsel; and
- j. all interest and fee pertaining to the DIP are forecast to be paid in kind.

38. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1, the Proposed Monitor hereby reports as follows:

- a. the Cash Flow Statement has been prepared by Management for the purpose described in the notes to the Cash Flow Statement, using the probable assumptions and the hypothetical assumptions set out in notes 1 to 14 thereof;
- b. the Proposed Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied by Management and employees of the Petitioner. Since hypothetical assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Proposed Monitor has also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Statement;
- c. based on its review, nothing has come to the attention of the Proposed Monitor that causes it to believe that, in all material respects:
 - i. the hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
 - ii. as at the date of this report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Petitioner or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or

- iii. the Cash Flow Statement does not reflect the probable and hypothetical assumptions;
- d. since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Statement will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information present in this Report, or relied upon by the Proposed Monitor in preparing this Report; and
- e. the Cash Flow Statement has been prepared solely for the purposes described in the notes to the Cash Flow Statement and readers are cautioned that it may not be appropriate for other purposes.

CONCLUSION

39. The Initial Order will provide the Petitioner with stability and, through the DIP Facility, the required liquidity to preserve value while it transitions the Mine to care and maintenance and implements a restructuring strategy.

40. As described in the Frey Affidavit, the Petitioner plans to seek various relief at a subsequent hearing in the coming weeks, including an extension of the Stay of Proceedings to February 23, 2024 and an increase in the priority and quantum of the Charges. If appointed, the Proposed Monitor plans to provide comments on this relief in a further report.

All of which is respectfully submitted this December 17, 2023.

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

A handwritten signature in cursive script that reads "Paul Bishop". The signature is written in black ink on a light-colored background.

Paul Bishop
Senior Managing Director

A handwritten signature in cursive script that reads "Tom Powell". The signature is written in black ink on a light-colored background.

Tom Powell
Senior Managing Director

Appendix A

DIP Term Sheet

DIP FACILITY TERM SHEET

Dated: December 17, 2023

WHEREAS Myra Falls Mines Ltd. (“**MFM**” or the “**Borrower**”) has requested that Trafigura US Inc. (the “**DIP Lender**”) provide funding in order to assist MFM with restructuring proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) (the “**CCAA Proceedings**”) under the jurisdiction of the Supreme Court of British Columbia (the “**Court**”);

WHEREAS, subject to the terms and conditions contained herein (this “**Agreement**”), the DIP Lender is prepared to establish the DIP Facility (as defined below) in favour of the Borrower on the terms and conditions set out below;

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

DEFINITIONS Capitalized terms not otherwise defined herein shall have the meanings given to them on **Schedule “A”** hereto.

BORROWER	Myra Falls Mines Ltd.
DIP LENDER	Trafigura US Inc.
DIP FACILITY	A non-revolving loan (the “ DIP Facility ”) up to the maximum principal amount of CDN\$21 million (the “ Maximum Amount ”) including an initial advance in an amount of CDN\$4 million (the “ Initial Advance ”).
MATURITY DATE	Unless accelerated by an Event of Default, the DIP Facility shall be paid in full in cash on the date (the “ Maturity Date ”) which is the earliest of: <ul style="list-style-type: none">(a) May 31, 2024 (or such later date as the DIP Lender in its sole discretion may agree to in writing with the Borrower);(b) the date on which (i) the stay of proceedings under the CCAA Proceedings is lifted without the consent of the DIP Lender, or (ii) the CCAA Proceedings are terminated for any reason;(c) the closing of a sale for all or substantially all of the assets and business, or similar transaction in respect, of the Borrower pursuant to the SISP (as defined below) within the CCAA Proceedings which has been approved by an order entered by the Court;(d) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a “Plan”) which has been approved by the requisite majorities of

the Borrowers' creditors and by an order entered by the Court; or

- (e) the conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada).

The Maturity Date shall be accelerated upon the occurrence of an Event of Default.

The DIP Lender's commitment in respect of the DIP Facility shall expire on the Maturity Date and all amounts outstanding under the DIP Facility including accrued Interest and Legal Fees (collectively, the "**Obligations**") shall be repaid in full on the Maturity Date without the DIP Lender being required to make demand upon the Borrower or to give notice that the DIP Facility has expired and the Obligations are due and payable.

AVAILABILITY

Subject to the terms and conditions set forth in this Agreement, the Initial Order and the Restated Initial Order (each as defined below), the DIP Lender will make loans (the "**DIP Advances**") to the Borrower under the DIP Facility in an aggregate principal amount not to exceed the Maximum Amount, as follows:

- (a) Initial Advance: subject to the provisions hereunder under the heading **CONDITIONS PRECEDENT TO THE DISBURSEMENT OF INITIAL ADVANCE**, upon the issuance of the Initial Order (as defined below) by the Court, the amount of the Initial Advance, or such other lesser amount as may be approved by the Initial Order (as defined below), will be available to the Borrower to finance the Borrower's operating requirements in accordance with the Initial Cash Flow Projections (as defined below).
- (b) Subsequent Advances: subject to the provisions hereunder under the heading **CONDITIONS PRECEDENT TO THE DISBURSEMENT OF DIP ADVANCES (OTHER THAN THE INITIAL ADVANCE)**, and except as may be otherwise approved in writing by the DIP Lender, any further DIP Advances under the DIP Facility (the "**Additional Advances**", and together with the Initial Advance, the "**DIP Advances**") shall be available until the Maturity Date in accordance with the then applicable Cash Flow Projections (as defined below) approved by the DIP Lender in its sole discretion, from time to time, subject to duly issued orders of the Court.

Unless otherwise rejected by the DIP Lender in its sole direction, each Additional Advance shall be made by the DIP Lender to the Borrower as soon as practicable (and in any event within five (5) Business Days) after delivery to the DIP Lender of a drawdown certificate executed by the Borrower

certifying, *inter alia*, that (i) the advance corresponds with the then applicable Updated Cash Flow Projections for the one week period commencing the Monday following the date of the drawdown certificate, (ii) that there is no Default or Event of Default that has occurred and is continuing, and (iii) that the Borrower is in compliance with the DIP Credit Documentation and the Restated Initial Order.

Notwithstanding the foregoing, the Borrower shall not be required to submit a drawdown certificate to obtain the Initial Advance, the full amount of which shall be made available immediately upon the satisfaction of the conditions precedent listed under the heading **CONDITIONS PRECEDENT TO THE DISBURSEMENT OF INITIAL ADVANCE** hereunder being satisfied by the Borrower or otherwise waived by the DIP Lender in its sole discretion.

ACCOUNT

All DIP Advances shall be deposited into an account acceptable to the Borrower, the Monitor and the DIP Lender and withdrawn to pay expenses contemplated under the then applicable Cash Flow Projections (as defined below) and otherwise in accordance with the terms hereof.

USE OF PROCEEDS AND CASH FLOW PROJECTIONS

The Initial Advance under the DIP Facility shall be used in accordance with the cash flow projections attached herewith as **Schedule "B"** (the "**Initial Cash Flow Projections**"). Any Additional Advances shall be used in accordance with the Updated Cash Flow Projections (as defined below and collectively with the Initial Cash Flow Projections, the "**Cash Flow Projections**").

No proceeds of the DIP Advances may be used for any purpose other than in accordance with the Cash Flow Projections except with the prior written consent of the DIP Lender.

INTEREST RATE

Interest ("**Interest**") on the principal outstanding amount of the DIP Advances (including the compounded interest referenced below) from the date each such DIP Advance is made (or, in the case of the compounded interest referenced below, the date that such interest is compounded), is payable both before and after maturity upon, demand, default, or judgment and shall accrue until payment in full at a rate of 11.00% per annum, compounded and calculated weekly shall accrue and be added to the principal amount of the DIP Advances on the first day of each month.

All interest shall be calculated on the basis of a 365-day (or 366 day, as applicable) year, in each case for the actual number of days elapsed in the period during which it accrues.

All payments under or in respect of the DIP Facility shall be made free and clear of any withholding, set-off or other deduction.

FEES

The Borrower shall pay a fee in the amount of \$210,000 (the “**Fee**”), representing 1.00% of the total amount available under the DIP Facility, which shall be fully earned upon the execution of this Agreement and shall be satisfied on the date of issuance of the Initial Order (as defined below) by the Court by crediting it against the Maximum Amount available hereunder. For certainty, the Fee shall be secured by the DIP Lender’s Charge (as defined below).

COSTS AND EXPENSES

The Borrower shall pay all reasonable and documented costs and expenses of the DIP Lender, and all reasonable and documented fees, expenses and disbursements of outside counsel, appraisers, field auditors, and any financial consultant, related to or in connection with the CCAA Proceedings, including, without limitation, reasonable and documented costs and expenses incurred by the DIP Lender in connection with the enforcement of any of the rights and remedies available hereunder.

DIP SECURITY

All Obligations of the Borrower under or in connection with the DIP Facility and any of the DIP Credit Documentation shall be secured by a Court Ordered Charge on all present and after-acquired personal and real, tangible or intangible property of the Borrower, in each case of any kind or nature whatsoever and wheresoever situated (the “**DIP Lender’s Charge**”) without the need for any further loan or security documentation or any filings or registrations in any public register or system.

CONDITIONS PRECEDENT TO THE DISBURSEMENT OF INITIAL ADVANCE

The DIP Lender’s obligation to make the Initial Advance hereunder is subject to, and conditional upon, the satisfaction of all of the following conditions precedent:

1. The Borrower’ application materials in connection with its petition for the issuance of an initial order under the CCAA (in form and substance satisfactory to the DIP Lender, the “**Initial Order**”) shall be satisfactory to the DIP Lender and such application shall be brought before the Court no later than December 18, 2023, on notice to such parties as are acceptable to the DIP Lender, acting reasonably;
2. FTI Consulting Canada Inc. shall be appointed as the Monitor pursuant to the Initial Order;
3. The Initial Order (i) shall have been executed by the Court authorizing and approving the Initial Advance under the DIP Facility and granting the DIP Lender’s Charge in respect of the Initial Advance, and (ii) shall be in full force and effect and shall have not been stayed, reversed, vacated, rescinded, modified or

amended in any respect adversely affecting the DIP Lender, unless otherwise agreed by the DIP Lender;

4. As permitted by the CCAA, the DIP Lender's Charge shall have priority over all Liens granted by the Borrower against any of its undertaking, property or assets subject in priority only to:
 - a. an administrative charge on the collateral of the Borrower in an aggregate amount not to exceed \$350,000;
 - b. a D&O Charge on the collateral of the Borrower in an aggregate amount not to exceed \$650,000; and
 - c. validly registered purchase money security interests.
5. The Initial Cash Flow Projections shall be acceptable to the DIP Lender, in its discretion.

**CONDITIONS PRECEDENT TO
THE DISBURSEMENT OF DIP
ADVANCES (OTHER THAN THE
INITIAL ADVANCE)**

The DIP Lender's obligation to make any Additional Advances hereunder is subject to, and conditional upon, the satisfaction of all of the following conditions precedent:

1. The Borrower's application materials in connection with its petition for the extension of the Initial Order shall be satisfactory to the DIP Lender, acting reasonably, and such application shall be brought before the Court no later than December 28, 2023, on notice to such parties as are acceptable to the DIP Lender, acting reasonably;
2. An order amending and restating the Initial Order, in form and substance acceptable to the DIP Lender, acting reasonably, shall have been executed by the Court authorizing and approving the DIP Facility and granting the DIP Lender's Charge (in form and substance satisfactory to the DIP Lender, the "**Restated Initial Order**") shall be in full force and effect and shall have not been stayed, reversed, vacated, rescinded, modified or amended in any respect adversely affecting the DIP Lender, unless otherwise agreed by the DIP Lender;
3. The DIP Lender's Charge shall have priority over all Liens granted by the Borrower against any of the undertaking, property or assets of the Borrower subject in priority only to:

- a. an administrative charge on the collateral of the Borrower in an aggregate amount not to exceed \$800,000; and
 - b. a D&O charge on the collateral of the Borrower in an aggregate amount not to exceed \$1,200,000.
4. All amounts requested for a particular Additional Advance shall be consistent with the Updated Cash Flow Projections for the applicable period, or otherwise expressly agreed by the DIP Lender in advance;
5. No later than February 15, 2024 (or such later date as shall be acceptable to the DIP Lender in its sole discretion), the Borrower and the DIP Lender shall have agreed on the terms and conditions of a mutually acceptable Sale and Investment Solicitation Process (the “**SISP**”), including the various relevant milestones of such SISP and an outside date for the completion of the SISP (the “**SISP Milestones**”);
6. The representations and warranties contained herein shall be true and correct; and
7. No Default or Event of Default shall have occurred and be continuing.

The Borrower agrees to indemnify and hold harmless the DIP Lender, its officers, directors, employees, representatives, advisors, solicitors and agents (collectively, the “**Indemnified Persons**”) from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or suited against or involve any of the Indemnified Persons as a result of, in connection with or in any way related to the DIP Facility, this Agreement, or the DIP Credit Documentation, except to the extent that such actions, lawsuits, proceedings, claims, losses, damages, liabilities or expenses result from the gross negligence or willful misconduct of such Indemnified Persons.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the DIP Lender, upon which the DIP Lender relies in entering into this Agreement and the other DIP Credit Documentation, that:

1. The transactions contemplated by this Agreement and the other DIP Credit Documentation:
 - a. upon the granting of either the Initial Order or the Restated Initial Order, are within the powers of the Borrower;

- b. have been duly authorized, executed and delivered by, or on behalf of, the Borrower;
 - c. upon the granting of either the Initial Order or the Restated Initial Order, constitute legal, valid and binding obligations of the Borrower;
 - d. upon the granting of either the Initial Order or the Restated Initial Order, do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority, other than filings which may be made to register or otherwise record the DIP Lender's Charge or any DIP Security granted pursuant to the DIP Credit Documentation;
2. The business operations of the Borrower have been and will continue to be conducted in compliance with all Applicable Laws of each jurisdiction in which each such business has been or is being carried on;
 3. The Borrower obtained all licenses and permits required for the operation of its business, which licenses and permits remain, and after the date of the Initial Advance will remain in full force and effect. No proceedings have been commenced to revoke or amend any of such licenses or permits and no notices advising of a breach or potential breach of the conditions of such licenses has been received;
 4. The Borrower has paid where due its obligations for payroll, employee source deductions, sales taxes, value added taxes and are not in arrears in respect of these obligations; and
 5. All factual information provided by or on behalf of the Borrower to the DIP Lender for the purposes of, or in connection with, this Agreement or any transaction contemplated herein is, to the best of the Borrower's knowledge, true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided. In particular, and without limiting the generality of the foregoing, to the best of the Borrower's knowledge, all information regarding the Borrower's corporate structure is true and complete, all public filings and financial reports are complete and true in all material respects as of the date thereof.

AFFIRMATIVE COVENANTS

The Borrower covenants and agrees to do the following:

1. Comply with the Cash Flow Projections including making timely payment as detailed in the Cash Flow Projections;
2. Allow the DIP Lender, its designated representatives and financial advisors full access to the books and records of the Borrower and cause management thereof to fully cooperate with any advisors to the DIP Lender;
3. Use the proceeds of the DIP Facility only for the purposes set out herein;
4. Comply with the provisions of the Court orders made in the CCAA Proceedings;
5. Provide the DIP Lender with draft copies of all motions, applications, petitions, proposed orders or other material or documents that any of them intends to file within the CCAA Proceedings at least three (3) days prior to any service of such materials or, where it is not practically possible to do so at least three days prior to any such service, as soon as possible;
6. Maintain all licenses required for the operation of their business in good standing;
7. The Initial Order, the Restated Initial Order and any other Court orders which are being sought by the Borrower shall be submitted to the Court in a form confirmed in advance to be satisfactory to the DIP Lender, acting reasonably, subject to any amendments that are required by the Court or otherwise acceptable to the DIP Lender, acting reasonably;
8. Keep the DIP Lender apprised on a timely basis of all developments with respect to the business and affairs of the Borrower;
9. Deliver to the DIP Lender by no later than 5:00 p.m. (Toronto time) every other Thursday (or, if Thursday is not a Business Day, the following Business Day) commencing on Thursday January 4, 2024, updated 13-week cash flow projections, in form and substance satisfactory to the DIP Lender, in its discretion, reflecting the projected cash requirements of the Borrower on a rolling-basis (the "**Updated Cash Flow Projections**");
10. Concurrently with the bi-weekly delivery of Updated Cash Flow Projections, provide a comparison to the previously delivered Updated Cash Flow Projections

(or to the Initial Cash Flow Projections, if applicable) including applicable bank reconciliations (the “**Cash Flow Variance Report**”);

11. Maintain all insurance with respect to the Collateral in existence as of the date hereof;
12. Forthwith notify the DIP Lender of any event or circumstance that, with the passage of time, may constitute an Event of Default;
13. Forthwith notify the DIP Lender of the occurrence of any Event of Default, or of any event or circumstance that may constitute a material adverse change from the Cash Flow Projections;
14. Duly and punctually pay or cause to be paid to the DIP Lender all principal and interest payable by it under this Agreement and under any other DIP Credit Documentation on the dates, at the places and in the amounts and manner set forth herein;
15. No later than February 15, 2024 (or such later date as shall be acceptable to the DIP Lender in its sole discretion), the Borrower and the DIP Lender shall have agreed on the terms and conditions of a mutually acceptable Sale and Investment Solicitation Process (the “**SISP**”), including the various relevant milestones of such SISP and an outside date for the completion of the SISP (the “**SISP Milestones**”);
16. Comply with the SISP and the SISP Milestones;
17. Comply in all respects with all Applicable Laws; and
18. Comply in all material respects with all of their obligations under all other agreements with the DIP Lender and its Affiliates.

NEGATIVE COVENANTS

The Borrower covenants and agrees not to do the following, other than with the prior written consent of the DIP Lender, which consent shall not be unreasonably withheld:

1. Sell, assign, transfer, lease or otherwise dispose of all or any part of its assets, tangible or intangible, outside the ordinary course of business, except for (i) the disposition of any obsolete equipment or other assets; and (ii) sale of assets not exceeding \$25,000 individually, or \$75,000, in the aggregate;
2. Make any payment of principal or interest in respect of existing (pre-filing date) indebtedness except as

contemplated by the Cash Flow Projections, or declare or pay any dividends;

3. Create or permit to exist indebtedness for borrowed money other than existing (pre-filing date) debt and debt contemplated by this DIP Facility;
4. Create or permit to exist any Liens on any of its properties or assets other than Permitted Liens;
5. Enter into or agree to enter into any investments other than cash equivalents or acquisitions of any kind, direct or indirect, in any business;
6. Incur, assume or otherwise agree to be bound by any contingent liabilities or provide any guarantee or financial assistance to any Person;
7. Other than in compliance with the SISP, enter into any amalgamation, reorganization, liquidation, dissolution, winding-up, merger or other transaction or series of transactions whereby, directly or indirectly, all or any significant portion of the undertaking, property or assets of the Borrower would become the property of any other Person or Persons;
8. Seek or support a motion by another party to provide to a third party a charge upon the Borrower's assets (including, without limitation, a critical supplier's charge) without the prior consent of the DIP Lender;
9. Amend or seek to amend the Initial Order or Restated Initial Order, the SISP or the SISP Milestones;
10. Terminate or repudiate any agreement with the DIP Lender, solely in its capacity as lender under the DIP Facility;
11. Seek or obtain any order from the Court that materially adversely affects the DIP Lender, except with the prior written consent of the DIP Lender; and
12. Deliver any lease disclaimer notice pursuant to section 32 CCAA, except with the prior written consent of the DIP Lender, which consent shall not be unreasonably withheld, and provided that upon the Borrower providing a copy of any such proposed lease disclaimer notice, the DIP Lender promptly (and in any event within two (2) Business Days) advises the Borrower if it has any objections to the proposed disclaimer.

EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall constitute an event of default (“**Event of Default**”) under this Agreement:

1. failure of the Borrower to pay principal or interest when due under this Agreement or any other DIP Credit Documentation;
2. any other breach by the Borrower in the observance or performance of any provision, covenant (affirmative or negative) or agreement contained in this Agreement, provided, that, in the case of a breach of any affirmative covenant, such breach remains unremedied for longer than three (3) Business Days;
3. failure of the Borrower to comply with the Cash Flow Projections further to which there is an occurrence of more than a 10% (unless otherwise waived or increased by the DIP Lender) negative cumulative variance (the “**Permitted Threshold**”), tested on a bi-weekly basis, in either the total receipts or total disbursements shown in the Cash Flow Variance Report, which testing shall begin two weeks following the issuance of the Initial Order, provided however, that no Event of Default will be deemed to have occurred when such negative cumulative variance is offset by a positive cumulative variance, such that the net effect on the net cash flow would be within the Permitted Threshold;
4. any order shall be entered reversing, amending, varying, supplementing, staying, vacating or otherwise modifying in any respect in a manner materially affecting the DIP Lender without the prior written consent of the DIP Lender, which consent shall not be unreasonably withheld, (ii) either the Initial Order or the Restated Initial Order shall cease to be in full force and effect in a manner that has a material adverse effect on the interests of the DIP Lender, or (iii) Borrower shall fail to comply in any material respect that has an adverse effect on the interests of the DIP Lender with any Order granted by the Court in the CCAA Proceedings;
5. this Agreement or any other DIP Credit Documentation shall cease to be effective or shall be contested by the Borrower;
6. any order is issued by the Court (or any other court of competent jurisdiction) that materially adversely affects the DIP Lender;
7. the CCAA Proceedings are terminated or converted to bankruptcy proceeding or any order is granted by the

Court (or any court of competent jurisdiction) granting relief from the stay of proceedings during the CCAA Proceedings (as extended from time to time until the Maturity Date), unless agreed by the DIP Lender, acting reasonably;

8. any Plan is filed or sanctioned by the Court in a form and in substance that is not acceptable to the DIP Lender;
9. the Borrower makes any material payments of any kind not permitted by this Agreement, the Cash Flow Projections or any order of the Court;
10. borrowings under the DIP Facility exceed the Maximum Amount.

REMEDIES

Upon the occurrence and continuance of an Event of Default, the DIP Lender may, upon written notice to the Borrower and the Monitor:

1. terminate the DIP Facility;
2. on prior notice to the Borrower and the service list of no less than three (3) Business Days, apply to the Court for the appointment of an interim receiver or a receiver and manager of the undertaking, property and assets of the Borrower or for the appointment of a trustee in bankruptcy of the Borrower;
3. exercise the powers and rights of a secured party under any legislation; and
4. exercise all such other rights and remedies under the DIP Credit Documentation and Orders of the Court in the CCAA Proceedings.

DIP LENDER APPROVALS

All consents of the DIP Lender hereunder shall be in writing. Any consent, approval, instruction or other expression of the DIP Lender to be delivered in writing may be delivered by any written instrument, including by way of electronic mail.

FURTHER ASSURANCES

The Borrower shall at its expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lender may reasonably request for the purpose of giving effect to this Agreement and the DIP Lender's Charge, perfecting, protecting and maintaining the Liens created by the DIP Lender's Charge or establishing compliance with the representations, warranties and conditions of this Agreement or any other DIP Credit Documentation.

ENTIRE AGREEMENT

This Agreement, including the Schedules hereto and the DIP Credit Documentation, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Agreement and any of the other DIP Credit Documentation, this Agreement shall govern.

AMENDMENTS, WAIVERS, ETC.

No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder or under any other DIP Credit Documentation will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of the DIP Lender. Any consent to be provided by the DIP Lender shall be granted or withheld solely in its capacity as and having regard to its interests as DIP Lender.

ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. The Borrower may not assign its rights and obligations under this Agreement without the written consent of the DIP Lender. The DIP Lender's rights and obligations under this Agreement are fully assignable, to an affiliate of the DIP Lender without the consent of the Borrower, acting reasonably, before an Event of Default to any other entity and are freely assignable after an Event of Default has occurred and is continuing. The Borrower hereby consents to the disclosure of any confidential information in respect of the Borrower to any potential assignee provided such potential assignee agrees in writing to keep such information confidential.

SEVERABILITY

Any provision in any DIP Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

PRESS RELEASES

The Borrower shall not issue any press releases or other public disclosure, other than Court documents approved in the manner set out herein, naming the DIP Lender without its prior approval, acting reasonably unless the Borrower is required to do so by applicable securities laws or other applicable law.

**COUNTERPARTS AND
FACSIMILE SIGNATURES**

This Agreement may be executed in any number of counterparts and by facsimile or e-mail transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Agreement by signing any counterpart of it.

NOTICES

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently

given if delivered personally or sent by electronic mail to the attention of the person as set forth below:

In the case of the DIP Lender:

845 Texas Ave. Ste 3600
Houston, Texas, USA 77002
Attention: Houston Lawyers
Email: HoustonLawyers@trafigura.com

In the case of the Borrower:

Westmin Rd, Comox-Strathcona D,
BC V0P 1G0
Attention: Hein Frey
Email: Hein.Frey@myrafallsmine.com

In either case, with a copy to the Monitor:

Attention: Tom Powell
Email: tom.powell@fticonsulting.com

In either case, with a copy to the Monitor's counsel:

Attention: Peter Rubin
Email : peter.rubin@blakes.com

GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive courts of the Province of British Columbia, waives any objections on the ground of venue or *forum non conveniens* or any similar grounds, and consents to service of process by mail or in any other manner permitted by relevant law.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS HEREOF, the parties hereby execute this Agreement as of the date first written above.

MYRA FALLS MINES LTD.

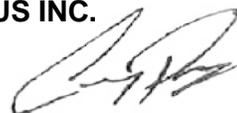
By:

Name:

Title:

TRAFIGURA US INC.

By:



Name: Corey Prologo

Title: Director



Robert Kreider

Director

SCHEDULE "A"

Additional Definitions

"Affiliate" means, in respect of any Person at any date, (a) any corporation, company, limited liability company, association, joint venture or other business entity of which securities, membership interests or other ownership interests representing fifty percent (50%) or more of the voting power of all equity interests are owned or held, directly or indirectly, by such Person, (b) any partnership, limited liability company or joint venture wherein the general partner, managing partner or operator is, directly or indirectly, such Person, or (c) any other Person that is otherwise directly or indirectly controlled by such Person.

"Applicable Laws" means all federal, provincial, municipal and local laws, statutes, regulations, codes, acts, permits, licenses, ordinances, orders, by-laws, guidelines, notices, protocols, policies, directions and rules and regulations, including those of any governmental or other public authority, which may now, or at any time hereafter, govern, be applicable to or enforceable against or in respect of the Borrower, the operation of its business or its property, as the case maybe.

"Business Day" means a day on which banks in Vancouver, British Columbia are open for business.

"Court Ordered Charges" means the charges granted by the Court over the assets, properties and undertakings of the Borrower in the CCAA Proceedings, which shall include, without limitation, an administration charge, a D&O Charge and the DIP Lender's Charge.

"Default" means any Event of Default or any condition or event, which, after notice or lapse of time or both, would constitute an Event of Default.

"DIP Credit Documentation" means this Agreement, the Order of the Court approving it and any other definitive documentation in respect of the DIP Facility that are in form and substance satisfactory to the DIP Lender.

"DIP Security" means the contractual security and contractual hypothecary documents granted by the Borrower providing for a security interest/hypothec in and lien on all now- owned and hereafter-acquired assets and property of the Borrower, real and personal, tangible or intangible and all proceeds therefrom (the **"Collateral"**), but excluding (i) such assets, if any, as the DIP lender in its discretion determines to be immaterial or to be assets for which the cost and other burdens of establishing and perfecting a security interest outweigh the benefits of establishing and perfecting a security interest, and (ii) other exceptions to be mutually agreed.

"Legal Fees" means all reasonable and documented legal fees that the DIP Lender will have to pay to its legal counsel in connection with any, and all tasks related to this Agreement, the Order, the DIP Facility or the DIP Credit.

"Liens" means all mortgages, pledges, charges, encumbrances, hypothecs, liens and security interests of any kind or nature whatsoever.

"Monitor" means FTI Consulting Canada Inc.

"Permitted Liens" means (i) the Court Ordered Charges; (ii) the liens registered against the Borrower in the Province of British Columbia as more particularly described in the search

summaries attached as an Exhibit to the Affidavit of Hein Frey sworn on December 17, 2023 in connection with the CCAA Proceedings, and (iii) liens in respect of amounts payable by the Borrower for wages, vacation pay, deductions, sales tax, excise tax, income tax and workers compensation claims.

“Person” means an individual, partnership, corporation (including a business trust), joint venture, limited liability company or other entity, or governmental authority.

“Plan” means the implementation of a plan of compromise or arrangement within the CCAA proceedings which has been approved by the requisite majorities of the Borrower’s creditors and by order entered by the Court and by the DIP Lender.

SCHEDULE "B"

Initial Cash Flow Projections

(see attached)

Myra Falls Mine Ltd.
Cash Flow Statement
For the 13-week period ending March 15, 2024

<i>Week Ending</i> <i>(CAD\$ thousands)</i>	Notes	Week 1 22-Dec-23 Forecast	Week 2 29-Dec-23 Forecast	Week 3 5-Jan-24 Forecast	Week 4 12-Jan-24 Forecast	Week 5 19-Jan-24 Forecast	Week 6 26-Jan-24 Forecast	Week 7 2-Feb-24 Forecast	Week 8 9-Feb-24 Forecast	Week 9 16-Feb-24 Forecast	Week 10 23-Feb-24 Forecast	Week 11 1-Mar-24 Forecast	Week 12 8-Mar-24 Forecast	Week 13 15-Mar-24 Forecast	Total
Operating Receipts															
Sales	[1]	\$ -	\$ 812	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 223	\$ 1,376	\$ -	\$ -	\$ 695	\$ 3,107
Other receipts	[2]	-	-	-	-	-	550	-	-	-	-	550	-	-	1,100
Total Operating Receipts		-	812	-	-	-	550	-	-	223	1,376	550	-	695	4,207
Operating Disbursements															
Payroll and Benefits	[3]	-	(3,534)	-	(1,081)	-	(2,216)	(6)	(265)	-	(632)	(9)	-	(270)	(8,014)
Consultants and Contractors	[4]	(234)	(234)	(374)	(374)	(374)	(374)	(297)	(297)	(297)	(297)	(99)	(99)	(99)	(3,448)
Pension Fund Contributions	[5]	-	(272)	-	-	-	-	-	-	-	-	-	-	-	(272)
Fuel	[6]	(112)	(112)	(37)	(37)	(37)	(37)	(23)	(23)	(23)	(23)	(18)	(18)	(18)	(520)
Materials and Supplies	[7]	(219)	(219)	(81)	(81)	(81)	(81)	(59)	(59)	(59)	(59)	(29)	(29)	(29)	(1,085)
Leases	[8]	(72)	(147)	(44)	(44)	(44)	(119)	(35)	(7)	(7)	(82)	(7)	(7)	(7)	(618)
Reclamation	[9]	(30)	(30)	(54)	(54)	(54)	(54)	(26)	(26)	(26)	(26)	(16)	(16)	(16)	(427)
Other operating disbursements	[10]	(51)	(51)	(83)	(83)	(83)	(83)	(38)	(38)	(38)	(38)	(23)	(23)	(23)	(654)
Total Operating Disbursements		(718)	(4,599)	(673)	(1,754)	(673)	(2,964)	(484)	(714)	(449)	(1,156)	(201)	(192)	(462)	(15,038)
Net Change in Cash from Operations		(718)	(3,786)	(673)	(1,754)	(673)	(2,414)	(484)	(714)	(226)	220	349	(192)	233	(10,831)
Non-Operating Items															
Capital Expenditures	[11]	-	-	-	-	-	-	-	-	-	(33)	-	-	-	(33)
Impact Benefit Agreement	[12]	-	-	-	-	-	-	-	-	-	-	-	-	(204)	(204)
Restructuring Professional Fees	[13]	(479)	-	(331)	-	-	-	(538)	-	-	-	(464)	-	-	(1,812)
Net Change in Cash from Non-Operating Items		(479)	-	(331)	-	-	-	(538)	-	-	(33)	(464)	-	(204)	(2,049)
Financing															
Interim Financing	[14]	-	4,000	-	2,500	-	3,000	-	1,000	-	-	-	-	-	10,500
Net Change in Cash from Financing		-	4,000	-	2,500	-	3,000	-	1,000	-	-	-	-	-	10,500
Effect of Foreign Exchange Translation		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Change in Cash		(1,196)	214	(1,004)	746	(673)	586	(1,022)	286	(226)	187	(115)	(192)	29	(2,380)
Opening Cash		2,866	1,670	1,884	879	1,625	952	1,538	516	802	577	763	649	457	2,866
Ending Cash		\$ 1,670	\$ 1,884	\$ 879	\$ 1,625	\$ 952	\$ 1,538	\$ 516	\$ 802	\$ 577	\$ 763	\$ 649	\$ 457	\$ 486	\$ 486

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 both receipts from finalizations of shipments made prior to the Filing Date, with one additional sale of gold concentrate. All receipts are assumed to be collected under normal course trade settlement terms for shipments.
[2] Other receipts relate to GST refunds.
[3] All employees as at the Filing Date are assumed to be paid for the full month of December, with payroll decreasing thereafter in line with the headcount reduction associated with the transition to care and maintenance.
[4] Consultants and contractors includes supporting safety and environmental services, demobilization and asset maintenance.
[5] Early retirement payments are forecast to be remitted as they fall due.
[6] Fuel payments are forecast to reduce in line with the associated reduced activity of transitioning to care and maintenance.
[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 machinery and equipment that will continue to be used during and after the transition to care and maintenance.
[9] Reclamation disbursements relate to activities at both Myra Falls Mine and other legacy assets owned by Myra Falls Mine Ltd.
[10] Other operating disbursements includes other overhead costs, such as information technology and human resources.
[11] The pre-existing project to raise the height of the walls of the tailings disposal facility is forecast to be seen through to completion.
[12] The next payment due under the Impact Benefit Agreement at March month end is shown in the last week of the forecast for conservatism.
[13] Restructuring professional fees include the fees and disbursements of the Petitioner's legal counsel, the Monitor, the Monitor's legal counsel and a contingency for other advisors.
[14] Interim financing of \$10.5 million is forecast to be extended over the forecast period, with any and all applicable interest and fees being paid in kind.

Appendix B

Cash Flow Statement for the 13-week period ending
March 15, 2024

Myra Falls Mine Ltd.
Cash Flow Statement
For the 13-week period ending March 15, 2024

<i>Week Ending</i> <i>(CAD\$ thousands)</i>	Notes	Week 1 22-Dec-23 Forecast	Week 2 29-Dec-23 Forecast	Week 3 5-Jan-24 Forecast	Week 4 12-Jan-24 Forecast	Week 5 19-Jan-24 Forecast	Week 6 26-Jan-24 Forecast	Week 7 2-Feb-24 Forecast	Week 8 9-Feb-24 Forecast	Week 9 16-Feb-24 Forecast	Week 10 23-Feb-24 Forecast	Week 11 1-Mar-24 Forecast	Week 12 8-Mar-24 Forecast	Week 13 15-Mar-24 Forecast	Total
Operating Receipts															
Sales	[1]	\$ -	\$ 812	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 223	\$ 1,376	\$ -	\$ -	\$ 695	\$ 3,107
Other receipts	[2]	-	-	-	-	-	550	-	-	-	-	550	-	-	1,100
Total Operating Receipts		-	812	-	-	-	550	-	-	223	1,376	550	-	695	4,207
Operating Disbursements															
Payroll and Benefits	[3]	-	(3,534)	-	(1,081)	-	(2,216)	(6)	(265)	-	(632)	(9)	-	(270)	(8,014)
Consultants and Contractors	[4]	(234)	(234)	(374)	(374)	(374)	(374)	(297)	(297)	(297)	(297)	(99)	(99)	(99)	(3,448)
Pension Fund Contributions	[5]	-	(272)	-	-	-	-	-	-	-	-	-	-	-	(272)
Fuel	[6]	(112)	(112)	(37)	(37)	(37)	(37)	(23)	(23)	(23)	(23)	(18)	(18)	(18)	(520)
Materials and Supplies	[7]	(219)	(219)	(81)	(81)	(81)	(81)	(59)	(59)	(59)	(59)	(29)	(29)	(29)	(1,085)
Leases	[8]	(72)	(147)	(44)	(44)	(44)	(119)	(35)	(7)	(7)	(82)	(7)	(7)	(7)	(618)
Reclamation	[9]	(30)	(30)	(54)	(54)	(54)	(54)	(26)	(26)	(26)	(26)	(16)	(16)	(16)	(427)
Other operating disbursements	[10]	(51)	(51)	(83)	(83)	(83)	(83)	(38)	(38)	(38)	(38)	(23)	(23)	(23)	(654)
Total Operating Disbursements		(718)	(4,599)	(673)	(1,754)	(673)	(2,964)	(484)	(714)	(449)	(1,156)	(201)	(192)	(462)	(15,038)
Net Change in Cash from Operations		(718)	(3,786)	(673)	(1,754)	(673)	(2,414)	(484)	(714)	(226)	220	349	(192)	233	(10,831)
Non-Operating Items															
Capital Expenditures	[11]	-	-	-	-	-	-	-	-	-	(33)	-	-	-	(33)
Impact Benefit Agreement	[12]	-	-	-	-	-	-	-	-	-	-	-	-	(204)	(204)
Restructuring Professional Fees	[13]	(479)	-	(331)	-	-	-	(538)	-	-	-	(464)	-	-	(1,812)
Net Change in Cash from Non-Operating Items		(479)	-	(331)	-	-	-	(538)	-	-	(33)	(464)	-	(204)	(2,049)
Financing															
Interim Financing	[14]	-	4,000	-	2,500	-	3,000	-	1,000	-	-	-	-	-	10,500
Net Change in Cash from Financing		-	4,000	-	2,500	-	3,000	-	1,000	-	-	-	-	-	10,500
Effect of Foreign Exchange Translation		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Change in Cash		(1,196)	214	(1,004)	746	(673)	586	(1,022)	286	(226)	187	(115)	(192)	29	(2,380)
Opening Cash		2,866	1,670	1,884	879	1,625	952	1,538	516	802	577	763	649	457	2,866
Ending Cash		\$ 1,670	\$ 1,884	\$ 879	\$ 1,625	\$ 952	\$ 1,538	\$ 516	\$ 802	\$ 577	\$ 763	\$ 649	\$ 457	\$ 486	\$ 486

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 both receipts from finalizations of shipments made prior to the Filing Date, with one additional sale of gold concentrate. All receipts are assumed to be collected under normal course trade settlement terms for shipments.
[2] Other receipts relate to GST refunds.
[3] All employees as at the Filing Date are assumed to be paid for the full month of December, with payroll decreasing thereafter in line with the headcount reduction associated with the transition to care and maintenance.
[4] Consultants and contractors includes supporting safety and environmental services, demobilization and asset maintenance.
[5] Early retirement payments are forecast to be remitted as they fall due.
[6] Fuel payments are forecast to reduce in line with the associated reduced activity of transitioning to care and maintenance.
[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 machinery and equipment that will continue to be used during and after the transition to care and maintenance.
[9] Reclamation disbursements relate to activities at both Myra Falls Mine and other legacy assets owned by Myra Falls Mine Ltd.
[10] Other operating disbursements includes other overhead costs, such as information technology and human resources.
[11] The pre-existing project to raise the height of the walls of the tailings disposal facility is forecast to be seen through to completion.
[12] The next payment due under the Impact Benefit Agreement at March month end is shown in the last week of the forecast for conservatism.
[13] Restructuring professional fees include the fees and disbursements of the Petitioner's legal counsel, the Monitor, the Monitor's legal counsel and a contingency for other advisors.
[14] Interim financing of \$10.5 million is forecast to be extended over the forecast period, with any and all applicable interest and fees being paid in kind.