Court File No. CV-23-00707394-00CL

Tacora Resources Inc.

SEVENTH REPORT OF FTI CONSULTING CANADA INC., IN ITS CAPACITY AS COURT-APPOINTED MONITOR

April 14, 2024

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ONTARIO
SUPERIOR COURT OF JUSTICE
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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 OR ARRANGEMENT OF TACORA RESOURCES INC.

(Applicant)

SEVENTH REPORT TO THE COURT SUBMITTED BY FTI CONSULTING CANADA INC., IN ITS CAPACITY AS MONITOR

INTRODUCTION

1. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated October 10, 2023, Tacora Resources Inc. ("**Tacora**" or the "**Applicant**") was granted protection under the *Companies' Creditors Arrangement Act*, R.S.C., c. C-36, as amended (the "**CCAA**" and in reference to the proceeding, the "**CCAA Proceeding**") and FTI Consulting Canada Inc. was appointed monitor of the Applicant (in such capacity the "**Monitor**").

2. As described in the Fifth Report of the Monitor dated April 7, 2024, in connection with the CCAA Proceeding, 1128349 B.C. Ltd. ("**112 Ltd.**") raised a concern regarding Tacora's payment of a royalty (the "**MFC Royalty**") as required by the Amendment and Restatement of Consolidation of Mining Leases – 2017 governing Tacora's mining operations at the Scully Mine.

3. Accordingly, on March 5, 2024, a case conference was held before Justice Kimmel regarding interpretation and quantification issues in connection with the MFC Royalty (the "**MFC Royalty Dispute**"). Justice Kimmel issued an endorsement directing that the MFC Royalty Dispute be determined in the CCAA Proceeding and scheduling the MFC Royalty Dispute to be heard on April 16, 2024.

4. Tacora and 112 Ltd. served and received motion materials, exchanged documents in connection with cross-examinations held April 4 and 5, 2024 (the "**Cross-Examinations**"), and attended the Cross-Examinations all subject to general undertakings of confidentiality to give the parties an opportunity to seek potential sealing orders. Although Cargill is not a party to the MFC Royalty Dispute, certain confidential information related to the Cargill Offtake Agreement has been included in the parties' materials because it is of central relevance to the MFC Royalty Dispute.

Cargill was given an opportunity to review the motion materials, Cross-Examination transcripts, and exhibits to the Cross-Examinations to identify confidential information in connection with the Cargill Offtake Agreement.

5. Following consultation with the parties, on April 12, 2024 the Monitor served its notice of motion (the "**Notice of Motion**") seeking an order (the "**Sealing Order**") permanently sealing the following materials: (i) certain portions of the motion materials as described in Schedule "A" to the Notice of Motion; and (ii) certain portions of the transcripts from the Cross-Examinations and certain of the documents (or portions of them) as described in Schedule "B" to the Notice of Motion (collectively, the "**Confidential Material**"). Highlighted excerpts of the Confidential Material, together with Schedules A and B of the Notice of Motion, have been enclosed in Appendix A to this Report. [1]

6. Further background of the CCAA Proceeding is set out in the prior reports of the Monitor.[2] Copies of the Prior Reports, as well as other materials publicly filed and orders issued in the CCAA Proceeding, are available on the Monitor's website at http://cfcanada.fticonsulting.com/tacora/.

7. Any capitalized terms not defined herein have the meaning given to them in the Affidavit of Joe Broking sworn March 21, 2024.

TERMS OF REFERENCE AND DISCLAIMER

8. The Monitor has prepared this Seventh Report to provide information to the Court in connection with the motion to seal the Confidential Material and this Seventh Report should not be relied on for any other purpose.

SEALING

9. The Monitor recommends that the Confidential Material be filed with the Court on a confidential basis and remain sealed on a permanent basis.

10. The Monitor has been advised by the parties that have asserted confidentiality over the Confidential Material that the grounds of confidentiality are:

[1] Where confidentiality is asserted over the entirety of an exhibit to an affidavit or a document marked as an exhibit during the Cross-Examinations, that exhibit has not been enclosed with this Report.

[2] The Monitor has filed the Pre-Filing Report of the Monitor dated October 9, 2023, the First Report of the Monitor dated October 20, 2023, the Second Report of the Monitor dated January 18, 2024, the Third Report of the Monitor dated March 13, 2024, the Fourth Report of the Monitor dated March 14, 2024, the Supplement to the Fourth Report of the Monitor dated March 26, 2024, the Fifth Report of the Monitor dated April 7, 2024, the Sixth Report dated April 9, 2024, and the Second Supplement to the Fourth Report dated April 10, 2024 (collectively, the "**Prior Reports**").

(a) the documents contain commercially sensitive and confidential information pertaining to the terms of the Cargill Offtake Agreement, which is centrally relevant to the MFC Royalty Dispute;

(b) the Confidential Material, if publicly disclosed, could be used by competitors to harm Cargill's interests, both generally and in negotiations regarding a restructuring solution for Tacora; and

(c) the Cargill Offtake Agreement contains a confidentiality clause to protect Cargill's commercially sensitive information (subject to limited exceptions).

11. The Monitor understands that the Confidential Material is limited to a subset of the materials filed and relied on in connection with the MFC Royalty Dispute and that the parties believe that the limited redactions proposed are reasonable and required to avoid the disclosure of commercially sensitive and confidential information in connection with the Cargill Offtake Agreement.

12. The salutary effects of sealing the Confidential Material from the public record greatly outweigh the deleterious effects of inclusion in the public record under the circumstances. The Monitor is not aware of any party that will be prejudiced if the information is sealed or any public interest that will be served if such details are disclosed in full. The Monitor is of the view that the sealing of the Confidential Material in the manner proposed is consistent with the decision in *Sherman Estate v Donovan*, 2021 SCC 25.

13. Accordingly, the Monitor believes the proposed sealing is appropriate in the circumstances.

CONCLUSION

14. At this time and based on current information available to the Monitor and for the reasons discussed above, the Monitor is of the view that the Confidential Material should be sealed permanently and recommends that the Sealing Order be granted.

The Monitor respectfully submits this Seventh Report to the Court dated this 14th day of April, 2024.

FTI Consulting Canada Inc
in its capacity as Court-appointed Monitor of Tacora Resources Inc. and not in its personal or corporate capacity

By: _____ _____

Paul Bishop
Senior Managing Director

Jodi Porepa
Senior Managing Director

APPENDIX "A"

SCHEDULE "A"

Motion Materials – Confidential Excerpts	
Affidavit of Joe Broking sworn March 21, 2024 Motion Record of Tacora Resources Inc. dated March 23, 2024, Tab 2	Subparagraphs 15(c)(i)-(iii)
	Select content in paragraph 23
	Select content in paragraph 28
Affidavit of Joe Broking sworn March 28, 2024 Reply Motion Record of Tacora Resources Inc. dated April 2, 2024, Tab 1	Select content in paragraph 20
	Select content in paragraph 21
	Select content in paragraph 24
Motion Materials – Wholly Confidential Exhibits	
Affidavit of Joe Broking sworn March 21, 2024 Motion Record of Tacora Resources Inc. dated March 23, 2024, Tab 2	Exhibit "C" - Offtake Agreement as restated on November 9, 2018
	Exhibit "D" - Email correspondence dated January 20, 2017 with attachment
	Exhibit "E" - Email correspondence dated January 24, 2017 with attachment
	Exhibit "F" - Email correspondence dated January 26, 2017
	Exhibit "G" - Executed term sheet dated February 8, 2017
	Exhibit "H" - Email correspondence dated February 27, 2017 with attachment
	Exhibit "I" - Email correspondence dated March 23, 2017 with attachments
	Exhibit "J" - Email correspondence dated March 26, 2017 with attachments
	Exhibit "K" - Offtake Agreement executed on April 5, 2017
Affidavit of Samuel Morrow sworn March 26, 2024 Responding Motion Record of 1128349 B.C. Ltd. dated March 27, 2024, Tab 2	Exhibit "A" – Financial Information Letter
	Exhibit "I" - Iron Ore Sale and Purchase Contract between Tacora Resources Inc

	and Cargill International Trading Pte Ltd (9 November, 2018)
	Exhibit “BB” - Offtake Contract: Fixed Price Side Letter (14 September 2021)
Motion Materials – Partially Confidential Exhibits	
Affidavit of Joe Broking sworn March 28, 2024 Reply Motion Record of Tacora Resources Inc. dated April 2, 2024, Tab 1	Select content in Exhibit “A”

Court File No. CV-23-00707394-00CL

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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TACORA RESOURCES INC.

Applicant

MOTION RECORD OF THE APPLICANT
(MFC DISPUTE RETURNABLE APRIL 16, 2023)

March 23, 2024

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Lawyers for the Applicant

TO: THE SERVICE LIST

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additional amount to take into account the freight costs from Pointe Noire to Tubaro, Brazil and an ice class premium in certain winter months.

(c) The profit received at the time of the sale to a third party is determined by the sale price less the average Platts 62% Index over the pricing period plus any savings or loss realized by Cargill in respect of freight costs. Tacora's share of the profit is determined by the amount of profit realized:

(i) [redacted]

(ii) [redacted]

(iii) [redacted];

16. Because the Purchase Price incorporates the profit share element, it is not able to be calculated until Cargill negotiates a selling price and sells the vessel that is loaded with iron ore concentrate to a third-party, typically weeks or months after Tacora has delivered the iron ore concentrate to the stockpile at Pointe Noire. To provide working capital to Tacora during this period, the Offtake Agreement and Stockpile Agreement have a provisional pricing system whereby Cargill pays Tacora an amount based off market indices when the ore arrives in the Pointe Noire stockpile and the parties make true-up payments to each other on an ongoing basis to account for the rise and fall of iron ore prices during the pre-third party sale period. The final payment between the parties is a true-up payment so that Tacora has received, and Cargill, has paid the Purchase Price and no more than this amount.

17. For instance, if the price of iron ore is $120 when Tacora delivers the iron ore concentrate to the stockpile, falls to $110 during the three month quotation period following loading on a vessel, but then rises to $130 at the time Cargill sells the iron ore concentrate to a third party, then Tacora will owe Cargill payments during the quotation period (reflecting the decrease in price after receiving initial payment from Cargill) but will ultimately receive a true-up payment from Cargill at the time of the final sale (reflecting the ultimate increase in price).

18. While the provisional pricing structure adds complexity to the accounting, the revenue ultimately received by Tacora under the Offtake Agreement is the Purchase Price. The Purchase Price formula was negotiated at arm's length in 2017.

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(a) On January 20, 2017, Mr. Davies emailed Matthew (with me cc'd) a draft term sheet. This term sheet included an iron adjustment factor within the Purchase Price to account for the quality of the iron ore in the shipment, but only set Tacora's [redacted] Attached as **Exhibit "D"** is a copy of Mr. Davies' email dated January 20, 2017 with attachment.

(b) The [redacted] profit share was not acceptable to Tacora. On January 24, 2017, Larry sent an updated term sheet back to Mr. Davies (with me cc'd) with Tacora's proposed changes. Among other changes, Tacora removed the iron adjustment from the Purchase Price formula and raised Tacora's [redacted] Attached as **Exhibit "E"** is a copy of the email sent by Larry dated January 24, 2017 with attachments.

(c) On January 26, 2017, Mr. Davies rejected the [redacted] proposed by Tacora on the basis that it would not justify Cargill's investment in marketing the product or the risk it would assume in selling to customer. Attached as **Exhibit "F"** is a copy of the email sent by Mr. Davies to Larry (with me cc'd) dated January 26, 2017 outlining Cargill's position.

(d) On February 2, 2017, Mr. Davies came for an in-person meeting in Minnesota. I attended this meeting and, among other issues covered, Tacora and Cargill reached a tentative arrangement whereby Tacora would receive [redacted]

(e) On February 8, 2017, the parties executed a term sheet for the Offtake Agreement. Attached as **Exhibit "G"** is a copy of the executed term sheet dated February 8, 2017.

(f) On February 27, 2017, Mr. Davies shared a draft of the Offtake Agreement (draft #3) with Tacora for the first time. Attached as **Exhibit "H"** is a copy Mr. Davies' email (with me cc'd) dated February 27, 2017 with attachment.

(g) The parties continued exchanging draft agreements. On March 23, 2017, Larry sent Mr. Davies Tacora's most recent proposal for the Offtake Agreement (draft #9). Among other changes, Tacora added an additional profit share tier so that Tacora would receive [redacted]. Tacora's counsel

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in respect of the Offtake Agreement set out a summary of the major changes to the draft, which Larry included at the bottom of his email to Mr. Davies. Attached as **Exhibit "I"** is a copy of Larry's email to Mr. Davies (with me cc'd) dated March 23, 2017 with attachments

(h) On March 26, 2017, Mr. Davies sent Tacora an updated version of the draft Offtake Agreement (draft #15). Among other changes, Cargill agreed to the additional tier of Tacora profit share but changed the starting price from [redacted]. Attached as **Exhibit "J"** is a copy of Mr. Davies' email to Larry (with me cc'd) dated March 26, 2017 with attachments.

24. The parties continued to exchange draft agreements that hammered out the final details and language. Larry, as CEO of MagGlobal had ultimate decision-making authority in respect of whether Tacora would enter into the offtake arrangement with Cargill. He gave his final approval in early April and on April 5, 2017, the parties executed the Offtake Agreement. Attached as **Exhibit "K"** is a copy of the Offtake Agreement executed on April 5, 2017.

25. The first draft of the offtake term sheet used the Platts 62% Index but included an iron adjustment, so that Tacora would receive a higher amount under the "commodity price" variable of the formula if its iron exceeded 62% grade. In subsequent drafts, Tacora removed this iron adjustment in exchange for a higher percentage of the profit share. Larry, Matthew, and I viewed this as a way to simplify the formula while retaining the revenue lost from the iron adjustment via the higher profit share. In the Purchase Price formula, the index price is additive in the "commodity price" variable but subtractive in the "profit share" variable (where it is deducted from profit as a cost to Cargill). Any benefit to Tacora of using the Platts 65% Index would therefore be muted by its reduction of the "profit share" variable. I believe that if Tacora had insisted on use of a 65% index, it would have needed to accept a lower profit share from Cargill.

iii. Proterra and Cargill were Not Aligned in Interest During Offtake Negotiations

26. MagGlobal had the requisite experience to operate the Scully Mine but needed financing to put forward a successful bid within the CCAA process. In the course of looking for financing, we reached out to Proterra Investment Partners ("**Proterra**"), an international commodities and

private equities firm with a mining-specific focus. Proterra was interested in providing equity financing and we entered into material discussions in January 2017.

27. I am generally aware that Proterra was founded in or around early 2016 as a result of the Cargill corporate family spinning off certain of its private equity investment funds. However, at the time we were in negotiations with both Cargill and Proterra in early 2017 the two were independent and managed separately. Tacora negotiated the Offtake Agreement and Proterra's equity contribution separately.

28. Proterra, as a prospective shareholder, had a material interest in ensuring Tacora entered into a favourable offtake agreement, but its involvement was limited. Proterra was not involved at all in the initial term sheet negotiations between Cargill and Tacora. Proterra signed a commitment letter with Tacora in March 2017 and subsequently reviewed the first draft of the Offtake Agreement that Mr. Davies circulated at the end of February. Based on Proterra's experience in the mining space, its partners were of the opinion that Tacora could bargain for a higher percentage of the profit share than was currently set out in the draft agreement. It was Proterra's advice that led Tacora to secure the additional profit share tier (i.e., [redacted]. In other words, Proterra's involvement in the offtake negotiations led to Tacora securing more favourable terms at the direct expense of Cargill.

29. On June 2, 2017, Tacora executed an asset purchase agreement for the Scully Mine. A Proterra entity, Proterra M&M MGCA B.V. ("**Proterra Holding**"), became the majority shareholder of Tacora on July 17, 2017, one day prior to Tacora's acquisition of the Scully Mine closing. Prior to July 17, 2017, Tacora was wholly-owned by MagGlobal.

iv. Amendments to the Offtake Agreement Have Not Affected the Purchase Price

30. Since being executed on April 5, 2017, the Offtake Agreement has been restated once and amended from time to time. None of these subsequent changes has had a material impact on the Purchase Price to be paid to Tacora.

31. The Offtake Agreement was amended and restated on November 9, 2018 as part of Tacora adjusting its business plan in light of a delayed start to production. The restatement included the following changes:

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Applicant

REPLY MOTION RECORD OF THE APPLICANT (MFC DISPUTE RETURNABLE APRIL 16, 2023)

April 2, 2024

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Lawyers for the Applicant

TO: THE SERVICE LIST

average Fe content above 65%.

19. I do not disagree with using the Platts 65% index and adjusting the price upward to account for the Fe content. The use of a high-grade index and further upward adjustment acknowledges that Tacora's iron ore concentrate is in many respects a premium product. However, a discount should then be applied to account for other factors as Fe content is not the only material specification that determines the sale price for iron ore products such as sinter feed or concentrate. It is, in fact, common in the iron ore industry for the price in a long-term iron ore contract of sale to be determined with reference to an index average, plus a Fe content adjustment, plus a premium or less a discount for other factors. In Tacora's case, certain factors reduce Tacora's market leverage when selling its iron ore concentrate:

(a) Its iron ore concentrate is high in manganese, which is considered an impurity in the steel making process.

(b) The particle size distribution of Tacora iron ore concentrate is finer than proper sinter feed so the product requires blending if selling to an iron ore sinter producer. However, the particle size distribution is courser than pellet feed or filter cake so the product requires additional grinding if selling to an iron ore pellet producer.

(c) Tacora has only been selling its iron ore concentrate since 2019 and therefore does not have the same trusted brand recognition of other products. This is particularly the case as the Platts 65% index is compiled from a small number of data points and is largely supported by a one leading iron ore producer with a high degree of brand recognition.

20. Since Tacora commenced production in 2019, Cargill has sold Tacora's iron ore concentrate at a price that typically ranges between [redacted]. Tacora's typical sale price is around [redacted] index, however, to apply a conservative estimate Tacora has deducted [redacted] from the index price with the Fe content adjustment in the Revised Calculation. This additional variable provides a more appropriate market-index estimate of the market price of Tacora's iron ore concentrate.

21. Tacora's discount for the iron ore concentrate is set out at cell B7 of the Industry Service

[1] Dry metric ton

spreadsheet and incorporated into the market price calculation When a [redacted] discount is applied to the Industry Service price for iron ore concentrate, the Alleged Amount Owed is reduced by CA$1,075,934.40.

D. Mr. Persampieri Fails to Account for Winter Freight Costs

22. Mr. Persampieri acknowledges at paragraphs 27 and 30 of his report that the costs of freight need to be deducted from the F.O.B. Base Price. At paragraph 36 of his report, he explains that to calculate freight he has used index data to estimate the costs of freight between Tubaro, Brazil and Qingdao, China and has increased this amount by 24% to account for the costs of freight between Sept Iles, Quebec and Tubaro, Brazil.

23. I am generally in agreement, that the above calculation will provide a reasonable estimate of Tacora's freight costs in normal conditions. However, due to the northern climate of Sept Iles, Québec and the dangers and costs associated with maritime shipping in temperatures below freezing, additional freight costs are incurred by Tacora in the winter months. Tacora refers to these additional costs as the Winter Ice Class Premium. The Winter Ice Class Premium is a freight costs and it is necessary to deduct it to arrive at the F.O.B. base price.

24. The Winter Ice Class Premium can be estimated as [redacted] that is shipped in Q1 of each year (i.e., January to March). Tacora has added this deduction to the freight cost in the Industry Service spreadsheet of the Revised Calculation. When the [redacted] Winter Ice Class Premium is applied to the freight costs, the Alleged Amount Owed is reduced by CA$556,806.10.

F. Tacora Incurs Marketing Costs

25. In its role as offtaker, Cargill sells Tacora's iron ore concentrate to third parties and obtains a market rate. As the Platts 65% index is a proxy of the market rate, payment under the MFC Royalty should be similar regardless of whether actual sales data or the index rate is used. The notable difference between the calculation methods is that the arm's length calculation provides for Tacora to have a profit share mechanism in place with an offtaker who can provide the services necessary to market and sell the iron ore. The non-arm's length calculation does not explicitly provide for this, as under a truly non-arm's length contract no marketing costs would be incurred as the sale is to a related party.

26. If the MFC Royalty is to be calculated using the index rate instead of actual sales price

This is Exhibit “A” referred to in the Affidavit of Joe Broking sworn by Joe Broking of the City of Grand Rapids in the State of Minnesota before me at the City of Toronto, in the Province of Ontario, on March 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

FB5E31A9B415488...

Commissioner for Taking Affidavits (or as may be)

RJ REID

Industry Service

Specifications:

Moisture	1.6%	Per Stockpile Offtake Agreement
Freight Adj	1.24	Multiplier for Sept Iles vs Tubarao Freight
Royalty Rate	7%	of Net Revenues
Royalty Tax	20%	of Royalty
Iron Ore Discount	[redacted]	

	Platts 65% Fe CFR Qingdao (US$/dmt)	Freight - BRZ-China (US$/wmt)	Freight - BRZ-China (US$/dmt)	Winter Ice Class Premium (US$/dmt)	Ave % Fe of Iron Ore Products	CRA Market Price - FOB Sept Iles (US$/dmt)	Shipments (Tonnage) - dmt	CRA Alt. Net Revenues ($USD)	CRA Alt. Earned Royalty ($USD)
	USD	USD				USD			USD
Q3 2019	$ 109.51	$ 24.12	$ 24.51		65.53%	$ 79.01	295,291	$ 23,330,294	$ 1,633,121
Q4 2019	$ 98.15	$ 20.40	$ 20.73		65.86%	$ 72.74	541,872	$ 39,416,464	$ 2,759,153
Total									
Q1 2020	$ 103.52	$ 13.67	$ 13.89	[redacted]	65.58%	$ 84.22	665,053	$ 56,008,964	$ 3,920,627
Q2 2020	$ 108.32	$ 11.92	$ 12.11		65.50%	$ 93.13	804,224	$ 74,899,064	$ 5,242,934
Q3 2020	$ 128.89	$ 17.86	$ 18.15		65.43%	$ 106.24	706,627	$ 75,069,334	$ 5,254,853
Q4 2020	$ 146.11	$ 15.49	$ 15.74		65.51%	$ 126.74	832,636	$ 105,525,358	$ 7,386,775
Total									
Q1 2021	$ 191.15	$ 17.98	$ 18.27	[redacted]	65.60%	$ 167.26	802,702	$ 134,257,318	$ 9,398,012
Q2 2021	$ 232.30	$ 26.15	$ 26.58		65.80%	$ 201.21	846,396	$ 170,299,805	$ 11,920,986
Q3 2021	$ 189.93	$ 31.71	$ 32.23		65.64%	$ 150.84	676,183	$ 101,995,663	$ 7,139,696
Q4 2021	$ 128.88	$ 30.27	$ 30.76		65.89%	$ 91.50	807,061	$ 73,845,712	$ 5,169,200
Total									
Q1 2022	$ 169.67	$ 22.89	$ 23.26	[redacted]	65.60%	$ 139.39	767,630	$ 107,000,761	$ 7,490,053
Q2 2022	$ 160.28	$ 29.98	$ 30.47		65.30%	$ 122.24	923,553	$ 112,895,192	$ 7,902,663
Q3 2022	$ 115.49	$ 23.72	$ 24.11		65.29%	$ 85.11	723,003	$ 61,537,826	$ 4,307,648
Q4 2022	$ 110.89	$ 20.45	$ 20.78		65.46%	$ 84.90	683,744	$ 58,052,898	$ 4,063,703
Total									
Q1 2023	$ 140.10	$ 18.10	$ 18.39	[redacted]	65.43%	$ 115.22	810,117	$ 93,339,957	$ 6,533,797
Q2 2023	$ 124.00	$ 21.10	$ 21.44		65.60%	$ 97.56	855,017	$ 83,411,341	$ 5,838,794
Q3 2023	$ 125.00	$ 20.30	$ 20.63		65.26%	$ 98.92	854,962	$ 84,571,729	$ 5,920,021
					Sum/Avg	$ 115.55	12,596,071	$1,455,457,681.80	
					Sum/Avg - 2020-23	$ 118.44	11,758,908	$1,392,710,923.37	

SCHEDULE "B"

Cross-Examination - Confidential Transcript Excerpts	
Cross-Examination of Joseph Andrew Broking II dated Thursday, April 4, 2024, Joint Transcript Brief, Tab 1	Select content in Q. 158
	Select content in Q. 193
	Select content in Q. 194
	Select content in Q. 287
	Select content in Q. 318
	Select content in Q. 320
	Select content in Q. 321
	Select content in Q. 324
Cross-examination of David Persampieri dated Friday, April 5, 2024, Joint Transcript Brief Tab 3	Select content in Q. 213
Cross-Examination – Wholly Confidential Exhibits	
Cross-Examination of Joseph Andrew Broking II dated Thursday, April 4, 2024, Joint Transcript Brief, Tab 1F	Exhibit 6
Cross-Examination – Partially Confidential Exhibits	
Cross-Examination of Joseph Andrew Broking II dated Thursday, April 4, 2024, Joint Transcript Brief, Tab 1G	Schedule A to Exhibit 7 (pp. 179-183)

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JOINT TRANSCRIPT BRIEF

MFC DISPUTE MOTION RETURNABLE APRIL 16, 2024

I N D E X

Court File No. CV-23-00707394-00CL

ONTARIO
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CROSS-EXAMINATION OF JOSEPH ANDREW BROKING II

On Affidavits Sworn
March 21, 2024, and March 28, 2024
Held via Arbitration Place Virtual
on Thursday, April 4, 2024, at 1:02 p.m.

says:

[redacted]

A. I see that. Yes.

159 Q. And then if we go up in the letter, the letter is helpful, and it states its purpose in paragraph 2. And if you scroll up there, to paragraph 2:

"The purpose of this letter is to change the pricing provisions of the offtake as they apply to certain weights of iron ore shipped at certain times from a floating to a fixed price as a method of buyer providing to seller a degree of insulation from anticipated iron ore market price movements."

A. I see that paragraph.

160 Q. And that was a price protection arrangement that Cargill was prepared

intent?

A. Yes, that is correct.

192 Q. And the total initial advances were $30 million. Correct?

A. That is correct.

193 Q. And of that amount, $15 million was in fact paid to Cargill International to guarantee a floor price of [redacted]?

A. That is correct.

194 Q. Are you able to confirm that the price did not in fact go below [redacted], so that the guarantee was not triggered?

A. Off the top of my head, no, I don't recall.

195 Q. Do you recall that the guarantee was triggered? Or you don't recall that, either?

A. I don't recall what the price of iron ore was at the time, and whether or not the guarantee was triggered.

196 Q. This facility, because it was amended, it ultimately provided for Cargill International the right to penny warrants entitling it to acquire up to 35 per cent of Tacora?

A. Yeah, that is correct, subject to certain market dynamics and negotiations amongst the parties. I think it is important to discuss this in a little bit of detail because the particular index that is being used, the P65 index, reflects a very specific product specification and size distribution.

And whether we are talking about Tacora products or any other iron ore product that is being sold on a P65 basis, these chemical characteristics and size distribution factors are ultimately used to determine the final negotiated selling price between a willing buyer and a willing seller.

And the context of Tacora concentrate, you know, we have sold anywhere from [redacted] In this instance, we feel like we have chosen a [redacted]

288 Q. Thank you. And I think you explained that a bit in your affidavit, which is detailed. I did want to take you to paragraph 19 of the affidavit. Your first sentence is of an interest to me. You say:

"I do not disagree with

get paid for our iron.

And I think I have discussed this in detail, so I apologize for repeating myself. But when you think about size, distribution and manganese, those are considered negatives. So I think as I said, we do achieve a premium to the 65 index by getting paid for our iron in excess of the 65 index.

But there is always a discussion on a customer-by-customer basis based on their needs about whether or not we sell at an additional premium or an additional discount to the 65 index. And that range has been anywhere from a [redacted] over the history of the operation.

319 Q. I am going to take you just further down the page, just again on this premium point. Continue to go down. Right there.

We are in the last paragraph. There is just a sentence that begins -- this is after graphically depicting the specs:

"Our concentrate has commanded a premium to the Platts 65 per cent iron benchmark in most

It is three years ago.

MR. SEVIOUR:

320 Q. I am going to conclude in this area by suggesting to you, Mr. Broking, that in reading these statements about the premiums achieved, the 65 per cent index, they don't support the notion that there should be a [redacted]?

A. Well, I disagree.

321 Q. Okay.

A. Again, I think I have stated why I disagree. We get paid for the iron above 65, and that would be considered a premium above the 65 index. And then, for each sale, there is a negotiation that ensues. And typically we would get a discount on a sale. And on average, that would be I believe closer to [redacted].

322 Q. We will conclude it on that basis.

I did have questions about the winter freight costs that you raise in paragraphs 22 to 24. And, as I understand it, your suggestion is that although you have general

agreement with Mr. Persampieri's use of an increase in the freight index by 24 per cent, you felt that there needed to be an additional adjustment for winter freight costs?

A. Yeah, that is correct. During the months of January through April, we incur what is called an ice class premium for all shipments.

323 Q. So this, in each year, it is a first quarter experience?

A. Yes, that is correct.

324 Q. You said the amount is [redacted]?

A. Yeah, that -- it is a range. It can -- again, depending on market circumstances, it can [redacted].

325 Q. Now, I talked about Hope Wilson before, and she is Tacora's chief accounting officer. She has been with the company for a number of years?

A. That is correct. She has been with the company since inception, just like me.

326 Q. So she knows the shipping

Court File No. CV-23-00707394-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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 OR ARRANGEMENT OF TACORA RESOURCES INC.

CROSS-EXAMINATION OF DAVID PERSAMPIERI
On Affidavit Sworn March 18, 2024
Held via Arbitration Place Virtual
on Friday, April 5, 2024, at 1:03 p.m.

APPEARANCES:

Alexander Rose RJ Reid	Counsel for the Applicant, Tacora Resources Inc.
Colm St. Roch Seviour Josh Merrigan	Counsel for 1128349 BC Ltd.
Kiyan Jamal	Counsel for the Monitor

the one generated by your formula. Correct?

A. That is correct.

211 Q. Okay. But we could now do that with the data at hand?

A. I couldn't, but somebody could.

212 Q. Somebody could, okay. And so according to Mr. Broking in his second affidavit, that kind of analysis has been done. He states that Cargill has almost invariably sold as a discount to Platts 65. Are you aware that he takes that view?

A. I think he -- if I am not mistaken in his report, he put a range of a discount to a slight premium.

213 Q. That is right. But he said on -- it most often sells at a discount of [redacted], and it is [redacted]. And a safe assumption, I think he said, would be minus [redacted]. But that is not something you were able to look at in preparing your opinion. Correct?

A. That is correct.

214 Q. So I am not asking you to agree with Mr. Broking or not, but would you agree

Court File No. CV-23-00707394-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
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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 OR ARRANGEMENT OF TACORA RESOURCES INC.

CROSS-EXAMINATION OF JOSEPH ANDREW BROKING II

On Affidavits Sworn
March 21, 2024, and March 28, 2024
Held via Arbitration Place Virtual
on Thursday, April 4, 2024, at 1:02 p.m.

Stikeman Elliott

Stikeman Elliott LLP
Barristers & Solicitors
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December 19, 2022

PRIVATE AND CONFIDENTIAL

BY E-MAIL

Proterra M&M MGCA B.V.
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1077 XX Amsterdam

Attention: The Board of Directors
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Dirk.Slob@maples.com
Jwarren@proterrapartners.com
Sbyrd@proterrapartners.com
Phil_mulvihill@cargill.com

Counsel: Baker & McKenzie
Attention: Koen Bos Esq
Email: koen.bos@bakermckenzie.com

Dear Sirs and Mesdames:

Re: Consent to additional financing pursuant to the term sheet between Tacora and Cargill International Trading Pte Ltd. (the "Cargill Term Sheet") and the financing, transactions and steps contemplated thereby (the "Cargill Financing")

We are counsel to Tacora Resources Inc. ("**Tacora**" or the "**Company**").

We are writing to you, Proterra M&M MGCA B.V. ("**Proterra BV**"), in your capacity as the majority shareholder of Tacora. Other shareholders of Tacora include Proterra M&M Co-Invest LLC, MagGlobal LLC, OMF Fund II (BE) Ltd ("**Orion**"), Cargill, Incorporated ("**Cargill**"), and Titlis Mining AS (collectively with Proterra BV, the "**Shareholders**").

We understand that Proterra M&M MGCA Coöperatief U.A. ("**Proterra Coop**") holds all the shares in Proterra BV. We further understand that the members of Proterra Coop include Cargill, Aequor Holdings ("**Aequor**") and two funds controlled by Proterra Investment Partners LP: Black River Capital Partners fund (Metals and Mining A) LP and Black River Capital Partners Fund (Metals and Mining B) LP (together, "**Proterra Funds**", and together with Cargill and Aequor, the "**Members**").

As you are aware, Tacora operates a large iron ore mine and processing facility located in Newfoundland and Labrador, Canada (the "**Scully Mine**"). Tacora employs approximately 425 people at the Scully Mine and represents an important part of the local economy.

We are writing on behalf of Tacora in an attempt to find a solution to the Company's imminent liquidity crisis and request consent for Tacora to proceed with the Cargill Financing pursuant to the Amended and Restated Shareholders' Agreement (2022) dated November, 2022 by and among Tacora and the Shareholders.

As discussed below, there is no alternative proposal available to address Tacora's financial position in the time available. If Proterra BV does not consent to the Cargill Term Sheet and the steps contemplated therein, Tacora will be forced to commence proceedings pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"). If Tacora commences CCAA proceedings, all of Tacora's stakeholders will be negatively affected; the Shareholders will likely lose their entire investment.

All references to currency in this letter are references to United States dollars, unless otherwise indicated.

I. Tacora is in financial distress

Tacora maintains a weekly cash flow forecast, the latest version of which was provided on December 15, 2022 (the "**December 15 Forecast**"). Tacora has recently been working with FTI Consulting Canada Inc. ("**FTI**") in respect of the December 15 Forecast. The December 15 Forecast forecasts that Tacora will exhaust its remaining cash by the week ending January 8, 2023. The December 15 Forecast includes significant payments in the week ended January 8, 2023, to suppliers of critical logistics services, without which services Tacora would be unable to ship any product. Absent additional financing and significant deferrals of the amounts scheduled to be paid to those logistics suppliers, Tacora would at that time be unable to meet its liabilities as they become due and would be unable to continue operations.

These recent financial difficulties are due to a variety of factors, including, among other things, (i) the low market prices of iron ore due to a drop in demand globally; (ii) Tacora producing significantly lower volumes of iron ore than anticipated due to production difficulties, despite very significant investments having been made on improvement, maintenance, and new facilities; and (iii) increased costs of production and transportation.

II. Tacora has no alternative proposal to the Cargill Term Sheet

As a result of its reduced revenues, Tacora was unable to meet the semi-annual installment payment of approximately $9.3 million due under its approximately $213.8 million secured notes which mature in 2026 (the "**Senior Secured Notes**").

Since early September 2022, Tacora has been exploring a variety of options to access additional liquidity and capital for its business. In order to avoid payment default on the Senior Secured Notes, Tacora sought financial assistance from the Shareholders. Tacora was able to secure $15 million from Cargill in the form of a convertible preferred equity financing, which funds were used to make the payment under the Senior Secured Notes and fund operations.

In October 2022, Tacora and Orion entered into an indicative term sheet, pursuant to which Orion proposed $50 million in financing in exchange for a life-time royalty on production from the Scully Mine (the "**Orion Royalty Investment**"). However, during the week of December 5, 2022, Orion advised Tacora that its investment committee did not approve the Orion Royalty Investment.

Since Orion's withdrawal from the Orion Royalty Investment, Tacora has negotiated a term sheet with Cargill (the "**Cargill Term Sheet**") pursuant to which Cargill International Trading Pte Ltd. (an affiliate of Cargill) will make an advance payments facility of up to $35 million available to Tacora (the "**PP Facility**").

The PP Facility provides Tacora with accelerated receipt of future cash revenues due to Tacora under the existing Offtake Agreement between Tacora and Cargill. Further, the commercial terms of the Offtake Agreement will be amended to Tacora's benefit to protect Tacora against fluctuations in the price of iron ore and the costs for ocean freight transportation as it contemplates amendments to the Offtake Agreement which (i) provide a price floor in respect of iron ore deliveries; and (ii) amends the delivery point under the Offtake Agreement.

No interest will be charged to Tacora under the PP Facility. Its primary consideration consists of warrants being issued to Cargill exercisable into common shares of Tacora representing a 10% equity ownership in Tacora on a fully diluted basis. The Cargill Term Sheet also provides that 10% of warrants may be provided to Tacora's employees, which is intended to retain and incentivize key employees. A copy of the Cargill Term Sheet is enclosed.

Alternative options to provide Tacora with additional liquidity in the near term have been exhausted. Tacora has commenced discussions with its key logistics suppliers in an effort to secure certain financial accommodations. However, it is not expected that such accommodations will be sufficient to address Tacora's funding gap by themselves. To date, the other Shareholders besides Cargill have declined to provide additional capital, no proposal has been forthcoming from holders of the Senior Secured Notes, and it is considered extremely unlikely that any third-party investor would be willing to provide emergency financing on terms permitted under the Senior Secured Notes.

Moreover, there is insufficient time left to implement a third-party transaction considering the imminent nature of the liquidity crisis that Tacora is facing and the likely diligence requirements of a third-party investor. Accordingly, the only proposal available to Tacora to address its imminent financial crisis is the Cargill Term Sheet and PP Facility.

The Board of Directors of Tacora (the "**Board**") is comprised of representatives of equity holders of Tacora. In making decisions, the applicable corporate statutes in Canada require the Board to: (i) act honestly and in good faith with a view to the best interests of the Company; and (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

After the terms of the Cargill Term Sheet were carefully considered by the Board with the benefit of input and advice from management at Tacora, FTI as financial advisor to Tacora, and Tacora's legal counsel, the Cargill Term Sheet was unanimously approved by the Board on December 13, 2022 as the Board believes the Cargill Term Sheet is in the best interest of the Company and beneficial to Tacora's stakeholders. Directors of the Board who are not at arm's length with Cargill recused themselves from all discussions related to the Cargill Term Sheet and did not vote on same.

III. The Shareholders stand to lose the most in a CCAA

For the reasons set out above, if Tacora cannot secure the necessary consents from its Shareholders in order to proceed with the Cargill Term Sheet, Tacora will be unable to continue

operating outside of CCAA proceedings. If Tacora is forced to file for CCAA protection, the Shareholders will most likely lose all of their investment. If Tacora is unable to secure debtor-in-possession financing in the CCAA proceedings, it will cease operating.

Shareholders of corporations subject to CCAA proceedings are subordinated to the claims of all creditors in the CCAA proceedings. Under the CCAA, equity investors are prohibited from sharing in a corporation's assets until all creditor claims have been met in full. In the vast majority of CCAA proceedings shareholders receive little or no value following a restructuring or sale of the business. Senior secured creditors and other significant creditors typically drive the CCAA process.[1]

In 2009, the CCAA was amended to codify the subordination of equity claims generally with the introduction of section 6(8). Also important was the inclusion of a broad definition describing an equity claim as including a:

(a) claim for a dividend;

(b) return of capital;

(c) redemption or retraction obligation; or

(d) monetary loss resulting from the ownership, purchase or sale of an equity interest or from the rescission of a purchase or sale of an equity interest.

Pursuant to section 6(8) of the CCAA, plans of compromise or arrangement that provide for the payment of an equity claim may not be sanctioned unless it provides that creditor claims are to be paid in full before any equity claim is to be paid.

Below are some examples of how courts have treated equity claims and which types of claims were held to be equity claims as defined in the CCAA.

(a) *In Les Boutiques San Francisco Inc.*[2], the Québec Superior Court found that shareholders did not have an economic interest remaining in an insolvent company and hence did not have the right to veto a proposed plan to sell all or substantially all of the assets. The proposed sale did not require approval of shareholders, given their lack of interest remaining in the corporation.

(b) In *Re Stelco Inc.*[3], the debtor corporation negotiated a plan and the arrangement acknowledged that the reorganization would in essence eliminate the existing shareholders based on the shares having no value. Despite various shareholders' objections, the Ontario Superior Court of Justice sanctioned the plan as reasonable as it was approved by the required double-majority of affected creditors.

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[1] J. P. Sarra, *Rescue! The Companies' Creditors Arrangement Act* 2nd ed. (2013), at p. 3 and 472; *CannTrust Holdings Inc. v Ernst & Young Inc.*, 2022 ONSC 6720 at para. 52 citing *Re Canadian Airlines Corp*, 2000 ABQB 442 at paras. 143-145.
[2] 2004 CarswellQue 10918 (Que. S.C.).
[3] 2006 CarswellOnt 406 (Ont. Sup. Ct. J.).

(c) In *Re JED Oil Inc.*[4], the Alberta Court of Queen's Bench determined that dividend claims relating to preferred shares should be excluded from the unsecured creditors' class in a vote on a CCAA plan.

(d) In *Re Sino-Forest Corp.*[5], the Ontario Superior Court of Justice held that indemnity claims against a debtor company were "equity claims" within the definition of the CCAA because they were claims for contribution or indemnity in respect of equity claims.

(e) In *Re U.S. Steel Canada Inc.*[6], the Ontario Superior Court of Justice stated that the definition of "equity claim" in the CCAA addressed circumstances of shareholders pursuing securities misrepresentation or oppression actions against a debtor company. It prevents recovery of claims by such shareholders for the value paid for their shares prior to the satisfaction of claims of debtholders of the debtor company.

(f) In *Re Lydian International Limited*[7], despite the concerns raised by numerous shareholders of the debtor company, the Ontario Superior Court of Justice sanctioned a plan in which the shareholders were to receive no compensation. The Court noted that while the fact that shareholders would receive no compensation was unfortunate, it was a reflection of reality which does not preclude a finding that the plan was fair and reasonable given the subordinated position afforded to shareholders by the CCAA.

Copies of the above-cited authorities are enclosed.

It is clear that if Tacora is forced to commence CCAA proceedings due to Proterra BV withholding its consent to the Cargill Financing, all Shareholders will be at significant risk of losing any remaining chance to receive any recovery in respect of their investments. The Cargill Term Sheet currently represents the only viable option for Tacora to access necessary financing and likely the only chance for Proterra BV and other Shareholders to maintain the possibility of receiving any recovery in respect of its equity investment in Tacora.

Given the imminent liquidity needs of Tacora, we request that Proterra BV immediately execute the enclosed special consent providing approval for Tacora to proceed with the Cargill Term Sheet and execute the definitive documents contemplated by the Cargill Term Sheet. Proterra BV may also be required to execute other documentation necessary to implement the Cargill Financing as contemplated by the Cargill Term Sheet.

If required consents and other documentation of Proterra BV are not received in time for Tacora to receive the additional liquidity and it is forced to seek protection under the CCAA, Tacora will take any steps that it deems necessary to protect its and its stakeholders' interests. Tacora expressly reserves all its rights and remedies, including seeking damages in respect of any Shareholder or the Members which unreasonably withhold their consent to the Cargill Financing in a manner that is unfair, prejudicial or oppressive to Tacora and its other Shareholders.

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[4] 2010 CarswellAlta 861 (Alta. Q.B.).
[5] 2012 ONSC 4377, affirmed 2012 CarswellOnt 14701 (Ont. C.A.).
[6] 2016 ONSC 569, affirmed 2016 ONCA 662.
[7] 2020 ONSC 4006.

Yours truly,

STIKEMAN ELLIOTT LLP

CONSENT

TO: Tacora Resources Inc. (the "**Corporation**")

RE: Amended and Restated Shareholders' Agreement (2022) dated as of November 10, 2022, among the Company, Proterra M&M MGCA B.V., MagGlobal LLC, Proterra M&M Co-Invest LLC, OMF Fund II (Be) Ltd., Cargill, Incorporated and Titlis Mining AS (the "**Shareholders' Agreement**")

RECITALS:

A. Pursuant to Section 6.9 of the Shareholders' Agreement, decisions in relation to certain specified matters require the Special Consent of Shareholders of the Corporation who, together with its Affiliates, have an Ownership Interest of at least 15% in the Corporation (or, in the case of Orion and Cargill, having an Ownership Interest of at least 5% in the Corporation).

B. Pursuant to Section 23.5 of the Shareholders' Agreement, in addition to Special Consent being required under Section 6.9 of the Shareholders' Agreement, consent of the founding shareholder, MagGlobal, is required to effect any proposed amendment of the Shareholders' Agreement together with any party to the Shareholders' Agreement that may be disproportionately affected in a material or adverse manner.

C. Cargill International Trading Pte Ltd. ("**Cargill**") has presented the Corporation with a non-binding indicative outline, which is attached hereto as Schedule "A" (the "**Term Sheet**"), providing for the terms and conditions on which Cargill or an affiliate thereof proposes to make available for the benefit of the Corporation an advance payment facility of up to US$35,000,000 (the "**Advance Facility**"), which conditions include, among other things, certain corporate actions to be taken, certain agreements to be amended or entered into and transactions to be consummated by the Corporation, as are further detailed in the Term Sheet (collectively, the "**Proposed Transactions**").

D. The Proposed Transactions contemplate, among other things, (i) the Corporation incurring debt for new borrowed money in excess of US$10,000,000 (by virtue of the Advance Facility) and providing perfected senior security against its existing assets similar to those provided under its existing senior secured notes, (ii) an amendment to or amendment and restatement of the Corporation's existing off-take agreement with Cargill, (iii) an amendment of the existing share terms attached to the Corporation's preferred shares designated as "Class C Non-Voting, Redeemable, Convertible Preferred Shares", (iv) an amendment to or amendment and restatement of the Shareholders' Agreement in the manner contemplated by the Term Sheet, (v) issuance of certain Share purchase warrants to Cargill or an affiliate thereof, (vi) issuance of certain incentive awards to directors, officers, employees or consultants of the Corporation, (vii) appointment of a chief transaction officer by the Corporation, (viii) continuance of the Corporation from British Columbia to Ontario, and (ix) certain other corporate actions to be taken and transactions to be consummated by the Corporation.

E. The Board wishes to approve the Term Sheet and the transactions contemplated thereby including, for greater certainty, the Proposed Transactions, which are to be effected pursuant to such definitive and binding agreements, documents or instruments as any officer or director of the Corporation deems necessary or advisable in order to give effect to the foregoing (the "**Documents**").

F. The Proposed Transactions constitute matters that require consent from all holders of common shares and preferred shares in the capital of the Corporation (together, the "**Consenting Shareholders**") pursuant to Section 6.9 and Section 23.5 of the Shareholders' Agreement.

Capitalized terms used but not defined herein have the meaning given to such terms in the Shareholders' Agreement.

CONSENT

Now therefore, in consideration of the foregoing and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), each of the undersigned, being all of the Consenting Shareholders, hereby irrevocably provides its consent to:

(i) the Proposed Transactions;
(ii) the Corporation entering into the Documents in connection with, related to or to facilitate the Proposed Transactions; and
(iii) the Corporation making such filings as are necessary or desirable in order to effect the Proposed Transactions.

This Consent may be executed in counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Consent.

This Consent shall be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

[Remainder of page left intentionally blank]

DATED this _____ day of _____, _____.

MAGGLOBAL LLC

By:_____
Name:
Title:

OMF FUND II (BE) LTD.

By:_____
Name:
Title:

TITLIS MINING AS

By:_____
Name:
Title:

PROTERRA M&M CO-INVEST LLC

By:_____
Name:
Title:

PROTERRA M&M MGCA B.V.

By:_____
Name:
Title:

By:_____
Name:
Title:

CARGILL, INCORPORATED

By:_____
Name:
Title:

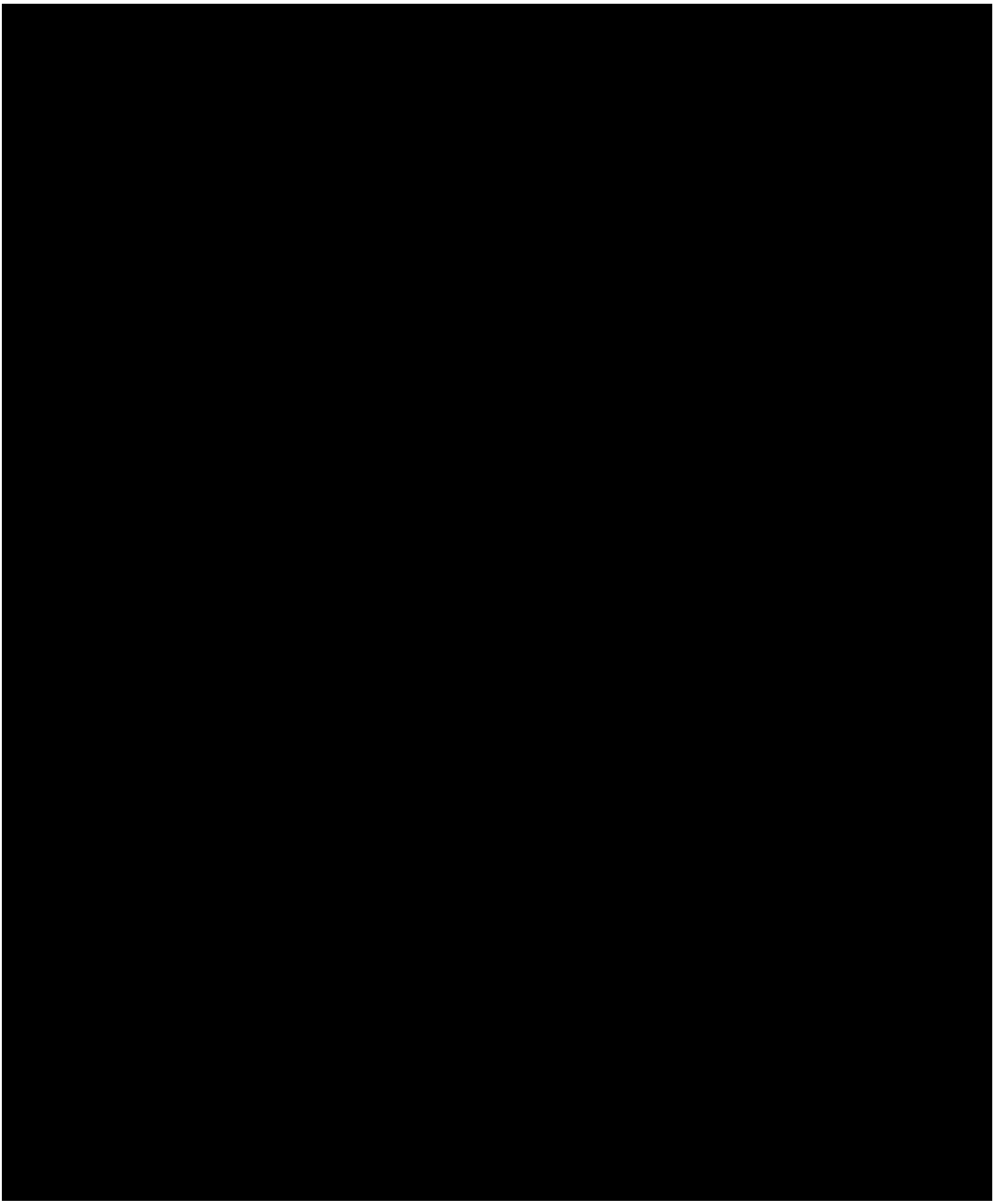
ACKNOWLEDGED AND AGREED this _____ day of _____, _____.

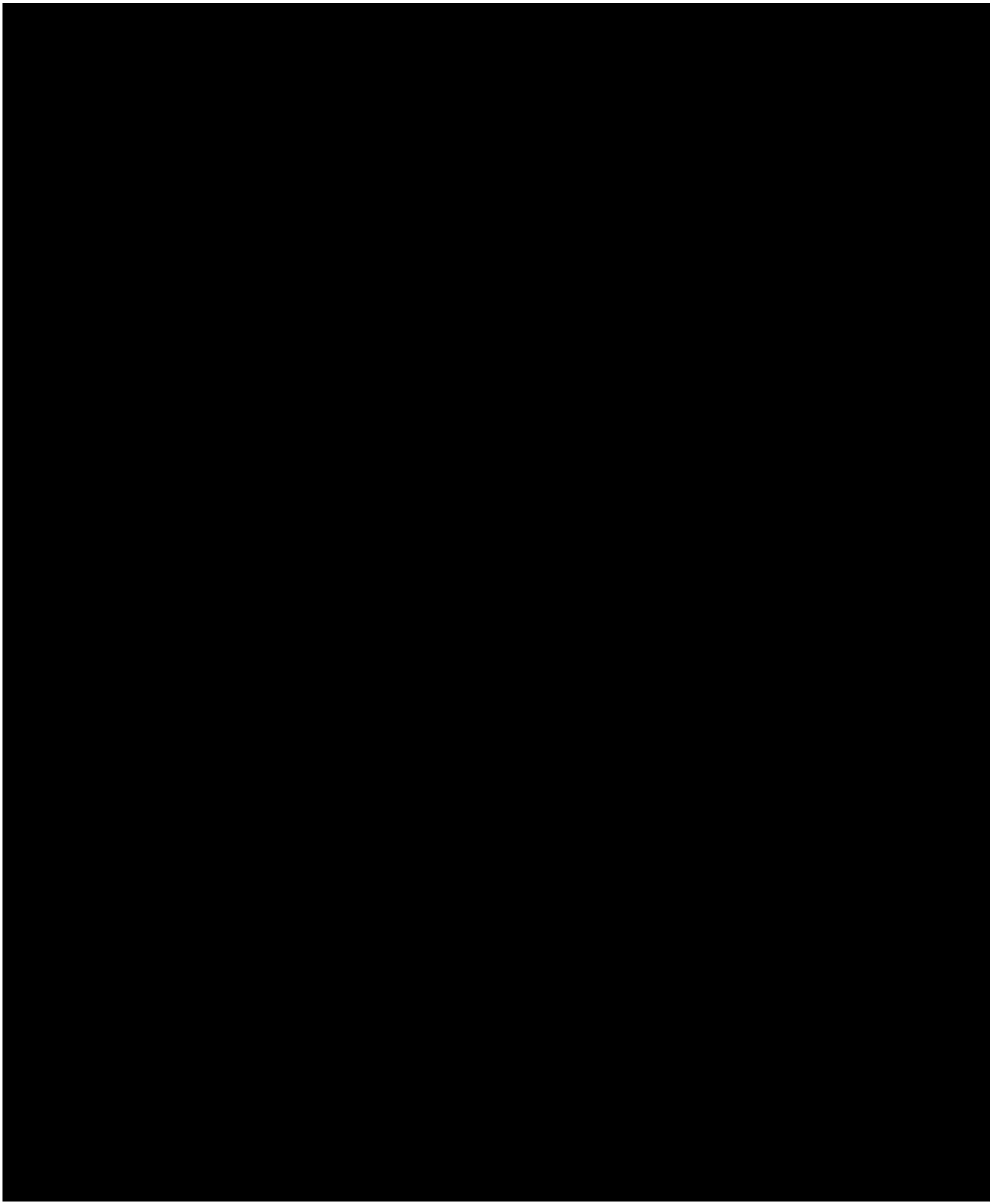
TACORA RESOURCES INC.

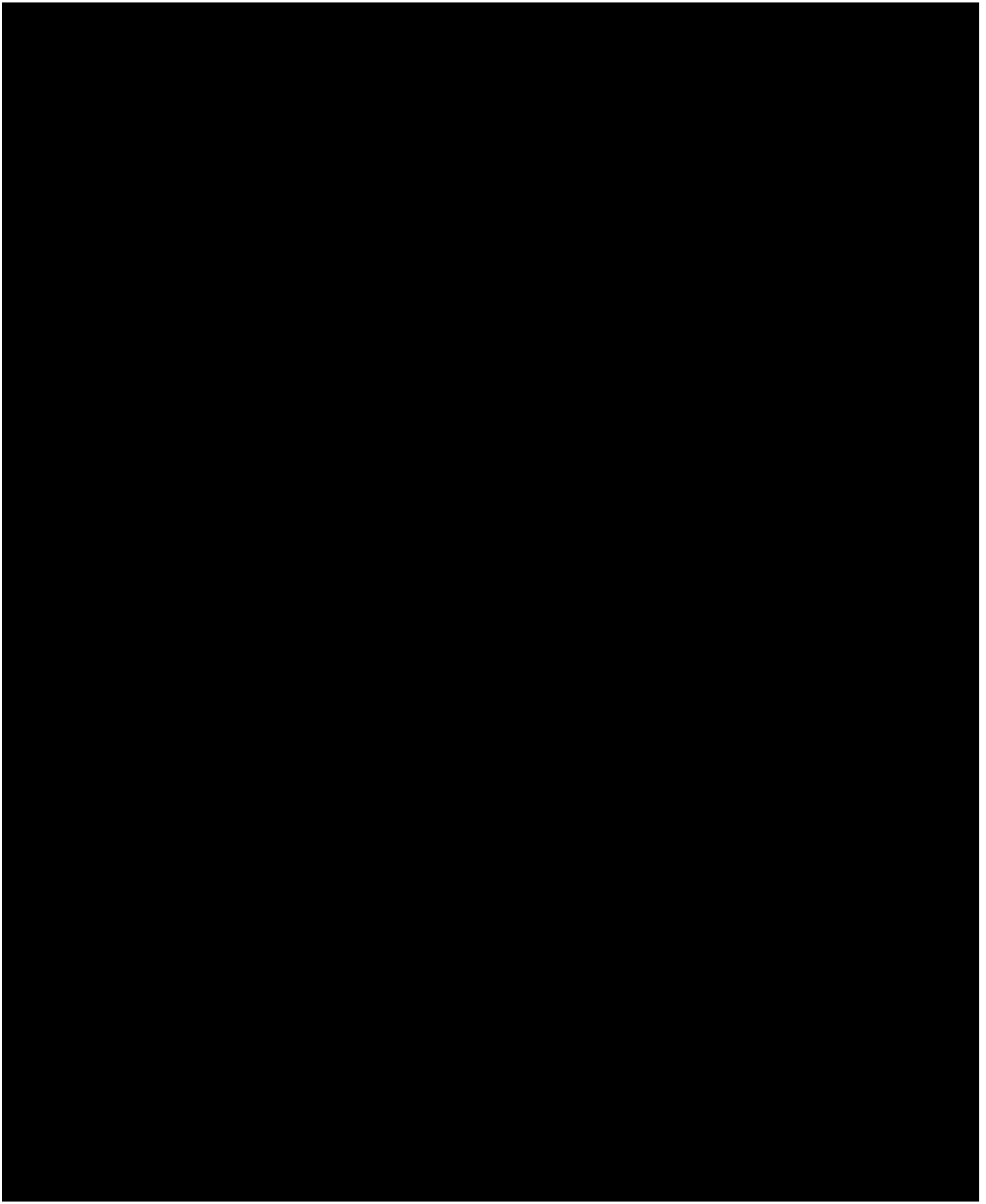
By: _____
Name:
Title:

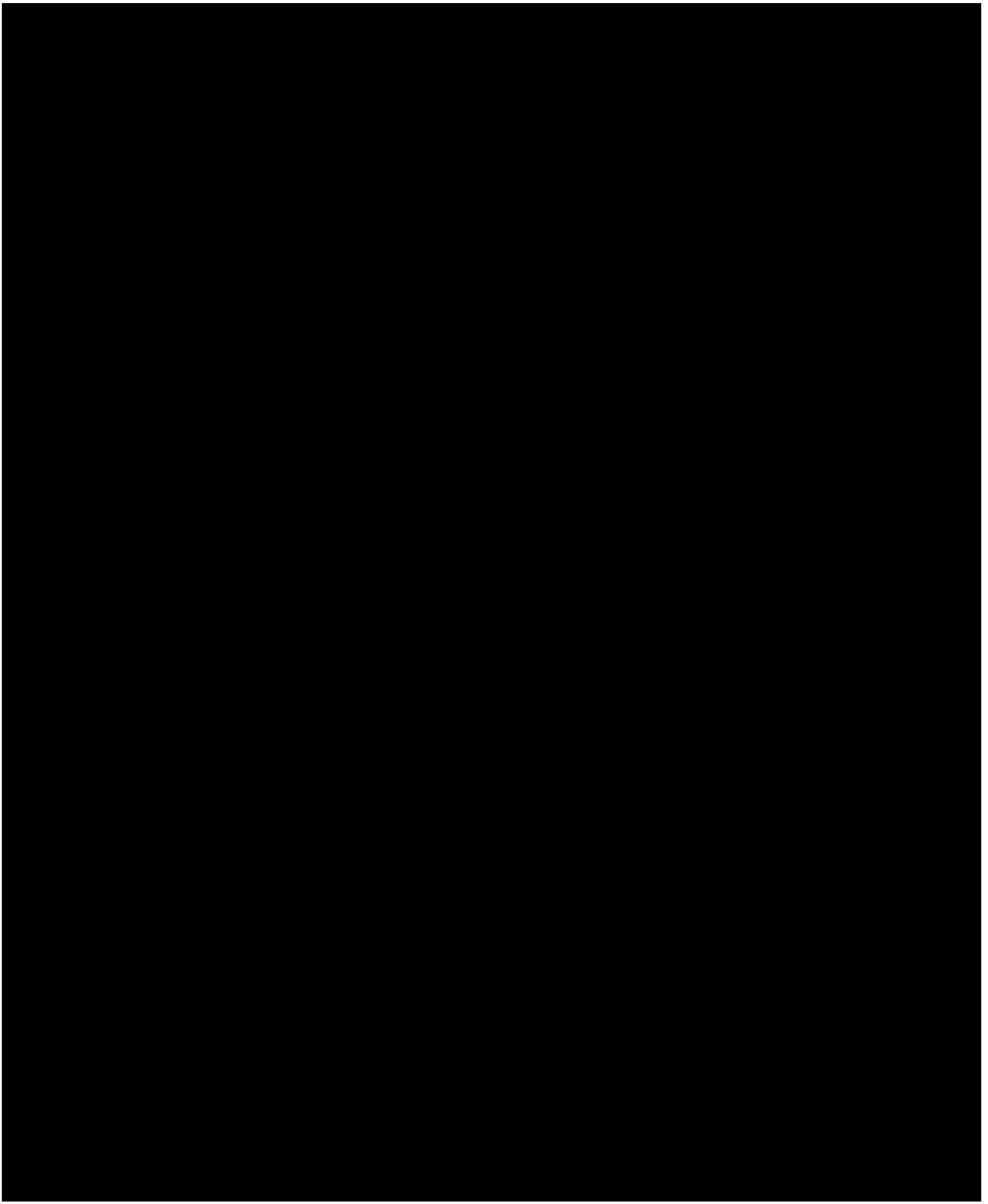
Schedule "A"
Term Sheet

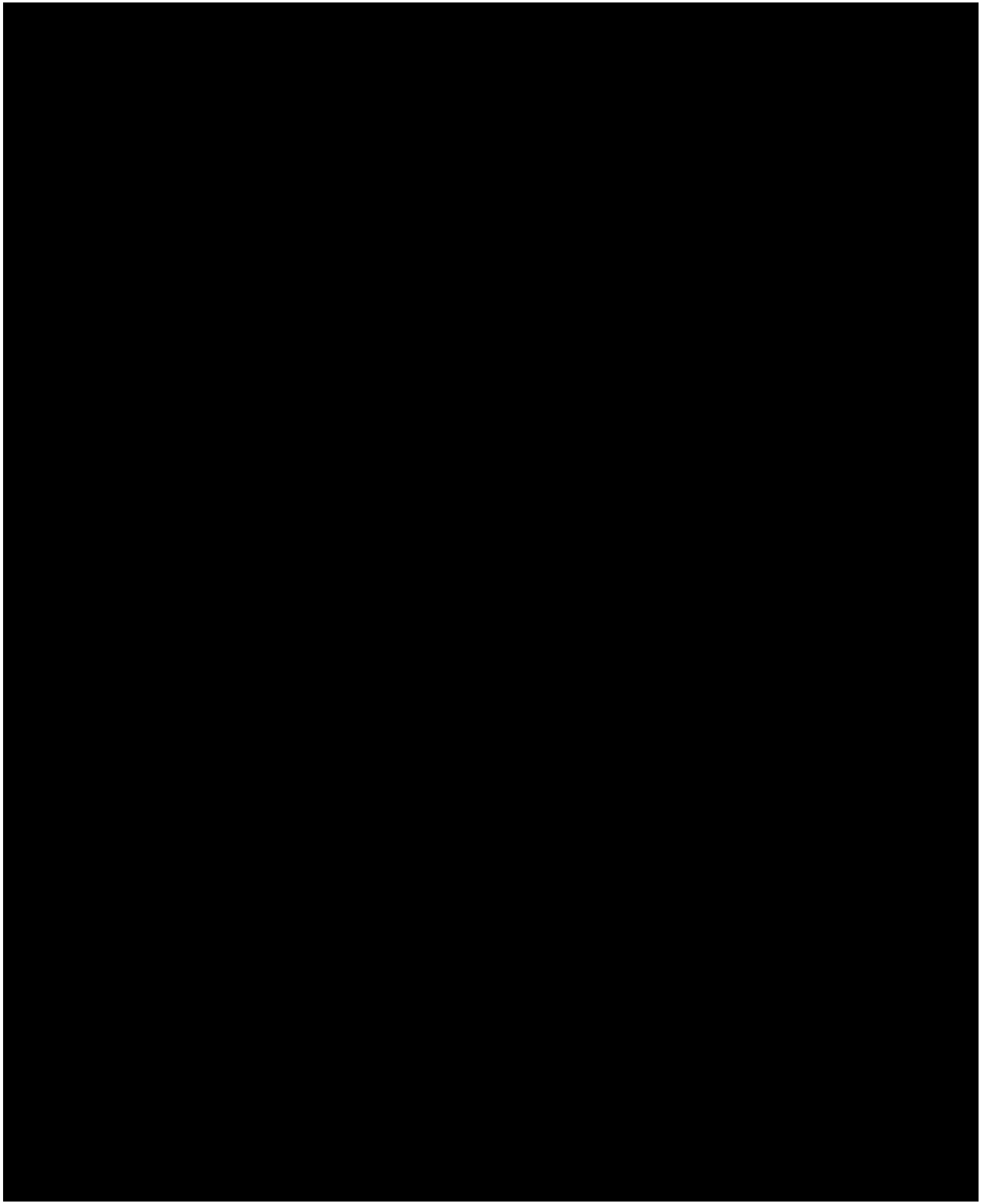
See attached.











Court File No. CV-23-00707394-00CL

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 OR ARRANGEMENT OF TACORA RESOURCES INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

SEVENTH REPORT OF THE MONITOR

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