



No. S-226670
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND

**IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57, AS AMENDED AND THE *BUSINESS CORPORATIONS ACT*, S.N.B.
1981, c. B-9.1, AS AMENDED**

AND

**IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
TREVALI MINING CORPORATION AND TREVALI MINING (NEW BRUNSWICK)
LTD.**

PETITIONERS

**SUPPLEMENTAL REPORT TO THE
TENTH REPORT OF THE MONITOR**

APRIL 23, 2023

**SUPPLEMENTAL REPORT TO THE
TENTH REPORT OF THE MONITOR**

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INTRODUCTION

1. On March 29, 2023, this Honourable Court granted a claims process order (the “**Claims Process Order**”) which approved a claims process for determining the nature and amounts of Claims (as defined in the Claims Process Order) against Trevali Mining Corporation (“**Trevali Corp.**”), Trevali Mining (New Brunswick) Ltd. (“**Trevali NB**”) and their Directors and Officers (as defined in the Claims Process Order).
2. The Claims Process Order established a Claims Bar Date (as defined in the Claims Process Order) of 4:00 p.m. Vancouver time on April 21, 2023 or such other date as may be ordered by this Honourable Court.
3. The purpose of this Supplemental Report (the “**Supplemental Report**”) to the Tenth Report of the Monitor dated April 17, 2023 (the “**Tenth Report of the Monitor**”) is to provide this Honourable Court with a summary of the Claims (as defined in the Claims Process Order) received by the Monitor prior to the Claims Bar Date.
4. This Supplemental Report should be read in conjunction with the Tenth Report of the Monitor and all capitalized terms used herein are as defined in the Tenth Report of the Monitor or the Claims Process Order, as applicable.

TERMS OF REFERENCE

5. In preparing this report, the Monitor has relied upon certain Information including the Applicants’ unaudited financial information, books and records and discussions with Management.
6. Except as described in this report, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.

7. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
8. 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.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

CLAIMS PROCESS UPDATE

Trevali Corp.

10. The Claims against Trevali Corp. received by the Monitor on or before the Claims Bar Date are summarized as follows:

Summary of Claims Received as Filed Against Trevali Corp. as at the Claims Bar Date (CAD \$000s)				
Type of Claim	# of Claims	Secured	Unsecured	Total
Claim Value Split by Creditor Type				
Known Claim Value Creditors	33	-	420	420
Pre-filing	8	6,621	7,436	14,057
Restructuring	3	-	1,060	1,060
Employee	8	-	13,190	13,190
Equity Claim	1	-	56,000	56,000
Total Creditor Claims	53	6,621	78,106	84,727

11. Highlights of the Claims against Trevali Corp. are as follows:
 - a. 33 Known Claim Value Creditors with Claims totalling \$420,000 are deemed to have accepted the Claims set forth in their Claims Notices and such Claims will be considered Proven Claims for the purposes of the claims process;
 - b. eight Pre-Filing Claims were submitted, totalling approximately \$14.1 million. Pre-filing Claims include: a secured claim of up to approximately \$6.6 million

from XL Specialty Insurance Company (“XL”), relating to bonds issued by XL in favour of the Province of New Brunswick in connection with the Applicants’ mining operations; an approximately \$6.6 million unsecured claim from Glencore Canada Corp., relating to off-take agreement with the Applicants; and approximately \$857,000 of other Pre-filing Claims. The XL Claim has also been filed against Trevali NB. Based on discussions between counsel to XL and counsel to the Monitor, the Monitor understands that XL is unlikely to take issue with the priority of the RCF Administrative Agent and RCF Lenders or Glencore Canada under the Distribution Order. An Unsecured Claim in an amount to be determined has been received from certain Directors and Officers in respect of indemnification for amounts that may be required to be paid as a result of Claims made against them;

- c. three Restructuring Claims have been received, totalling approximately \$1.1 million and relating to: the disclaimer of Trevali Corp.’s head office premises; and fees claimed to be owing to Trevali Corp.’s real estate advisors;
- d. eight Employee Claims have been received, totalling \$13.2 million and representing amounts owing to former executives of Trevali Corp. in respect of: severance; termination; and change of control entitlements; and
- e. an Equity Claim has been received from KND Complex Litigation, in its capacity as counsel to the shareholder representatives in these CCAA Proceedings, in the amount of \$56.0 million. That Equity Claim was filed as two separate claims for the same amount (a Claim for an oppression remedy pursuant to the *Business Corporations Act*, SBC 2002, c 57, as amended; and a Claim for damages pursuant to the *Securities Act*, RSBC 1996, c 418, as amended). For ease of reference, those Claims are consolidated as a single claim in the table above.

Trevali NB

12. The Claims against Trevali NB received by the Monitor on or before the Claims Bar Date are summarized as follows:

Summary of Claims Received as Filed Against Trevali NB as at the Claims Bar Date (CAD \$000s)				
Type of Claim	# of Claims	Secured	Unsecured	Total
Claim Value Split by Creditor Type				
Known Claim Value Creditors	177	-	7,814	7,814
Pre-filing	35	15,882	19,421	35,303
Restructuring	3	-	7,847	7,847
Total Creditor Claims	215	15,882	35,081	50,963

13. Highlights of the Claims against Trevali NB are as follows:

- a. 177 Known Claim Value Creditors with Claims totalling \$7.8 million are deemed to have accepted the Claims set forth in their Claims Notices and such Claims will be considered Proven Claims for the purposes of the Claims Process;
- b. 35 Pre-Filing Claims were submitted, totalling \$35.3 million, including \$15.9 million of Secured Claims comprised of:
 - i. a Secured Claim of \$1.4 million submitted by His Majesty the King in Right of the Province of New Brunswick, as represented by the Department of Natural Resources and Energy Development (the “**Province of New Brunswick - DNRED**”), in respect of a lien over the mines, land occupied by the mines, minerals, machinery and real property of Trevali NB;
 - ii. a Secured Claim of \$7.9 million submitted by Redpath Canada Limited, secured against certain real property located in the vicinity of Caribou Brook and Caribou Depot, in the County of Restigouche and Province of New Brunswick; and

- iii. a Secured Claim from XL for \$6.6 million as discussed in paragraph 11 hereof.
- c. Three Restructuring Claims have been received by the Monitor, including a \$7.6 million Restructuring Claim from the Province of New Brunswick - DNRED relating to environmental protection and rehabilitation expenditures incurred or to be incurred at the Caribou mine site.

Directors and Officers

- 14. As discussed in paragraph 11 hereof, Equity Claims have been received from KND Complex Litigation, in its capacity as counsel to the shareholder representatives in these CCAA Proceedings. In addition, KND Complex Litigation, in its capacity as counsel to the shareholder representatives, has filed a Director/Officer Claim against the Directors and Officers of Trevali Corp. in the amount of approximately \$11.4 million and a Director/Officer Claim against the Directors and Officers of Trevali Corp. in the amount of \$56 million.

CONCLUSION

- 15. The Monitor is reviewing the Claims described above, in consultation with Management, and will adjudicate the Claims in accordance with the procedures and timelines set out in of the Claims Process Order.
- 16. None of the Claims received during the Claims Process assert a security interest against Trevali Corp. in priority to the Secured Claims held by RCF Administrative Agent on behalf of the RCF Lenders, or Glencore Canada, or otherwise compromise the proposed distributions to secured lenders contemplated by the Distribution Order.

All of which is respectfully submitted this April 23, 2023.

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

A handwritten signature in black ink, appearing to read 'Tom Powell', with a stylized, cursive script.

Tom Powell
Senior Managing Director

A handwritten signature in black ink, appearing to read 'Mike Clark', with a stylized, cursive script.

Mike Clark
Senior Director