



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

FOURTEENTH REPORT OF THE MONITOR

October 18, 2023

FOURTEENTH REPORT OF THE MONITOR

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INTRODUCTION

1. On August 19, 2022, Trevali Mining Corporation (“**Trevali Corp.**”) and Trevali Mining (New Brunswick) Ltd. (“**Trevali NB**” and collectively, “**Trevali**” or the “**Applicants**”) commenced proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an order granted by this Honourable Court, which was subsequently amended and restated on August 29, 2022 (the “**ARIO**”).
2. The ARIO appointed FTI Consulting Canada Inc. (“**FTI**”) as Monitor in the CCAA Proceedings (in such capacity, the “**Monitor**”) and established a stay of proceedings (the “**Stay of Proceedings**”) in favour of the Applicants until October 6, 2022. The Stay of Proceedings has since been extended until and including October 27, 2023 in respect of Trevali Corp. The Stay of Proceedings in respect of Trevali NB expired on January 24, 2023.
3. On September 14, 2022, this Honourable Court granted an order approving procedures for a sales and investment solicitation process (the “**SISP**”) and a sales agent agreement between Trevali Corp. and National Bank Financial Inc. (the “**Sales Agent**”) and granting a charge to secure the Sales Agent’s fees.
4. On October 12, 2022, this Honourable Court granted an order authorizing and approving a settlement agreement (the “**Settlement Agreement**”) between the Applicants, the RCF Lenders, Glencore International AG, Glencore AG and Glencore Canada Corporation (collectively, “**Glencore**”) addressing the issues that arose in response to Glencore declining to advise whether they would assert a right of set-off against amounts owing by them for delivery under off-take agreements with the Applicants and certain affiliated entities.
5. On December 21, 2022, in connection with the SISP and relating to the Rosh Pinah mine, this Honourable Court granted an order, among other things, approving Trevali Corp.’s execution of a Share and Asset Purchase Agreement dated December 15, 2022, between

Trevali Corp., as vendor, and Appian Natural Resources Fund III LP and Appian Natural Resources (UST) Fund III LP (collectively, “**Appian**”), as purchasers (as amended from time to time, the “**Appian SPA**”).

6. On March 29, 2023, this Honourable Court granted an order (the “**Claims Process Order**”) approving a process for determining the nature and amounts of certain claims against the Applicants and their respective directors and officers (the “**Claims Process**”).
7. On April 24, 2023, this Honourable Court granted an order (the “**Distribution Order**”) authorizing Trevali Corp. to distribute the net proceeds resulting from the transaction contemplated by the Appian SPA (the “**Appian Transaction**”), and any other available proceeds, to The Bank of Nova Scotia as administrative agent for the RCF Lenders (in such capacity, the “**RCF Administrative Agent**”) in an amount not to exceed the Outstanding Interim Financing Balance (as defined in the Settlement Agreement), plus the aggregate amounts owing under the Revolving Credit Facility and Glencore Facility (each as defined in the Settlement Agreement), subject to maintaining a holdback reserve and certain other conditions.
8. On June 23, 2023, the Appian Transaction was successfully completed and the net proceeds were distributed in accordance with the Distribution Order.
9. On June 28, 2023, this Honourable Court granted an order expanding the powers of the Monitor with respect to Trevali Corp. and its property (the “**EMP Order**”).
10. On July 28, 2023, this Honourable Court heard an application by Trevali Corp. for an order (the “**Settlement Agreement Declaration Order**”) that any payments made, or that may potentially be made, to or on behalf of Glencore pursuant to section 5 of the Settlement Agreement:
 - a. are not new or additional post-filing liabilities of Trevali Corp., Trevali NB or any entity in the Trevali Group (as defined in the Settlement Agreement);

- b. have been, and shall only be, paid as a reduction of the amounts outstanding under the Glencore Facility; and
 - c. shall not exceed the amounts owing under the Glencore Facility (as set out in the Distribution Order).
11. This Honourable Court has reserved its decision with respect to the application for the Settlement Agreement Declaration Order.
12. On October 18, 2023, the Monitor filed a Notice of Application for an order (the “**Stay Extension Order**”) extending the Stay of Proceedings with respect to Trevali Corp. until and including April 26, 2024 (the “**Stay Extension**”).

PURPOSE

13. The purpose of this Fourteenth Report is to provide this Honourable Court and Trevali Corp.’s stakeholders with information with respect to:
- a. an update on the Monitor’s activities since the granting of the EMP Order;
 - b. an update on the Claims Process;
 - c. the status of the Working Capital Escrow Account as defined in and provided for under the Appian SPA and funded upon closing of the Appian Transaction;
 - d. Trevali Corp.’s actual cash receipts and disbursements for the 15-week period from the granting of the EMP Order to October 10, 2023, as compared to the cash flow statement included in the Twelfth Report of the Monitor dated June 26, 2023 (the “**Wind-down Cash Flow Statement**”);
 - e. an updated cash flow statement (the “**Second Wind-down Cash Flow Statement**”) for the 29-week period ending on April 30, 2024; and

- f. the Monitor's application for the Stay Extension Order.

TERMS OF REFERENCE

14. In preparing this report, the Monitor has relied upon certain information (the "**Information**") including the Applicants' unaudited financial information, books and records and discussions with former senior management of Trevali Corp. ("**Management**").
15. 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.
16. 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.
17. Future-oriented financial information reported to be relied on in preparing this report is based on assumptions regarding future events. Actual results may vary from forecast and such variations may be material.
18. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars to be consistent with the Applicants' primary reporting currency.
19. Capitalized terms not otherwise defined herein are as defined in the First Report of the Monitor in these CCAA Proceedings dated August 26, 2022.

MONITOR'S ACTIVITIES

20. Since the date of the EMP Order, the Monitor has assumed responsibility for the administration of the remainder of Trevali Corp.'s property. Its activities have included, among other things:

- a. retaining certain former Management to assist the Monitor on a contract basis;
- b. with the assistance of former Management, pursuing Trevali Corp.'s interest in the liquidation proceedings of its subsidiary, Nantou Mining Burkina Faso S.A. ("**Nantou Mining**"), in Burkina Faso;
- c. pursuing the recovery of insurance proceeds relating to the tragic flooding incident of the mine operated by Nantou Mining in Burkina Faso in April 2022;
- d. administering the Working Capital Escrow Account (as defined in the Appian SPA);
- e. reviewing and analysing the Closing Balance Sheet and Closing Statement as defined in and under the Appian SPA and corresponding with Appian's financial advisors retained with respect to same;
- f. corresponding with creditor claimants pursuant to the Claims Process;
- g. preparing the Thirteenth Report of the Monitor dated July 25, 2023, in respect of Trevali Corp.'s application for the Settlement Approval Declaration Order; and
- h. preparing this Fourteenth Report.

CLAIMS PROCESS

- 21. As described in the Eleventh Report of the Monitor dated May 31, 2023 (the "**Eleventh Report**"), the Monitor issued 11 Notices of Revision or Disallowance ("**NORD**") pursuant to the Claims Process Order.
- 22. The Monitor received two Notices of Dispute of Revision or Disallowance within five business days of the corresponding date of delivery of the NORDs. Neither disputing party submitted a notice of application seeking to appeal the NORD, along with supporting affidavit material, within 15 business days after the date of delivery of the

NORD as required by the Claims Process Order. Accordingly, both Claims (as defined in the Claims Process) have been deemed accepted at the amount, secured status and priority as set forth in the NORD pursuant to the Claims Process Order.

23. As described in the Eleventh Report, the Monitor extended 10 Claims where it was determined by the Monitor, in consultation with Trevali Corp., that further evaluation of those Claims was warranted due to the contingent nature of the Claims or where further evidence of the amounts claimed was forthcoming.
24. Following the receipt of further evidence, the Monitor accepted one of the extended Claims and issued a NORD pursuant to another extended Claim.
25. The Monitor further extended the applicable timelines in respect of the remaining eight Claims due to the contingent nature of the Claims and the Monitor expects to further extend the applicable timelines in respect of certain Claims.

WORKING CAPITAL ESCROW ACCOUNT

26. As described above, the Appian Transaction closed on June 23, 2023. The sources and uses of cash are described in detail in the Confidential Supplemental Report to the Twelfth Report of the Monitor, available on the Monitor's website following the expiry of a related sealing order, and are not repeated herein. Capitalized terms not otherwise defined in this section are as defined in the Appian SPA.
27. Upon closing, the Working Capital Escrow Account was funded with the Working Capital Escrow Amount of \$6.0 million and FTI was appointed Working Capital Escrow Agent.
28. On August 6, 2023, Appian delivered a Closing Balance Sheet and Closing Statement to the Monitor. Subsequently, on August 11, 2023, the supporting Completion Accounts Databook produced by Appian's external accountants, Ernst & Young Advisory Services (Pty) Ltd. ("EY"), was also provided.

29. The Monitor analysed the Closing Balance Sheet including reviewing the closing accounting entries and the Completion Accounts Databook prepared by EY and arranging follow-up calls with Appian and EY. Following this review, the Monitor was satisfied with both the Closing Balance Sheet and Closing Statement.
30. On September 20, 2023, the Monitor delivered notice to Appian and its assignee (the Purchasers) that it was not intending to issue a Dispute Notice, and Appian's assignee and Trevali executed joint written instructions on October 5, 2023, to the Working Capital Escrow Agent instructing the Working Capital Escrow Agent to disburse the Working Capital Escrow Amount as follows:

Trevali Corp. Disbursement of Working Capital Escrow Amount (USD thousands)		
Purchasers	\$	2,655
Trevali		3,345
Working Capital Escrow Amount	\$	6,000

31. Overall, approximately \$2.7 million was distributed to Appian and approximately \$3.4 million was distributed to Trevali Corp., which included approximately \$88,000 of interest that had accrued on the account, less bank service charges.

ACTUAL CASH FLOW

32. Trevali Corp.'s actual cash receipts and disbursements as compared to the Wind-down Cash Flow Statement for the 15-week period ended October 10, 2023, are summarized below:

Trevali Corp. Cash Flow Variance Analysis Fifteen Week Period Ended October 10, 2023 (USD thousands)			
	Actual	Forecast	Variance
Operating Receipts			
Other Receipts	\$ 546	\$ -	\$ 546
Total Receipts	546	-	546
Operating Disbursements			
Payroll and Benefits	126	-	(126)
Contractors and Consultants	299	350	51
Restructuring Professional Fees	539	795	257
Other Professional Fees	-	20	20
Other Operating Disbursements	2	140	138
Total Operating Disbursements	966	1,305	339
Net Change in Cash from Operations	(420)	(1,305)	886
Financing			
Working Capital Escrow	3,433	-	3,433
Net Change in Cash from Financing	3,433	-	3,433
Effect of Foreign Exchange Translation	(9)	-	(9)
Net Change in Cash	3,004	(1,305)	4,310
Opening Cash	4,152	3,000	1,152
Ending Cash	\$ 7,156	\$ 1,695	\$ 5,462

33. Highlights of the cash flow are summarized as follows:

- a. the opening cash balance of approximately \$4.2 million included a wind-down reserve of \$3.0 million as well as Trevali Corp.'s closing cash position at the date of the EMP Order of approximately \$1.2 million;
- b. other receipts are primarily comprised of insurance proceeds relating to the tragic flooding event of the mine operated by Nantou Mining;
- c. payroll and benefits amounts pertain to services performed prior to the EMP Order that were funded after the EMP Order was granted;

- d. contractor costs relate to ongoing services provided by certain former Management relating to post-closing matters and realization efforts including the collection of insurance proceeds and the marketing of certain residual assets;
- e. professional fees include costs incurred in respect of the closing of the Appian Transaction, post-closing matters as well as the ongoing administration of the CCAA Proceedings. A summary of the professional fee disbursements incurred since the date of the EMP Order is set out in the table below:

Professional Fee Summary					
Fifteen Week Period Ended October 10, 2023					
<i>(USD thousands)</i>					
Firm	Role	Fees	Disbursements	Taxes	Total
Blakes, Cassels & Graydon LLP	Counsel to Trevali	\$ 282	\$ 1	\$ 34	\$ 316
FTI Consulting Canada Inc.	Monitor	92	1	5	98
Dentons Canada LLP	Monitor's Counsel	111	0	13	124
Total		\$ 485	\$ 2	\$ 52	\$ 539

- f. approximately \$3.4 million of proceeds were realized from the Working Capital Escrow Account which were not provided for under the Wind-down Cash Flow Statement.

SECOND WIND-DOWN CASH FLOW STATEMENT

34. The Monitor has prepared the Second Wind-down Cash Flow Statement to set out the liquidity requirements and cash position of Trevali Corp. during the “Forecast Period”. A copy of the Second Wind-down Cash Flow Statement is attached as Appendix “A”.
35. A summary of the Second Wind-down Cash Flow Statement is set out in the below table:

Trevali Corp. Second Wind-down Cash Flow Statement Forty-four Week Period Ended April 30, 2024 (USD thousands)			
	Weeks 46-60 Actual	Weeks 61-89 Forecast	Weeks 46-89 Total
Operating Receipts			
Other Receipts	\$ 546	\$ -	\$ 546
Total Receipts	546	-	546
Operating Disbursements			
Payroll and Benefits	126	-	126
Contractors and Consultants	299	150	449
Restructuring Professional Fees	539	829	1,367
Other Operating Disbursements	2	150	152
Total Operating Disbursements	966	1,129	2,095
Net Change in Cash from Operations	(420)	(1,129)	(1,548)
Financing			
Working Capital Escrow	3,433	-	3,433
Net Change in Cash from Financing	3,433	-	3,433
Effect of Foreign Exchange Translation	(9)	-	(9)
Net Change in Cash	3,004	(1,129)	1,875
Opening Cash	4,152	7,156	4,152
Ending Cash	\$ 7,156	\$ 6,028	\$ 6,028

36. The Second Wind-down Cash Flow Statement is based on the following key assumptions:

- a. opening cash is presented exclusive of \$1.2 million held in respect of the D&O Charge;
- b. other receipts does not include recoveries on remaining assets that may be realized during the Forecast Period;
- c. the Monitor anticipates requiring the assistance of former key Management personnel retained on hourly contracts to assist with post-closing matters, evaluation of Claims and realization of assets;
- d. restructuring professional fees include accrued and projected fees and disbursements for legal counsel to Trevali Corp., the Monitor and the Monitor's legal counsel; and

- e. Trevali Corp. anticipates incurring certain overhead costs in order to, among other things, preserve and maintain access to company records and information systems.

37. The Second Wind-down Cash Flow Statement does not reflect any distributions that may be made pursuant to the Distribution Order, or further orders of this Honourable Court.

STAY EXTENSION

38. The Monitor's comments with respect to the application for the Stay Extension Order are as follows:

- a. the Stay Extension will allow the Monitor, with expanded powers with respect to Trevali Corp., time to attend to remaining post-closing matters associated with the Appian Transaction, make one or more further distributions as necessary pursuant to the Distribution Order, review and evaluate unresolved creditor claims, continue to pursue Trevali Corp.'s interest in the liquidation of Nantou Mining and otherwise administer Trevali Corp.'s estate;
- b. the Second Wind-down Cash Flow Statement forecasts that Trevali Corp. will have sufficient liquidity during the period of the Stay Extension;
- c. there is not any material financial prejudice to Trevali Corp.'s creditors as a result of the Stay of Proceedings being extended to April 26, 2024; and
- d. Trevali Corp. is acting in good faith and with due diligence to progress these proceedings.

CONCLUSIONS AND RECOMMENDATIONS

39. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the Stay Extension Order.

All of which is respectfully submitted this October 18, 2023.

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



Tom Powell
Senior Managing Director



Mike Clark
Senior Director

Appendix A

Second Wind-down Cash Flow Statement for the forty-four week period ending April 30, 2024

Trevell Mining Corporation
 Second Wind-down Cash Flow Statement
 For the Forty-four Week Period Ended April 30, 2024

(USD thousands)	Week Ending	Weeks 46-60	Week 61	Week 62	Week 63	Week 64	Week 65	Week 66	Week 67	Week 68	Week 69	Week 70	Week 71	Week 72	Week 73	Week 74	Week 75	Week 76	Week 77	Week 78	Week 79	Week 80	Week 81	Week 82	Week 83	Week 84	Week 85	Week 86	Week 87	Week 88	Week 89	Total		
		10-Oct-23	17-Oct-23	24-Oct-23	31-Oct-23	7-Nov-23	14-Nov-23	21-Nov-23	28-Nov-23	5-Dec-23	12-Dec-23	19-Dec-23	26-Dec-23	2-Jan-24	9-Jan-24	16-Jan-24	23-Jan-24	30-Jan-24	6-Feb-24	13-Feb-24	20-Feb-24	27-Feb-24	5-Mar-24	12-Mar-24	19-Mar-24	26-Mar-24	2-Apr-24	9-Apr-24	16-Apr-24	23-Apr-24	30-Apr-24			
Operating Receipts																																		
Other Receipts	\$	546	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	546
Total Receipts		546	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	546	
Operating Disbursements																																		
Payroll and Benefits		126	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	126	
Contractors and Consultants		299	-	-	-	25	-	-	-	25	-	-	25	-	-	-	-	-	25	-	-	-	25	-	-	-	25	-	-	-	-	-	449	
Restructuring Professional Fees		539	79	-	-	125	-	-	-	125	-	-	125	-	-	-	-	-	125	-	-	-	125	-	-	-	125	-	-	-	-	-	1,367	
Other Operating Disbursements		2	-	-	-	25	-	-	-	25	-	-	25	-	-	-	-	-	25	-	-	-	25	-	-	-	25	-	-	-	-	152		
Total Operating Disbursements		966	79	-	-	175	-	-	-	175	-	-	175	-	-	-	-	-	175	-	-	-	175	-	-	-	175	-	-	-	-	-	2,095	
Net Change in Cash from Operations		(420)	(79)	-	-	(175)	-	-	-	(175)	-	-	(175)	-	-	-	-	(175)	-	-	-	(175)	-	-	-	(175)	-	-	-	-	-	(1,548)		
Financing																																		
Working Capital Escrow		3,433	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,433	
Net Change in Cash from Financing		3,433	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,433	
Effect of Foreign Exchange Translation		(9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9)		
Net Change in Cash		3,004	(79)	-	-	(175)	-	-	-	(175)	-	-	(175)	-	-	-	-	(175)	-	-	-	(175)	-	-	-	(175)	-	-	-	-	-	1,875		
Opening Cash		4,152	7,156	7,078	7,078	7,078	6,903	6,903	6,903	6,903	6,728	6,728	6,728	6,728	6,553	6,553	6,553	6,553	6,553	6,378	6,378	6,378	6,378	6,203	6,203	6,203	6,203	6,028	6,028	6,028	6,028	4,152		
Ending Cash	\$	7,156	\$ 7,078	\$ 7,078	\$ 7,078	\$ 6,903	\$ 6,903	\$ 6,903	\$ 6,903	\$ 6,728	\$ 6,728	\$ 6,728	\$ 6,728	\$ 6,553	\$ 6,553	\$ 6,553	\$ 6,553	\$ 6,553	\$ 6,378	\$ 6,378	\$ 6,378	\$ 6,378	\$ 6,203	\$ 6,203	\$ 6,203	\$ 6,203	\$ 6,028	\$ 6,028	\$ 6,028	\$ 6,028	\$ 6,028			