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

Tacora Resources Inc.

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

January 18, 2024

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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.

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

INTRODUCTION

1. Pursuant to an Order (the "**Initial Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated October 10, 2023 (the "**Filing Date**"), 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**").

2. The Initial Order, among other things:

   (a) granted a stay of proceedings until October 20, 2023 (the "**Stay Period**");

   (b) appointed FTI Consulting Canada Inc. ("**FTI**") as Monitor of Tacora (in such capacity, the "**Monitor**");

   (c) approved a DIP Facility Term Sheet (the "**DIP Agreement**") dated October 9, 2023, between the Applicant as borrower and Cargill Inc. (the "**DIP Lender**"), pursuant to which the DIP Lender agreed to advance up to a maximum principal amount of $75 million to the Applicant, subject to the terms and conditions of the DIP Agreement, with an initial loan amount of up to $15.5 million (the "**Initial Advance**") being available prior to the comeback hearing;

   (d) approved a priority charge in favour of the DIP Lender on all the assets, property and undertakings of the Applicant in order to secure the obligations under the DIP Agreement in the principal amount of the Initial Advance and the Post-Filing Credit Extensions (as defined in the DIP Agreement) up to the maximum principal amount of $20,000,000;

(e) approved a charge in the amount of $4.6 million (the "**Directors' Charge**") in favour of the Applicant's directors and officers; and

(f) approved a charge in the amount of $1 million securing the fees and expenses of the Monitor and legal counsel, legal counsel of the Applicant and the payment by the Applicant of the Monthly Advisory Fee (as defined in the Engagement Letter dated as of January 23, 2023 between the Applicant and Greenhill & Co. Canada Ltd ("**Greenhill**")).

3. On October 13, 2023, the Stay Period was extended to October 27, 2023, pursuant to the Order of Justice Kimmel. On October 27, 2023, the Stay Period was further extended to October 31, 2023 and the initial loan amount available prior to the comeback hearing under the DIP Agreement was increased to $20.5 million pursuant to the Order of Justice Kimmel.

4. The Initial Order was amended and restated on October 30, 2023 (the "**ARIO**"). A copy of the ARIO is attached as Appendix "A". The ARIO, among other things:

(a) extended the Stay Period to February 9, 2024;

(b) authorized the Applicant to borrow up to the full amount of $75 million available under the DIP Agreement;

(c) increased the Directors' Charge to $5.2 million;

(d) approved a key employee retention plan (the "**KERP**") and charge to secure payments under the KERP of up to $3.035 million; and

(e) approved the engagement letter dated as of January 23, 2023, pursuant to which Greenhill was appointed as financial advisor and investment banker to the Applicant and a corresponding charge to a maximum amount of $5,600,000 to secure certain fees that may become payable under this engagement letter.

5. On October 9, 2023, FTI in its capacity as proposed Monitor filed a Pre-Filing Report (the "**Pre-Filing Report**") and on October 20, 2023, in advance of the comeback hearing, the Monitor filed its First Report (the "**First Report**"). A copy of the Pre-Filing Report is attached as Appendix "B" and a copy of the First Report, without appendices, is attached as Appendix "C".

6. Pursuant to an Order also granted on October 30, 2023 (the "**Solicitation Order**"), the Court approved a sale, investment and services solicitation process (the "**Solicitation Process**") to solicit

interest in a potential Transaction Opportunity and/or Offtake Opportunity (each as defined in the Solicitation Process). A copy of the Solicitation Order is attached as Appendix "D".

7. As described below, historically, Tacora has financed the premiums owing under its property insurance policies. Following an unopposed motion filed by FIRST Insurance Funding of Canada Inc. ("**FIRST Canada**"), the Honourable Justice Cavanagh granted an Order on December 5, 2023, approving certain payments by Tacora to FIRST Canada in connection with two premium finance contracts (the "**FIRST Canada Order**"). A copy of the FIRST Canada Order is attached as Appendix "E".

8. All references to monetary amounts in this Second Report of the Monitor (the "**Second Report**") are in United States dollars unless otherwise noted. Any capitalized terms not defined herein have the meanings given to them in the Pre-Filing Report, the First Report or the ARIO.

9. Further information regarding the CCAA Proceeding, including all materials publicly filed in connection with these proceedings, is available on the Monitor's website at http://cfcanada.fticonsulting.com/tacora (the "**Monitor's Website**").

PURPOSE

10. The purpose of this Second Report is to provide information to the Court with respect to:

    (a) the Monitor's activities since the First Report;

    (b) Tacora's actual cash receipts and disbursements for the 14-week period ending January 14, 2024, and a comparison to the cash flow forecast attached as Appendix "A" to the Pre-Filing Report (the "**October 2023 Forecast**") along with an updated cash flow forecast for the period ending March 17, 2024 (the "**January 2024 Forecast**"), attached as Appendix "F";

    (c) the relief sought by the Applicant for (i) an order (the "**Stay Extension Order**") extending the Stay Period to March 18, 2024 and (ii) an order ("**Insurance Financing Order**") approving the commercial premium finance agreement (the "**Premium Finance Agreement**") dated as of January 10, 2024, between Tacora and Marsh Canada Limited – Toronto as broker and FIRST Canada as financier and related relief; and

    (d) the Monitor's views in respect of the foregoing, as applicable.

TERMS OF REFERENCE AND DISCLAIMER

11. In preparing this Second Report, the Monitor has relied upon audited and unaudited financial information of Tacora's books and records, and discussions and correspondence with, among others, management of and advisors to Tacora as well as other stakeholders and their advisors ("**Information**").

12. Except as otherwise described in this Second Report:

    (a) 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 Auditing Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and

    (b) the Monitor has not examined or reviewed the financial forecasts or projections referred to in this Second Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

13. Future-oriented financial information reported in or relied on in preparing this Second Report is based on assumptions regarding future events. Actual results will vary from these forecasts, and such variations may be material.

14. The Monitor has prepared this Second Report to provide information to the Court in connection with the relief requested by the Applicant. This Second Report should not be relied on for any other purpose.

MONITOR'S ACTIVITIES SINCE THE FIRST REPORT

15. In accordance with its duties as outlined in the ARIO, the Solicitation Order and its prescribed rights and obligations under the CCAA, the activities of the Monitor since the First Report have included the following:

    (a) participating in regular discussions with Tacora, its legal counsel and other advisors including the Financial Advisor regarding, among other things, the CCAA Proceeding, communications with stakeholders and business operations;

    (b) assisting Tacora with communications to employees, suppliers, creditors and other stakeholders;

    (c) attending Court in respect of the FIRST Canada Order;

(d) monitoring the cash receipts and disbursements of Tacora;

(e) assisting Tacora with updating and extending its cash flow forecasts;

(f) assisting Tacora in preparing the regular reporting required under the DIP Agreement;

(g) working with Tacora, its advisors including the Financial Advisor, and the Monitor's counsel, as applicable, to, among other things:

(i) provide stakeholders with financial and other information as appropriate in the circumstances; and

(ii) assist Tacora and the Financial Advisor in conducting the Solicitation Process and furthering their analysis and considerations with respect to the Solicitation Process, including assisting with the preparation of related cash flow forecasts and attending management meetings and site visits with interested parties.

(h) attending meetings of the Board of Directors of Tacora;

(i) participating in discussions with Mr. Randy Benson as a new director of Tacora, and communicating with directors' counsel;

(j) responding to stakeholder enquiries regarding the CCAA Proceeding generally;

(k) posting an updated service list for the CCAA Proceeding on the Monitor's Website;

(l) maintaining and uploading documents to the Monitor's Website; and

(m) preparing this Second Report.

BRIEF UPDATE ON THE SOLICITATION PROCESS

16. Capitalized terms not defined in this section have the meanings given to them in the Solicitation Order.

17. Pursuant to the Solicitation Order, the Solicitation Process has been conducted by the Financial Advisor and Tacora under the supervision of the Monitor.

18. Pursuant to the Solicitation Order, the deadline for submissions of non-binding letters of intent was 12:00 pm EST on December 1, 2023 (the "**Phase 1 Bid Deadline**"). Bids were received by the Phase 1 Bid Deadline and following an assessment of the Bids, on December 8, 2023, the Financial

Advisor notified Qualified Phase 1 Bidders that they had been permitted to proceed to Phase 2 of the Solicitation Process.

19. The deadline for Phase 2 Bidders to submit a binding offer is 12:00 pm EST on January 19, 2023 (the "**Phase 2 Bid Deadline**"). The Monitor will provide a further update on the results of the Solicitation Process in due course.

RECEIPTS AND DISBURSEMENTS FOR THE 14-WEEK PERIOD ENDED JANUARY 14, 2024

20. Tacora's actual negative net cash flow from operations for the 14-week period from October 9, 2023 to January 14, 2024, was approximately $17.3 million, compared to a forecast negative net cash flow from operations of approximately $51.3 million, as noted in the October 2023 Forecast attached to the Monitor's Pre-Filing Report, representing a positive variance of approximately $34.1 million as summarized below:

	Actual	Forecast	Variance
	$000	$000	$000
Total Receipts	**108,011**	**92,689**	**15,322**
Operating Disbursements			
Employees	(19,188)	(17,013)	(2,175)
Mine, Mill and Site Costs	(16,562)	(24,873)	8,310
Plant Repairs and Maintenance	(29,568)	(31,369)	1,801
Logistics	(31,257)	(31,590)	333
Capital Expenditures	(22,224)	(32,086)	9,863
Other	(6,501)	(7,107)	606
Total Operating Disbursements	**(125,301)**	**(144,039)**	**18,738**
Net Cash from Operations	**(17,290)**	**(51,350)**	**34,060**
Restructuring Legal and Professional Costs	(4,881)	(5,853)	971
KERP	(2,990)	(3,035)	45
Net Cash Flow	**(25,162)**	**(60,238)**	**35,076**
Opening Cash Balance	**12,673**	**12,272**	**401**
Net Receipts/(Disbursements)	(25,162)	(60,238)	35,076
DIP Advances/(Repayments)	55,500	59,704	(4,204)
DIP Fees and Interest	(1,024)	(730)	(293)
Closing Cash Balance	**41,988**	**11,008**	**30,980**

21. Explanations for the key variances are as follows:

(a) positive variance in *Total Receipts* of approximately $15.3 million primarily due to higher than forecast production at the mine and favorable pricing of iron ore during the period;

(b) negative variance in *Employees* of approximately ($2.2) million primarily due to variable compensation based on production paid out resulting from higher than forecast production;

(c) positive variance in *Mine, Mill and Site Costs* of approximately $8.3 million primarily due to lower than forecast outflows as Tacora proactively managed its disbursements, including deposits paid, during the period. It is expected that a portion of this variance may reverse in future weeks;

(d) positive variance in *Plant Repairs and Maintenance* of approximately $1.8 million primarily relates to lower than forecast outflows as Tacora proactively managed its disbursements, including deposits paid, during the period. It is expected that a portion of this variance may reverse in future weeks; and

(e) positive variance in *Capital Expenditures* of approximately $9.8 million primarily relates to lower than forecast outflows as Tacora proactively managed its capital expenditures, including deposits paid, during the period. It is expected that this variance will reverse in future weeks.

STAY EXTENSION

22. The Stay Period will expire on February 9, 2024. The continuation of the stay of proceedings is necessary to provide the stability needed during that time. Accordingly, Tacora is seeking a further extension of the Stay Period to March 18, 2024.

23. As is demonstrated in the January 2024 Forecast attached to this Second Report as Appendix "F", Tacora is forecast to have sufficient liquidity to fund its obligations and the costs of the CCAA Proceedings through the end of the extended Stay Period. The January 2024 Forecast is summarized below:

	$000
Total Receipts	**59,850**
Operating Disbursements	
Employees	(11,624)
Mine, Mill and Site Costs	(28,139)
Plant Repairs and Maintenance	(22,530)
Logistics	(21,019)
Capital Expenditures	(9,309)
Other	(5,854)
Total Operating Disbursements	**(98,473)**
Net Cash from Operations	**(38,623)**
Restructuring Legal and Professional Costs	(5,888)
KERP	-
Net Cash Flow	**(44,511)**
Opening Cash Balance	**41,988**
Net Receipts/(Disbursements)	(44,511)
DIP Advances/(Repayments)	14,000
DIP Fees and Interest	(958)
Closing Cash Balance	**10,519**

24. The Monitor supports extending the Stay Period to March 18, 2024 for the following reasons:

(a) during the proposed extension of the Stay Period, Tacora will have an opportunity to complete the Solicitation Process and take steps to implement a transaction resulting therefrom;

(b) the Monitor is of the view that the proposed extension to the Stay Period is necessary to provide Tacora with the flexibility and time required to complete the Solicitation Process and a successful restructuring;

(c) the January 2024 Forecast demonstrates that, subject to its underlying hypothetical and probable assumptions, Tacora is forecast to have sufficient liquidity to continue funding its operations during the CCAA Proceeding to March 18, 2024;

(d) based on the information presently available, the Monitor believes that creditors will not be materially prejudiced by the proposed Stay Extension; and

(e) the Monitor believes that the Applicants have acted, and are continuing to act, in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate.

APPROVAL OF THE PREMIUM FINANCE AGREEMENT

25. Certain of Tacora's property insurance policies were set to renew on December 21, 2023.

26. Tacora has historically financed the premiums owing under its property insurance policies and on January 10, 2024, Tacora entered into the Premium Finance Agreement whereby FIRST Canada agreed to provide financing in the amount of C$2,885,497.54 towards the required C$3,925,847 for the renewal of the property insurance policies (the "**Financed Policies**").

27. The Premium Finance Agreement is subject to Tacora making a down payment of C$1,040,349.46 towards the Financed Policies and the Court granting the Insurance Financing Order which, among other things:

    (a) approves the Premium Finance Agreement;

    (b) provides that the validity and priority of the Court-ordered priority charges set out in paragraphs 46 and 49 of the ARIO, are not applicable to any unearned premiums under the Financed Policies;

    (c) approves of Tacora's assignment to FIRST Canada of a security interest in the Financed Policies in accordance with the terms of the Premium Finance Agreement;

    (d) approves of FIRST Canada's right as agent under the Premium Finance Agreement to, after providing thirty (30) days' written notice to the Applicant and the Monitor: (i) cancel the Financed Policies; (ii) receive all sums assigned to FIRST Canada; and (iii) execute and deliver on behalf of the Applicant all documents relating to the Financed Policies; and

    (e) provides for FIRST Canada to have the right to receive all unearned premiums and other funds assigned to FIRST Canada as security in the event that any of the Financed Policies are cancelled.

28. Due to current liquidity constraints, it is prudent for Tacora to finance the Financed Policies. The payments required under the Premium Finance Agreement are in compliance with the DIP Agreement and the January 2024 Forecast.

29. In light of the foregoing, the Monitor supports approval of the Premium Finance Agreement and related relief in the Insurance Financing Order and believes such relief to be reasonable and appropriate in the circumstances.

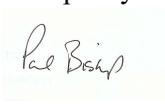
CONCLUSION

30. The Monitor is of the view that the relief requested by the Applicant is necessary, reasonable and justified in the circumstances.

31. Accordingly, the Monitor respectfully supports the requested extension of the Stay Period in the Stay Extension Order and approval of the Premium Financing Contract and related relief in the Insurance Financing Order and recommends that such Orders be granted.

The Monitor respectfully submits to the Court this Second Report dated this 18th day of January, 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

The Amended and Restated Initial Order

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MADAM	)	MONDAY, THE 30TH
JUSTICE KIMMEL	)	DAY OF OCTOBER, 2023

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)

AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by Tacora Resources Inc. (the "**Applicant**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order amending and restating the initial order issued by the Court on October 10, 2023 (the "**Filing Date**"), substantially in the form included at the Applicant's Application Record was heard on October 24, 2023 at 330 University Avenue, Toronto, Ontario with reasons released this day.

ON READING the Application Record of the Applicant dated October 9, 2023 (the "**Application Record**"), the Affidavit of Joe Broking sworn October 9, 2023, the Affidavit of Chetan Bhandari sworn October 9, 2023, the Supplementary Application Record of the Applicant dated October 15, 2023 (the "**Supplementary Application Record**"), the Affidavit of Joe Broking sworn October 15, 2023 (the "**Second Broking Affidavit**"), the Affidavit of Chetan Bhandari sworn October 15, 2023, the Affidavit of Philip Yang sworn October 15, 2023, the consent of FTI Consulting Canada Inc. ("**FTI**") to act as Court-appointed monitor of the Applicant (in such capacity, the "**Monitor**"), the Pre-Filing Report of the Proposed Monitor dated October 10, 2023, the First Report of the Monitor dated October 20, 2023, the Motion Record of the Ad Hoc Group of Noteholders (the "**Ad Hoc Group**") dated October 16, 2023, the Affidavit of Thomas Gray sworn October 16, 2023, the Brief of Transcripts and Exhibits, including the transcripts from the Examinations of Leon Davies held October 18, 2023, Chetan Bhandari held October 18, 2023, Paul Carrelo held October 19, 2023 and Joe Broking held October 19, 2023, and on being advised

that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, counsel for Cargill, Incorporated and Cargill International Trading Pte Ltd., and counsel for the Ad Hoc Group, and such other counsel and parties as listed on the Counsel Slip, with no one else appearing although duly served as appears from the affidavits of service of Natasha Rambaran and the affidavit of service of Philip Yang, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application, the Application Record, and the Supplementary Application Record, is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that, subject to the terms of the DIP Agreement (as defined below), the Applicant shall be entitled to continue to utilize the cash management system currently

in place as described in the Broking Affidavit or replace it with another substantially similar cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that, subject to the terms of the DIP Agreement, the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses, and director fees of outside directors payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein and subject to the terms of the DIP Agreement, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers' insurance), and maintenance and security services;

(b) payment for goods or services actually supplied to the Applicant following the date of this Order; and

(c) payments on behalf of Tacora Resources LLC to pay salaries and wages for U.S. based employees and rent for the Applicant's head office located in Grand Rapids, Minnesota.

8. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of employment insurance, Canada Pension Plan, and income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Agreement and the Definitive Documents (as hereinafter defined), have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding US$1,000,000 in any one transaction or US$5,000,000 in the aggregate;

(b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and

(c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing;

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "**Restructuring**").

12. **THIS COURT ORDERS** that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of

the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

14. **THIS COURT ORDERS** that until and including February 9, 2024, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (a) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (c) prevent the filing of any registration to preserve or perfect a security interest, or (d) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

16. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

NO PRE-FILING VS POST-FILING SET-OFF

17. **THIS COURT ORDERS** that, no Person shall be entitled to set off any amounts that: (a) are or may become due to the Applicant in respect of obligations arising prior to the date hereof with any amounts that are or may become due from the Applicant in respect of obligations arising on or after the date of this Order; or (b) are or may become due from the Applicant in respect of obligations arising prior to the date hereof with any amounts that are or may become due to the Applicant in respect of obligations arising on or after the date of this Order, in each case without the consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall prejudice any arguments any person may want to make in seeking leave of the Court or following the granting of such leave.

CONTINUATION OF SERVICES

18. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

19. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed

property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

21. **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, including with respect to employee vacation pay which may have accrued prior to the commencement of these proceedings, but which obligation may become due and payable after the commencement of these proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

22. **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of US$5,200,000, as security for the indemnity provided in paragraph 21 of this Order. The Directors' Charge shall have the priority set out in paragraphs 46 and 49 herein.

23. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

ENGAGEMENT OF GREENHILL

24. **THIS COURT ORDERS** that the engagement of Greenhill & Co. Canada Ltd. ("**Greenhill**") by the Applicant as investment banker pursuant to the engagement letter dated as of January 23, 2023 (the "**Greenhill Engagement Letter**") and payment by the Applicant of the Monthly Advisory Fee (as defined in the Greenhill Engagement Letter) and the Transaction Fee (as defined in the Broking Affidavit) are hereby approved, subject to the priority provided for herein.

25. **THIS COURT ORDERS** that Greenhill shall be entitled to the benefit of and are hereby granted a charge (the "**Transaction Fee Charge**") on the Property as security for the Transaction Fee, which charge shall not exceed an aggregate amount of US$5,600,000. The Transaction Fee Charge shall have the priority set out in paragraphs 46 and 49 herein.

26. **THIS COURT ORDERS** that Greenhill shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of the Greenhill Engagement Letter, save and except for any gross negligence or wilful misconduct on its part.

APPOINTMENT OF MONITOR

27. **THIS COURT ORDERS** that FTI. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

28. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicant's receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and their counsel, pursuant to and in accordance with the DIP

Agreement (as defined herein), or as may otherwise be agreed between the Applicant and the DIP Lender;

(d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender under the DIP Agreement, which information shall be reviewed with the Monitor and delivered to the DIP Lender and their counsel in accordance with the DIP Agreement;

(e) advise the Applicant in its development of the Plan and any amendments to the Plan;

(f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;

(h) hold and administer funds in connection with arrangements made among the Applicant, any counterparties and the Monitor or by Order of this Court;

(i) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(j) perform such other duties as are required by this Order or by this Court from time to time.

29. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

30. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation,

enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, the *Ontario Occupational Health and Safety Act*, the *Newfoundland Environmental Protection Act*, the *Newfoundland Water Resources Act*, the *Newfoundland Occupational Health and Safety Act*, and the regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

31. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant and the DIP Lender with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

32. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

ADMINISTRATION CHARGE

33. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to the date of this Order, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a bi-weekly basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor and counsel to the Applicant reasonable retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

34. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

35. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the Applicant's counsel and Greenhill for its Monthly Advisory Fee (as defined by the Greenhill Engagement Letter) shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of US$1,000,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 46 and 49 hereof.

DIP FINANCING

36. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow a super-priority, debtor-in-possession, non-revolving credit facility (the "**DIP Facility**") under a DIP Loan Agreement dated October 9, 2023 (the "**DIP Agreement**") from Cargill Inc. (collectively, in such capacity, the **"DIP Lender"**) in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under the DIP Agreement shall not exceed the principal amount of US$75,000,000 and Post-Filing Credit Extensions (as defined in the DIP Agreement) shall not exceed the principal amount of US$20,000,000, unless permitted by further Order of this Court.

37. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the DIP Agreement attached as Exhibit "K" to the Broking Affidavit.

38. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such security documents and other definitive documents (collectively, the **"Definitive Documents"**), as are contemplated by the DIP Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

39. **THIS COURT ORDERS** that the DIP Lender and Cargill International Trading Pte Ltd. ("**CITPL**") shall be entitled to the benefit of and is hereby granted a charge (the **"DIP Charge"**) on

the Property, which DIP Charge shall not secure an obligation that exists before this Order is made, and in the case of CITPL, shall only secure Post-Filing Credit Extensions. The DIP Charge shall have the priority set out in paragraphs 46 and 49 hereof.

40. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the DIP Agreement or the Definitive Documents, the DIP Lender may cease making advances to the Applicant upon four (4) business days' notice to the Applicant and the Monitor, exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the DIP Agreement, Definitive Documents and the DIP Charge, including without limitation, set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the DIP Agreement, the Definitive Documents or the DIP Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

41. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act (Canada)* (the **"BIA"**), with respect to any advances made under the Definitive Documents.

42. **THIS COURT ORDERS AND DECLARES** that this Order is subject to provisional execution and that if any of the provisions of this Order in connection with the DIP Agreement, the Definitive Documents or the DIP Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a "**Variation**"), such Variation shall not in any way impair, limit or lessen the priority, protections, rights or remedies of the DIP Lender, whether under this Order (as made prior to the Variation), under the DIP Agreement or the Definitive

Documents with respect to any advances made or obligations incurred prior to the DIP Lender being given notice of the Variation, and the DIP Lender shall be entitled to rely on this Order as issued (including, without limitation, the DIP Charge) for all advances so made and other obligations set out in the DIP Agreement and the Definitive Documents.

KEY EMPLOYEE RETENTION PLAN

43. **THIS COURT ORDERS** that the Key Employee Retention Plan (the "**KERP**"), as described in the Broking Affidavit and the Second Broking Affidavit, is hereby approved and the Applicant is authorized to make payments contemplated thereunder in accordance with the terms and conditions of the KERP.

44. **THIS COURT ORDERS** that payments made by the Applicant pursuant to the KERP do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

45. **THIS COURT ORDERS** that the Applicant is authorized to pay up to US$3,035,000 to the Monitor to hold in a segregated account (the "**KERP Funds**") and the key employees referred to in the KERP (the "**Key Employees**") shall be entitled to the benefit of and are hereby granted a charge on the KERP Funds (the "**KERP Charge**"), which charge shall not exceed an aggregate amount of US$3,035,000 to secure any payments to the Key Employees under the KERP. The KERP Charge shall have the priority set out in paragraphs 46 and 49 hereof. The Monitor shall not be responsible for making the payments to the Key Employees under the KERP; paying any tax withholdings or remittances payable to any tax authorities or otherwise in respect of the KERP; or reporting or making disclosure with respect to the KERP to any taxing authorities or otherwise.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

46. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge, the Transaction Fee Charge and the DIP Charge (collectively, with the KERP Charge, the "**Charges**"), as among them, as against the Property other than the KERP Funds, shall be as follows:

First – the Administration Charge (to the maximum amount of US$1,000,000);

Second – the Directors' Charge (to the maximum amount of US$5,200,000);

Third – the Transaction Fee Charge (to the maximum amount of US$5,600,000); and

Fourth – the DIP Charge.

47. **THIS COURT ORDERS** that the KERP Charge (to the maximum amount of US$3,035,000) shall rank first solely as against the KERP Funds and the other Charges shall rank subordinate to the KERP Charge as against the KERP Funds in the priorities set out in paragraph 46.

48. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

49. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property, and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, except for the portion of the Transaction Fee Charge which ranks *pari passu* basis with the Senior Priority Notes and Senior Priority Advances.

50. **THIS COURT ORDERS** that, except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with any of the Charges, unless the Applicant also obtains the prior written consent of the Monitor, the beneficiaries of the Administration Charge, the Directors' Charge, DIP Charge and the KERP Charge, or further Order of this Court.

51. **THIS COURT ORDERS** that the Administration Charge, the Directors' Charge, the KERP Charge, the Transaction Fee Charge, the DIP Charge, the DIP Agreement and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by the pendency of these proceedings and the declarations of insolvency made herein; any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; the filing of any assignments for the general benefit of creditors made pursuant to the BIA; the provisions of any federal or provincial statutes; or any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Agreement or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the DIP Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the Applicant pursuant to this Order, the DIP Agreement or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

52. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

53. **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in the Globe and Mail (National Edition), a notice containing the information prescribed under the CCAA, (b) within five (5) days after the date of this Order, (i) make this Order publicly available in the manner prescribed under the CCAA, (ii) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than $1,000, and (iii) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

54. **THIS COURT ORDERS** that the Commercial List E-Service Guide (the "**Guide**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* (Ontario) (the "**Rules**"), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules. Subject to Rule 3.01(d) of the Rules and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a

Case Website shall be established in accordance with the Protocol with the following URL: http://cfcanada.fticonsulting.com/tacora.

55. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

56. **THIS COURT ORDERS** that the Applicant and the Monitor and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. Any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SORS/DORS).

SEALING

57. **THIS COURT ORDERS** that Confidential Exhibit "C" to the Second Broking Affidavit is hereby sealed pending further Order of the Court and shall not form part of the public record.

GENERAL

58. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

59. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

60. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying

out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

61. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

62. **THIS COURT ORDERS** that any interested party (including the Applicant, the Monitor and the DIP Lender) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

63. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the Filing Date.

64. **THIS COURT ORDERS** that this Order is effective from today's date and is enforceable without the need for entry and filing.

Digitally signed
by Jessica Kimmel
Date: 2023.10.30
14:29:55 -04'00'

Electronically issued / Délivré par voie électronique : 30-Oct-2023
Toronto Superior Court of Justice / Cour supérieure de justice

Court File No./N° du dossier du greffe : 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.

(Applicant)

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

AMENDED AND RESTATED INITIAL ORDER

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Counsel to Tacora Resources Inc.

Appendix B

The Pre-Filing Report

Court File No. _____

Tacora Resources Inc.

PRE-FILING REPORT OF THE PROPOSED MONITOR

October 9, 2023

Court File No. _____

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.

PRE-FILING REPORT TO THE COURT SUBMITTED BY FTI CONSULTING CANADA INC., IN ITS CAPACITY AS PROPOSED MONITOR

INTRODUCTION

1. FTI Consulting Canada Inc. ("**FTI**" or the "**Proposed Monitor**") has been informed that Tacora Resources Inc. (the "**Applicant**") intends to make an application under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an initial order (the "**Proposed Initial Order**") granting, *inter alia*, a stay of proceedings in favour of the Applicant for an initial ten days, (the "**Stay Period**") and appointing FTI as monitor (in such capacity, the "**Monitor**"). The proceeding to be commenced by the Applicant under the CCAA will be referred to herein as the "**CCAA Proceeding**".

2. This pre-filing report of the Proposed Monitor (the "**Report**") has been prepared to provide information to this Court for its consideration in respect of the relief sought by the Applicant in the Proposed Initial Order.

3. The Proposed Monitor understands that the Applicant will be seeking a further order (the "**Proposed Amended and Restated Initial Order**") at a subsequent hearing, to be scheduled with the supervising judge prior to the expiry of the Stay Period, granting certain broader relief. If appointed, the Monitor intends to file a further report in advance of that hearing to provide information on the relief sought in the Proposed Amended and Restated Initial Order.

4. The purpose of this Report is to inform the Court on the following:

   (a) The qualifications of FTI to act as Monitor and an overview of the involvement of FTI and its affiliates with the Applicant to date;

   (b) The state of the business and affairs of the Applicant and the causes of its financial difficulty and insolvency;

   (c) The proposed conduct of the CCAA Proceeding;

   (d) The Applicant's weekly cash flow forecast for the period October 9, 2023, to February 25, 2024 (the "**October 7 Forecast**");

   (e) The Applicant's request, and the Proposed Monitor's recommendation thereon, for:

      (i) Approval of the DIP Facility Term Sheet (the "**DIP Financing Agreement**") dated October 9, 2023, between the Applicant, as Borrower and Cargill, Incorporated ("**Cargill**" or the "**DIP Lender**"), pursuant to which the DIP Lender has agreed to advance up to a maximum principal amount of $75 million (the "**DIP Facility**") to the Applicant, subject to the terms and conditions of the DIP Financing Agreement, with an initial loan amount of up to $15.5 million being available prior to the comeback hearing; and

(ii) A priority charge in favour of the DIP Lender on all the assets, property and undertakings of the Applicant in order to secure the obligations under the DIP Financing Agreement as described below (the "**DIP Charge**");

(f) The Applicant's request for approval of a charge in the amount of $4.6 million (the "**Directors' Charge**") securing the indemnification by the Applicant of its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the CCAA Proceeding, except to the extent that, with respect to any individual, the obligation or liability was incurred as a result of the individual's gross negligence or wilful misconduct, and the Proposed Monitor's recommendation thereon; and

(g) The Applicant's request for approval of a charge in the amount of $1 million (the "**Administration Charge**") securing the fees and expenses of the Monitor and legal counsel to the Monitor (the "**Monitor's Counsel**"), legal counsel of the Applicant (the "**Applicant's Counsel**"), and the payment by the Applicant of the Monthly Advisory Fee (as defined in the Engagement Letter (the "**Greenhill Engagement Letter**") dated as of January 23, 2023 between the Applicant and Greenhill & Co. Canada Ltd. ("**Greenhill**")) and the Proposed Monitor's recommendation thereon.

TERMS OF REFERENCE

5. In preparing this Report, the Proposed Monitor has relied upon unaudited financial information of the Applicant, the Applicant's books and records, certain financial information prepared by the Applicant and discussions with various parties (the "**Information**").

6. Except as otherwise described in this Report:

(a) 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; and

(b) 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.

7. The Proposed Monitor has prepared this Report in connection with the application for the Proposed Initial Order filed, or to be filed, by the Applicant (the "**Initial Application**") and should not be relied on for any other purpose.

8. Future oriented financial information reported or relied on in preparing this Report is based on the assumptions of the management of the Applicant ("**Management**") 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 United States Dollars. Capitalized terms not otherwise defined herein have the meanings given to them in the affidavit of Mr. Joe Broking, President and Chief Executive Officer of the Applicant (the "**Broking Initial Affidavit**") or in the affidavit of Mr. Chetan Bhandari of Greenhill (the "**Bhandari Initial Affidavit**"), both sworn October 9, 2023, in support of the Initial Application.

EXECUTIVE SUMMARY

10. The Proposed Monitor is of the view that:

(a) Granting the relief requested in the Proposed Initial Order will provide the Applicant with the best opportunity to preserve and maximize value for its stakeholders;

(b) The DIP Facility is necessary, the terms of the DIP Financing Agreement are reasonable and within market parameters, it is the best interim financing facility currently available, and no creditor will be materially prejudiced by the approval of the DIP Financing Agreement or the granting of the DIP Charge;

(c) The quantum of the proposed Directors' Charge is reasonable in relation to the quantum of the estimated potential liability;

(d) The quantum of the proposed Administration Charge is reasonable in the circumstances; and

(e) The relief requested by the Applicant, including the approval of the DIP Financing Agreement, the granting of the DIP Charge, the Directors' Charge and the Administration Charge, is necessary, reasonable and justified.

11. Accordingly, the Proposed Monitor respectfully recommends that the Applicant's request for the Proposed Initial Order be granted by this Honourable Court.

FTI AND ITS AFFILIATES

QUALIFICATIONS TO ACT

12. 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, (the "**BIA**") and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA. FTI has provided its consent to act as Monitor.

13. As set out in greater detail below, FTI has been acting as financial advisor to the Applicant and is familiar with its business and operations, certain of their personnel, the key issues and the key stakeholders in this CCAA Proceeding. The senior FTI representative with carriage of this matter is an experienced Chartered Insolvency and Restructuring Professional and a Licensed Insolvency Trustee, who has acted in restructurings and CCAA matters in Ontario and other provinces of Canada and as an authorized "foreign representative" in foreign jurisdictions.

14. FTI also has extensive experience in the mining industry, including specifically with the Scully Mine, which was acquired by the Applicant in the CCAA proceedings of Wabush Mines, commenced in 2015, a case in which FTI is the court-appointed Monitor. A number of suppliers of the Applicant are also creditors in the Wabush Mines CCAA proceedings. The Wabush Mines CCAA proceedings are not yet complete as certain litigation has delayed the final distribution under the plan of arrangement. However, the only remaining matters in the Wabush Mines CCAA proceedings are the implementation of the final distribution and other administrative matters. Accordingly, FTI does not believe that there would be any conflict of interest between its appointment as monitor of Wabush Mines and an appointment as Monitor of the Applicant.

INVOLVEMENT TO DATE OF FTI

15. FTI was originally engaged as financial advisor to the Applicant pursuant to an engagement letter between FTI and the Applicant, executed December 5, 2022 (the "**FTI Engagement Letter**"), and has been active from time to time since then in providing assistance and advice to the Applicant. FTI's role as financial advisor was to provide financial, strategic and restructuring advice and, if necessary, to assist the Applicant in preparing for a filing under the CCAA.

16. FTI has provided no accounting or auditing advice to the Applicant. Fees payable to FTI pursuant to the FTI Engagement Letter are based on hours worked multiplied by normal hourly rates. FTI is not entitled to any success-based or other contingency-based fee.

THE APPLICANT'S BUSINESS & AFFAIRS AND CAUSES OF INSOLVENCY

17. The business and affairs of the Applicant and the causes of its insolvency are described in the Broking Initial Affidavit. The Proposed Monitor has reviewed the Broking Initial Affidavit and discussed the business and affairs of the Applicant and the causes of its insolvency with Management and is of the view that the Broking Initial Affidavit provides a fair summary thereof.

THE PROPOSED CONDUCT OF THE CCAA PROCEEDINGS

18. As described in the Broking Initial Affidavit, at the comeback hearing the Applicant intends to seek:

    (a) An extension of the Stay Period to February 9, 2024;

    (b) Authorization to borrow up to the full $75 million available under the DIP Financing Agreement;

    (c) An increase in the Director's Charge to $5.2 million;

    (d) Approval of the Greenhill Engagement Letter and charges in the cumulative amount of $5.6 million to secure the Transaction Fee (as defined in the Broking Initial Affidavit);

    (e) Approval of a sale, investment and services solicitation process (the "**Solicitation Process**") to solicit interest in a potential Restructuring Transaction[1] that may be available to the Applicant; and

    (f) Approval of a key employee retention plan (the "**KERP**") and the granting of a charge to secure payments under the KERP (the "**KERP Charge**").

[1] As defined in the Solicitation Process.

19. The Monitor will provide a report with its recommendations on the proposed additional relief prior to the comeback hearing.

THE OCTOBER 7 FORECAST

20. The October 7 Forecast, together with Management's report on the cash-flow statement as required by section 10(2)(b) of the CCAA, is attached hereto as **Appendix A**. The October 7 Forecast shows a net cash outflow of approximately $71.8 million for the period October 9, 2023, to February 25, 2024, excluding advances, interest and fees under the DIP Financing Agreement, and is summarized below:

	$000
Total Receipts	**135,981**
Operating Disbursements	
Employees	(23,930)
Mine, Mill and Site Costs	(39,605)
Plant Repairs and Maintenance	(44,122)
Logistics	(42,065)
Capital Expenditures	(37,288)
Other	(10,263)
Total Operating Disbursements	**(197,273)**
Net Cash from Operations	**(61,292)**
Restructuring Legal and Professional Costs	(7,457)
KERP	(3,035)
Net Cash Flow	**(71,784)**
Opening Cash Balance	**12,272**
Net Receipts/(Disbursements)	(71,784)
DIP Advances/(Repayments)	72,400
DIP Fees and Interest	(1,730)
Closing Cash Balance	**11,158**

21. Section 23(1)(b) of the CCAA states that the Monitor shall:

> "review the company's cash-flow statement as to its reasonableness and file a report with the court on the monitor's findings;"

22. 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 October 7 Forecast has been prepared by Management of the Applicant for the purpose described in Note 1, using the probable assumptions and the hypothetical assumptions set out in Notes 1 to 7 thereof;

(b) The Proposed Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied by certain of Management, employees of the Applicant and Greenhill. 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 October 7 Forecast. The Proposed Monitor has also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the October 7 Forecast;

(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 October 7 Forecast;

(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 Applicant or do not provide a reasonable basis for the October 7 Forecast, given the hypothetical assumptions; or

(iii) The October 7 Forecast does not reflect the probable and hypothetical assumptions;

(d) Since the October 7 Forecast 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 October 7 Forecast will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Proposed Monitor in preparing this Report; and

(e) The October 7 Forecast has been prepared solely for the purpose described in Note 1 on the face of the October 7 Forecast and readers are cautioned that it may not be appropriate for other purposes.

THE DIP FINANCING AGREEMENT AND PROPOSED DIP CHARGE

THE DIP FINANCING SELECTION PROCESS

23. Unless otherwise defined or specified, capitalized terms used in this section of this Report are as defined in the DIP Financing Agreement, a copy of which is attached as **Exhibit K** to the Broking Initial Affidavit.

24. As described in the Broking Initial Affidavit and the Bhandari Initial Affidavit, the Applicant engaged in a competitive interim financing solicitation process and received, actively exchanged and negotiated terms with certain third parties and its secured creditors, including the DIP Lender and the Ad Hoc Group of Senior Noteholders, (the "**Ad Hoc Group**").

25. In the days leading up to the CCAA filing, the Applicants received DIP proposals from both the Ad Hoc Group and the DIP Lender. In order to ensure that the Applicants made a fully informed decision in choosing between the two proposals, the Applicant requested that both parties provide final, definitive, executed DIP term sheets by 5:00 pm on October 7, 2023 (the "**DIP Deadline**"). Leading up to the DIP Deadline, the Applicants provided feedback to each of the parties on their existing proposal and related documents, including the DIP Budget.

26. At the DIP Deadline, the DIP Lender submitted an executed DIP term sheet with a maximum facility of $60 million. The cover email noted that the revised forecasts provided to the DIP Lender indicated that the DIP requirement had increased to $72.4 million and that head office approval would be sought for the necessary increase in the amount of the DIP Facility.

27. Also at the DIP Deadline, the Ad Hoc Group informed the Applicant that they would not be able to provide a binding executed offer by the DIP Deadline, but noted that the Ad Hoc Group was still committed to providing a DIP facility as previously agreed and stood behind their DIP term sheet previously submitted on September 12, 2023.

28. The Applicant continued discussions with both the DIP Lender and the Ad Hoc Group. Ultimately, the Ad Hoc Group submitted a revised DIP term sheet and the DIP Lender confirmed the increase in the size of their proposed facility and agreed to some proposed drafting changes.

29. The Applicant carefully considered the two submissions and ultimately selected the DIP Financing Agreement from the DIP Lender as it was determined, in the business judgement of the Board of Directors of the Applicant, to be the superior proposal based on a variety of factors including:

    (a) The size of the DIP facilities and the resultant relative potential prejudice to stakeholders;

    (b) The cash costs associated with each DIP proposal;

(c) The terms, conditions, covenants and events of defaults in each DIP proposal;

(d) The relative degree of potential operational disruption resulting from each DIP proposal; and

(e) The continued availability of margin and hedging arrangements under the DIP Financing Agreement.

THE DIP FINANCING AGREEMENT

30. Subject to the terms and conditions of the DIP Financing Agreement, the DIP Lender has agreed to lend to the Applicant up to $75 million for the following purposes (in each case in accordance with the DIP Budget):

(a) To pay the reasonable and documented professional and advisory fees and expenses (including legal fees and expenses) of the Applicant and the Monitor;

(b) To pay the reasonable and documented DIP Lender Expenses;

(c) To pay the interest, fees and other amounts owing to the DIP Lender under the DIP Financing Agreement; and

(d) To fund, in accordance with the DIP Budget, the Applicant's funding requirements during the CCAA Proceedings, including, without limitation, in respect of the pursuit of a Restructuring Transaction and the working capital and other general corporate funding requirements of the Applicant during such period.

31. The Applicant is required to use the proceeds from the DIP Advances solely in accordance with the DIP Budget subject to the Permitted Variance, being a variance of not more than 15% in the aggregate disbursements (excluding the DIP Lender Expenses) on a cumulative basis since the beginning of the period covered by the applicable DIP Budget.

32. The DIP Facility will be made available by way of:

(a) **An Initial Advance**: In the principal amount of $15.5 million to be advanced not later than one (1) Business Day following the satisfaction of the conditions precedent to the Initial Advance as set out in Section 7 of the DIP Financing Agreement (which conditions precedent include, without limitation: (i) the Proposed Initial Order having been issued in substantially the form attached as a schedule to the DIP Financing Agreement; and (ii) delivery by the Applicant of an Advance Confirmation Certificate (in the form attached as a schedule to the DIP Financing Agreement) to the DIP Lender and Monitor). All accrued DIP Lender Expenses incurred prior to the Filing Date (which are capped at CDN125,000) in connection with the DIP Facility and the preparation for and initiation of the CCAA Proceedings shall be paid in full by way of a deduction from the Initial Advance.

(b) **Subsequent Advances**: Subsequent Advances to be made every other week (or as otherwise agreed to by the Applicant and DIP Lender) with each Subsequent Advance amount being in an amount no less than $1 million and the principal amount of the aggregate Subsequent Advances being no more than $59.5 million. The timing for each Subsequent Advance shall be determined based on the funding needs of the Applicant as set forth in the DIP Budget. Each Subsequent Advance is required to be advanced by the DIP Lender within two (2) Business Days of delivery by the Applicant of an Advance Confirmation Certificate, provided the conditions precedent to the Subsequent Advances as set out in Section 8 of the DIP Financing Agreement are satisfied as of the date of delivery of the Advance Confirmation Certificate to the DIP Lender and Monitor (which conditions precedent include, without limitation, the Proposed Amended and Restated Initial Order having been issued in substantially the form attached as a schedule to the DIP Financing Agreement).

33. Under the DIP Financing Agreement, the DIP Lender has also agreed to maintain certain existing business arrangements between the Applicant and Cargill and its affiliate, Cargill International Trading PTE Ltd. ("**CITPL**"). Unless an Event of Default then exists under the DIP Financing Agreement, Cargill will:

(a) Cause CITPL to continue to make the deemed Margin Advances under the Advance Payments Facility Agreement to fund any Margin Amounts (the "**Post-Filing Margin Advances**") which amounts are to be secured by the DIP Charge;

(b) Cause CITPL to continue to provide the Applicant with (i) services in a manner consistent with past practice, to assist with the Applicant's business and operation (the "**Existing Services**") and (ii) other services (including consulting or advisory services or technical support) whether provided through third parties or by employees of Cargill that may be agreed to by the Applicant and Cargill (or CITPL), with the consent of the Monitor (the "**Additional Services**"). The cost of the Existing Services shall continue to be provided at no cost, consistent with past practice, and the cost of the Additional Services shall be mutually agreed by Cargill (or CITPL) and the Applicant, with the consent of the Monitor. The Applicant shall reimburse CITPL for the cost of the Services on the Maturity Date and all such amounts to be reimbursed shall be secured by and have the benefit of the DIP Charge with the same priority as the DIP Obligations; and

(c) Cause CITPL to:

(i) extend the term of the Onshore Agreement to the Maturity Date, provided that following an Event of Default, CITPL may discontinue performance of the Onshore Agreement with leave of the Court in accordance with the terms of the DIP Financing Agreement;

(ii) continue to perform its obligations under the Offtake Agreement, provided that following an Event of Default, CITPL may discontinue performance of the Offtake Agreement with leave of the Court in accordance with the terms of the DIP Financing Agreement; and

(iii) continue to honour and perform in respect of any existing side letters entered into between the Applicant and Cargill in respect of hedges for the sale and purchase of iron ore under the Offtake Agreement notwithstanding the commencement of the CCAA Proceedings provided that following an Event of Default, CITPL may discontinue such performance with leave of the Court in accordance with the terms of the DIP Financing Agreement.

34. The DIP Financing Agreement requires that the DIP Facility be secured by the DIP Charge with priority to (i) all other Liens other than Permitted Priority Liens, and (ii) Liens of any person who receive notice of the application for the Proposed Initial Order. The Permitted Priority Liens include, *inter alia*, the Administration Charge, Directors' Charge, KERP Charge and the Transaction Fee Charge.

35. Interest is payable on the (a) principal amount of DIP Advances and (b) overdue interest, fees (including the Exit Fee, as defined below) and DIP Lender Expenses outstanding from time to time at a rate equal to 10.0% *per annum*.

36. Under the DIP Financing Agreement, upon the earlier of (a) completion of a successful Restructuring Transaction and (b) the repayment in full of the DIP Facility and all other DIP Obligations and/or cancellation of all remaining commitments in respect thereof, the Applicant agrees to pay an exit fee, in cash (the "**Exit Fee**"), in an amount equal to 3.00% of the aggregate committed amount of the DIP Facility, being equal to $2,250,000. The Exit Fee will only be payable if the DIP Facility is approved pursuant to the Proposed Amended and Restated Initial Order.

37. In addition to other typical positive and negative covenants required to be performed by the Applicant, the Applicant is also required to:

(a) Obtain the Amended Initial Order by October 20, 2023;

(b) Comply with the terms of and keep in full force and effect each of the Offtake Agreement, the Onshore Agreement and the Wetcon PSA;

(c) Comply with the DIP Budget subject to the Permitted Variance; and

(d) Not make any changes to composition of the board of directors of the Applicant other than pursuant to a Court Order;

38. The DIP Obligations are repayable by the Applicant in full on the Maturity Date, being the earliest to occur of:

(a) An occurrence of an Event of Default which is continuing and has not been cured;

(b) The completion of a Restructuring Transaction;

(c) Conversion of the CCAA Proceeding into a proceeding under the BIA;

(d) The date on which the DIP Obligations are voluntarily prepaid in full and the DIP Facility is terminated; and

(e) The Outside Date, being October 10, 2024.

39. The DIP Financing Agreement also contains a number of Events of Default including, among others:

(a) The termination, suspension or disclaimer of the Existing Arrangements, or the taking of any steps to terminate, suspend or disclaim (if permitted under the CCAA) any of the Existing Arrangements (which, for greater certainty, shall not include (i) the commencement and prosecution of the SISP, including the solicitation of an Alternative Offtake or Service Agreement, or (ii) taking any step or related action pursuant to a binding agreement entered into in respect of a Restructuring Transaction at or after the Bid Deadline, including executing such agreement, seeking court approval of such binding agreement or taking any steps in connection with consummating the Restructuring Transaction pursuant to such binding agreement) in each case at or after the Bid Deadline, without prejudice to any rights that CITPL may have pursuant to section 32 (including subsection 32(9)(c)) of the CCAA or otherwise; and

(b) Failure of the Applicant to deliver a Variance Report as required or there shall exist a cumulative negative variance in excess of the Permitted Variance for an applicable testing period.

40. Under the DIP Financing Agreement, the Applicant and the DIP Lender also agree that the Applicant (in consultation with the Monitor) is required to pursue the Solicitation Process in accordance with certain agreed milestones. As well, the Applicant and the DIP Lender agree that nothing in the DIP Financing Agreement restricts the Applicant from terminating, suspending or disclaiming the Existing Arrangement (if permitted under the CCAA) provided that, the parties acknowledge such termination, suspension or disclaimer will cause an Event of Default and the DIP Lender may exercise rights and remedies set out in this Agreement if the DIP Obligations are not repaid in full in accordance with the DIP Financing Agreement.

41. The DIP Financing Agreement contains other terms, conditions, affirmative covenants, negative covenants, representations and warranties, events of default and remedies which are, in the Proposed Monitor's view, customary for this type of financing, including the granting of the DIP Charge.

THE PROPOSED MONITOR'S COMMENTS AND RECOMMENDATION

42. Section 11.2(4) of the CCAA, sets out certain factors that should be considered, among other things, in deciding whether to make an order granting an interim financing charge. These factors, and the Proposed Monitor's comments thereon, are addressed in turn below.

The period during which the company is expected to be subject to proceedings under the CCAA

43. As discussed earlier in this Report, the Applicant will seek approval of the Solicitation Process at the comeback hearing to be held prior to the expiry of the Stay Period. If the Solicitation Process is approved in the form proposed, the deadline for binding bids will be January 19, 2024, and the closing of a transaction or transactions is to occur by no later than February 23, 2024.

44. Based on the October 7 Forecast and subject to its underlying assumptions, and the timing provided for in the Solicitation Process, it is believed that the DIP Financing Agreement provides sufficient liquidity to fund the Applicant's operations and the costs of the CCAA Proceeding until February 25, 2024.

How the company's business and affairs are to be managed during the proceedings

45. The Proposed Monitor understands that provided that the Directors' Charge is granted, the Applicant's board of directors will remain in place to manage the business and affairs of the Applicant during the CCAA Proceeding. Subject to Court approval, the Applicant will also implement the KERP, which has been agreed with the DIP Lender, to assist in retaining key employees of the Applicant throughout the CCAA Proceeding.

46. As noted earlier in this Report, the DIP Financing Agreement also provides that the Applicant shall not make any changes to composition of the board of directors of the Applicant other than pursuant to a Court Order.

Whether the company's management has the confidence of its major creditors

47. The largest creditors of the Applicant are the Ad Hoc Group and Cargill.

48. Cargill has demonstrated its support for the management of the Applicant in its approval of the KERP.

49. The Ad Hoc Group's DIP proposal provided for a KERP, the milestones and allocation of which were to be determined at a later date. Consequently, it is unknown whether a KERP under the Ad Hoc Group's DIP proposal would include the various members of the Applicant's senior management team. However, the Monitor has not been informed by any member of the Ad Hoc Group that they wish to replace existing management at this time and their DIP proposal did not provide for management to be replaced.

Whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company

50. While section 11.2(4) of the CCAA refers to a "compromise or arrangement", given the variety of ways in which successful going-concern outcomes are now structured in proceedings under the CCAA, including asset sales, and "reverse vesting order" transactions, the Monitor is respectfully of the view that it is appropriate for the Court to take a broader view of this factor and expand it to consider these other approaches.

51. Without a DIP facility, the Applicant would, in the very near future, exhaust its available liquidity resources and be unable to pay its obligations as they become due, continue operations, maintain its assets, undertake the Solicitation Process or complete any transaction. The Proposed Monitor is of the view that approval of the DIP Financing Agreement will enhance the prospects of the business and operations of the Applicant being preserved and a successful going-concern outcome being achieved.

The nature and value of the company's property

52. The Applicant's assets are described in the Broking Initial Affidavit and consist primarily of the Scully Mine operation. The market value of the Applicant's property will be finally determined through the Solicitation Process.

53. Nothing has come to the attention of the Proposed Monitor in respect of the nature of the Applicant's property that, in the Proposed Monitor's view, requires particular consideration in connection with the DIP Charge.

Whether any creditor would be materially prejudiced as a result of the proposed charge

54. The proposed DIP Facility would provide the Applicant the opportunity to undertake the Solicitation Process and to complete a transaction.

55. The proposed DIP Charge will secure the advances under the DIP Facility to a maximum of $75 million, the fees and interest, the Post-Filing Credit Extensions limited to $20 million and the DIP Lender Expenses. The advances under the DIP Facility would be limited to the Initial Advance of $15.5 million prior to the comeback hearing.

56. The amount of the Initial Advance is based on the October 7 Forecast with a view to ensuring that the Applicant would have sufficient funds to operate until receipt of the next available advance under the DIP Financing Agreement, assuming approval is granted at the comeback hearing.

57. The DIP Financing Agreement is conditional on the DIP Charge being granted. The only alternative funding option that would be available to the Applicant would also require a DIP charge. Under the Ad Hoc Group DIP proposal, the DIP facility would have been substantially larger; the increased amount being necessary as the Advanced Payments Facility and the Onshore Agreement would have expired and been unavailable under the Ad Hoc Group DIP Proposal.

58. Any prejudice to the secured creditors that may result from the granting of a DIP charge is therefore reduced under the DIP Financing Agreement as compared to the alternative Ad Hoc Group DIP Proposal.

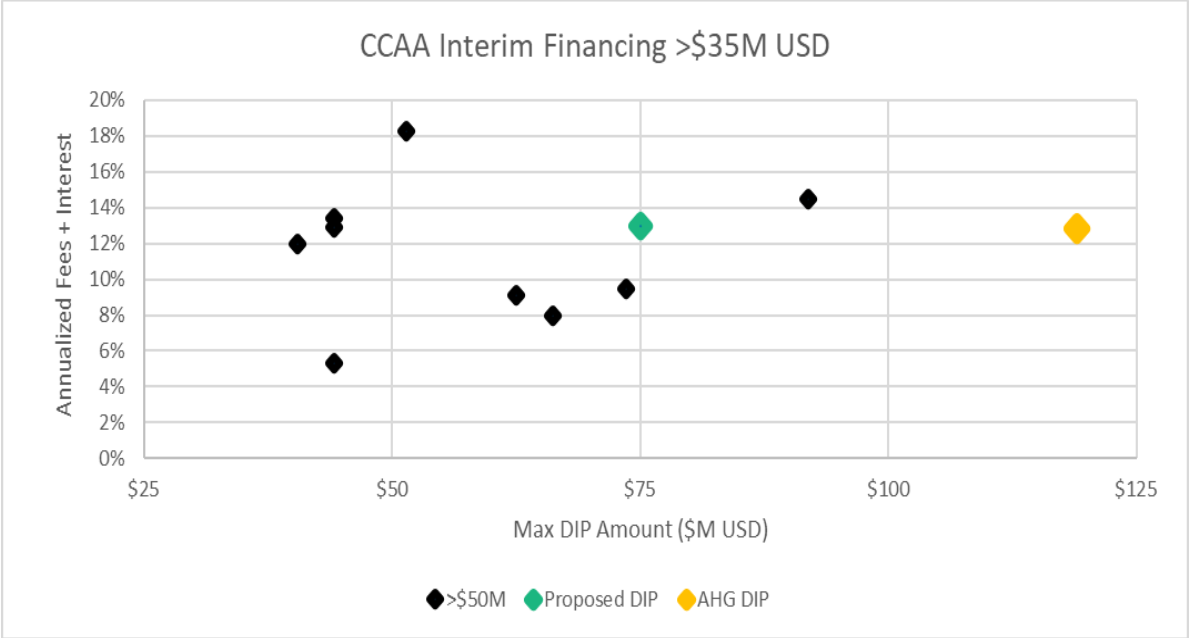
59. By letter dated October 6, 2024, the Ad Hoc Group communicated, amongst other things, certain concerns regarding the Applicant accepting DIP financing from the DIP Lender. Those stated concerns included potential prejudice to the Ad Hoc Group from such financing. The Proposed Monitor has taken note of the concerns expressed.

60. The Proposed Monitor is of the view that, in the circumstances of this case, no creditor would be materially prejudiced as a result of the proposed charge and that any potential detriment caused to the Applicant's creditors by the DIP Charge should be outweighed by the benefits that it creates.

Other potential considerations – Terms and Pricing

61. The Proposed Monitor has reviewed data on the terms of interim financings approved in proceedings under the CCAA based on information publicly available. A summary of such data in respect of interim financings approved from January 1, 2019, to August 31, 2023, is attached hereto as **Appendix B**.

62. Based on the information available, the Proposed Monitor has compared the cost of the DIP Facility to that of other approved interim financings. As illustrated in the charts below, the cost of the DIP Facility appears to be within the range of costs, in terms of annualized interest and fees, for interim financings of similar size approved in other CCAA proceedings:



63. Based on the foregoing, the Proposed Monitor is of the view that the terms of the DIP Financing Agreement are within market parameters in respect of interest and fees.

Other potential considerations – Alternatives Available

64. As noted earlier in this Report, two alternative DIP arrangements were available to the Applicant – the DIP Financing Agreement and the Ad Hoc Group DIP proposal.

65. A comparison of the costs, expenses and key terms and conditions of the two available alternative DIP options is attached as Confidential Exhibit "A" to the Bhandari Initial Affidavit. In summary, as compared to the Ad Hoc Group DIP proposal, the DIP Financing Agreement:

(a) Requires a significantly smaller DIP Charge, thereby reducing any potential prejudice to creditors;

(b) Has significantly lower costs, including lower aggregate interest, lower DIP fees and lower DIP Expenses;

(c) Has significantly more favourable Permitted Variance parameters and similar tests;

(d) Provides for significantly less potential operational disruption through the continuation of the various existing Cargill arrangements, including the margin and hedging arrangements which would likely not be available under the Ad Hoc Group DIP; and

(e) Provides certainty in respect of the KERP.

66. For the reasons discussed above, the Proposed Monitor is of the view that in the current circumstances there is no better alternative to the DIP Financing Agreement at this time.

The Proposed Monitor's Recommendation

67. Based on the foregoing, the Proposed Monitor respectfully recommends that the Court grant the Applicant's request for approval of the DIP Financing Agreement and the granting of the DIP Charge.

THE PROPOSED DIRECTORS' CHARGE

68. The Applicant is seeking the granting of the Directors' Charge in the amount of $4.6 million with priority over all claims against the property of the Applicant other than:

(a) The Administration Charge; and

(b) Any person who is a "secured creditor" as defined in the CCAA that has not been served with notice of the Initial Application (provided that pursuant to the Proposed Initial Order, the Applicant is permitted to seek an Order at the "comeback hearing" or any other subsequent motion in the CCAA Proceeding granting priority to the Directors' Charge and the other court-ordered charges ahead of secured creditors (if any) who did not receive notice of the Initial Application).

69. As described in the Broking Initial Affidavit, the Applicant intends to seek an increase in the Directors' Charge to $5.2 million at the comeback hearing.

70. The beneficiaries of the Directors' Charge, if granted, would be the directors and officers the Applicant. It is the Proposed Monitor's view that the continued support and service of the directors and officers during the CCAA Proceeding would be beneficial to the Applicant's efforts to preserve value and maximize recoveries for stakeholders. The Proposed Monitor has been informed that the directors and officers will not continue to serve unless the Directors' Charge is granted.

71. The quantum of the proposed Directors' Charge is based on estimated amounts for which directors could potentially have statutory personal liability that could be outstanding during the CCAA Proceeding:

    (a) wages, salaries and applicable withholdings;

    (b) outstanding Newfoundland Health and Post-Secondary Education Tax liabilities pursuant to an agreed payment plan by which payments come due after the filing date;

    (c) sales taxes; and

    (d) accrued vacation pay.

72. The quantum of the proposed Directors' Charge has been calculated in two parts:

    (a) For the initial Stay Period under the Proposed Initial Order, if granted; and

    (b) Following the Proposed Amended and Restated Initial Order, if granted at the comeback hearing.

73. The amount for wages and salaries increases in the Proposed Amended and Restated Initial Order calculation primarily as a result of including a full payroll period, rather than only ten days under the Proposed Initial Order calculation.

74. The Proposed Monitor notes that the directors and officers will only be entitled to the benefit of the Directors' 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 directors and officers are entitled to be indemnified pursuant to the provisions of the Proposed Initial Order.

75. Accordingly, the Proposed Monitor respectfully recommends that the Applicant's request for the Directors' Charge be granted by this honourable Court.

THE ADMINISTRATION CHARGE

76. The Applicant is seeking the granting of an Administration Charge in the amount of $1 million in the Proposed Initial Order, with priority over all claims against the property of the Applicant other than any person who is a "secured creditor" as defined in the CCAA that has not been served with notice of the Initial Application. It is proposed that the Administration Charge remain the same at $1 million in the Proposed Amended and Restated Initial Order.

77. The beneficiaries of the Administration Charge, if granted, would be the Monitor, the Monitor's Counsel, Greenhill, to the extent of their Monthly Advisory Fee and the Applicant's Counsel. The Proposed Monitor believes that it is appropriate that the proposed beneficiaries of the Administration Charge be afforded the benefit of a charge as they will be undertaking a necessary and integral role in the CCAA Proceeding.

78. As noted above, the approval of the Greenhill Engagement Letter (and the Transaction Fee) will only be before the Court at the comeback hearing. However, the inclusion of the Monthly Advisory Fee, which is an amount of $125,000 is proposed to be included in the Administration Charge in the Proposed Initial Order. The Monitor has confirmed with Greenhill that they have received the Monthly Advisory Fee for October. Accordingly, there is no outstanding amount owing to Greenhill that would be secured by the proposed Administration Charge prior to the comeback hearing.

79. The Proposed Monitor has reviewed and considered the underlying assumptions upon which the Applicant has based the quantum of the proposed Administration Charge, the complexities of the CCAA Proceeding and the services to be provided by the beneficiaries of the Administration Charge and is of the view that the proposed quantum of the Administration Charge in the Proposed Initial Order is reasonable and appropriate in the circumstances.

80. Accordingly, the Proposed Monitor respectfully recommends that the Applicant's request for the Administration Charge be granted by this honourable Court.

The Proposed Monitor respectfully submits to the Court this, its Pre-Filing Report.

Dated this 9th day of October, 2023.

FTI Consulting Canada Inc.
In its capacity as Proposed Monitor of
Tacora Resources Inc.

Nigel D. Meakin
Senior Managing Director

Jodi Porepa
Senior Managing Director

Appendix A

The October 7 Forecast

Tacora Resources Inc.

Consolidated Cash Flow Projections

($USD in thousands)

Forecast Week Ending		15-Oct-23	22-Oct-23	29-Oct-23	05-Nov-23	12-Nov-23	19-Nov-23	26-Nov-23	03-Dec-23	10-Dec-23	17-Dec-23	24-Dec-23	31-Dec-23	07-Jan-24	14-Jan-24	21-Jan-24	28-Jan-24	04-Feb-24	11-Feb-24	18-Feb-24	25-Feb-24	20 Week
Forecast Week	[1]	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	**Total**
Total Receipts	[2]	**(807)**	**9,861**	**7,170**	**5,847**	**6,791**	**8,750**	**6,729**	**6,803**	**6,564**	**6,820**	**6,086**	**8,113**	**7,297**	**6,665**	**7,033**	**6,797**	**7,349**	**6,771**	**7,444**	**7,899**	**135,981**
Operating Disbursements	[3]																					
Employees		(2,077)	(300)	(1,987)	(205)	(1,877)	(205)	(1,977)	(1,167)	(1,939)	(205)	(2,139)	(285)	(2,443)	(205)	(2,147)	(205)	(2,154)	(206)	(2,000)	(206)	**(23,930)**
Mine, Mill and Site Costs		(1,993)	(1,305)	(1,770)	(1,280)	(1,936)	(1,673)	(1,305)	(1,772)	(1,750)	(1,318)	(4,780)	(1,089)	(1,976)	(927)	(2,113)	(5,963)	(2,151)	(1,353)	(1,854)	(1,299)	**(39,605)**
Plant Repairs and Maintenance		(1,693)	(1,937)	(2,637)	(2,403)	(2,371)	(2,321)	(2,471)	(2,410)	(2,439)	(2,239)	(2,189)	(2,089)	(2,086)	(2,086)	(2,086)	(2,086)	(2,087)	(2,165)	(2,165)	(2,165)	**(44,122)**
Logistics		(5,097)	(1,066)	(1,199)	(4,675)	(1,243)	(1,616)	(1,066)	(1,889)	(4,114)	(1,066)	(1,733)	(1,199)	(4,562)	(1,067)	(1,067)	(1,200)	(4,827)	(1,068)	(1,245)	(1,068)	**(42,065)**
Capital Expenditures		(1,152)	(3,828)	(1,615)	(2,290)	(7,911)	(2,090)	(2,090)	(1,590)	(2,905)	(2,205)	(1,105)	(1,105)	(1,451)	(750)	(750)	(750)	(1,451)	(750)	(750)	(750)	**(37,288)**
Other		(566)	(619)	(1,079)	(400)	(400)	(400)	(400)	(608)	(400)	(400)	(400)	(633)	(400)	(400)	(400)	(987)	(513)	(400)	(400)	(455)	**(10,263)**
Total Operating Disbursements		**(12,578)**	**(9,055)**	**(10,287)**	**(11,253)**	**(15,738)**	**(8,305)**	**(9,309)**	**(9,436)**	**(13,547)**	**(7,433)**	**(12,346)**	**(6,400)**	**(12,918)**	**(5,435)**	**(8,562)**	**(11,191)**	**(13,184)**	**(5,941)**	**(8,414)**	**(5,942)**	**(197,273)**
Net Cash from Operations		**(13,386)**	**806**	**(3,117)**	**(5,406)**	**(8,948)**	**445**	**(2,579)**	**(2,634)**	**(6,982)**	**(613)**	**(6,260)**	**1,713**	**(5,620)**	**1,230**	**(1,529)**	**(4,394)**	**(5,835)**	**830**	**(970)**	**1,957**	**(61,292)**
Restructuring Legal and Professional Costs	[4]	(497)	(1,696)	(405)	(400)	(269)	(269)	(223)	(490)	(223)	(223)	(223)	(223)	(490)	(223)	(223)	(223)	(491)	(223)	(223)	(223)	**(7,458)**
KERP	[5]	-	(3,035)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**(3,035)**
NET CASH FLOWS		**(13,882)**	**(3,925)**	**(3,521)**	**(5,806)**	**(9,216)**	**176**	**(2,802)**	**(3,124)**	**(7,205)**	**(835)**	**(6,483)**	**1,490**	**(6,111)**	**1,008**	**(1,752)**	**(4,617)**	**(6,326)**	**607**	**(1,193)**	**1,734**	**(71,784)**
Cash																						
Beginning Cash Balance		12,272	13,890	9,965	15,806	10,000	10,000	10,176	13,428	10,000	10,835	10,000	10,000	11,123	10,000	11,008	15,077	10,000	10,000	10,607	9,964	**12,272**
Net Receipts/ (Disbursements)		(13,882)	(3,925)	(3,521)	(5,806)	(9,216)	176	(2,802)	(3,124)	(7,205)	(835)	(6,483)	1,490	(6,111)	1,008	(1,752)	(4,617)	(6,326)	607	(1,193)	1,734	**(71,784)**
DIP Advances/ (Repayments)	[6]	15,500	-	9,422	-	9,216	-	6,054	-	8,041	-	6,483	-	4,988	-	5,821	-	6,326	-	550	-	**72,400**
DIP Fees & Interest Payment	[7]	-	-	(59)	-	-	-	-	(304)	-	-	-	(367)	-	-	-	(460)	-	-	-	(540)	**(1,730)**
Ending Cash Balance		**13,890**	**9,965**	**15,806**	**10,000**	**10,000**	**10,176**	**13,428**	**10,000**	**10,835**	**10,000**	**10,000**	**11,123**	**10,000**	**11,008**	**15,077**	**10,000**	**10,000**	**10,607**	**9,964**	**11,158**	**11,158**
Memo: Total DIP Advances		***15,500***	***-***	***9,422***	***-***	***9,216***	***-***	***6,054***	***-***	***8,041***	***-***	***6,483***	***-***	***4,988***	***-***	***5,821***	***-***	***6,326***	***-***	***550***	***-***	***72,400***

Notes to the Consolidated Cash Flow Projections:

[1] The purpose of the Cashflow Projections is to estimate the liquidity requirements of Tacora Resources Inc. ("Tacora", or the "Company") during the forecast period. The forecast above is presented in US Dollars.
Any estimates in Canadian dollars have been translated at an fx rate of 1.35.

[2] Forecast Total Receipts are based on management's current expectations regarding productions and vessel shipments of iron ore concentrate (total tonnage) and price indices net of mark to market adjustments.
Receipts from operations have been forecast based on current payment terms, historical trends in collections and expected vessel shipment schedules.

[3] Operating disbursements include the following key categories:
Forecast Employee Costs are based on historic payroll amounts and future forecast payments.
Forecast Mine, Mill and Site Costs primarily include site costs based on forecast activity levels and known commitments including, utilities, fuel, and supplies and consumables.
Forecast Plant Repairs and Maintenance costs relate to Scully Mine. Plant repairs and maintenance also includes contract labour at the Scully Mine.
Forecast Logistics costs primarily include rail transportation costs as well as port-related payments.
Forecast Capital Expenditures include costs related to mine, milling, and other logistics / infrastructure improvements.
Forecast Other costs include environmental costs, security and other costs at the Scully Mine and corporate.

[4] Forecast Restructuring Legal and Professional Costs include legal and financial advisors associated with the CCAA proceedings and are based on estimates.

[5] Forecast Key Employee Retention Plan (KERP) consistent with the Initial Affidavit.

[6] Forecast DIP Advances/Repayments are consistent with the DIP term sheet. Forecast DIP Advances/Repayments are based on funding requirements and maintaining a minimum cash balance throughout the period.

[7] DIP Fees and Interest are calculated based on total draws.

Appendix B

Interim Financing Data

CCAA DIP Financing Tracking Sheet
DIP loan values in excess of $35M USD
Updated through August 31, 2023

	Company	Filing Date	DIP Structure ($M USD)[1]	Interest Rate	Fee(s)	Maturity
1	LoyaltyOne Co. (dba AIR MILES®)	3/10/2023	$ 51	6% + Base Rate	Upfront fee of 2% and standby fee of 1.25%	The earlier of: (i) the occurrence of any Event of Default (ii) five (5) business days after the trust established pursuant to the Combined Disclosure Statement and Plan.
2	DCL Corporation	12/20/2022	$ 40	3% + Base Rate	N/A	The earlier of: (a) the Stated Maturity Date, March 31, 2023 (b) thirty (30) days after the entry of the Interim US Financing Order (c) ten (10) days after the entry of the Initial CCAA Order (d) the date of the substantial consummation of a plan of reorganization (e) the date of implementation of a plan of compromise or arrangement (g) the date the Loan Parties' file a motion seeking to convert to a chapter 7 (h) the date of conversion to chapter 7 (i)) the appointment or election of a trustee under Chapter 11 of the Bankruptcy Code (j) the date the Loan Parties' file a motion seeking a termination or dismissal of any or all of the Bankruptcy Cases, or (k) the date of dismissal of any of the Bankruptcy Cases.
3	Just Energy Group Inc. (TSX:JE)	3/9/2021	$ 92	13.0%	Commitment fee of $1.25 million and origination fee of $1.25 million.	12/31/2021
4	Mountain Equipment Co-operative	9/14/2020	$ 74	2% + Prime	$250,000 payable on the execution of the Interim Financing Credit Agreement and reasonable and documented expenses in connection with the Interim Financing Facility and Interim Financing Credit Agreement.	11/30/2020
5	Reitmans (Canada) Limited	5/19/2020	$ 44	5% + Prime	The interim financing provides for: 1) a standby charge of 0.6% on amounts committed and not drawn; 2) a commitment fee of $360k payable on court approval of the interim facility; and 3) reimbursement of the reasonable out-of-pocket expenses.	6/30/2021
6	Aldo Group	5/7/2020	$ 44	6.5% + LIBOR	Standby charge of 1.25% on amounts committed and not drawn and commitment fee of $600,000	5/1/2021
7	Dominion Diamond Mines	4/23/2020	$ 44	5.3%	DMI shall pay all outstanding fees and expenses to date of the Existing Credit Facility Lenders, including legal and financial advisory expenses, via the initial draw under the Interim Facility.	10/31/2020
8	Jack Cooper Ventures	8/9/2019	$ 63	3.5% + LIBOR	0.25% standby fee	12/31/2019
9	Hollander Sleep Products Canada Limited	5/23/2019	$ 66	6.5%	$1.35 million closing fee (1.5% of committed amount)	The earlier of: (a) the date that is one hundred fifty (150) days after the Filing Date, (b) the consummation of a sale of all or substantially all of the Debtors' assets, (c) if the Final Financing Order has not been entered, the date that is forty (40) days after the date of the First Day Hearing, (d) the Plan Effective Date of a Plan and (e) the Maturity Date (as defined in the Prepetition Term Loan Credit Agreement).

Footnote:
1. Canadian dollars have been converted to USD at a USD/CAD FX rate of 1.36.

Source: Insolvency Insider database and individual debtor CCAA websites & the applicable DIP term sheets.

Court File No.

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

PRE FILING REPORT OF THE PROPOSED MONITOR

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Appendix C

The First Report (without appendices)

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

Tacora Resources Inc.

FIRST REPORT OF THE MONITOR

October 20, 2023

FTI CONSULTING

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.

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

INTRODUCTION

1. On October 10, 2023, Tacora Resources Inc. (the "**Applicant**") sought and obtained an Order under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an initial order (the "**Initial Order**") granting, *inter alia*, a stay of proceedings in favour of the Applicant to October 20, 2023 (the "**Stay Period**"), and appointing FTI Consulting Canada Inc. as monitor (in such capacity, the "**Monitor**"). The proceeding commenced by the Applicant under the CCAA will be referred to herein as the "**CCAA Proceeding**".

2. On October 13, 2023, the Stay Period was extended to October 27, 2023, pursuant to the Order of the Honourable Madam Justice Kimmel.

3. The purpose of this, the First Report of the Monitor (the "**Report**"), is to inform the Court on the following:

   (a) Activities of the Monitor since the granting of the Initial Order;

   (b) The Applicant's motion for the granting of an Amended and Restated Initial Order (the "**ARIO**") providing, *inter alia*, for the following:

(i) Authorization to borrow up to the full $75 million available under the DIP Financing Agreement;

(ii) An increase in the Director's Charge to $5.2 million;

(iii) Approval of the engagement letter dated as of January 23, 2023, pursuant to which Greenhill & Co. Canada Ltd. ("**Greenhill**") was appointed as financial advisor and investment banker to the Applicant (the "**Greenhill Engagement Letter**") and the granting of a charge to a maximum amount of US$5,600,000 to secure certain fees that may become payable under the Greenhill Engagement Letter (the "**Transaction Fee Charge**"); and

(iv) Approval of a key employee retention plan (the "**KERP**") and the granting of a charge to secure payments under the KERP (the "**KERP Charge**"); and

(v) An extension of the Stay Period to February 9, 2024;

(c) The Applicant's motion for the granting of an Order (the "**Solicitation Order**") approving a sale and investment solicitation process (the "**Solicitation Process**") to solicit interest in a potential Transaction Opportunity and/or Offtake Opportunity (each as defined in the Solicitation Process); and

(d) The Ad Hoc Group's cross-motion, served October 13, 2023 (the "**AHG Cross-Motion**"), seeking:

(i) An Amended and Restated Initial Order (the "**AHG ARIO**"), among other things, approving debtor-in-possession financing to be provided by the Ad Hoc Group pursuant to a credit agreement in substantially the form appended to the affidavit of Thomas Gray, sworn October 16, 2023 (the "**AHG DIP Proposal**"); or, in the alternative

(ii) If the AHG ARIO is not granted, that various declarations or directions as described later in this Report be included in any Amended and Restated Initial Order granted in the CCAA Proceeding.

TERMS OF REFERENCE

4. In preparing this Report, the Monitor has relied upon unaudited financial information of the Applicant, the Applicant's books and records, certain financial information prepared by the Applicant and discussions with various parties (the "**Information**").

5. Except as otherwise described in this Report:

   (a) 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; and

   (b) 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.

6. The Monitor has prepared this Report in connection with the Applicant's motion for the ARIO and the Solicitation Order as well as the AHG Cross-Motion, all currently scheduled to be heard October 24, 2023, and should not be relied on for any other purpose.

7. Future oriented financial information reported or relied on in preparing this Report is based on the assumptions of the management of the Applicant regarding future events; actual results may vary from forecast and such variations may be material.

8. Unless otherwise stated, all monetary amounts contained herein are expressed in United States Dollars. Capitalized terms not otherwise defined herein have the meanings given to them in the Proposed Monitor's Pre-Filing Report (the "**Pre-Filing Report**"), a copy of which is attached hereto as **Appendix A,** or in the Initial Order.

EXECUTIVE SUMMARY

APPLICANT'S REQUEST FOR THE GRANTING OF THE ARIO

9. The Monitor is of the view that:

(a) The DIP Facility is necessary, the terms of the DIP Financing Agreement are reasonable and within market parameters, it is the best interim financing facility currently available, and no creditor will be materially prejudiced by the approval of the DIP Financing Agreement or the granting of the DIP Charge;

(b) The proposed increase in the quantum of the proposed Directors' Charge is reasonable and justified in relation to the quantum of the estimated potential liability;

(c) The continued engagement of Greenhill to assist the Applicant in the implementation of the Solicitation Process will be beneficial to the Applicant and its stakeholders generally and assist with the efficient completion of the CCAA Proceeding;

(d) The fees provided for in the Greenhill Engagement Letter are within market parameters;

(e) In the circumstances of this case, the Transaction Fee Charge to secure the potential Transaction Fees is appropriate;

(f) The KERP is appropriate, reasonable and justified in the circumstances and that the terms, conditions and amounts of potential payments are in line with employee retention plans approved in other CCAA proceedings; and

(g) Circumstances exist that make the proposed extension of the Stay Period appropriate, that creditors of the Applicant would not be materially prejudiced by the proposed extension of the Stay Period and the Applicant has acted, and is acting, in good faith and with due diligence.

10. Accordingly, the Monitor respectfully recommends that the Applicant's request for the ARIO be granted by this Honourable Court.

APPLICANT'S REQUEST FOR APPROVAL OF THE SOLICITATION PROCESS

11. The Monitor is of the view that the Solicitation Process:

(a) Is consistent with the principles of section 36 of the CCAA and leading decisions dealing with the sale of assets in court-supervised proceedings;

(b) Provides for a broad, open, fair and transparent process with an appropriate level of independent oversight, that should encourage and facilitate bidding by interested parties and is reasonable in the circumstances; and

(c) No aspect of the Solicitation Process should discourage parties from submitting offers.

12. Accordingly, the Monitor respectfully recommends that the Applicant's request for approval of the Solicitation Process be granted.

AHG CROSS-MOTION

13. The Monitor respectfully recommends that the AHG Cross-Motion for the granting of the AHG ARIO be dismissed.

14. The Monitor is of the view that the AHG Declarations are not necessary, appropriate or justified and respectfully recommends that the ARIO be granted in the form proposed by the Applicant.

ACTIVITIES OF THE MONITOR SINCE THE GRANTING OF THE INITIAL ORDER

15. Since the granting of the Initial Order, the Monitor has been assisting the Applicant in its communications with employees, key suppliers, creditors and other stakeholders. Employees and key suppliers have generally exhibited a high degree of support and commitment to the ongoing operations, which have continued without any material interruption since the commencement of the CCAA Proceedings.

16. The Monitor has established a case website at http://cfcanada.fticonsulting.com/Tacora/ (the "**Monitor's Website**") where relevant information will be posted, together with all Court materials. In addition, the Monitor has set up phone (416-649-8138 and 1-833-420-9074) and email "hotlines" (tacora@fticonsulting.com) on which parties can contact the Monitor directly.

17. In accordance with paragraph 42 of the Initial Order:

    (a) On October 10, 2023, made the Initial Order publicly available on the Monitor's Website;

    (b) On October 13, 2023, sent a notice to every known creditor who has a claim against the Applicant of more than $1,000;

    (c) On October 13, 2023, posted a list of creditors based on the Applicant's books and records on the Monitor's Website; and

    (d) On October 16, 2023, published in the Globe and Mail (National Edition), a notice containing the information prescribed under the CCAA.

THE AMENDED AND RESTATED INITIAL ORDER

THE DIP FINANCING AGREEMENT

18. Details of the DIP Financing Agreement, together with the Proposed Monitor's (as the Monitor then was) comments and recommendation with respect thereto, were set out in paragraphs 23 to 67 of the Pre-Filing Report.

19. Subsequent to the granting of the Initial Order, a drafting error was discovered in paragraph 23(d) of the DIP Financing Agreement. The Applicant and the DIP Lender, in consultation with the Monitor, have agreed to a correction in order to properly reflect the intent of the provision.

20. The comments and recommendations with respect to the DIP Financing Agreement set out in the Pre-Filing Report are reiterated and endorsed by the Monitor. Based on the foregoing, the Monitor respectfully recommends that the Court grant the Applicant's request for approval of the DIP Financing Agreement and the granting of the DIP Charge.

THE DIRECTORS' CHARGE

21. The Proposed Monitor provided comments and recommendations with respect to the proposed Directors' Charge at paragraphs 68 to 75 of the Pre-Filing Report.

22. As stated in the Pre-Filing Report, the quantum of the proposed Directors' Charge is based on estimated amounts for which directors could potentially have statutory personal liability that could be outstanding during the CCAA Proceeding:

    (a) Wages, salaries and applicable withholdings;

    (b) Outstanding Newfoundland Health and Post-Secondary Education Tax liabilities pursuant to an agreed payment plan by which payments come due after the filing date;

    (c) Sales taxes; and

    (d) Accrued vacation pay.

23. Also as stated in the Pre-Filing Report, the amount for wages and salaries increases in the calculation of the amount for the Directors' Charge proposed under the ARIO primarily as a result of including a full payroll period, rather than only ten days as was included in the calculation of the amount for the Directors' Charge under the Initial Order.

24. The Monitor is of the view that the proposed increase in the quantum of the Directors' Charge is reasonable and justified in relation to the quantum of the estimated potential liability. The Monitor respectfully recommends that the Applicant's request for the increase in the quantum of the Directors' Charge be granted by this honourable Court.

THE GREENHILL ENGAGEMENT LETTER

25. The Applicant seeks approval of the Greenhill Engagement Letter and the granting of the Transaction Fee Charge to secure the certain fees that may become payable under the Greenhill Engagement Letter. A copy of the Greenhill Engagement Letter is attached hereto as **Appendix B.** Capitalized terms used in this section of this Report not otherwise defined have the meanings ascribed to them in the Greenhill Engagement Letter.

26. Greenhill is a well-known financial advisor and investment banker and has experience in providing such services in the context of a CCAA proceeding. The engagement with the Applicant is under the supervision of Chetan Bhandari, co-head of Greenhill's Financial Advisory & Restructuring Group and Michael Nessim, head of Greenhill's Metals & Mining Group. Greenhill has been working with the Applicant for almost nine months, including leading pre-filing efforts to obtain additional financing for the Applicant, negotiate a consensual restructuring with existing stakeholders or find a buyer for the business and efforts to obtain DIP financing proposals. Accordingly, Greenhill is intimately familiar with the Applicant's business and stakeholders.

27. If the Greenhill Engagement Letter is approved, it is intended that Greenhill will be responsible for the implementation of the Solicitation Process, under the supervision of the Monitor. The Solicitation Process is a critical part of the CCAA Proceeding and the Applicant's efforts to achieve a successful outcome to the CCAA Proceeding in a timely and efficient manner. In the Monitor's view, the Applicant will be unable to complete the Solicitation Process effectively without professional assistance.

28. The following fees are payable under the Greenhill Engagement Letter (collectively, excluding the Monthly Advisory Fee, the "**Transaction Fees**"):

(a) **Monthly Advisory Fee**. Commencing as of May 1, 2023, a non-refundable financial advisory fee of $125,000 per month (the "**Monthly Advisory Fee**"), which shall be due and paid promptly by the Applicant on a monthly basis in advance on the first date of each month;

(b) **Restructuring Transaction Fee**. If, at any time during the Fee Period, the Applicant consummates a Restructuring Transaction, Greenhill shall be entitled to receive a fee equal to (A) 1.00% of the aggregate value of the 8.250% Notes, and (B) 0.50% of the face value of the Cargill Advanced Payment Facility Agreement, subject to a minimum payment of $2,000,000 (the "**Restructuring Transaction Fee**") payable upon the earlier of (a) the consummation of a Restructuring Transaction (out-of-court) and (b) the date on which notice is filed with the relevant court that a Plan (in-court) has become "effective". Notwithstanding the date upon which a Restructuring Transaction Fee becomes payable, such Restructuring Transaction Fee will be earned upon the earlier of (x) the consummation of a Restructuring Transaction and (y) the confirmation, sanction or approval of a Plan;

(c) **Financing Fee**. If at any time during the Fee Period, the Applicant raises new capital, Greenhill shall be entitled to receive a new capital or financing fee (a "**Financing Fee**") equal to (and as applicable): (i) 1.00% of the face amount of any senior secured debt raised, including, without limitation, any debtor in possession financing raised; and (ii) 2.00% of the face amount of any junior secured debt raised; and (iii) 3.00% of the face amount of any unsecured or subordinated debt raised; and (iv) 4.00% of any hybrid capital raised; and (v) 5.00% of any equity capital or capital convertible into equity raised, including, without limitation, equity underlying any warrants, purchase rights or similar contingent equity securities;

For the avoidance of doubt, the term "raised" includes the amount committed or otherwise made available to the Applicant, whether or not such amount (or any portion thereof) is drawn down at closing or is ever drawn down and whether or not such amount (or any portion thereof) is used to refinance existing obligations of the Applicant. Provided further, Greenhill will not receive a Financing Fee for any capital provided by existing shareholders (as listed in Schedule C of the Greenhill Engagement Letter). Provided further, that Greenhill shall be entitled to a Financing Fee due to new capital being raised from any entity which owns the 8.250% Notes;

(d) **M&A Fee**. If at any time during the Fee Period, either (a) a M&A Transaction is consummated or (b) a definitive agreement to effect an M&A Transaction is entered into and the M&A Transaction contemplated by such definitive agreement is eventually consummated at any time thereafter (including following the expiration of the Fee Period), in either case, Greenhill shall be entitled to receive an M&A fee (a "**M&A Fee**") equal to the greater of (a) $2,500,000 and (b) an amount determined in accordance with Schedule B to the Greenhill Engagement Letter which provides for the following:

(i) Transaction Value $200 million or lower: M&A Fee shall be $2.5 million;

(ii) Transaction Value $500 million or higher: M&A Fee shall be 0.75% of Transaction Value i.e. $3.75 million or higher; and

(iii) Transaction Value greater than $200 million but less than $500 million: M&A Fee shall be calculated by linear interpolation between $2.5 million and $3.75 million (1.25% to 0.75%).

(e) **Opinion Fee**. An opinion fee to be mutually agreed upon by the Applicant and Greenhill (the "**Opinion Fee**"), payable at the time Greenhill delivers any Opinion. No portion of the Opinion Fee shall be contingent upon the consummation of the Transaction or any conclusion set forth in the Opinion. The Opinion Fee, to the extent previously paid, shall be credited once against and otherwise discharged in full by payment of the M&A Fee payable to Greenhill hereunder; and

(f) **Crediting**. In the event that Greenhill earns both a Restructuring Transaction Fee and an M&A Fee concurrently, 50% of the lowest such fee earned (to the extent actually paid) shall be credited once against the other such fee.

29. In addition, the Greenhill Engagement Letter provides for the reimbursement of out-of-pocket expenses to a limit of $50,000.

30. The Greenhill Engagement Letter provides that in the event of the commencement of a proceeding under the CCAA, the Applicant shall apply promptly to Court, for approval of:

(a) The Greenhill Engagement Letter and the retention of Greenhill thereunder *nunc pro tunc*;

(b) The payment of the fees and expenses of Greenhill in the form and at the times contemplated therein; and

(c) A charge securing the payment of the fees in priority over the pre-filing claims of any secured and unsecured creditor of the Applicant.

31. The face value of the Cargill Advanced Payment Facility is $30 million. For illustrative purposes, if the aggregate value of the 8.250% Notes for the purposes of the Restructuring Transaction Fee was $225 million (being the principal amount of the 8.250% Notes), the Restructuring Transaction Fee would be $2.4 million.

32. As reported in the Pre-Filing Report, the Applicant obtained DIP financing proposals from both Cargill and the Ad Hoc Group. The Financing Fee payable under the Greenhill Engagement Letter calculated on the financing raised through those proposals is calculated as $1,139,000 plus applicable taxes.[1]

33. For illustrative purposes, the M&A Fee at various transaction values is shown below:

Transaction Value	M&A Fee
$M	$M
100	2.50
200	2.50
300	2.92
400	3.34
500	3.75
600	4.50

34. Under certain circumstances, for example the implementation of a CCAA plan of arrangement that provides for the sponsor to acquire all or substantially all of the equity in the Applicant, a Restructuring Transaction Fee and an M&A Fee could both be payable. It is also possible that a Financing Fee could be payable in connection with such a transaction.

35. The amount of the proposed Transaction Fee Charge has been calculated based on an assumed illustrative transaction value of $350 million with an aggregate value of $225 million of Notes restructured, together with a $45 million junior secured financing raised, as follows:

	$M
Restructuring Fee	2.4
M&A Fee	3.5
Financing Fee	0.9
Less: Credit	(1.2)
Total	**5.6**

[1] Although the Greenhill Engagement Letter contains a carveout from any Financing Fee for financing provided by Cargill (as a shareholder), the Financing Fee was calculated based on the committed capital raised under the September 11 DIP Agreement (as defined in the AHG Cross-Motion).

36. While certain data related to CCAA proceedings is tracked by *Insolvency Insider*, data is not available in respect of investment banking fees as they are often maintained as confidential. The Monitor has, however, reviewed data in respect of investment banking fees approved in proceedings under Chapter 11 of the *United States Bankruptcy Code*. Based on a comparison of the Greenhill fees[2] to the minimum, maximum and mean of the reviewed data set, the Greenhill fees are within market parameters:

	Greenhill	Minimum	Maximum	Mean
Monthly Fees	$125,000	$30,000	$200,000	$107,308
Restructuring Fees	1.00%	1.00%	2.00%	1.67%
M&A Fees	0.75% - 1.25%	1.00%	10.00%	2.70%
Senior Secured Debt	1.00%	0.75%	2.00%	1.30%
Junior Secured Debt	2.00%	2.00%	3.50%	2.83%
Unsecured Debt Fees	3.00%	1.00%	5.00%	2.82%
Hybrid Debt Fees	4.00%	N/A	N/A	N/A
Equity/Convertible Fees	5.00%	3.00%	6.00%	4.69%

37. The Monitor is of the view that the continued engagement of Greenhill to assist the Applicant in the implementation of the Solicitation Process will be beneficial to the Applicant and its stakeholders generally and to the efficient completion of the CCAA Proceeding.

38. In the circumstances of this case, the Transaction Fee Charge to secure the potential Transaction Fees is appropriate because it is possible that a transaction could potentially involve a credit bid which might otherwise not provide for sufficient cash consideration to pay the Transaction Fees on closing.

39. Accordingly, the Monitor respectfully recommends that the Applicant's request for the approval of the Greenhill Engagement Letter and the creation of the Transaction Fee Charge be granted.

[2] The Greenhill M&A Fee would be higher than 1.25% if the Transaction Value is less than $200 million because of the minimum fee of $2.5 million. For example, if the Transaction Value is $100 million, the Greenhill M&A Fee of $2.5 million would be 2.5%.

THE KERP

40. Details of the proposed KERP are attached as Confidential Exhibit C to the affidavit of Mr. Joe Broking, sworn October 15, 2023, and filed in support of the motion for the granting of the ARIO (the "**Broking ARIO Affidavit**").

41. The KERP includes 34 individuals. The aggregate amount of potential bonus payments under the KERP is $3,035,000, with individual entitlements ranging from 16% to 53% of maximum potential annual compensation. The Applicant communicated the specific KERP offer to the participants on October 11 and 12, 2023.

42. Each individual's KERP bonus is payable on the earlier of:

    (a) The completion of a transaction, defined as being a refinancing, investment, merger, sale of shares or the sale of all, or substantially all, of the assets of the Applicant;

    (b) The termination of employment without cause; or

    (c) October 10, 2024.

43. Any KERP payment made to a participant in the KERP (each a "**Key Employee**") will be paid in lieu of a performance bonus and will reduce such Key Employee's eligible change of control payment, if any, dollar-for-dollar.

The Monitor's Comments and Recommendation on the KERP

44. In a decision[3] issued November 18, 2021, in *Re. Just Energy*, the Honourable Mr. Justice Koehnen articulated that the factors to consider in determining whether to approve a KERP include:

    (a) Whether the beneficiaries of the KERP are likely to consider other employment opportunities if the KERP is not approved;

[3] *Just Energy Group Inc. et al*., 2021 ONSC 7630

(b) Whether the beneficiaries of the KERP are crucial to the successful restructuring of the debtor company;

(c) Whether a replacement could be found in a timely manner should the beneficiary elect to terminate his or her employment with the debtor company; and

(d) The business judgment of the board of directors of the debtor; and

(e) The approval of the Monitor;

Other Employment Opportunities

45. The CCAA Proceeding was commenced following a significant period of financial difficulty for the Applicant and uncertainty for the employees. The Applicant has informed the Monitor that it is of the view that there is a significant risk that the Key Employees are likely to consider other employment opportunities if the KERP is not approved.

Importance to a Successful Restructuring

46. Each of the Key Employees has a role that is important to the Applicant's efforts to achieve a successful sale or restructuring, and their departure could be very disruptive. Responsibilities of the Key Employees include the following:

(a) Mine operations, health and safety;

(b) Treasury and finance functions, supplier management, human resources and reporting; and

(c) Overall management of the business and assisting with the Solicitation Process.

47. The Ad Hoc Group has objected to the KERP in connection with the AHG Cross-Motion. Although the Ad Hoc Group have not stated its specific objections, previous discussions with the advisors to the Ad Hoc Group suggest that their primary issue is with respect to bonuses proposed for Key Employees with roles in senior management, treasury and finance functions, supplier management, human resources and reporting.

48. The Key Employees in those roles are critical to the ongoing operation of the business and the restructuring process and the CCAA Proceeding imposes significant additional responsibilities on those individuals.

Availability of Replacement

49. Given the nature of the expertise of the Key Employees and the work that they do, it is believed that finding suitable replacements in a timely manner, especially during the CCAA Proceeding, would be very difficult.

Business Judgment of the Board

50. As described in the Broking Initial Affidavit, exercising their good faith business judgement, the board of directors of the Applicant (the "**Board**") considered and unanimously approved the KERP on September 5, 2023. Mr. Broking also noted in the Broking Initial Affidavit that as a potential participant in the KERP, he disclosed his interest in approval of the KERP to the Board and did not participate in the vote approving the KERP.

The Approval of the Monitor

51. The KERP was developed by the Applicant with input from the Monitor. In developing the KERP, the Applicant and the Monitor considered publicly available information on key employee retention plans approved in previous CCAA proceedings. A copy of that information is attached hereto as **Appendix C**.

52. The Applicant will deposit funds for the payment of the obligations under the KERP with the Monitor. The KERP Charge will secure the obligations under the KERP against those funds so that Key Employees can be satisfied that the Applicant will be able to make payments under the KERP if and when due.

53. The Monitor is of the view that the KERP is appropriate, reasonable and justified in the circumstances and that the terms, conditions and amounts of potential payments are in line with employee retention plans approved in other CCAA proceedings.

54. Accordingly, the Monitor respectfully recommends that the Applicant's request for approval of the KERP and the creation of the KERP Charge be granted.

EXTENSION OF THE STAY PERIOD

55. The Stay Period currently expires on October 27, 2023. Additional time is required for the Applicant to undertake the Solicitation Process, to seek Court approval of the Successful Bid (as defined in the Solicitation Process) and complete the transaction. An extension of the Stay Period is necessary to provide the stability required during that time. Accordingly, the Applicant now seeks an extension of the Stay Period to February 9, 2024.

56. The October 7 Forecast attached to the Pre-Filing Report demonstrates that the Applicant should have sufficient liquidity to fund the CCAA Proceeding during the requested extension of the Stay Period.

57. Based on the information currently available, the Monitor believes that circumstances exist that make the proposed extension of the Stay Period appropriate and that creditors of the Applicant would not be materially prejudiced by the proposed extension of the Stay Period.

58. The Monitor also believes that the Applicant has acted, and is acting, in good faith and with due diligence.

59. The Monitor therefore respectfully recommends that this Honourable Court grant the Applicant's request for an extension of the Stay Period to February 9, 2024.

THE SOLICITATION ORDER

60. The Applicant seeks the granting of the Solicitation Order approving the Solicitation Process. A copy of the Solicitation Process is attached hereto as **Appendix D**. Capitalized terms used in this section of this Report and not otherwise defined are as defined in the Solicitation Process.

THE SOLICITATION PROCESS

61. The Solicitation Process is a "two-phase" process of the type commonly utilized in proceedings under the CCAA and will be undertaken by the Applicant with the assistance of Greenhill, under the supervision of the Monitor. It provides for a fair and transparent process to obtain proposals for the sale of the Property or the Business or an investment in, restructuring, recapitalization, refinancing or other form of reorganization of the Applicant or its Business as a going concern, or a combination thereof (the '**Transaction Opportunity**").

62. In addition, the Solicitation Process will also provide the ability for interested parties to investigate and conduct due diligence regarding an opportunity to arrange an offtake, service or other agreement in respect of the Business (the "**Offtake Opportunity**" and together with the Transaction Opportunity, the "**Opportunity**")).

63. Greenhill, in consultation with the Monitor and the Applicant, will prepare a list of Potential Bidders, including:

(a) Parties that have approached the Applicant, Greenhill or the Monitor indicating an interest in the Opportunity;

(b) Parties suggested by the Applicant's secured creditors or their advisors;

(c) Strategic and financial parties, including offtakers and streamers, who it is believed could be interested in the Opportunity;

(d) Cargill and the Ad Hoc Group; and

(e) Parties that have previously showed an interest in the Opportunity.

64. Potential Bidders will be sent a Teaser Letter notifying them of the Opportunity and the Solicitation Process. In addition, notice of the Solicitation Process will be posted on the Monitor's Website and may be published in trade or insolvency-related publications.

65. In order to become a Phase 1 Bidder and be granted access to due diligence information, a Potential Bidder must execute an NDA.

66. Non-binding letters of intent must be submitted by the Phase 1 Bid Deadline, being noon Eastern time on December 1, 2023, or such other date or time as may be agreed by Applicant, in consultation with Greenhill, and with the consent of the Monitor. Phase 2 Bidders will be provided access to additional due diligence materials and invited to participate in on-site tours and inspections at the Scully Mine.

67. Binding Phase 2 Bids must be submitted by the Phase 2 Bid Deadline, being noon Eastern time on January 19, 2024, or such later date or time as may be agreed by Applicant, in consultation with Greenhill, and with the consent of the Monitor, and each Phase 2 Bid will be assessed by the Applicant, in consultation with Greenhill and the Monitor, to determine whether it constitutes a Phase 2 Qualified Bid.

68. Following evaluation of the Phase 2 Qualified Bids, the Applicant may, in consultation with Greenhill and the Monitor, undertake one or more of the following steps:

(a) Select one of the Phase 2 Qualified Bids as the Successful Bid and take such steps as may be necessary to finalize definitive transaction documents for the Successful Bid with Successful Bidder;

(b) Continue negotiations with any Phase 2 Bidder that has submitted a Phase 2 Qualified Bid with a view to finalizing acceptable terms with one or more of such Phase 2 Bidders; or

(c) Schedule an auction with all Phase 2 Bidders that submitted Phase 2 Qualified Bids to determine the Successful Bid in accordance with auction procedures to be determined by Greenhill and the Monitor (in consultation with Cargill and the Ad Hoc Group, provided that they and their members are not Bidders that submitted Phase 2 Qualified Bids). Auction procedures (if applicable) will be provided to Bidders at least four days prior to an auction.

69. The Applicant shall seek Court approval of the Successful Bid(s) following such determination. The Applicant, in consultation with the Greenhill and Monitor may, but is not required to, select a Back- Up Bid.

70. The timeline for the Solicitation Process, which may be extended with the consent of the Monitor, is summarized as follows:

Event	Timing
Phase 1	
1. Notice Monitor to publish a notice of the Solicitation Process on the Monitor's Website Greenhill / Applicant to publish notice of the Solicitation Process in industry trade publications, as determined appropriate Greenhill to distribute Teaser Letter and NDA (if requested) to potentially interested parties	No later than five (5) days following issuance of the Solicitation Order.
2. Phase 1 - Access to VDR Phase 1 Bidders provided access to the VDR, subject to execution of appropriate NDAs	The period to December 1, 2023
3. Phase 1 Bid Deadline Deadline for Phase 1 Bidders to submit non-binding LOIs in accordance with the requirements of section 23	By no later than December 1, 2023, at 12:00 p.m. (Eastern Time)

4. Notification of Phase 1 Qualified Bid Deadline to notify a Phase 1 Bidder whether it has been designated as a Phase 2 Bidder invited to participate in the second phase.	By no later than December 6, 2023, at 12:00 p.m. (Eastern Time)
Phase 2	
5. Phase 2 Bid Deadline Phase 2 Bid Deadline (for delivery of definitive offers by Phase 2 Qualified Bidders in accordance with the requirements of section 34)	By no later than January 19, 2024, at 12:00 p.m. (Eastern Time)
6. Definitive Documentation Deadline for completion of definitive documentation in respect of a Successful Bid and filing of the Approval Motion	By no later than February 2, 2024
7. Approval Motion Hearing of Approval Motion in respect of Successful Bid (subject to Court availability)	Week of February 5, 2024
8. Outside Date – Closing Outside date by which the Successful Bid must close	February 23, 2024 (subject to customary conditions related to necessary and required regulatory approvals acceptable to Applicant, in consultation with the Greenhill and the Monitor, in their sole discretion)

71. The Solicitation Process includes a communications protocol designed to protect the integrity of the Solicitation Process while providing Bidders the opportunity to undertake discussions that might be necessary for them to submit a Phase 1 Qualified Bid or a Phase 2 Qualified Bid.

THE MONITOR'S COMMENTS AND RECOMMENDATION

72. The Monitor has considered the Solicitation Process in light of the principles of section 36 of the CCAA and leading decisions dealing with the sale of assets in court-supervised proceedings. The Monitor is of the view that the Solicitation Process is consistent with those principles and provides for a broad, open, fair and transparent process with an appropriate level of independent oversight, that should encourage and facilitate bidding by interested parties and is reasonable in the circumstances. Furthermore, the Monitor does not believe that any aspect of the Solicitation Process should discourage parties from submitting offers.

73. Accordingly, the Monitor respectfully recommends that the Applicant's request for approval of the Solicitation Process be granted.

THE AHG CROSS-MOTION

74. The AHG Cross-Motion seeks the granting of the AHG ARIO rather than the ARIO as proposed by the Applicant. If the Court declines to grant the AHG ARIO, the AHG Cross-Motion seeks, in the alternative, to have various declarations or directions be included in the ARIO.

THE AHG ARIO

75. The AHG ARIO differs from the ARIO in that it provides for the Approval of the AHG DIP Proposal in place of the DIP Financing Agreement. In addition, there are material differences or changes at paragraphs 17, 27, 47, 48 and 49 of the AHG ARIO.

76. As noted earlier in this Report, the Monitor remains of the view that the DIP Financing Agreement is a superior DIP and recommends that it be approved. The Monitor does not recommend the approval of the AHG DIP Proposal.

77. In the AHG ARIO, paragraph 17 of the ARIO proposed by the Applicant is changed to delete the text struck through below and add the underlined text as follows:

> "17. THIS COURT ORDERS that, no Person shall be entitled to set off any amounts that: (a) are or may become due to the Applicant in respect of obligations arising prior to the date hereof with any amounts that are or may become due from the Applicant in respect of obligations arising on or after the date of this Order; or (b) are or may become due from the Applicant in respect of obligations arising prior to the date hereof with any amounts that are or may become due to the Applicant in respect of obligations arising on or after the date of this Order, each without the consent of the Applicant and the Monitor, or leave of this Court, ~~provided that nothing in this Order shall prejudice any arguments any person may want to make in seeking leave of the Court or following the granting of such leave~~. For greater certainty, Cargill shall not set-off any amount due under the Advance Payment Facility Agreement (as defined in the Broking Affidavit) against any amounts that are or may become due to the Applicant on or after the date of this Order."

78. The purpose of paragraph 17 of the ARIO, which was granted as paragraph 13 of the Initial Order, is to prevent parties from exercising pre-filing to post-filing set-off. Pre-filing amounts are due to Cargill under the Advanced Payment Facility Agreement and various amounts in respect of pre-filing deliveries of iron ore remain owing to the Applicant by Cargill. Because the proposed language of paragraph 17 of the AHG ARIO omits the phrase "in respect of obligations arising" after the word "Applicant" in the final sentence, it could have the effect of prohibiting Cargill from exercising any pre-filing to pre-filing set-off rights it might have.

79. Paragraph 27 of the AHG ARIO states:

> "27. THIS COURT ORDERS that the engagement of GLC Advisors & Co., and GLC Securities, LLC (together, "GLC") as an investment banker to the DIP Lenders pursuant to the engagement letter dated as of April 25, 2023 and as amended as of September 7, 2023 (the "GLC Engagement Letter") and payment by the Applicant of the Monthly Advisory Fees, Transaction Fee, Discretionary Fee and Expenses (each as defined in the GLC Engagement Letter) are hereby approved and shall be secured by the DIP Charge (as defined below) with the priority provided for herein."

80. Payment of the fees and expenses of the advisors to the Ad Hoc Group is not permitted pursuant to the DIP Financing Agreement. The Monitor notes that, as at the date of this Report, the GLC Engagement Letter has not been filed with the Court and, accordingly, the AHG is seeking approval of terms and fees which have not been disclosed to the Court.

81. Paragraphs 47 and 48 of the AHG ARIO state:

> "47. THIS COURT ORDERS that Cargill shall continue to make the deemed Margin Advances (as defined in the Advance Payments Facility Agreement) under section 2.2 of the Advance Payments Facility Agreement to fund any Margin Amounts (as defined in the Advance Payments Facility Agreement) required to be funded from and after October 24, 2023.
>
> 48. THIS COURT ORDERS that Cargill shall be entitled to the benefit of and is hereby granted a charge (the "Cargill Margin Charge") in the amount of all such Margin Advances advanced by Cargill on or after October 24, 2023 that are at any time outstanding."

82. Paragraph 49 of the AHG ARIO provides that the Cargill Margin Charge would rank third, behind the Administration Charge and the Directors' Charge, and *pari passu* with a portion of the Transaction Fee Charge and the DIP Charge.

83. The Advance Payments Facility Agreement matured on October 10, 2023. Under the DIP Financing Agreement, Cargill has agreed to cause CITPL to continue to make the deemed Margin Advances under section 2.2 of the Advance Payments Facility Agreement available to fund any Margin Amounts required to be funded from and after the Filing Date provided that such amounts are secured by the DIP Lender Charge, to a maximum amount of $20 million. Prior to the commencement of the CCAA Proceeding, Cargill informed the Applicant that it was not prepared to cause CITPL to continue to make the deemed Margin Advances unless it was the DIP lender and the Margin Advances were secured by a priority charge.

84. The effect of paragraph 47 the AHG ARIO would be to compel Cargill to continue to advance credit through new credit advances during the CCAA Proceeding.

85. In addition to the foregoing material changes, the Monitor notes that paragraph 44 of the AHG ARIO purports to approve the KERP "as described in the DIP Agreement" and authorizes the Applicant to "make payments contemplated thereunder in accordance with the terms and conditions of the KERP.".

86. The AHG DIP Proposal provides no description or detailed terms and conditions of the proposed KERP; it simply defines "KERP" to mean:

> "a key employee retention program in an amount not to exceed $5,000,000 in the aggregate, which program shall be acceptable to the Required DIP Lenders in all material respects, including milestones and allocation, which the DIP Lenders covenant to make good faith efforts to resolve with the Borrower in a timely manner."

87. Despite the September 11 DIP Agreement[4] including provision for a KERP, and notwithstanding multiple requests from the Applicant's advisors and from the Monitor, as at the date of this Report, the Ad Hoc Group have not yet provided any details of what would constitute a KERP acceptable to the Ad Hoc Group. Furthermore, neither the AHG Cross-Motion nor any of the materials filed in support thereof provide any details of which employees would be included in the KERP, what their bonus entitlements would be or the terms and conditions for payment. Accordingly, the AHG is seeking approval of a KERP, the terms of which have not been disclosed to the Applicant or the Court.

88. Considering all of the forgoing, the Monitor respectfully recommends that the AHG Cross-Motion for the granting of the AHG ARIO be dismissed.

REQUESTED DECLARATIONS OR DIRECTIONS

89. Set forth below is a description of the declarations or directions that, if the AHG ARIO is not granted, the Ad Hoc Group is asking to be included in the ARIO (collectively, the "**AHG Declarations**"), together with the Monitor's observations and recommendations with respect thereto.

90. The Ad Hoc Group seeks direction that any DIP financing proposal approved by the Court not prevent or in any way hinder the disclaimer of the Offtake Agreement, including, but not limited to, by making such a disclaimer an "event of default".

91. Paragraphs 21(r) (Affirmative Covenants) and 23(d) (Events of Default) of the DIP Financing Agreement state:

> "21(r) Comply with the terms, and keep in full force and effect, each of (i) the Offtake Agreement, (ii) the Onshore Agreement and (iii) the Wetcon PSA (other than any notice delivered under Section 4.4 thereof unless delivered following an Event of Default and with leave of the Court in accordance with Section 24 hereof);

[4] As defined in the AHG Cross-Motion.

> 23(d) The termination, suspension or disclaimer of the Existing Arrangements, or the taking of any steps to terminate, suspend or disclaim (if permitted under the CCAA) any of the Existing Arrangements (which, for greater certainty, shall not include (i) the commencement and prosecution of the SISP, including the solicitation of an Alternative Offtake or Service Agreement, or (ii) taking any step or related action pursuant to a binding agreement entered into in respect of a Restructuring Transaction at or after the Bid Deadline, including executing such agreement, seeking court approval of such binding agreement or taking any steps in connection with consummating the Restructuring Transaction pursuant to such binding agreement in each case at or after the Bid Deadline), without prejudice to any rights that CITPL may have pursuant to section 32 (including subsection 32(9)(c)) of the CCAA or otherwise;".

92. Accordingly, the DIP Financing Agreement does not prevent the disclaimer of the Offtake Agreement, though such a disclaimer would be a breach of an affirmative covenant and an Event of Default unless such disclaimer related to a binding agreement arising from the Solicitation Process after the Bid Deadline. While, in practice, it is likely that any disclaimer of the Offtake Agreement, if a disclaimer is considered appropriate, would in any event only occur in connection with a binding agreement, it would still be possible for the Applicant to seek to disclaim the Offtake Agreement prior to the Bid Deadline provided it had an alternate DIP facility available to replace the DIP Financing Agreement.

93. The Ad Hoc Group seeks the approval of the appointment of a chief restructuring officer (a "**CRO**"), as an officer of the court, on terms acceptable to the Ad Hoc Group and the Applicant, or as may otherwise be ordered by the Court.

94. The Ad Hoc Group have not disclosed or described what the acceptable scope or terms of any appointment of a CRO would be, nor is the Monitor is aware of any evidence having been advanced by the Ad Hoc Group to justify the appointment of a CRO. Accordingly, the Monitor is unable to comment specifically on the proposed scope or terms of such an appointment or the Ad Hoc Group's rationale. However, the Monitor is of the view that the imposition of a CRO as an Officer of the Court is unnecessary, would be of no benefit to the restructuring process in this case and would result in unwarranted additional costs. The restructuring path, being the implementation of the Solicitation Process, has already been determined and does not appear to be in dispute. The Solicitation Process, if approved by the Court, will be undertaken by Greenhill under the supervision of the Monitor, an independent Officer of the Court.

95. The Ad Hoc Group seeks a declaration providing that the terms of any key employee retention plan must be acceptable to the Ad Hoc Group, or as may otherwise be ordered by the Court.

96. As noted earlier in this Report, despite the September 11 DIP Agreement including provision for a KERP, the Ad Hoc Group have not yet provided any details of what would constitute a KERP acceptable to the Ad Hoc Group or even what the specific objections are to the Applicant's proposed KERP. Further delay in approval of the KERP increases the risk of loss of key employees which would be detrimental to all stakeholders.

97. The Ad Hoc Group seeks a declaration providing that any Ancillary Post-Filing Credit Extensions require the consent of the Ad Hoc Group or further Order of this Court.

98. The Ancillary Post-Filing Credit Extensions under the DIP Financing Agreement are the cost of any Additional Services. Additional Services are services (including consulting or advisory services or technical support) whether provided through third parties or by employees of Cargill that may be agreed by the Applicant and Cargill from time to time, with the consent of the Monitor. The cost of any such Additional Services is also subject to the consent of the Monitor. Accordingly, a declaration that any Ancillary Post-Filing Credit Extensions be subject to the approval of the Ad Hoc Group or further Order of the Court is unnecessary and unjustified.

99. The Ad Hoc Group seeks a declaration providing that the Transaction Fee Charge rank above the Senior Priority Notes only to the maximum amount of the GLC Fees (each as defined in the AHG Cross-Motion), with such other amounts ranking pari passu with the Senior Priority Notes.

100. The effect of the proposed declaration regarding the ranking of the Transaction Fee Charge would mean that any amount of the Greenhill Transaction Fees, if they are approved by the Court, in excess of the amounts that would be earned by GLC under the GLC Engagement Letter, would only be paid in full if the ultimate Restructuring Transaction is at a value high enough to repay the DIP Obligations and the Senior Priority Notes. As noted earlier in this Report, the fees payable under the GLC Engagement Letter have not been disclosed to this Court.

101. In light of the foregoing, the Monitor is of the view that the AHG Declarations are not necessary, appropriate or justified and respectfully recommends that the ARIO be granted in the form proposed by the Applicant.

The Proposed Monitor respectfully submits to the Court this, its First Report.

Dated this 20th day of October, 2023.

FTI Consulting Canada Inc.
In its capacity as Proposed Monitor of
Tacora Resources Inc.

Nigel D. Meakin
Senior Managing Director

Jodi Porepa
Senior Managing Director

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

FIRST REPORT OF THE MONITOR

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Lawyers for the Monitor, FTI Consulting Canada Inc.

Appendix D

The Solicitation Order

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MADAM	)	MONDAY, THE 30TH
JUSTICE KIMMEL	)	DAY OF OCTOBER, 2023
	)	

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)

ORDER
(Solicitation Order)

THIS MOTION, made by Tacora Resources Inc. (the "**Applicant**"), for an Order approving, the procedures for a sale, investment, and services solicitation process in respect of the Applicant attached hereto as Schedule "A" (the "**Solicitation Process**") was heard on October 24, 2023 at 330 University Avenue, Toronto, Ontario with reasons released this day.

ON READING the Application Record of the Applicant dated October 9, 2023 (the "**Application Record**"), the Affidavit of Joe Broking sworn October 9, 2023, the Affidavit of Chetan Bhandari sworn October 9, 2023, the Supplementary Application Record of the Applicant dated October 15, 2023 (the "**Supplementary Application Record**"), the Affidavit of Joe Broking sworn October 15, 2023 (the "**Second Broking Affidavit**"), the Affidavit of Chetan Bhandari sworn October 15, 2023, the Affidavit of Philip Yang sworn October 15, 2023, the consent of FTI Consulting Canada Inc. ("**FTI**") to act as Court-appointed monitor of the Applicant (in such capacity, the "**Monitor**"), the Pre-Filing Report of the Proposed Monitor dated October 10, 2023, the First Report of the Monitor dated October 20, 2023, the Motion Record of the Ad Hoc Group of Noteholders (the "**Ad Hoc Group**") dated October 16, 2023, the Affidavit of Thomas Gray sworn October 16, 2023, the Brief of Transcripts and Exhibits, including the transcripts from the Examinations of Leon Davies held October 18, 2023, Chetan Bhandari held October 18, 2023, Paul Carrelo held October 19, 2023 and Joe Broking held October 19, 2023, and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, counsel for Cargill, Incorporated

and Cargill International Trading Pte Ltd., and counsel for the Ad Hoc Group, and such other counsel and parties as listed on the Counsel Slip, with no one else appearing although duly served as appears from the affidavits of service of Natasha Rambaran and the affidavit of service of Philip Yang, filed,

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Application, the Application Record and the Supplementary Application Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Solicitation Process.

APPROVAL OF THE SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the Solicitation Process attached hereto as Schedule "A" is hereby approved and the Applicant, Financial Advisor, and Monitor are hereby authorized and directed to implement the Solicitation Process pursuant to the terms thereof. The Financial Advisor, Applicant, and Monitor are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the Solicitation Process in accordance with its terms and this Order.

4. **THIS COURT ORDERS** that the Financial Advisor, Applicant, and the Monitor are hereby authorized and directed to immediately commence the Solicitation Process.

5. **THIS COURT ORDERS** that each of the Financial Advisor, Applicant, Monitor and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Solicitation Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Financial Advisor, Applicant, or Monitor, as applicable, in performing their obligations under the Solicitation Process, as determined by this Court.

6. **THIS COURT ORDERS** that, pursuant to section 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS), the Financial Advisor, Applicant, and Monitor are authorized and permitted to send, or cause or permit to be sent, commercial electronic

messages to an electronic address of prospective bidders or offerors and to their advisors, but only to the extent required to provide information with respect to the Solicitation Process in these proceedings.

7. **THIS COURT ORDERS** that notwithstanding anything contained herein or in the Solicitation Process, the Financial Advisor and Monitor shall not take possession of the Property or be deemed to take possession of the Property.

PROTECTION OF PERSONAL INFORMATION

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Financial Advisor, Applicant, Monitor, and their respective advisors are hereby authorized and permitted to disclose and transfer to prospective Solicitation Process participants (each, a "**Solicitation Process Participant**") and their advisors personal information of identifiable individuals ("**Personal Information**"), records pertaining to the Applicant's past and current employees, and information on specific customers, but only to the extent desirable or required to negotiate or attempt to complete a transaction under the Solicitation Process (a "**Transaction**"). Each Solicitation Process Participant to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information and limit the use of such Personal Information to its evaluation of a Transaction, and if it does not complete a Transaction, shall return all such information to the Financial Advisor, Applicant, or Monitor, or in the alternative destroy all such information and provide confirmation of its destruction if required by the Financial Advisor, Applicant, or Monitor. The Successful Transaction Bidder shall maintain and protect the privacy of such information and, upon closing of the Transaction contemplated in the Successful Transaction Bid, shall be entitled to use the personal information provided to it that is related to the Business and/or Property acquired pursuant to the Solicitation Process in a manner that is in all material respects identical to the prior use of such information by the Applicant, and shall return all other personal information to the Financial Advisor, Applicant, or Monitor, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Financial Advisor, Applicant, or Monitor.

GENERAL

9. **THIS COURT ORDERS** that the Applicant or the Monitor or any interested party may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under the Solicitation Process.

10. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States of America, or in any other foreign jurisdiction, to give effect to this Order and to assist the Applicant, Monitor, and their respective agents in carrying out the terms of this Order. All courts, tribunals, and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Financial Advisor, Applicant, and Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Financial advisor, Applicant, Monitor, and their respective agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that the Applicant and Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

13. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. on the date of this Order.

Digitally signed
by Jessica Kimmel
Date: 2023.10.31
11:07:08 -04'00'

Schedule "A"

Procedures for the Sale, Investment and Services Solicitation Process

Tacora Resources Inc. ("**Tacora**") is a private company that is focused on the production and sale of high-grade and quality iron ore products that improve the efficiency and environmental performance of steel making. Tacora currently sells 100% of the iron ore concentrate production of the Scully Mine, an iron ore concentrate mine located near Wabush, Newfoundland and Labrador, Canada (the "**Scully Mine**"), pursuant to the Offtake Agreement with Cargill.

On October 10, 2023, Tacora commenced proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") before the Ontario Superior Court of Justice (Commercial List) in the City of Toronto (the "**Court**") pursuant to an order granted by the Court on the same day (as may be amended or amended and restated from time to time, the "**Initial Order**").

Pursuant to the Initial Order, FTI Consulting Canada Inc., a licensed insolvency trustee, was appointed as monitor in the CCAA Proceedings (in such capacity, the "**Monitor**"). Greenhill & Co. Canada Ltd. (the "**Financial Advisor**") is acting as Tacora's financial advisor and investment banker.

On October 30, 2023, the Court granted an order (the "**Solicitation Order**"), authorizing Tacora to undertake a sale, investment and services solicitation process (the "**Solicitation Process**") to solicit offers or proposals for a sale, restructuring or recapitalization transaction in respect of Tacora's assets (the "**Property**") and business operations (the "**Business**"). The Solicitation Process will be conducted by the Financial Advisor with the Monitor in the manner set forth in these procedures (the "**Solicitation Procedures**").

Defined Terms

1. Capitalized terms used in these Solicitation Procedures and not otherwise defined herein have the meanings given to them in Appendix "A".

Solicitation Procedures

Opportunity

2. The Solicitation Process is intended to solicit interest in, and opportunities for: (a) a sale of all, substantially all, or certain portions of the Property or the Business; or (b) an investment in, restructuring, recapitalization, refinancing or other form of reorganization of Tacora or its Business as a going concern, or a combination thereof (the "**Transaction Opportunity**").

3. The Solicitation Process will also provide the ability for interested parties to investigate and conduct due diligence regarding an opportunity to arrange an offtake, service or other agreement in respect of the Business (the "**Offtake Opportunity**" and together with the Transaction Opportunity, the "**Opportunity**")).

General

4. The Solicitation Procedures describe the manner in which prospective bidders may

gain access to due diligence materials concerning Tacora, the Business and the Property, the manner in which interested parties may participate in the Solicitation Process, the requirements of and the receipt and negotiation of Bids received, the ultimate selection of a Successful Bidder and the requisite approvals to be sought from the Court in connection therewith.

5. Tacora, in consultation with the Monitor and the Financial Advisor, may at any time and from time to time, modify, amend, vary or supplement the Solicitation Procedures, without the need for obtaining an order of the Court or providing notice to Phase 1 Bidders, Phase 2 Bidders, the Successful Bidder and the Back-Up Bidder, provided that the Financial Advisor and the Monitor determine that such modification, amendment, variation or supplement is expressly limited to changes that do not materially alter, amend or prejudice the rights of such bidders and that are necessary or useful in order to give effect to the substance of the Solicitation, the Solicitation Procedures and the Solicitation Order.

6. Except as set forth in these Solicitation Procedures, nothing in this Solicitation Process shall prohibit a secured creditor of Tacora (a) from participating as a bidder in the Solicitation Process, or (b) committing to Bid its secured debt, including a credit bid of some or all of its outstanding indebtedness under any loan facility (inclusive of interest and other amounts payable under any loan agreement to and including the date of closing of a definitive transaction) owing to such party in the Solicitation Process.

7. Tacora, in consultation with the Financial Advisor and the Monitor, shall have complete discretion with respect to the provision of any information to any party or any consultation rights in connection with the Solicitation Process, provided that, no information regarding any Bids received shall be provided to any stakeholder of Tacora or their respective advisors, provided further that, the Monitor may (but is not required to) share Bids with advisors to the Ad Hoc Group and/or Cargill following the Phase 2 Bid Deadline on such terms and conditions they may deem appropriate, if (a) in the case of the Ad Hoc Group, each member of the Ad Hoc Group, other noteholders and the trustee on behalf of noteholders and their affiliates and related parties have not participated in any Bid, including as a Financing Party; and (b) in the case of Cargill, Cargill and its affiliates and related parties have not participated in any Bid, including as a Financing Party.

8. Notwithstanding anything to the contrary in these Solicitation Procedures, Tacora and the Financial Advisor, in consultation with the Monitor, may attempt to negotiate a stalking horse bid (a "**Stalking Horse Bid**") prior to the Phase 1 Bid Deadline to provide certainty for Tacora and the Property/Business during the Solicitation Process. If Tacora, with the approval of the Monitor, determines that it is appropriate to utilize a Stalking Horse Bid, such Stalking Horse Bid shall be subject to approval by the Court and Tacora shall bring a motion before the Court on notice to the service list in these CCAA Proceedings seeking approval to use the Stalking Horse Bid as a "stalking horse" in the Solicitation Process, together with approval of any necessary consequential amendments to these Solicitation Procedures. All interested parties that have executed an NDA in connection with this Solicitation Process shall be promptly informed of any such motion, Court approval for the use of the Stalking Horse Bid and any related amendments to these Solicitation Procedures. The terms of any Stalking Horse Bid must, at a minimum, meet all requirements under these Solicitation Procedures, including, for greater certainty, the criteria applicable to a Phase 2

Qualified Bid (which must provide for payment in cash of all obligations (unless the DIP Lender agrees otherwise) owing under the DIP Agreement in full).

Timeline

9. The following table sets out the key milestones under this Solicitation Process, which may be extended from time to time by Tacora, in consultation with the Financial Advisor and with the consent of the Monitor, in accordance with the Solicitation Process:

Event	Timing
Phase 1	
1. Notice Monitor to publish a notice of the Solicitation Process on the Monitor's Website Financial Advisor / Tacora to publish notice of the Solicitation Process in industry trade publications, as determined appropriate Financial Advisor to distribute Teaser Letter and NDA (if requested) to potentially interested parties	No later than five (5) days following issuance of the Solicitation Order.
2. Phase 1 - Access to VDR Phase 1 Bidders provided access to the VDR, subject to execution of appropriate NDAs	October 30, 2023 to December 1, 2023
3. Phase 1 Bid Deadline Deadline for Phase 1 Bidders to submit non-binding LOIs in accordance with the requirements of section 23	By no later than December 1, 2023 at 12:00 p.m. (Eastern Time)
4. Notification of Phase 1 Qualified Bid Deadline to notify a Phase 1 Bidder whether it has been designated as a Phase 2 Bidder invited to participate in Phase 2	By no later than December 6, 2023, at 12:00 p.m. (Eastern Time)
Phase 2	
5. Phase 2 Bid Deadline Phase 2 Bid Deadline (for delivery of definitive offers by Phase 2 Qualified Bidders in accordance with the requirements of section 34)	By no later than January 19, 2024, at 12:00 p.m. (Eastern Time)

6. Definitive Documentation Deadline for completion of definitive documentation in respect of a Successful Bid and filing of the Approval Motion	By no later than February 2, 2024
7. Approval Motion Hearing of Approval Motion in respect of Successful Bid (subject to Court availability)	Week of February 5, 2024
8. Outside Date – Closing Outside Date by which the Successful Bid must close	February 23, 2024 (subject to customary conditions related to necessary and required regulatory approvals acceptable to Tacora, in consultation with the Financial Advisor and the Monitor, in their sole discretion)

Solicitation of Interest

10. As soon as reasonably practicable, but, in any event, by no later than five (5) days after the granting of the Solicitation Order:

    (a) the Financial Advisor, in consultation with the Monitor and Tacora, will prepare a list of potential bidders, including (i) parties that have approached Tacora, the Financial Advisor, or the Monitor indicating an interest in the Opportunity, (ii) parties suggested by Tacora's secured creditors or their advisors, (iii) local and international strategic and financial parties, including offtakers and streamers, who the Financial Advisor, in consultation with Tacora and the Monitor, believes may be interested in the Opportunity; (iv) Cargill and the Ad Hoc Group; and (v) parties that showed an interest in Tacora and/or its assets prior to the date of the Solicitation Order including by way of the previous, out-of-court strategic review process, in each case whether or not such party has submitted a letter of intent or similar document (collectively, the "**Potential Bidders**");

    (b) a notice of the Solicitation and any other relevant information that the Monitor considers appropriate regarding the Solicitation Process, in consultation with Tacora and the Financial Advisor, will be published by the Monitor on the Monitor's Website;

    (c) a notice of the Solicitation Process and any other relevant information that the Financial Advisor, in consultation with Tacora and the Monitor, considers appropriate may be published by the Financial Advisor in one or more trade industry and/or insolvency-related publications as may be considered appropriate by the Financial Advisor; and

    (d) the Financial Advisor, in consultation with Tacora and the Monitor, will prepare (i) a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the Solicitation Process and inviting recipients of the Teaser Letter to express their interest pursuant to the Solicitation Process;

and (ii) a form of non-disclosure agreement in form and substance satisfactory to the Financial Advisor, Tacora, the Monitor, and their respective counsel (an "**NDA**").

11. The Financial Advisor will cause the Teaser Letter to be sent to each Potential Bidder by no later than five (5) days after the Solicitation Order and to any other party who requests a copy of the Teaser Letter or who is identified to the Financial Advisor or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable. A copy of the NDA will be provided to any Potential Bidder that requests a copy of same.

Phase 1: Non-Binding LOIs

Phase 1 Due Diligence

12. In order to participate in the Solicitation Process, and prior to the distribution of any confidential information, a Potential Bidder (each Potential Bidder interested in the Transaction Opportunity who has executed an NDA with Tacora, a "**Phase 1 Bidder**") must deliver to the Financial Advisor an executed NDA (with a copy to the Monitor).

13. Notwithstanding any other provision of this Solicitation Process, prior to Tacora executing an NDA with any Potential Bidder, Tacora, in consultation with the Financial Advisor and the Monitor, may require evidence reasonably satisfactory to Tacora, in consultation with the Financial Advisor and the Monitor, of the financial wherewithal of the Potential Bidder to complete on a timely basis a transaction in respect of the Opportunity (either with existing capital or with capital reasonably anticipated to be raised prior to closing) and/or to disclose details of their ownership and/or investors.

14. A confidential virtual data room (the "**VDR**") in relation to the Opportunity will be made available by Tacora to Phase 1 Bidders and Financing Parties (including those interested in the Offtake Opportunity) that have executed the NDA in accordance with Section 12 as soon as practicable. Following the completion of "Phase 1", but prior to the completion of "Phase 2", additional information may be added to the VDR to enable Phase 2 Qualified Bidders to complete any confirmatory due diligence in respect of Tacora and the Opportunity. The Financial Advisor, in consultation with Tacora and the Monitor, may establish or cause Tacora to establish separate VDRs (including "clean rooms"), if Tacora reasonably determines that doing so would further Tacora's and any Phase 1 Bidder's compliance with applicable antitrust and competition laws, would prevent the distribution of commercially sensitive competitive information, or to protect the integrity of the Solicitation Process and Tacora's restructuring process generally. Tacora may also, in consultation with the Financial Advisor and the Monitor, limit the access of any Phase 1 Bidder to any confidential information in the VDR where Tacora may also, in consultation with the Financial Advisor and the Monitor, reasonably determine that such access could negatively impact the Solicitation Process, the ability to maintain the confidentiality of the information, the Business or its value.

15. Tacora, in consultation with the Financial Advisor and the Monitor, may (but is not required to) provide management presentations to Phase 1 Bidders. Any communications between Phase 1 Bidders and management of Tacora shall be supervised by representatives of the Financial Advisor and the Monitor, provided that such discussions shall remain confidential and shall not be disclosed without the

consent of the parties to the discussion. In connection with the foregoing, the Financial Advisor and the Monitor shall continue to have duties to the Court to ensure that the Solicitation Process proceeds in a manner that complies with the CCAA and the terms of the Solicitation Process. The provisions of this section are subject to further order of the Court.

16. The Financial Advisor, Tacora, the Monitor, and their respective employees, officers, directors, agents, other representatives and their respective advisors make no representation, warranty, condition or guarantee of any kind, nature or description as to the information contained in the VDR or made available in connection with the Solicitation Process. All Phase 1 Bidders (and Financing Parties) must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the Solicitation Process.

Communication Protocol

17. Each Phase 1 Bidder and Financing Party is prohibited from communicating with any Potential Bidder or another Phase 1 Bidder or Financing Party and their respective affiliates and their legal and financial advisors regarding the Opportunity during the term of the Solicitation Process, without the consent of the Financial Advisor and the Monitor, except as provided in these Solicitation Procedures. Notwithstanding the terms of any NDA entered into by a Phase 1 Bidder or Financing Party, all Phase 1 Bidders and Financing Parties shall comply with these Solicitation Procedures.

18. Any party interested in providing debt financing (a "**Debt Financing Party**"), equity financing (an "**Equity Financing Party**") or financing through an offtake or similar agreement (including a stream or royalty agreement) in respect of the Offtake Opportunity (an "**Offtake Financing Party**" and together with Debt Financing Parties, Equity Financing Parties, the "**Financing Parties**" and each, a "**Financing Party**") shall execute a NDA with Tacora or a joinder to a NDA with the Phase 1 Bidder which the Financing Party is interested in providing financing to, prior to receiving distribution of any confidential information.

19. Each Debt Financing Party must indicate to the Financial Advisor and the Monitor whether such Debt Financing Party is acting exclusively with a Phase 1 Bidder or conducting due diligence with the expectation of providing potential debt financing to potentially multiple Phase 1 Bidders. If a Debt Financing Party is acting exclusively with a Phase 1 Bidder, the Debt Financing Party may communicate with such Phase 1 Bidder but shall not communicate with another Phase 1 Bidder and their respective affiliates and their legal and financial advisors regarding the Opportunity during the term of the Solicitation Process. If the Debt Financing Party is not acting exclusively with a Phase 1 Bidder, the Debt Financing Party may communicate with multiple Phase 1 Bidders, provided that Debt Financing Party confirms in writing to the Financial Advisor and the Monitor that the Debt Financing Party has appropriate internal controls and processes to ensure information related to Bids or potential Bids (including the identity of Potential Bidders and/or Phase 1 Bidders) is not shared with multiple Phase 1 Bidders.

20. Each Offtake Financing Party must indicate to the Financial Advisor and the Monitor whether such Offtake Financing Party is acting exclusively with a Phase 1 Bidder or

conducting due diligence with the expectation of providing potential financing through an offtake or similar agreement (including a stream or royalty agreement) to potentially multiple Phase 1 Bidders. If an Offtake Financing Party is acting exclusively with a Phase 1 Bidder, the Offtake Financing Party may communicate with such Phase 1 Bidder but shall not communicate with another Phase 1 Bidder and their respective affiliates and their legal and financial advisors regarding the Opportunity during the term of the Solicitation Process. If an Offtake Financing Party is not acting exclusively with a Phase 1 Bidder, the Offtake Financing Party shall submit an Offtake IOI and may communicate with Phase 1 Bidders with the consent of the Financial Advisor and the Monitor on such terms and conditions as the Financial Advisor and the Monitor deem appropriate.

21. Each Equity Financing Party must indicate to the Financial Advisor and the Monitor whether such Equity Financing Party is acting exclusively with a Phase 1 Bidder or conducting due diligence with the expectation of providing potential equity financing to potentially multiple Phase 1 Bidders. If an Equity Financing Party is acting exclusively with a Phase 1 Bidder, the Equity Financing Party may communicate with such Phase 1 Bidder but shall not communicate with another Phase 1 Bidder and their respective affiliates and their legal and financial advisors regarding the Opportunity during the term of the Solicitation Process. If an Equity Financing Party is not acting exclusively with a Phase 1 Bidder, the Equity Financing Party shall submit an Equity Financing IOI and may communicate with Phase 1 Bidders with the consent of the Financial Advisor and the Monitor on such terms and conditions as the Financial Advisor and the Monitor deem appropriate.

Phase 1 Bids

22. If a Phase 1 Bidder wishes to submit a bid in respect of the Transaction Opportunity (a "**Bid**"), it must deliver a non-binding letter of intent (an "**LOI**") (each such LOI, in accordance with section 23 below, a "**Phase 1 Qualified Bid**") to the Financial Advisor (including by email) with a copy to the Monitor (including by email) so as to be received by the Financial Advisor not later than 12:00 p.m. (Eastern Time) on December 1, 2023, or such other date or time as may be agreed by Tacora, in consultation with the Financial Advisor, and with the consent of the Monitor (the "**Phase 1 Bid Deadline**").

23. An LOI submitted by a Phase 1 Bidder will only be considered a Phase 1 Qualified Bid if the LOI complies at a minimum with the following:

    (a) it has been duly executed by all required parties;

    (b) it is received by the Phase 1 Bid Deadline;

    (c) it clearly indicates that:

        (i) the Phase 1 Bidder is (A) seeking to acquire all or substantially all of the Property or Business, whether through an asset purchase, a share purchase or a combination thereof (either one, a "**Sale Proposal**"); or (B) offering to make an investment in, restructure, recapitalize or refinance Tacora or the Business (a "**Recapitalization Proposal**").

    (d) in the case of a Sale Proposal, the Bid includes:

(i) the purchase price or price range and key assumptions supporting the valuation and the anticipated amount of cash payable on closing of the proposed transaction;

(ii) details regarding any consideration which is not cash;

(iii) any contemplated purchase price adjustment;

(iv) a specific indication of the expected structure and financing of the transaction (including, but not limited to the sources of financing to fund the acquisition);

(v) a description of the Property that is subject to the transaction and any of the Property expected to be excluded;

(vi) a description of those liabilities and obligations (including operating liabilities and obligations to employees) which the Phase 1 Bidder intends to assume and those liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction, and shall specifically identify whether the Phase 1 Bidder intends to assume or maintain the existing Offtake Agreement on its existing terms or any proposed amendments, and if not, whether the Phase 1 Bidder anticipates requiring to be paired with a Financing Party interested in the Offtake Opportunity in connection with their proposed Bid;

(vii) information sufficient for Tacora, in consultation with the Financial Advisor and the Monitor, to determine that the Phase 1 Bidder has sufficient financial ability to complete the transaction contemplated by the Sale Proposal;

(viii) a description of the Phase 1 Bidder's intentions for the Business, including any plans or conditions related to Tacora's management and employees;

(ix) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer; and

(x) any other terms or conditions of the Sale Proposal that the Phase 1 Bidder believes are material to the transaction.

(e) in the case of a Recapitalization Proposal, the Bid includes:

(i) a description of how the Phase 1 Bidder proposes to structure and finance the proposed investment, restructuring, recapitalization or refinancing (including, but not limited to the sources of financing to fund the transaction);

(ii) the aggregate amount of the equity and/or debt investment to be made in Tacora or its Business;

(iii) details on the permitted use of proceeds;

(iv) a description of those liabilities and obligations (including operating liabilities and obligations to employees) which the Phase 1 Bidder intends to assume and those liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction, and shall specifically identify whether the Phase 1 Bidder intends to assume or maintain the existing Offtake Agreement on its existing terms or any proposed amendments and if not, whether the Phase 1 Bidder anticipates requiring to be paired with a Financing Party interested in the Offtake Opportunity in connection with their proposed Bid;

(v) information sufficient for Tacora, in consultation with the Financial Advisor and the Monitor, to determine that the Phase 1 Bidder has sufficient ability to complete the transaction contemplated by the Recapitalization Proposal;

(vi) the underlying assumptions regarding the pro forma capital structure;

(vii) a description of the Phase 1 Bidder's intentions for the Business, including any plans or conditions related to Tacora's management and employees;

(viii) the equity, if any, to be allocated to the secured creditors, unsecured creditors, shareholders and/or any other stakeholder of Tacora;

(ix) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer; and

(x) any other terms or conditions of the Recapitalization Proposal which the Phase 1 Bidder believes are material to the transaction.

(f) it provides written evidence, satisfactory to Tacora, in consultation with the Financial Advisor and the Monitor, of its ability to consummate the transaction within the timeframe contemplated by these Solicitation Procedures and to satisfy any obligations or liabilities to be assumed on closing of the transaction, including, without limitation, a specific indication of the sources of capital and, to the extent that the Phase 1 Bidder expects to finance any portion of the purchase price, the identity of the financing source and the steps necessary and associated timing to obtain the capital;

(g) it provides any relevant details of the previous investments or acquisitions, or any other experience a Phase 1 Bidder in the mining industry, including the date, nature of the investment, amount invested, geography and any other relevant information related to such investment;

(h) it identifies all proposed material conditions to closing including, without limitation, any internal, regulatory or other approvals and any form of consent, agreement or other document required from a government body, stakeholder or other third party, and an estimate of the anticipated timeframe and any anticipated impediments for obtaining such conditions, along with information sufficient for Tacora, in consultation with the Financial Advisor, and the Monitor, to determine that these conditions are reasonable in relation to the Phase 1

Bidder;

(i) it includes a statement disclosing any connections or agreements between the Phase 1 Bidder, on the one hand, and Tacora, its shareholders, creditors and affiliates and all of their respective directors and officers and/or any other known Phase 1 Bidder, on the other hand;

(j) it includes an acknowledgement that any Sale Proposal and/or Recapitalization Proposal is made on an "as-is, where-is" basis; and

(k) it contains such other information as may be reasonably requested by Tacora, in consultation with the Financial Advisor and the Monitor.

Assessment of Phase 1 Bids

24. Following the Phase 1 Bid Deadline, Tacora, in consultation with the Financial Advisor and the Monitor, will assess the LOIs received by the Phase 1 Bid Deadline and determine whether such LOIs constitute Phase 1 Qualified Bids.

25. Tacora, in consultation with the Financial Advisor and the Monitor, may following the receipt of any LOI, seek clarification with respect to any of the terms or conditions of such LOI and/or request and negotiate one or more amendments to such LOI prior to determining if the LOI should be considered a Phase 1 Qualified Bid.

26. Tacora, in consultation with the Financial Advisor, and with the consent of the Monitor, may (a) waive compliance with any one or more of the requirements specified above and deem such non-compliant bid to be a Phase 1 Qualified Bid; or (b) reject any LOI if it is determined that such Bid does not constitute a Phase 1 Qualified Bid, is otherwise inadequate or insufficient, or is otherwise contrary to the best interests of Tacora and its creditors and other stakeholders.

Financing Opportunity

27. To assist the Financial Advisor and the Monitor in making a determination of whether to introduce any Offtake Financing Party interested in the Offtake Opportunity to any Phase 1 Bidders, such parties may provide the Financial Advisor and the Monitor, prior to the Phase 1 Bid Deadline, an indication of interest in respect of the Offtake Opportunity (an "**Offtake IOI**"), which includes:

(a) the product to be purchased from Tacora and any required specifications;

(b) the term of the contract, including all options to extend;

(c) the committed volume of product to be purchased, including market price and hedged price (if applicable);

(d) product pricing terms, including price indices to be used, premiums, hedging terms (if any);

(e) delivery and payment terms, including delivery point for product;

(f) other services that the Phase 1 Bidder anticipates providing to Tacora, including

any working capital financing;

(g) any proposed capital investment by the bidder and the form of such investment, including the criteria set forth in Sections 23(e)(ii), (iii) and (ix); and

(h) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer.

28. To assist the Financial Advisor and the Monitor in making a determination of whether to introduce any Equity Financing Party interested in the Opportunity to any Phase 1 Bidders, such parties may provide the Financial Advisor and the Monitor, prior to the Phase 1 Bid Deadline, an indication of interest in respect of the Opportunity (an "**Equity Financing IOI**"), which includes:

(a) a description of how the Equity Financing Party proposes to structure and finance the proposed investment (including, but not limited to the sources of financing to fund the transaction);

(b) the aggregate amount of the equity investment to be made in Tacora or its Business;

(c) details on the permitted use of proceeds;

(d) the underlying assumptions regarding the pro forma capital structure; and

(e) an outline of any additional due diligence required to be conducted in order to commit to providing financing.

Selection of Phase 2 Bidders

29. The Financial Advisor shall notify each Phase 1 Bidder in writing as to whether the Phase 1 Bidder has been determined to be permitted to proceed to Phase 2 (each a "**Phase 2 Bidder**") by no later than December 6, 2023, at 12:00 p.m. (Eastern Time) or such other date or time as may be agreed by Tacora, in consultation with the Financial Advisor, and with the consent of the Monitor.

Phase 2 – Formal Binding Offers

Phase 2 Due Diligence

30. Each Phase 2 Bidder shall be invited to participate in on-site tours and inspections at the Scully Mine (within reason and not at the expense of Tacora maintaining "business as usual" operations, and at the sole cost and expense of such bidder).

31. Tacora, in consultation with the Financial Advisor and the Monitor, shall allow each Phase 2 Bidder such further access to due diligence materials and information relating to the Property and Business as they deem appropriate in their reasonable business judgment and subject to competitive and other business considerations.

32. Phase 2 Bidders shall have the opportunity (if requested by such party) to meet with management of Tacora. Any communications or meetings between Phase 2 Bidders and management of Tacora shall be supervised by representatives of the Financial

Advisor and the Monitor, provided that the discussions shall remain confidential and shall not be disclosed without the consent of the parties to the discussion. In connection with the foregoing, the Financial Advisor and the Monitor shall continue to have duties to the Court to ensure that the Solicitation Process proceeds in a manner that complies with the CCAA and the terms of these Solicitation Procedures. The provisions of this section are subject to further order of the Court.

33. Each Phase 2 Bidder will be prohibited from communicating with any other Phase 2 Bidder and their respective affiliates and their legal and financial advisors regarding the Transaction Opportunity during the term of the Solicitation Process, without the consent of Tacora and the Monitor, in consultation with the Financial Advisor. Such communications shall only occur on such terms as Tacora, the Financial Advisor and the Monitor may determine.

Phase 2 Bids

34. A Phase 2 Bidder that wishes to make a definitive transaction proposal (a "**Phase 2 Bid**") shall submit a binding offer that complies with all of the following requirements to the Financial Advisor (including by email) with a copy to the Monitor (including by email) so as to be received by the Financial Advisor not later than 12:00 p.m. (Eastern Time) on January 19, 2024, or such later date determined by Tacora, in consultation with the Financial Advisor and with the consent of the Monitor (the "**Phase 2 Bid Deadline**"). Such Phase 2 Bid shall be a "**Phase 2 Qualified Bid**" if it meets all of the following criteria:

(a) it is received by the Phase 2 Bid Deadline;

(b) the Bid complies with all of the requirements set forth in respect of Phase 1 Qualified Bids other than the requirements set out in Sections 23(b) and 23(d)(ix) herein;

(c) the Bid is binding and includes a letter confirming that the Phase 2 Bid is irrevocable until the selection of the Successful Bidder and the Back-Up Bidder, if any, provided that if such Phase 2 Bidder is selected as the Successful Bidder or the Back-Up Bidder, its offer shall remain irrevocable until the earlier of (a) completion of the transaction with the Successful Bidder, and (b) February 23, 2024, subject to further extensions as may be agreed to under the applicable transaction agreement(s), with the consent of the Monitor;

(d) the Bid is in the form of duly authorized and executed transaction agreements, and in the case of:

(i) a Sale Proposal, the Bid includes an executed share or asset purchase agreement, including all exhibits and schedules contemplated thereby (other than exhibits and schedules that by their nature must be prepared by Tacora), together with a blackline to any model documents provided by Tacora during the Solicitation Process; and

(ii) a Recapitalization Proposal, the Bid includes the draft transaction documents contemplated to effect the Recapitalization Proposal, including all exhibits and schedules contemplated thereby (other than

exhibits and schedules that by their nature must be prepared by Tacora), together with a blackline to any model documents provided by Tacora during the Solicitation Process;.

(e) the Bid includes written evidence of a firm commitment for financing or other evidence of ability to consummate the proposed transaction satisfactory to Tacora, in consultation with the Financial Advisor and the Monitor;

(f) the Bid is not subject to the outcome of unperformed due diligence, internal approval(s) or contingency financing;

(g) any conditions to closing or required approvals, including any agreements or approvals with unions, regulators or other stakeholders, the anticipated time frame and any anticipated impediments for obtaining such approvals are set forth in detail, such that Tacora, the Financial Advisor and the Monitor, can assess the risk to closing associated with any such conditions or approvals;

(h) the Bid fully discloses the identity of each entity that will be entering into the transaction or the financing (including through the issuance of equity and/or debt in connection with such Bid and whether such party is assuming the Offtake Agreement on its existing terms, assuming the Offtake Agreement with amendments agreed to by Cargill or entering into an offtake or similar agreement with another party in connection with the Bid), or that is sponsoring, participating or benefiting from such Bid, and such disclosure shall include, without limitation: (i) in the case of a Phase 2 Bidder formed for the purposes of entering into the proposed transaction, the identity of each of the actual or proposed direct or indirect equity holders of such Phase 2 Bidder and the terms and participation percentage of such equity holder's interest in such Bid; and (ii) the identity of each entity that has or will receive a benefit from such Bid from or through the Phase 2 Bidder or any of its equity holders and the terms of such benefit;

(i) the Bid provides a detailed timeline to closing with critical milestones;

(j) the Bid is accompanied by a non-refundable good faith cash deposit (the "**Deposit**"), equal to 10% of the total cash component of the purchase price or investment contemplated under the Phase 2 Bid which shall be paid to the Monitor and held in trust pursuant to Section 44 hereof until the earlier of (i) closing of the Successful Bid or Back-Up Bid, as applicable; and (ii) rejection of the Phase 2 Bid pursuant to Section 43; and

(k) The Bid includes acknowledgements and representations of the Phase 2 Bidder that: (i) it had an opportunity to conduct any and all due diligence desired regarding the Property, Business and Tacora prior to making its offer; (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its Bid; and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, Property or Tacora or the completeness of any information provided in connection therewith, except to the extent otherwise provided under any definitive transaction agreement executed by Tacora.

Assessment of Phase 2 Bids

35. Following the Phase 2 Bid Deadline, Tacora in consultation with the Financial Advisor and the Monitor, will assess the Phase 2 Bids received by the Phase 2 Bid Deadline and determine whether such Bids constitute Phase 2 Qualified Bids.

36. Tacora, in consultation with the Financial Advisor, and with the consent of the Monitor, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant Bid to be a Phase 2 Qualified Bid.

37. Phase 2 Bids may not be modified, amended, or withdrawn after the Phase 2 Bid Deadline without the written consent of Tacora, in consultation with the Financial Advisor and with the consent of the Monitor, except for proposed amendments to increase the purchase price or otherwise improve the terms of the Phase 2 Bid for Tacora,its creditors and other stakeholders.

38. Tacora, in consultation with the Financial Advisor and with the consent of the Monitor, may reject any Phase 2 Bid if it is determined that such Bid does not constitute a Phase 2 Qualified Bid, is otherwise inadequate or insufficient, or is otherwise contrary to the best interest of Tacora and its creditors and other stakeholders.

Evaluation of Qualified Bids and Subsequent Actions

39. Following the Phase 2 Bid Deadline, Tacora, the Financial Advisor and the Monitor will review the Phase 2 Qualified Bids. In performing such review and assessment, the Financial Advisor, Tacora, and the Monitor may evaluate the following non-exhaustive list of considerations: (a) the purchase price and net value (including assumed liabilities and other obligations to be performed by the Phase 2 Bidder); (b) the firm, irrevocable commitment for financing of the transaction; (c) the claims likely to be created by such Bid in relation to other Bids; (d) the counterparties to the transaction; (e) the terms of transaction documents; (f) the closing conditions and other factors affecting the speed, certainty and value of the transaction; (g) planned treatment of stakeholders, including employees; (h) the assets included or excluded from the Bid; (i) any restructuring costs that would arise from the Bid; (j) the likelihood and timing of consummating the transaction; (k) the capital sufficient to implement post-closing measures and transactions; and (l) any other factors that the Financial Advisor, Tacora, and Monitor may deem relevant in their sole discretion.

40. Following evaluation of the Phase 2 Qualified Bids, Tacora may, in consultation with the Financial Advisor and the Monitor, undertake one or more of the following steps:

    (a) accept one of the Phase 2 Qualified Bids (the "**Successful Bid**" and the offeror making such Successful Bid the "**Successful Bidder**") and take such steps as may be necessary to finalize definitive transaction documents for the Successful Bid with Successful Bidder;

    (b) continue negotiations with Phase 2 Bidders who have submitted a Phase 2 Qualified Bids with a view to finalizing acceptable terms with one or more of Bidders that submitted Phase 2 Qualified Bids; or

(c) schedule an auction with all Bidders that submitted Phase 2 Qualified Bids to determine the Successful Bid in accordance with auction procedures determined by the Financial Advisor and the Monitor, in consultation with Cargill and the Ad Hoc Group, provided they or any of their members are not Bidders that submitted Phase 2 Qualified Bids, which procedures shall be provided to all Bidders that submitted Phase 2 Qualified Bids at least four (4) Business Days prior to an auction.

41. Tacora, in consultation with the Financial Advisor and the Monitor, may select the next highest or otherwise best Phase 2 Qualified Bid which is a Sale Proposal or Recapitalization Proposal to be a back-up bid (the "**Back-Up Bid**" and such bidder, the "**Back-Up Bidder**"). For greater certainty, Tacora shall not be required to select a Back-Up Bid.

42. If a Successful Bidder fails to consummate the Successful Bid for any reason, then the Back-Up Bid will be deemed to be the Successful Bid and Tacora will proceed with the transaction pursuant to the terms of the Back-Up Transaction Bid. Any Back-Up Bid shall remain open for acceptance until the completion of the transaction with the Successful Bidder.

43. All Phase 2 Qualified Bids (other than the Successful Bid and the Back-Up Bid, if applicable) shall be deemed rejected by Tacora on and as of the date of the execution of the definitive documents contemplated by the Successful Bid by Tacora.

44. All Deposits will be retained by the Monitor and deposited in a trust account. The Deposit (without interest thereon) paid by the Successful Bidder and Back-Up Bidder whose bid(s) is/are approved at the Approval Motion will be applied to the purchase price to be paid or investment amount to be made by the Successful Bidder and/or Back-Up Bidder, as applicable upon closing of the approved transaction and will be non-refundable, other than in the circumstances set out in the Successful Bid or the Back-Up Bid, as applicable. The Deposits (without interest) of Qualified Bidders not selected as the Successful Bidder and Back-Up Bidder will be returned to such bidders within five (5) Business Days after the selection of the Successful Bidder and Back-Up Bidder or any earlier date as may be determined by the Monitor, in consultation with the Financial Advisor and Tacora. The Deposit of the Back-Up Bidder, if any, shall be returned to such Back-Up Bidder no later than five (5) Business Days after closing of the transaction contemplated by the Successful Bid .

45. If a Successful Bidder or Back-Up Bidder breaches its obligations under the terms of the Solicitation Process, its Deposit shall be forfeited as liquidated damages and not as a penalty, without limiting any other claims or actions that Tacora may have against such Successful Bidder or Back-Up Bidder and/or their affiliates.

46. If no Phase 2 Qualified Bids are received by the Phase 2 Bid Deadline, the Solicitation Process shall automatically terminate.

Approval Motion

47. Prior to the Approval Motion, the Monitor shall provide a report to the Court providing information on the process and including its recommendation in connection with the relief sought at the Approval Motion. At the Approval Motion, Tacora shall seek the Approval Order.

48. The consummation of the transaction contemplated by the Successful Bid, or the Back-Up Bid if the Successful Bid does not close, will not occur unless and until the Approval Order is granted.

"As Is, Where Is"

49. Any sale of the Business and/or Property or any investment in Tacora or its Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Financial Advisor, Tacora, or Monitor, or their advisors or agents, except to the extent otherwise provided under any definitive sale or investment agreement with the Successful Bidder executed by Tacora. None of the Financial Advisor, Tacora, or Monitor, or their advisors or agents, including the Financial Advisor, make any representation or warranty as to the information contained in the Teaser Letter, any management presentation or the VDR, except to the extent otherwise provided under any definitive sale or investment agreement with the Successful Bidder executed by Tacora. Each Phase 2 Bidder is deemed to acknowledge and represent that: (a) it has had an opportunity to conduct any and all due diligence regarding the Business and Property prior to making its Phase 2 Bid; (b) it has relied solely on its own independent review, investigation, and/or inspection of any documents and/or the Business and Property in making its Bid; and (c) it did not rely on any written or oral statements, representations, promises, warranties, conditions or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Business and Property, or the completeness of any information provided in connection therewith, except to the extent otherwise provided under any definitive sale or investment agreement executed by Tacora.

No Entitlement to Expense Reimbursement or Other Amounts

50. Phase 1 Bidders and Phase 2 Bidders shall not be entitled to any breakup fee, termination fee, expense reimbursement, or similar type of payment or reimbursement.

Jurisdiction

51. Upon submitting an LOI or a Phase 2 Bid, the Phase 1 Bidder or the Phase 2 Bidder, as applicable, shall be deemed to have submitted to the exclusive jurisdiction of the Court with respect to all matters relating to the Solicitation Process and the terms and conditions of these Solicitation Procedures, any Sale Proposal or Recapitalization Proposal.

52. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid.

53. Neither Tacora, the Financial Advisor nor the Monitor shall be liable for any claim for a brokerage commission, finder's fee or like payment in respect of the consummation of any of the transactions contemplated under the Solicitation Process arising out of any agreement or arrangement entered into by the parties that submitted the Successful Bid and Back-Up Bid.

54. The Monitor shall supervise the Solicitation Process as outlined herein. In the event that there is disagreement or clarification is required as to the interpretation or application of this Solicitation Process the responsibilities of the Monitor, the Financial Advisor or Tacora hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application of the Monitor or Tacora or any other interested party with a hearing which shall be scheduled on not less than three (3) Business Days' notice.

APPENDIX A

DEFINED TERMS

(a) "**Ad Hoc Group**" means the ad hoc group of holders of the Senior Notes and Senior Priority Notes issued by Tacora.

(b) "**Approval Motion**" means the motion seeking approval by the Court of the Successful Bid with the Successful Bidder, and if applicable, any Back-Up Bid if the Successful Bid is not consummated.

(c) "**Approval Order**" means an order of the Court approving, among other things, if applicable the Successful Bid and the consummation thereof, and if applicable, any Back-Up Bid if the Successful Bid is not consummated;

(d) "**Back-Up Bid**" shall have the meaning attributed to it in Section 41;

(e) "**Back-Up Bidder**" shall have the meaning attributed to it in Section 41;

(f) "**Bid**" shall have the meaning attributed to it in Section 22

(g) "**Business**" shall have the meaning attributed to it in the preamble;

(h) "**Business Day**" means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Toronto, Ontario;

(i) "**Cargill**" means Cargill International Trading PTE Ltd. and its affiliates.

(j) "**CCAA**" shall have the meaning attributed to it in the preamble;

(k) "**Court**" shall have the meaning attributed to it in the preamble;

(l) "**Debt Financing Party**" shall have the meaning attributed to it in Section 18;

(m) "**DIP Agreement**" means the DIP Loan Agreement between Tacora and Cargill, Incorporated, dated October 9, 2023, as may be amended from time to time;

(n) "**Equity Financing IOI**" shall have the meaning attributed to it in Section 28;

(o) "**Equity Financing Party**" shall have the meaning attributed to it in Section 18;

(p) "**Financial Advisor**" shall have the meaning attributed to it in the preamble;

(q) "**Financing Party**" shall have the meaning attributed to it in Section 18;

(r) "**Initial Order**" shall have the meaning attributed to it in the preamble;

(s) "**LOI**" shall have the meaning attributed to it in Section 22;

(t) "**Monitor**" shall have the meaning attributed to it in the preamble;

(u) "**Monitor's Website**" means http://cfcanada.fticonsulting.com/Tacora;

(v) "**NDA**" shall have the meaning attributed to it in Section 10(d);

(w) "**Offtake Agreement**" means the Restatement of the Iron Ore Sale and Purchase Agreement dated November 11, 2018, as amended;

(x) "**Offtake Financing Party**" shall have the meaning attributed to it in Section 18;

(y) "**Offtake IOI**" shall have the meaning attributed to it in Section 27;

(z) "**Offtake Opportunity**" shall have the meaning attributed to it in Section 3;

(aa) "**Opportunity**" shall have the meaning attributed to it in Section 3;

(bb) "**Phase 1 Bid Deadline**" shall have the meaning attributed to it in Section 22;

(cc) "**Phase 1 Bidder**" shall have the meaning attributed to it in Section 12;

(dd) "**Phase 1 Qualified Bid**" shall have the meaning attributed to it in Section 22;

(ee) "**Phase 2 Bid**" shall have the meaning attributed to it in Section 34;

(ff) "**Phase 2 Bid Deadline**" shall have the meaning attributed to it in Section 34;

(gg) "**Phase 2 Bidder**" shall have the meaning attributed to it in Section 29;

(hh) "**Phase 2 Qualified Bid**" shall have the meaning attributed to it in Section 34;

(ii) "**Potential Bidder**" shall have the meaning attributed to it in Section 10(a);

(jj) "**Property**" shall have the meaning attributed to it in the preamble;

(kk) "**Recapitalization Proposal**" shall have the meaning attributed to it in Section 23(c)(i);

(ll) "**Sale Proposal**" shall have the meaning attributed to it in Section 23(c)(i);

(mm) "**Scully Mine**" shall have the meaning attributed to it in the preamble;

(nn) "**Solicitation Order**" shall have the meaning attributed to it in the preamble;

(oo) "**Solicitation Process**" shall have the meaning attributed to it in the preamble;

(pp) "**Solicitation Procedures**" shall have the meaning attributed to it in the preamble;

(qq) "**Stalking Horse Bid**" shall have the meaning attributed to it in Section ;

(rr) "**Successful Bid**" shall have the meaning attributed to it in Section 40; and

(ss) "**Successful Bidder**" shall have the meaning attributed to it in Section 40.

(tt) "**Teaser Letter**" shall have the meaning attributed to it in Section 10(d);

(uu) "**Transaction Opportunity**" shall have the meaning attributed to it in Section 2.

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)

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

ORDER
(Solicitation Order)

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Counsel to Tacora Resources Inc.

Appendix E

The FIRST Canada Order

File No. CV-23-00707394-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE JUSTICE CAVANAGH	)))	TUESDAY THE 5TH DAY OF DECEMBER, 2023

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 A COMPROMISE OR ARRANGEMENT OF TACORA RESOURCES INC.

ORDER
(FIRST INSURANCE FUNDING OF CANADA INC.)

THIS MOTION, made by FIRST Insurance Funding of Canada Inc. ("**FIRST**") for an order approving certain payments made by Tacora Resources Inc. ("**Tacora**") to FIRST in connection with two premium finance contracts, was heard this day by videoconference.

ON READING the Notice of Motion and the affidavit of Stephen Karpiuk sworn on November 8, 2023, and on hearing the submission of the lawyers for FIRST, Tacora and FTI Consulting Canada Inc. in its capacity as the court-appointed monitor of Tacora, and such other parties listed on the Participation Information Form, with no one else appearing although duly served as appears from the affidavit of service of Antonella Cerminara, filed,

1. THIS COURT ORDERS that the following two payments made by Tacora in connection with the two finance agreements indicated are authorized and approved *nunc pro tunc*:

   (1) the payment of $295,214.46 made on or about October 21, 2023, in respect of the final monthly instalment due to FIRST pursuant to a Commercial

Premium Finance Agreement dated December 30, 2019, between FIRST and Tacora, as renewed on January 11, 2023; and

(2) the payment of $61,029.34 made on or about November 1, 2023, in respect of the final monthly instalment due to FIRST pursuant to a Commercial Premium Finance Agreement dated March 14, 2022, between FIRST and Tacora as renewed on March 9, 2023.

IN THE MATTER OF THE COMPANIES CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.C-36, AS AMENDED; AND IN THE MATTER OF THE PLAN OF ARRANGEMENT OF TACORA RESOURCES INC.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

ORDER

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Appendix F

The Cash Flow Forecast for the Period Ending March 17, 2024

Tacora Resources Inc.

Consolidated Cash Flow Projections

($USD in thousands)

Forecast Week Ending		21-Jan-24	28-Jan-24	04-Feb-24	11-Feb-24	18-Feb-24	25-Feb-24	03-Mar-24	10-Mar-24	17-Mar-24	
Forecast Week	[1]	1	2	3	4	5	6	7	8	9	**Total**
Total Receipts	[2]	**7,310**	**7,199**	**4,768**	**6,698**	**7,578**	**9,358**	**1,517**	**7,925**	**7,497**	**59,850**
Operating Disbursements	[3]										
Employees		(2,104)	(356)	(2,112)	(306)	(2,007)	(206)	(2,240)	(207)	(2,085)	**(11,624)**
Mine, Mill and Site Costs		(5,498)	(9,505)	(1,537)	(1,258)	(1,647)	(2,387)	(3,841)	(1,038)	(1,428)	**(28,139)**
Plant Repairs and Maintenance		(2,882)	(2,897)	(2,846)	(2,774)	(2,574)	(2,174)	(2,177)	(2,104)	(2,104)	**(22,530)**
Logistics		(1,712)	(1,676)	(4,512)	(1,506)	(1,425)	(2,020)	(4,876)	(1,709)	(1,583)	**(21,019)**
Capital Expenditures		(703)	(1,400)	(1,203)	(1,000)	(1,000)	(1,000)	(1,203)	(900)	(900)	**(9,309)**
Other		(870)	(1,030)	(581)	(418)	(418)	(473)	(1,229)	(418)	(418)	**(5,854)**
Total Operating Disbursements		**(13,768)**	**(16,865)**	**(12,789)**	**(7,262)**	**(9,070)**	**(8,260)**	**(15,566)**	**(6,376)**	**(8,517)**	**(98,473)**
Net Cash from Operations		**(6,459)**	**(9,665)**	**(8,021)**	**(564)**	**(1,492)**	**1,098**	**(14,049)**	**1,549**	**(1,020)**	**(38,623)**
Restructuring Legal and Professional Costs	[4]	(773)	(720)	(1,115)	(673)	(498)	(498)	(715)	(448)	(448)	**(5,888)**
KERP	[5]	-	-	-	-	-	-	-	-	-	**-**
NET CASH FLOWS		**(7,232)**	**(10,385)**	**(9,137)**	**(1,237)**	**(1,990)**	**600**	**(14,764)**	**1,102**	**(1,468)**	**(44,511)**
Cash											
Beginning Cash Balance		41,988	34,756	23,945	14,808	13,572	11,582	12,182	10,885	11,987	**41,988**
Net Receipts/ (Disbursements)		(7,232)	(10,385)	(9,137)	(1,237)	(1,990)	600	(14,764)	1,102	(1,468)	**(44,511)**
DIP Advances/ (Repayments)	[6]	-	-	-	-	-	-	14,000	-	-	**14,000**
DIP Fees & Interest Payment	[7]	-	(426)	-	-	-	-	(532)	-	-	**(958)**
Ending Cash Balance		**34,756**	**23,945**	**14,808**	**13,572**	**11,582**	**12,182**	**10,885**	**11,987**	**10,519**	**10,519**

DIP Facility Opening Balance		**55,500**	**55,500**	**55,500**	**55,500**	**55,500**	**55,500**	**55,500**	**69,500**	**69,500**	**55,500**
DIP Advances		-	-	-	-	-	-	14,000	-	-	**14,000**
DIP Facility Ending Balance		**55,500**	**55,500**	**55,500**	**55,500**	**55,500**	**55,500**	**69,500**	**69,500**	**69,500**	**69,500**
Post-Filing Margin Advances	[8]	**10,100**	**10,100**	**10,100**	**10,100**	**10,100**	**10,100**	**10,100**	**10,100**	**10,100**	**10,100**
Total DIP Facility and Post-Filing Margin Advances		**65,600**	**65,600**	**65,600**	**65,600**	**65,600**	**65,600**	**79,600**	**79,600**	**79,600**	**79,600**

Tacora Resources Inc.

Consolidated Cash Flow Projections

Notes to the Consolidated Cash Flow Projections:

[1] The purpose of the Cashflow Projections is to estimate the liquidity requirements of Tacora Resources Inc. ("Tacora", or the "Company") during the forecast period. The forecast above is presented in US Dollars. Any estimates in Canadian dollars have been translated at an fx rate of 1.34.

[2] Forecast Total Receipts are based on management's current expectations regarding productions and vessel shipments of iron ore concentrate (total tonnage) and price indices net of mark to market adjustments. Receipts from operations have been forecast based on current payment terms, historical trends in collections and expected vessel shipment schedules.

[3] Operating disbursements include the following key categories:

Forecast Employee Costs are based on historic payroll amounts and future forecast payments.

Forecast Mine, Mill and Site Costs primarily include site costs based on forecast activity levels and known commitments including, utilities, fuel, and supplies and consumables.

Forecast Plant Repairs and Maintenance costs relate to Scully Mine. Plant repairs and maintenance also includes contract labour at the Scully Mine.

Forecast Logistics costs primarily include rail transportation costs as well as port-related payments.

Forecast Capital Expenditures include costs related to mine, milling, and other logistics / infrastructure improvements.

Forecast Other costs include environmental costs, security and other costs at the Scully Mine and corporate.

[4] Forecast Restructuring Legal and Professional Costs include legal and financial advisors associated with the CCAA proceedings and are based on estimates.

[5] Forecast Key Employee Retention Plan (KERP) consistent with the Initial Affidavit.

[6] Forecast DIP Advances/Repayments are consistent with the DIP term sheet. Forecast DIP Advances/Repayments are based on funding requirements and maintaining a minimum cash

[7] DIP Fees and Interest are calculated based on total draws.

[8] Consistent with s.5 of the DIP Agreement, Post-Filing Margin Advances made under the pre-existing Advance Payment Facility Agreement are secured by the DIP Charge.

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

SECOND REPORT OF THE MONITOR

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