



No. S-226670
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

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

AND

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

PETITIONERS

SECOND REPORT OF THE MONITOR

SEPTEMBER 12, 2022

SECOND REPORT OF THE MONITOR

Table of Contents

INTRODUCTION	3
PURPOSE	4
TERMS OF REFERENCE	4
SALES AND INVESTMENT SOLICITATION PROCESS	5
APPOINTMENT OF A SALES AGENT.....	10
KEY EMPLOYEE RETENTION PLAN	11
CASH FLOW VARIANCE ANALYSIS	14
SECOND CASH FLOW STATEMENT.....	15
ROSH PINAH CASH FLOW STATEMENT.....	18
CONCLUSIONS AND RECOMMENDATIONS	20

Appendix A – Second Cash Flow Statement for the 24 weeks ending January 31, 2022

Appendix B – Rosh Pinah Cash Flow Statement for the 24 weeks ending January 31, 2022

INTRODUCTION

1. On August 19, 2022, Trevali Mining Corporation (“**Trevali Corp.**”) and Trevali Mining (New Brunswick) Ltd. (collectively, “**Trevali**” or the “**Applicants**”) were granted an initial order (the “**Initial Order**”) commencing proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).
2. The Initial Order appointed FTI Consulting Canada Inc. as Monitor in the CCAA Proceedings (the “**Monitor**”) and established a stay of proceedings (the “**Stay of Proceedings**”) in favour of the Applicants until August 29, 2022. The Stay of Proceedings has since been extended until and including October 6, 2022 by an Amended and Restated Initial Order (the “**ARIO**”) granted by this Honourable Court on August 29, 2022.
3. On September 12, 2022 the Applicants filed a notice of application returnable September 14, 2022 for the following orders:
 - a. an order (the “**SISP Order**”) approving procedures for a sales and investment solicitation process (the “**SISP**”) and a sales agent agreement (the “**Sales Agent Agreement**”) between the Trevali Corp. and National Bank Financial Inc. (the “**Sales Agent**”) and granting a charge to secure the Sales Agent’s fees (the “**Sales Agent Charge**”); and
 - b. an order (the “**KERP Order**”) approving a key employee retention plan (the “**KERP**”) and granting a charge over the Applicants’ property in favour of certain KERP Employees as security for the amounts payable under the KERP in the amount of US\$800,000 (the “**KERP Charge**”).

PURPOSE

4. The purpose of this second report is to provide this Honourable Court and the Applicants' stakeholders with information and the Monitor's comments with respect to the following:
 - a. the components and timelines of the proposed SISP;
 - b. the planned retention of the Sales Agent in respect of the SISP, subject to finalizing engagement terms;
 - c. a summary of the proposed KERP;
 - d. the Applicants' actual cash receipts and disbursements for the two-week period ended August 30, 2022 (the "**Reporting Period**") as compared to the cash flow statement filed in connection with the initial CCAA application (the "**Cash Flow Statement**");
 - e. a summary of the updated cash flow statement (the "**Second Cash Flow Statement**") prepared by the Applicants for the 24 weeks ending January 31, 2023 (the "**Forecast Period**"), including the key assumptions on which the Second Cash Flow Statement is based; and
 - f. a summary of a cash flow statement for the Applicants' non-filing subsidiaries associated with the Rosh Pinah mine (the "**Rosh Pinah Cash Flow Statement**") prepared by the Applicants for the Forecast Period.

TERMS OF REFERENCE

5. In preparing this report, the Monitor has relied upon certain information (the "**Information**") including Trevali's unaudited financial information, books and records and discussions with senior management ("**Management**").

6. Except as described in this report, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
7. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
8. Future-oriented financial information reported to be relied on in preparing this report is based on Management's assumptions regarding future events. Actual results may vary from forecast and such variations may be material.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars to be consistent with the Applicants' primary reporting currency.
10. Capitalized terms not otherwise defined herein are as defined in the First Report.

SALES AND INVESTMENT SOLICITATION PROCESS

11. One of the primary objectives of the CCAA Proceedings is to undertake the SISP in order to identify sales of, or investments in, the Applicants' interests in the Rosh Pinah mine and the Caribou mine. Accordingly, the Applicants are seeking the SISP Order to approve the SISP and authorise Trevali, under the supervision of the Monitor, to carry out the SISP procedures described therein.
12. The key components of the SISP are as follows:
 - a. the SISP is intended to solicit interest in one or more asset purchase transactions (an "**Asset Bid**"); or a restructuring, recapitalization or reorganization of the Applicants' businesses, property or affairs (a "**Restructuring Bid**"); or a

combination thereof, with respect to the Applicants' interests in the Rosh Pinah and Caribou mines;

- b. the SISP will be implemented by the Applicants with the assistance of the Sales Agent;
- c. the Monitor, as described in the SISP and outlined below, is granted certain consent and consultation rights under the SISP;
- d. separate timelines have been set in respect of the Applicants' interests in the Rosh Pinah mine and the Caribou mine, which are described in further detail below. Any party wishing to submit a bid in respect of both mines is required to submit their bid by the applicable deadline for each mine and indicate that its bid with respect to Caribou is conditional on their anticipated bid for Rosh Pinah being the Winning Bid (as defined below);
- e. the Applicants and the Sales Agent, in consultation with the Monitor, will prepare a list of potential bidders who may have an interest in a transaction involving the Rosh Pinah mine or Caribou mine;
- f. the Applicants and Sales Agent will prepare an initial offering summary (the "**Teaser Letter**") outlining the opportunity to potential bidders and a draft form of confidentiality agreement ("**Confidentiality Agreement**");
- g. a party who (a) executes a Confidentiality Agreement in form and substance satisfactory to the Applicants, (b) in the judgment of the Applicants and Sales Agent, in consultation with the Monitor, appears to have a *bona fide* interest in submitting an Asset Bid and/or Restructuring Bid, and (c) in the judgment of the Applicants and Sales Agent, in consultation with the Monitor, appears to have the financial capabilities and the technical, managerial, and operational expertise and capabilities to make a viable Asset Bid or Restructuring Bid, shall be deemed to be a potential bidder (a "**Potential Bidder**");

- h. Phase I of the SISP requires a Potential Bidder to submit a bid by delivering a non-binding letter of intent (“**LOI**”) to the Sales Agent, with a copy to the Monitor, by 5:00 p.m. PST on October 7, 2022 in respect of the Caribou mine and on October 21, 2022 in respect of the Rosh Pinah mine (the “**LOI Deadlines**”);
- i. following the LOI Deadlines, the Applicants and the Sales Agent, in consultation with the Monitor, shall determine which LOIs satisfy the SISP criteria (a “**Qualified Bid**”) and the applicable Potential Bidders shall be deemed “**Qualified Bidders**” and be invited to participate in Phase II of the SISP. Absent consent of Administrative Agent to the RCF Lenders (the “**RCF Administrative Agent**”), a potential bidder may only be deemed a Qualified Bidder if the LOI submitted by such Potential Bidder is reasonably expected to result in payment of amounts owing to the RCF Lenders in full;
- j. Qualified Bidders in Phase II will be permitted to perform additional due diligence including attending management presentations and performing on-site inspections;
- k. Qualified Bidders may submit a “**Final Bid**” to the Sales Agent, with a copy to the Monitor, by 5:00 p.m. PST on November 4, 2022 in respect of the Caribou mine and November 21, 2022 in respect of the Rosh Pinah mine. Such final bids that satisfy the SISP criteria will be deemed to be “**Qualified Final Bids**”;
- l. the Applicants will review all Qualified Final Bids, with the assistance of the Sales Agent, and in consultation with the Monitor, to determine the highest and best Qualified Final Bid (the “**Winning Bid**”), considering, among other things, cash consideration, levels of conditionality and timeline to closing of any bid;
- m. absent the consent of the RCF Administrative Agent, any Winning Bid must result in the payment in full of the amounts owing to the RCF Lenders on closing;

- n. the SISP includes certain consultation requirements with respect to the RCF Administrative Agent as well as Glencore Canada Corp. (together with its affiliated entities, “**Glencore**”), the Applicants’ second ranking secured creditor;
- o. the SISP timelines and criteria may be amended, expanded or waived by the Applicants with the consent of the Monitor or by further order of the Court;
- p. the SISP will automatically terminate upon the occurrence of certain events including, among other things, failure to receive any Qualified LOIs or Qualified Final Bids by the applicable deadlines; and
- q. the target transaction closing is to occur no later than November 21, 2022 in respect of the Caribou mine and December 30, 2022 in respect of the Rosh Pinah mine.

13. For ease of reference, the key dates under the SISP are summarized as follows:

Event	Date (Caribou)	Date (Rosh Pinah)
SISP to commence	September 14, 2022	September 14, 2022
LOI Deadline	October 7, 2022	October 21, 2022
Final Bid Process Commences	October 11, 2022	October 24, 2022
Final Bid Deadline	November 4, 2022	November 21, 2022
Final Agreement Deadline	November 14, 2022	December 9, 2022
Outside Closing Date	November 21, 2022	December 30, 2022

14. The SISP excludes the Applicants' interest in the Perkoa mine in Burkina Faso. The current status of Perkoa is described in greater detail in the Confidential Affidavit #3 of Brendan Creaney, which is to be filed under seal.

15. The Monitor's comments on the SISP are as follows:

- a. the SISP procedures were developed with input from the proposed Sales Agent, which has considerable experience in marketing assets of the size and nature of Rosh Pinah and Caribou as well as having been previously retained by the Applicants in relation to a strategic process undertaken by Trevali prior to the CCAA Proceedings;
- b. certain key stakeholders including the RCF Lenders and Glencore have been consulted in respect of the SISP;
- c. the timeframes to solicit purchasers or investors in the business are reasonable and appropriate in the circumstances including the limited liquidity runway of the Caribou mine and the significant funding requirements of Rosh Pinah. It is the view of the Monitor that the SISP provides adequate time for any party that may wish to submit a bid to perform appropriate due diligence;
- d. the Sales Agent is well positioned to commence the SISP as a result of its previous engagement with Trevali. We understand that the Sales Agent is prepared to begin working on the SISP immediately, subject to agreeing engagement terms with the Applicants, executing a formal engagement letter and having its engagement letter approved by the Court and a charge granted in its favour to ensure payment of its fees;
- e. the consultation rights conferred upon the RCF Administrative Agent and Glencore were developed in consultation with the Monitor, preserve the confidentiality of such information where applicable and strike a reasonable balance between the interests of the RCF Administrative Agent and Glencore as

important stakeholders in the CCAA Proceedings and the need to maintain the integrity of the SISP; and

- f. the SISP is a fair and transparent marketing process designed to identify the highest and best offers for Trevali's assets and to maximize recoveries.

16. Overall, it is the Monitor's view that the SISP terms and timelines are reasonable in the circumstances and afford the Applicants with an opportunity to achieve successful restructuring transactions with respect to Rosh Pinah and Caribou.

APPOINTMENT OF A SALES AGENT

17. The Applicants have selected the Sales Agent to provide Trevali with investment banking advice and assistance in connection with the SISP, subject to reaching a final agreement on engagement terms and executing a formal engagement letter.

18. The Sales Agent's engagement team includes senior professionals from National Bank Financial's Global Metals and Mining and Mergers and Acquisitions groups who have extensive experience in restructuring proceedings of a similar nature and scale.

19. As referenced above, the Sales Agent was previously retained by the Applicants in May 2022 to assist Trevali with a strategic process for a broad range of strategic alternatives. As such, the Sales Agent is familiar with the Applicants' businesses including the Rosh Pinah and Caribou mines, which offers time and cost efficiencies, and is anticipated to assist the parties in meeting the SISP timelines.

20. Further, the Monitor is of the view that the role of the Sales Agent will not duplicate the role of Trevali's management. Trevali will be operating with a reduced number of employees, including at the management level. As set out in Mr. Creaney's Second Affidavit dated September 11, 2022, existing staff do not have expertise or resources necessary to manage a SISP without the assistance of a sales advisor.

21. The Monitor understands that the Applicants are continuing to negotiate the terms of the Sales Agent Agreement. The Monitor plans to issue a supplemental report summarizing the proposed engagement terms including the proposed fee structure once the engagement terms have been agreed upon.

KEY EMPLOYEE RETENTION PLAN

22. The Applicants have developed the KERP to incentivise certain key employees (the “**KERP Employees**”) to continue their employment with Trevali while it seeks to restructure its affairs in the context of the CCAA Proceedings. The KERP Employees were identified by Management and the Board of Directors as being necessary to the successful implementation of the SISP as well as restructuring matters relating to Perkoa.

23. The key terms of the KERP are summarized as follows:

- a. 18 KERP Employees will be offered bonuses (the “**Retention Bonuses**”) to incentivize them to continue their employment with the Applicants;
- b. for 15 of the KERP Employees, the payment of their Retention Bonuses shall be paid as follows:
 - i. a first Retention Bonus of 33.3% of their total amount is to be paid upon the earlier of an executed LOI for Rosh Pinah pursuant to the SISP or November 30, 2022;
 - ii. a second Retention Bonus of 33.3% of their total amount is to be paid upon the earlier of the completion of a sale of Rosh Pinah pursuant to the SISP or January 31, 2023; and
 - iii. a third Retention Bonus of 33.4% of their total amount is to be paid upon the completion of a sale of Rosh Pinah pursuant to the SISP or March 31, 2023.
- c. three KERP Employees will be paid their Retention Bonus on a different timeline as their participation in restructuring efforts is anticipated to conclude at earlier

dates as is more fully described in the Affidavit of Russell Ball dated September 11, 2022;

- d. a Retention Bonus will only be paid to a Key Employee if, at the date that the relevant payment is due, the Key Employee has fulfilled its employment obligations and has not voluntarily resigned or been terminated for cause;
- e. the maximum aggregate amount payable under the KERP to all beneficiaries is \$800,000; and
- f. the payments under the proposed KERP are to be secured by the KERP Charge which will rank subordinate in priority to the Administration Charge, the D&O Charge and the Intercompany Advances Charge granted in the CCAA Proceedings.

24. The Applicants have taken several factors into consideration when determining the amount of each proposed Retention Bonus, including the Key Employee's base salary, their role at Trevali, the ability of others to perform their job functions, the ability to replace such employee without loss of continuity, the cost to replace such individuals, the risk that such employee may resign, and their relative importance to the SISP and the Applicants' overall restructuring efforts.

25. The Applicants' Board of Directors which includes five independent directors believe that the terms of the KERP, including the amounts payable thereunder are commercially reasonable and appropriate in the circumstances.

26. A summary (the "**KERP Summary**") of the KERP Employees, the quantum of their proposed payments under the KERP, and the timing of those payments has been included in the Confidential Second Affidavit of Russell Ball dated September 11, 2022 and is sought to be sealed due to the confidential nature of the personal information contained therein. The Monitor is of the view that the disclosure of the KERP Summary would be harmful to the Company's commercial interests, as well as the privacy interests

of its employees. Accordingly, the Monitor is supportive of the Company's request that the KERP Summary be sealed until further order of the Court.

27. The Monitor's comments in respect of the proposed KERP are as follows:

- a. the KERP Employees are critical to Trevali's ongoing business operations, the implementation of the SISP and the preservation and maximization of the value of the Applicants' business and assets for the benefit of stakeholders;
- b. the retention of the KERP Employees will enhance the likelihood of successful outcomes under the SISP and the CCAA Proceedings generally;
- c. the proposed KERP is consistent with current practice for retention plans in the context of CCAA proceedings; and
- d. the quantum of the proposed Retention Bonuses payable to each of the KERP Employees is reasonable in the circumstances and balances the economic interests of the Applicants' stakeholders and the need to incentivise Management and employees to pursue Trevali's restructuring objectives, while under an increased workload.

28. The Monitor has reviewed the roles and expertise of the Sales Agent and the KERP Employees, in addition to the other professionals benefiting from charges granted in the CCAA Proceedings, and is of the opinion there is not any unwarranted duplication of roles. The Sales Agent and the KERP Employees each provide different, and necessary, expertise and experience with respect to Trevali to ensure the continued operation of Trevali and/or facilitate the SISP.

29. Based on the forgoing, the Monitor is of the opinion that the KERP is reasonable in the circumstances and will be beneficial to Trevali and its stakeholders.

CASH FLOW VARIANCE ANALYSIS

30. The Monitor has undertaken weekly reviews of Trevali's actual cash flows in comparison to those contained in the Cash Flow Statement. Trevali's actual cash receipts and disbursements as compared to the Cash Flow Statement for the period of August 18, 2022 to August 30, 2022, are summarized below:

Cash Flow Variance Analysis			
Two Week Period Ending August 30, 2022			
<i>(USDS thousands)</i>			
	Actual	Forecast	Variance
Operating Receipts			
Sales	\$ -	\$ -	\$ -
Other Receipts	2	-	2
Total Receipts	2	-	2
Operating Disbursements			
Payroll and Benefits	538	1,569	1,031
Trade Accounts Payable	126	306	180
Utilities	-	-	-
Operating Leases	11	11	-
Insurance	5	12	8
Restructuring Professional Fees	141	256	115
Other Professional Fees	-	-	-
Other Operating Disbursements	-	136	136
Total Operating Disbursements	821	2,290	1,469
Net Change in Cash from Operations	(819)	(2,290)	1,471
Financing			
Intercompany Receipts / (Disbursements)	(4,600)	-	(4,600)
Other Financing	-	-	-
Net Change in Cash from Financing	(4,600)	-	(4,600)
Net Change in Cash	(5,419)	(2,290)	(3,129)
Opening Cash	18,589	18,589	-
Ending Cash	\$ 13,170	\$ 16,299	\$ (3,129)

31. Overall, the Applicants realized an unfavourable net cash flow variance of approximately \$3.1 million. The key components of the variance are as follows:

- a. payroll and benefits were lower than forecast due to lower than expected severance payments at the Caribou mine resulting from lower severance amounts than forecast and timing differences due to staggered terminations;

- b. trade accounts payable, restructuring professional fees and operating disbursements were lower than forecast due to timing differences; and
- c. Trevali Corp. made an intercompany funding transfer of \$4.6 million to Rosh Pinah on August 28, 2022 as certain working capital and overdraft facilities in Namibia were restricted by the applicable lenders which resulted in a liquidity shortfall. Further information concerning this intercompany funding transfer can be found in the Supplemental Report to the First Report of the Monitor dated August 28, 2022.

SECOND CASH FLOW STATEMENT

- 32. Management has prepared the Second Cash Flow Statement for the 24-week period ending January 31, 2023 (the “**Forecast Period**”). A copy of the Second Cash Flow Statement is attached as Appendix “A”.
- 33. A summary of the Second Cash Flow Statement is set out in the below table:

<i>(USDS thousands)</i>	Weeks 1-2 Actual	Weeks 3- 24 Forecast	Total Pro-Forma
Operating Receipts			
Sales	\$ -	\$ -	\$ -
Other Receipts	2	48	49
Total Receipts	2	48	49
Operating Disbursements			
Payroll and Benefits	538	4,139	4,677
Trade Accounts Payable	126	3,196	3,321
Utilities	-	395	395
Operating Leases	11	283	294
Insurance	5	1,746	1,751
Restructuring Professional Fees	141	5,891	6,032
Other Professional Fees	-	120	120
Other Operating Disbursements	-	960	960
Total Operating Disbursements	821	16,730	17,551
Net Change in Cash from Operations	(819)	(16,682)	(17,502)
Financing			
Intercompany Receipts / (Disbursements)	(4,600)	(10,800)	(15,400)
Interim financing	-	15,500	15,500
Interim Financing Fees + Interest	-	(287)	(287)
Net Change in Cash from Financing	(4,600)	4,413	(187)
Net Change in Cash	(5,419)	(12,269)	(17,688)
Opening Cash	18,589	13,170	18,589
Ending Cash	\$ 13,170	\$ 901	\$ 901

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

- a. payroll and benefits for Trevali Corp. are assumed to be consistent with current run rates and payroll and benefits for Caribou are assumed to reflect ongoing care and maintenance operations. Payments totalling approximately \$575,000 are assumed to be made in respect of the KERP during the Forecast Period;
- b. operating disbursements relate primarily to ordinary course payments to run Trevali's corporate head office and care and maintenance operations at Caribou;
- c. insurance costs of approximately \$1.7 million relate to the renewal of the Applicants' corporate insurance policies which expire in November 2022. The

Applicants are looking at options to reduce the premiums and preserve liquidity including a potential reduction in the policy term;

- d. restructuring professional fees are forecast to be approximately \$5.9 million during the forecast period and include fees and disbursements for the Applicants' legal counsel, the Monitor, the Monitor's legal counsel, the financial advisor to the RCF Lenders, the legal counsel to the RCF Lenders, the consultant to the Special Committee of the Board of Directors, the legal counsel to the Board of Directors and the Sales Agent;
- e. intercompany funding transfers from Trevali Corp. totalling a net amount of \$10.8 million are required to fund the liquidity requirements of Rosh Pinah during the Forecast Period comprised of \$15.0 million of advances and net of \$4.2 million of transfers back to Trevali Corp. The cash flows associated with Rosh Pinah are set out in the Rosh Pinah Cash Flow Statement which is summarized in further detail in the following section; and
- f. interim financing of approximately \$15.5 million is forecast to be required during the Forecast Period with a first tranche of approximately \$6.0 million required during the week ending October 11, 2022. The Applicants have had discussions with the RCF Lenders about potentially providing the interim financing and other parties including Glencore have advised the Applicants and Monitor that they may also be willing to provide interim financing. The Applicants are planning to seek approval of an interim financing facility at the Court hearing currently scheduled for October 6, 2022.

35. The Applicants are forecast to have a remaining cash balance of approximately \$901,000 as at January 31, 2023.

ROSH PINAH CASH FLOW STATEMENT

36. The Applicants' non-filing operating subsidiaries associated with Rosh Pinah require intercompany funding transfers from Trevali Corp. in order to avoid liquidity shortfalls during the period of the SISP.
37. On August 29, 2022, after the court hearing of this same date, the Monitor approved an intercompany funding transfer from Trevali Corp. to Rosh Pinah of approximately \$4.6 million in order to meet certain obligations and preserve the value of the Rosh Pinah mine.
38. Management has prepared the Rosh Pinah Cash Flow Statement to set out the liquidity requirements of Rosh Pinah during the Forecast Period, a copy of which is attached as Appendix "B".
39. A summary of the Rosh Pinah Cash Flow Statement is set out in the below table:

<i>(USDS thousands)</i>	Weeks 1-2 Actual	Weeks 3-24 Forecast	Total Pro-Forma
Operating Receipts			
Sales	\$ -	\$ 28,413	\$ 28,413
Other Receipts	-	1,407	1,407
Total Receipts	-	29,820	29,820
Operating Disbursements			
Sales Expenses	-	6,633	6,633
Payroll and Benefits	684	6,379	7,063
Trade Accounts Payable	102	17,430	17,533
Utilities	564	2,839	3,403
Insurance	-	220	220
Tax	-	717	717
Capital Expenditures	-	9,948	9,948
Total Operating Disbursements	1,350	44,167	45,517
Net Change in Cash from Operations	(1,350)	(14,347)	(15,697)
Financing			
Intercompany Receipts / (Disbursements)	4,600	10,800	15,400
Net Change in Cash from Financing	4,600	10,800	15,400
Net Change in Cash	3,250	(3,547)	(297)
Opening Cash	1,588	4,837	1,588
Ending Cash	\$ 4,837	\$ 1,290	\$ 1,290

40. The projected operating receipts at Rosh Pinah are assumed to be collected in cash payments under normal course trade settlement terms with Glencore International AG, subject to certain adjustments set out in the offtake agreements between Rosh Pinah Zinc Corporation (Proprietary) Limited, as seller and Glencore International AG, as buyer, rather than being set-off against other obligations to Glencore entities of Trevali Corp. and its subsidiaries.
41. The Monitor has sought to validate the Applicants' assumptions with respect to cash receipts at Rosh Pinah and the corresponding implications for the Applicants through, among other things, seeking confirmation from Glencore and its legal counsel that the Applicants' assumptions regarding the projected cash receipts of Rosh Pinah are appropriate.

42. Glencore has advised the Monitor and the Applicants that it intends to abide by the principals of an intercreditor agreement amongst Glencore Canada Corp., the Administrative Agent to the RCF Lenders and Trevali Corp. However, Glencore has not definitively declared its position with respect to payments under its offtake agreements with Rosh Pinah going forward beyond confirming that it intends to make a cash payment to settle the payment scheduled to be collected by Rosh Pinah during September 2022. Glencore has also indicated that it intends to do so while preserving its rights in regard to future payments.
43. The Monitor has attended approximately four video conferences with Glencore to advance this matter and other matters in respect of Glencore's interests in the CCAA Proceedings and certain of these calls have also included, as facilitated by the Monitor, representatives of the Applicants and the RCF Lenders. However, at the time of this Second Report, the most recent communication from Glencore to the Monitor advised that Glencore is still considering its position and is unable to confirm whether it will make cash payment for future deliveries at Rosh Pinah, after September 2022, on the basis assumed by the Applicants.
44. It is the Monitor's view that clarity on whether the future receivables from Glencore at Rosh Pinah, currently forecast as being approximately \$28 million through the forecast period, will be collected in cash as opposed to by way of some form of set-off entitlement is critical for the Applicants to determine their liquidity requirements and be able to source interim financing to fund the CCAA Proceedings. Such clarity will also be required as the SISP advances.

CONCLUSIONS AND RECOMMENDATIONS

45. The SISP will allow the Applicants to pursue sales or other restructuring transactions for Rosh Pinah and Caribou in a fair and transparent manner. As the SISP Order provides for the approval of the Sales Agent Agreement and granting of the Sales Agent Charge, the Monitor is planning to issue a supplemental report once the Sales Agent engagement

terms have been agreed and plans to provide a recommendation with respect to the SISP Order at that time.

46. The KERP incentivises key employees to continue in their employment with Trevali in order to support Trevali's restructuring objectives, while balancing the economic interests of the Applicants' stakeholders. Accordingly, the Monitor respectfully recommends that this Honourable Court grant the KERP Order.

47. Trevali is forecasting to require significant interim financing to fund the CCAA Proceedings and preserve the Applicants' property during the course of the SISP. The Applicants are planning to arrange such financing in time to seek Court approval at the hearing scheduled for October 6, 2022.

All of which is respectfully submitted this 12th day of September 2022.

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



Tom Powell
Senior Managing Director



For: Mike Clark
Senior Director

Appendix A

Second Cash Flow Statement for the
24 Weeks Ending January 31, 2022

Trevell Mining Corporation & Trevell Mining (New Brunswick) Ltd.
 Combined Cash Flow Statement
 For the 24-week period ending January 31, 2023

	Week 1 25-Aug	Week 2 1-Aug-22	Week 3 6-Sep-22	Week 4 13-Sep-22	Week 5 20-Sep-22	Week 6 27-Sep-22	Week 7 4-Oct-22	Week 8 11-Oct-22	Week 9 18-Oct-22	Week 10 25-Oct-22	Week 11 1-Nov-22	Week 12 8-Nov-22	Week 13 15-Nov-22	Week 14 22-Nov-22	Week 15 29-Nov-22	Week 16 6-Dec-22	Week 17 13-Dec-22	Week 18 20-Dec-22	Week 19 27-Dec-22	Week 20 3-Jan-23	Week 21 10-Jan-23	Week 22 17-Jan-23	Week 23 24-Jan-23	Week 24 31-Jan-23	Total	
(USD Thousands)	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Actual	
Operating Receipts																										
Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Receipts	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Receipts	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49	
Operating Disbursements																										
Payroll and Benefits	3	535	202	195	79	127	535	41	151	49	388	36	116	67	462	243	116	31	108	108	116	31	108	873	4,877	
Trade Accounts Payable	109	17	223	166	150	147	128	151	128	147	150	429	128	93	128	108	108	108	108	108	108	108	108	108	3,321	
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	395
Operating Leases	10	1	45	2	10	1	45	-	2	1	45	1	2	1	1	43	-	-	-	43	-	-	-	-	43	
Insurance	-	5	162	-	-	-	165	-	-	1	-	-	-	-	-	1,416	-	-	-	-	-	-	-	-	294	
Restructuring Professional Fees	57	84	1,005	-	-	-	1,120	-	-	-	-	979	-	-	-	-	-	-	-	-	-	-	-	-	1,751	
Other Professional Fees	-	-	120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,032	
Other Operating Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120	
Total Operating Disbursements	180	641	1,878	380	517	344	1,031	1,329	442	216	650	1,592	357	234	609	2,755	241	155	124	458	1,053	241	155	1,969	17,551	
Net Change in Cash from Operations	(178)	(641)	(1,878)	(380)	(517)	(344)	(1,031)	(1,781)	(442)	(216)	(650)	(1,592)	(357)	(234)	(609)	(2,755)	(241)	(155)	(124)	(458)	(1,053)	(241)	(155)	(1,969)	(17,502)	
Financing																										
Intercompany Receipts / (Disbursements)	-	(4,600)	-	-	-	-	(7,000)	(2,000)	-	-	-	-	-	-	(6,000)	-	-	-	4,200	-	-	-	-	-	(15,400)	
Interim financing	-	-	-	-	-	-	6,000	-	-	-	-	-	-	-	9,500	-	-	-	-	-	(103)	-	-	-	15,900	
Interest financing fees + interest	-	-	-	-	-	-	-	-	-	-	-	(40)	-	-	-	(40)	-	-	-	-	-	-	-	-	-	
Net Change in Cash from Financing	(4,600)	-	-	-	-	-	(7,000)	4,000	-	-	-	(40)	-	-	3,500	(40)	-	-	4,200	(103)	-	-	-	(103)	(187)	
Net Change in Cash	(178)	(5,241)	(1,878)	(380)	(517)	(344)	(8,031)	2,719	(442)	(216)	(650)	(1,632)	(357)	(234)	2,891	(2,795)	(241)	(155)	4,076	(561)	-	-	-	(2,072)	(17,688)	
Operating Cash	18,589	18,411	13,170	11,292	10,912	10,395	10,051	2,019	4,738	4,296	4,080	3,430	1,797	1,441	1,307	4,099	1,304	1,063	908	4,963	4,412	3,569	3,123	2,873	18,589	
Ending Cash	18,411	13,170	11,292	10,912	10,395	10,051	2,019	4,738	4,296	4,080	3,430	1,797	1,441	1,307	4,099	1,304	1,063	908	4,963	4,422	3,569	3,123	2,873	901	901	

Trevi Mining Corporation

Cash Flow Statement

For the 24-week period ending January 31, 2023

	Week 1 23-Aug	Week 2 30-Aug-22	Week 3 6-Sep-22	Week 4 13-Sep-22	Week 5 20-Sep-22	Week 6 27-Sep-22	Week 7 4-Oct-22	Week 8 11-Oct-22	Week 9 18-Oct-22	Week 10 25-Oct-22	Week 11 1-Nov-22	Week 12 8-Nov-22	Week 13 15-Nov-22	Week 14 22-Nov-22	Week 15 29-Nov-22	Week 16 6-Dec-22	Week 17 13-Dec-22	Week 18 20-Dec-22	Week 19 27-Dec-22	Week 20 3-Jan-23	Week 21 10-Jan-23	Week 22 17-Jan-23	Week 23 24-Jan-23	Week 24 31-Jan-23	Total
(USD thousands)	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Receipts																									
Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Disbursements																									
Payroll and Benefits	0	336	3	116	35	108	388	108	151	108	388	108	116	31	407	243	116	31	116	108	108	108	108	108	3,672
Trade Accounts Payable	34	178	42	108	108	108	43	108	108	108	43	108	108	108	108	108	108	108	108	108	108	108	108	108	2,482
Operating Leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	255
Insurance	-	5	160	-	-	165	-	-	-	-	-	-	-	-	-	1,416	-	-	-	-	-	-	-	-	1,746
Restructuring Professional Fees	57	84	1,005	-	-	1,120	-	-	-	-	979	-	-	-	-	929	-	-	-	-	-	-	-	-	6,032
Other Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120
Other Operating Disbursements	-	-	120	16	16	115	16	16	16	16	16	96	16	16	16	16	16	16	16	16	16	16	16	16	641
Total Operating Disbursements	91	424	1,628	241	159	124	820	1,245	276	124	555	1,183	241	155	531	2,755	241	155	124	458	1,053	241	155	1,969	14,949
Net Change in Cash from Operations	(91)	(424)	(1,628)	(241)	(159)	(124)	(820)	(1,245)	(276)	(124)	(555)	(1,183)	(241)	(155)	(531)	(2,755)	(241)	(155)	(124)	(458)	(1,053)	(241)	(155)	(1,969)	(14,949)
Financing																									
Intercompany Receipts / Disbursements	-	(4,600)	-	-	-	(7,000)	(2,000)	-	-	-	-	-	-	-	(6,000)	-	-	-	4,200	-	-	-	-	-	(15,400)
Interim financing	-	-	-	-	-	-	6,000	-	-	-	-	-	-	-	9,500	-	-	-	-	-	(103)	-	-	-	15,500
Income Financing Fees + Interest	-	-	-	-	-	-	-	-	-	-	-	(40)	-	-	-	(40)	-	-	-	-	-	-	-	-	(287)
Net Change in Cash from Financing	-	(4,600)	-	-	-	(7,000)	4,000	-	-	-	-	(40)	-	-	3,500	(40)	-	-	4,200	-	-	-	-	-	(103)
Net Change in Cash	(91)	(5,024)	(1,628)	(241)	(159)	(124)	(782)	(2,755)	(276)	(124)	(555)	(1,223)	(241)	(155)	(2,969)	(2,795)	(241)	(155)	4,076	(561)	(1,053)	(241)	(155)	(2,072)	(15,136)
Opening Cash	15,342	15,251	10,227	8,598	8,358	8,196	8,074	254	3,010	2,734	2,610	2,055	832	591	436	3,404	609	369	213	4,289	3,728	2,675	2,434	2,279	15,342
Ending Cash	15,251	10,227	8,598	8,358	8,196	8,074	254	3,010	2,734	2,610	2,055	832	591	436	3,404	609	369	213	4,289	3,728	2,675	2,434	2,279	2,072	206

Appendix B

Rosh Pinah Cash Flow Statement for the
24 Weeks Ending January 31, 2022

