VANCOUVER
AUG 19 2022 C
REGISTRY

This is the 1st affidavit of Brendan Creaney in this case and was made on August 19, 2022

No. S-226670
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

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

AND

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

PETITIONERS

AFFIDAVIT

I, Brendan Creaney, of 1900 – 999 West Hastings Street, Vancouver, British Columbia, AFFIRM THAT:

I. INTRODUCTION

1. I am the Chief Financial Officer of Trevali Mining Corporation ("**Trevali Corp.**"), a petitioner in this proceeding and the one hundred (100) percent owner of the other petitioner in this proceeding, Trevali Mining (New Brunswick) Ltd. ("**Trevali NB**"). As such, I have personal knowledge of the matters deposed to in this affidavit except where I depose to a matter based on information from an informant I identify, in which case I believe that both the information from the informant and the resulting statement are true.

2. This affidavit is made in support of an application by Trevali Corp. and Trevali NB (collectively, the "**Applicants**") for an initial order under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c C-36 (the "**CCAA**") substantially in the form attached as Schedule "A" to the petition to be filed with this Court concurrently with my affidavit.

3. In addition to its one hundred (100) percent ownership interest in Trevali NB, Trevali Corp. is the ultimate "parent" company of several other corporate entities incorporated in Canada, the United Kingdom, Namibia, Burkina Faso, and Bermuda. In this affidavit I will refer to Trevali Corp. together with its direct and indirect subsidiaries, including Trevali NB, as "**Trevali**", consistent with the company's financial reporting practices. An organizational chart of the Trevali group of companies is provided at paragraph 32 of my affidavit.

4. As a public company, and a reporting issuer in all the provinces and territories of Canada, with shares listed on the Toronto Stock Exchange (symbol "TV") in addition to the OTCQX in the United States (symbol "TREVF"), the Lima Stock Exchange (symbol "TV"), and the Frankfurt Stock Exchange (symbol "4TI"), Trevali Corp. posts detailed financial and other information on its business operations on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

5. A copy of Trevali Corp.'s most recent Management Discussion and Analysis, for the three months and six months ended June 30, 2022, as filed on SEDAR, is attached as **Exhibit "A"** to my affidavit.

6. A copy of Trevali Corp.'s Annual Information Form, for the year ended December 31, 2021, as filed on SEDAR, is attached as **Exhibit "B"** to my affidavit.

7. All references to monetary amounts in this affidavit are in United States dollars, Trevali's functional currency, unless otherwise stated.

II. OVERVIEW

8. Trevali is a global public base-metals mining company focused on the exploration, development, operation, and optimization of mining properties in Canada, Burkina Faso, and Namibia. The company's principal product is zinc, which generates approximately 90% of Trevali's revenue, but the company's operations also produce lead and silver.

9. The bulk of Trevali's revenue is generated from three mines:

Mining Property	Location	Trevali Ownership Interest
"**Perkoa Mine**"	Burkina Faso, West Africa	90%
"**Rosh Pinah Mine**"	Namibia, South Africa	90%
"**Caribou Mine**"	New Brunswick, Canada	100%

10. Each of the Perkoa and Rosh Pinah Mines are producing mines with long histories of operation and have historically been profitable. The Caribou Mine also has a long history of operation, though production has recently been suspended considering the current economic situation facing the mine, as discussed below. Revenues from concentrate sales at the Perkoa, Rosh Pinah, and Caribou Mines (as well as the previously owned Santander Mine in Peru, which was disposed of in December 2021) (after smelting and refining costs) for the year ended December 31, 2021 totalled $343.6 million.

11. Trevali derives its revenues from the Perkoa, Rosh Pinah, and Caribou Mines from a single customer, Glencore International AG ("**Glencore AG**"), who either directly or through affiliated entities (collectively with Glencore AG, "**Glencore**") is the sole and exclusive purchaser of one hundred (100) percent of the concentrates produced from Trevali's current operations pursuant to "offtake" agreements. Pursuant to an Investor Rights and Governance Agreement (the "**Investor Rights Agreement**") between Trevali and Glencore AG, Glencore also has a right of first refusal for future concentrate sales produced from any additional properties or assets that Trevali may acquire in the future.

12. In addition to its rights to purchase production from Trevali's mining operations, Glencore, as discussed further below, (a) has a twenty-six (26) percent equity interest in Trevali Corp., making Glencore the largest single shareholder of Trevali Corp., (b) holds the right to appoint two (2) directors to Trevali Corp.'s board of directors, and to nominate an additional two (2) directors to the board, who must be independent of Trevali Corp. under applicable securities law, and (c) is owed approximately $13.0 million by Trevali Corp. as of August 18, 2022 in connection with a junior secured lending facility defined below as the "**Glencore Facility**" (which debt is guaranteed by Trevali NB, among other members of the Trevali group). Trevali Corp.'s indebtedness under the Glencore Facility is secured by second-ranking charges established

pursuant to general security agreements with respect to all the personal property of each of Trevali Corp. and Trevali NB as well as a second-ranking real property debenture and mortgage granted by Trevali NB, among other security throughout the Trevali organizational structure (as described below).

13. In addition to revenues from its offtake agreements, equity raises, and lending arrangements with Glencore, Trevali has historically financed its operations through draws under a secured revolving credit facility defined below as the "**RC Facility**". As of August 18, 2022 Trevali's indebtedness under the RC Facility is approximately $84.5 million. The RC Facility matures on September 18, 2022, with a mandatory prepayment of approximately $7.5 million that was due on August 17, 2022 but has not been paid. Trevali Corp.'s indebtedness under the RC Facility is secured by first-ranking charges established pursuant to general security agreements with respect to all the personal property of each of Trevali Corp. and Trevali NB as well as a first-ranking real property debenture and mortgage granted by Trevali NB, among other security throughout the Trevali organizational structure (as described below).

14. Although the performance of the Rosh Pinah Mine continues to be consistent, Trevali has seen a drastic and disruptive deterioration of its financial situation in 2022 primarily because of a tragic flooding event at its Perkoa Mine in Burkina Faso and material challenges at the Caribou Mine.

15. Intense and unseasonal rainfall on April 16, 2022, near Trevali's Perkoa Mine, created a flash flood that entered the mine site and breached the mine's safety controls, flooding the underground mine and preventing eight (8) workers from evacuating the mine. The resulting impacts on Trevali's workforce and the mine were catastrophic. Most tragically, the bodies of all eight (8) workers who were trapped in the mine were recovered in May and June after extensive search and recovery efforts.

16. Apart from the tragic loss of human life, which is irreparable, and significant physical impacts at the Perkoa Mine site, requiring the removal of more than 165 million litres of water and more than 9,000 cubic metres of solids from the mine, the Perkoa Mine flood has had a significantly negative impact on Trevali's financial health in the second quarter of 2022, including:

(a) the need to incur more than $15 million of direct and indirect costs between April 16 and June 30, 2022, related to dewatering efforts, infrastructure refurbishment, and construction linked to repairs and rehabilitation at the Perkoa Mine. Estimated additional costs of more than $10 million related to the flooding event have been incurred after June 30, 2022, and continue to be incurred;

(b) the cessation of all operations at the Perkoa Mine for more than four (4) months starting on April 16, 2022 and a corresponding second quarter decrease in payable zinc production from the Perkoa Mine of over eighty (80) percent compared to the prior quarter;

(c) a forty-four (44) percent decrease in Trevali's revenues at the Perkoa Mine compared to the prior quarter; and

(d) a seventy-eight (78) percent decrease in Trevali's earnings before interest, taxes, depreciation, and amortization (EBITDA) attributable to the Perkoa Mine compared to the prior quarter.

17. As of the date of my affidavit, site operations and operating cost and production guidance at the Perkoa Mine remain suspended because of the April 2022 flood event.

18. The financial and operating stress that the flood at the Perkoa Mine has placed on Trevali has also indirectly limited the company's ability to address recent operational and financial challenges facing the Caribou Mine, which has historically depended on intercompany funding from Trevali Corp. to sustain its operations.

19. In addition to challenges caused by global inflationary impacts facing the mining industry, the production performance at the Caribou Mine has been significantly and negatively impacted following continued operational issues due to low equipment availability and productivity rates with the mining contractor, among other factors, resulting in lower production results and higher costs.

20. Adjusted EBITDA for Trevali NB (the direct owner of the Caribou Mine) in the second quarter of 2022 decreased by one hundred and eighteen (118) percent compared to the prior quarter due to an increase in mine operating costs related to higher mining and maintenance, consultant costs, and the inflationary impact on fuel, power, and other logistics costs. For reference, the cost to produce one pound of payable zinc concentrate at the Caribou Mine plus the capital sustaining costs to maintain the mine and mill was $1.01 in the second quarter of 2021, and by the second quarter of 2022 had increased to $2.20.

21. The Caribou Mine, which as noted above has historically depended on funding from Trevali Corp. to address its operational needs, is presently operating at a loss given its obligations to deliver zinc concentrate produced from the Caribou Mine at the fixed price of $1.25 per pound.

22. Given its present operational status, and absent financial support from Trevali Corp., which the company is not in a situation to provide in its present circumstances absent relief under the CCAA, Trevali NB presently has no means of meeting its liabilities at the Caribou Mine generally as they become due, including the approximately $15 million in accounts payable plus accruals currently owing to Redpath Canada Limited ("**Redpath**"), the mining contractor at the Caribou Mine, and other creditors and critical service providers.

23. On August 8, 2022, Redpath issued a notice of default under its mine operation contract with Trevali NB in which it advised that if overdue invoices issued by Redpath totalling approximately CDN $3.5 million were not settled on or before August 17, 2022, Redpath reserved its right to draw on letters of credit in the amount of $2.5 million that were issued under the RC Facility and provided as security for Trevali NB's obligations, terminate the contract pursuant to which it is responsible for the operation of the Caribou Mine, and take other steps that may be available to it under applicable law. As discussed below, the amounts claimed by Redpath have not been paid.

24. Trevali NB has also received indications from a number of critical suppliers (e.g., tire, reagent, explosives, etc. suppliers) regarding their reluctance to continue to supply under these circumstances without some reduction in outstanding accounts. As a result of this and the other factors noted above, Trevali NB's full-year production and cost guidance for the Caribou Mine has been suspended. Effective August 15, 2022, in light of a payment dispute with Redpath and an inability to safely operate the underground workings of the mine due to a shortage of necessary supplies, Trevali NB suspended production work at the Caribou Mine and the mine is currently under review, which may include a return to a care and maintenance program.

25. Due to the circumstances described above, while the company's operations at the Rosh Pinah Mine have remained consistent, Trevali is facing significant financial and liquidity challenges attributable primarily to the suspension of operations at the Perkoa Mine and the Caribou Mine's operational underperformance. Trevali's 2022 second quarter revenues have decreased forty-four (44) percent over the prior quarter. Trevali's net loss of income for the second

quarter of 2022 was approximately $62 million compared to a positive net income in the corresponding period of 2021. Trevali's market capitalization has reduced by more than seventy-five (75) percent from approximately CDN $187 million on April 14, 2022 (immediately prior to the Perkoa Mine flood) to CDN $20.4 million as of August 18, 2022.

26. Given their present financial circumstances, as described above, the Applicants have not been able to make the mandatory prepayment of approximately $7.5 million that was due under the RC Facility on August 17, 2022 and are currently not able to (i) meet their financial obligations to Redpath and the other creditors of Trevali NB, or (ii) meet their obligations to pay out the RC Facility and/or the Glencore Facility when they mature in September 2022.

27. There is a risk and indeed likelihood that if the RCF Lenders and/or Redpath, or other creditors of the Applicants, including but not limited to Glencore, take steps to enforce their rights as a result of the Applicants' insolvency, then Trevali's other stakeholders in Canada and other jurisdictions will lose confidence in Trevali's ability to continue as a going concern and take steps that would be highly prejudicial to Trevali's ability to continue its operations. Trevali accordingly requires urgent protection under the CCAA to maintain the status quo as Trevali considers restructuring options for the benefit of its stakeholders.

28. Notwithstanding the Applicants' present challenges, Trevali's management believes that the company has a viable business whose value can be stabilized and maximized with the benefit of the protections afforded by the CCAA.

29. In particular, while the damage and disruption attributable to the recent tragedy at the Perkoa Mine has been devastating, Trevali has in recent months made significant progress towards stabilizing operations at the Perkoa Mine. The Perkoa Mine is now dewatered to the lowest mine level, all damaged equipment has been recovered, and all areas of the mine are fully accessible. A significant amount of mine rehabilitation work is already complete, including re-establishing the electrical and communication systems, ventilation, egress and entrapment infrastructure, backfilling of voids, inspecting the adequacy of ground support after the flooding event and ensuring that there are no underground stability concerns. Subject to approval by the Burkina Faso authorities, Trevali is now undertaking precursory activities to ensure operational readiness at the Perkoa Mine to enable a potential restart. Even if such a restart is ultimately approved, there are significant operating and capital costs that will be required, and which Trevali

is not currently able to finance, to safely restart and operate the Perkoa Mine until the mine begins generating revenue from sales of zinc concentrate.

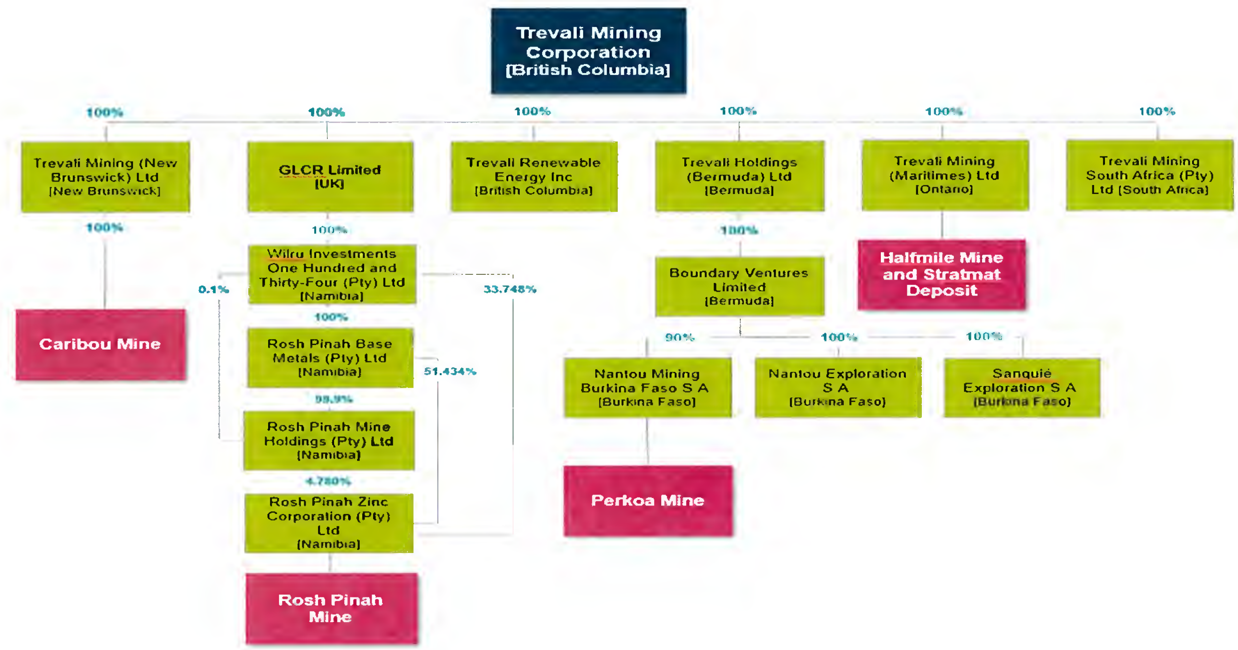
30. The challenges faced by Trevali in connection with the Perkoa Mine are not yet resolved. In recent days the Perkoa Mine manager as well as a manager from Byrnecut, Trevali's mining contractor at the Perkoa Mine, are being detained by authorities near the mine site in Burkina Faso. Much more work needs to be done before the company may be able to restart operations at the Perkoa Mine. Similarly, the operational and financial challenges facing the Caribou Mine are significant.

31. However, given the stability that would be provided to Trevali by a stay of proceedings and other protections afforded by the CCAA, and given a reasonable time to advance the company's restructuring efforts, as described below, Trevali's management is optimistic that the company will be able to make further progress in stabilizing its operations at the Perkoa and Caribou Mines, and its business more generally. The overall value of the Applicants' business will likely be enhanced to the benefit of its stakeholders through a restructuring under the CCAA as compared to a forced liquidation scenario.

III. BUSINESS ORGANIZATION AND MANAGEMENT

A. CORPORATE STRUCTURE

32. The following diagram sets forth the Applicants' intercorporate relationships with the other members of the Trevali group of companies, including the relevant jurisdictions of incorporation or organization, and the direct and indirect voting interest in each entity as of March 31, 2022:



B. EMPLOYEES AND MANAGEMENT

33. Trevali's operations at the Perkoa, Rosh Pinah, and Caribou Mines are supported by the following number of employees and contractors:

Location	Employees	Contractors
Head Office (Vancouver)	44 (including some personnel in Stellenbosch, South Africa, as noted below)	2
Caribou Mine (New Brunswick)	121	165
Perkoa Mine (Burkina Faso)	313	360
Rosh Pinah Mine (Namibia)	404	238
TOTAL	**882**	**765**

34. With respect to the employees at the Caribou Mine in particular, approximately sixty four (64) of Trevali NB's total of one hundred and twenty one (121) employees are unionized pursuant to a Collective Agreement between Trevali NB and Local 7676 (United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, United Steel Workers, being Appendix 1 to a Memorandum of Settlement dated for reference October 23, 2017) entered into with respect to the Caribou Mine. One hundred and thirty four (134) of the one hundred and sixty five (165) contractors that are recorded as working at the Caribou Mine had been contracted through Redpath.

35. While Trevali's business in New Brunswick, Burkina Faso, and Namibia is in part carried out through locally based subsidiaries of Trevali Corp., primarily for reasons having to do with local laws, Trevali operates its business on an integrated basis with Trevali Corp.'s Vancouver office serving as the corporate "nerve centre" for Trevali as a whole.

36. All key head office functions for each Trevali entity, including key operational, strategic, and legal decision-making, cash-management, human resources, sales and pricing determinations, and related functions, as well as oversight of local payroll and accounting functions, are conducted for and on behalf of each member of the Trevali group primarily from the group's Vancouver headquarters (with some operating and technology functions also being based in the company's operations centre in Stellenbosch, South Africa). The sole director of Trevali NB is based in Vancouver. As noted above, Trevali Corp. is the borrower under both the RC Facility and the Glencore Facility. It is the centralized entity through which the Trevali group's cash needs are managed.

IV. OVERVIEW OF MINING OPERATIONS AND PROJECTS

A. PERKOA MINE

37. The Perkoa Mine and the 2,000 tonne per day milling operation is based in the Sanguie Province of Burkina Faso, approximately 120 kilometers west of the capital city of Ouagadougou, Burkina Faso. A visual depiction of the Perkoa Mine location is as follows:

38. Trevali acquired its indirect ninety (90) percent ownership interest in the share capital of Nantou Mining Burkina Faso S.A. ("**Nantou Mining**"), the entity that owns the Perkoa Mine, in 2017. The government of Burkina Faso holds the other ten (10) percent ownership interest in Nantou Mining in accordance with the 2003 Burkina Faso Mining Code.

39. The Perkoa Mine has been in commercial operation since 2013 and produces a zinc concentrate through underground mining operations. Trevali's mining contractor at the Perkoa Mine is Byrnecut, a contract mining company based in Australia. Existing surface and underground infrastructure at the Perkoa Mine include a 2,000 tonne per day process plant, a decline and a series of ramp-connected levels, a laboratory, a tailing storage facility, various administrative, workshop, and warehouse buildings, and a camp for non-local personnel. Zinc concentrates from the Perkoa Mine are trucked 1,200 kilometers to the port of Abidjan, Cote d'Ivoire, for shipping under a life of mine off-take agreement with Glencore.

40. The Perkoa Mining Convention between Nantou Mining and the government of Burkina Faso sets out the fiscal and legal terms with respect to the operation of the Perkoa Mine, including taxation rates applicable to the project as per the 2003 Burkina Faso Mining Code. The government also collects various taxes and duties on the imports of fuels, supplies, equipment, and outside services related to the operation of the Perkoa Mine. In addition, there is a three (3) percent net smelter royalty payable to the government on all base metal production in Burkina Faso, as well as a one (1) percent levy to a Local Development Mining Fund.

41. Trevali's operations at the Perkoa Mine involve a high level of stakeholder engagement. The company's efforts in this regard are managed through a tripartite committee, comprised of representatives from Nantou Mining, the local communities, and the local administrative authorities.

42. Trevali's community engagement with respect to its operations at the Perkoa Mine includes (a) commitments to use local unskilled labour and the favouring of local labour, (b) the provision of financial support for the completion of traditional annual sacrifices in the fourteen (14) villages that exist around the mine, (c) the making of funding contributions to the Local Development Mining Fund and the rehabilitation fund account held with the Central Bank of Burkina Faso, and (d) the construction and/or funding of a youth centre, two grammar schools in the Perkoa and Pao villages, an equipped literacy centre, housing with piped potable water, the Perkoa Health and Social Promotion Centre, and water boreholes for community use, among other efforts.

43. As noted above, Trevali's operations at the Perkoa Mine have been disrupted by the April 2022 flooding event. The investigation of the flooding event has resulted in Trevali taking several actions to minimize the impacts of future weather events at the Perkoa Mine, and prevent any future flooding of the underground operations, including:

(a) raising the flood protection berm along the existing berm alignment to protect the open pit against flooding for a 1:10,000-year event. The guidance to raise the berm follows expert hydrologic modelling conclusions that indicated that the flooding event occurred following an intense rainfall over a period of approximately 45 minutes, which corresponds with a return period of approximately 300 to 500 years;

(b) installing an early warning system that provides updated weather reporting, real-time weather and rain monitoring and real-time stream water level indication with automatic triggers when there is a potential flood risk; and

(c) Improving emergency management plans with the inclusion of predictive triggers, such as predictive alerting and smart IOT sensors that detect changes in water levels and various weather parameters (wind, rain, lightning, pressure) to trigger an evacuation in advance of a significant weather event impacting the site.

44. Insurance claims have been filed related to dewatering, rehabilitation, and the replacement of mining, electrical, ventilation, and other equipment damaged from the mine flood. The actual quantum and timing of receipts under applicable property and liability insurance policies is uncertain.

B. ROSH PINAH MINE

45. The Rosh Pinah Mine and the 2,000 tonne per day milling operation is located in southwestern Namibia, approximately 800 kilometers south of Windhoek and 20 kilometers north of the Orange River, at the edge of the Namib Desert. A visual depiction of the Rosh Pinah Mine location is as follows:

46. The Rosh Pinah Mine is owned by Rosh Pinah Zinc Corporation (Pty) Ltd. ("**RPZC**"). Trevali owns a ninety (90) percent interest in RPZC and is operationally responsible for the management of RPZC, with the remainder held by PE Minerals (Namibia) (Proprietary) Limited ("**PE Minerals**"), Jaguar Investments Four (Proprietary) Limited, and an Employee Empowerment Participation Scheme.

47. The Rosh Pinah Mine has been in operation since 1969 and presently operates as an underground zinc-lead-silver mine. Existing surface and underground infrastructure include access ramps with a primary crusher and surface ventilation, 2,000 tonne per day ball mill with various flotation circuits comprises the process plant, a tailing storage facility, and a water storage dam. Engineering workshops, administration offices, a supply chain warehouse, and a laboratory to service the mine operations are all within the accessory works area. Final zinc and lead concentrate produced from the Rosh Pinah Mine are driven to the Namibian port of Lüderitz for

shipping under two separate life-of-mine off-take agreements (one for zinc concentrates and one for lead concentrates) with Glencore.

48. Production from the Rosh Pinah Mine is subject to royalties at three (3) percent of net market value payable to the Namibian government and three (3) percent of net market value payable to PE Minerals, the current holder of the mining license for the Rosh Pinah Mine.

49. As with its operations at the Perkoa Mine, Trevali's operations at the Rosh Pinah Mine involve a high level of stakeholder engagement.

50. The Rosh Pinah town, where employees of the Rosh Pinah mine reside, is primarily a mining community built for employees. A 50/50 joint-venture company called "**RoshSkor**" was established in 2001 by RPZC and the owners of the Skorpion Zinc mine (an unaffiliated mining operation near the Rosh Pinah Mine) to manage and operate the town as a private municipality. The Tutungeni township is also supported by RoshSkor and is located outside the Rosh Pinah town. Any profits made by RoshSkor are reinvested into the community.

51. RoshSkor is responsible for the implementation of the municipal services and includes required infrastructure projects, such as providing sewage treatment, electricity, potable water, waste removal, and waste segregation, which are funded by both mines. Community development projects are led by OBIB, a local non-for-profit organization, with board members including RPZC, RoshSkor, and Skorpion Zinc, and a representative from the local business community. OBIB provides programs that include training and participation in needlework, leather works, weaving carpets, and other sustainability projects.

52. RPZC, Skorpion Zinc, and parent representatives sit on the school board that includes the management of both the pre-primary, primary and secondary education within the community. The Sidadi Clinic is also managed by a joint venture entity, Rosh Pinah Health Care, with members including RPZC and Skorpion Zinc and is currently providing medical, occupational health and general physician services to a broader clientele enabling a more self-sustainable medical clinic business.

C. CARIBOU MINE

53. The Caribou Mine is in Restigouche County in the province of New Brunswick, approximately 55 kilometers west of the coastal community of Bathurst. A visual deposition of the Caribou Mine location is as follows:

54. Production at the Caribou Mine commenced in 1970 and is comprised of (a) Mineral Claim 1773 (also known as Woodside Brook); (b) Mining Lease No. ML-246 issued by the Crown in Right of New Brunswick; (c) Freehold lands located in the Province of New Brunswick, known as PID 50072032; and (d) Industrial Surface Lease No. SIML2271 (also referred to as Crown Lands Lease #415060027) issued by the Crown in Right of New Brunswick over the lands identified as PID 50237924.

55. Existing infrastructure at the Caribou Mine includes access ramp portals, a shaft for services, surface ventilation equipment, a 3,000 tonne per day nameplate capacity mill, flotation circuits, a mine water treatment plant, sludge ponds, a tailing storage facility, and various office and workshop buildings. Trevali has formal surface access agreements in place, and the Caribou Mine site is a fully permitted facility that allows for mining and milling. Concentrate production is stockpiled onsite prior to shipping and sale to Glencore.

56. Trevali obtained its current one hundred (100) percent interest in the Caribou Mine in 2012.

57. In January 2013, Trevali entered into a Limited Environmental Liability Agreement (the "**LELA**") with the province of New Brunswick, whereby the province would accept the environmental liability associated with historic operations at the Caribou Mine. Pursuant to the LELA, approximately two-thirds of the environmental liability at the Caribou Mine is held by the

province of New Brunswick, with Trevali NB being liable for the remaining one-third. The cash security on file with the New Brunswick Department of Energy and Natural Resources totalled $3.9 million by December 31, 2021. Additionally, $5.2 in reclamation bonds and $2.5 million of letters of credit with respect to reclamation obligations have been posted with the New Brunswick Ministry of Energy & Natural Resources and the New Brunswick Department of Environment, respectively.

58. In 2017, Trevali signed a Cooperation Agreement with the Mi'kmaq First Nation bands in relation to the Caribou Mine. In entering into this agreement, Trevali assumed accountability for a May 2011 Cooperation Agreement signed by the previous owners of the "Half Mile" deposit (also owned by Trevali as described below) with the Mi'kmaq First Nation bands. Pursuant to these arrangements, a full-time Indigenous Benefits Coordinator role was funded, which provides a conduit between the Mi'kmaq First Nation bands and facilitates opportunities including training, scholarships and purchasing and supply opportunities for members of the Mi'kmaq First Nations.

59. The deterioration in the global zinc market, exacerbated by the continued challenges presented by COVID-19 and combined with high concentrate treatment charges, led to a decision to place the Caribou Mine on a care and maintenance program on March 26, 2020, in order to preserve the value of the mineral resource and mine assets.

60. On January 15, 2021, Trevali announced its planned restart of operations at the Caribou Mine with an initial two-year mine plan to the end of 2022, with operations subsequently resuming in February 2021 and the first payable production being delivered in March 2021. As part of its restart plan, Trevali NB entered into a mining services agreement (the "**Caribou Mining Contract**") with Redpath, pursuant to which it would serve as the company's underground mining contractor. Trevali also entered into a fixed pricing arrangement with Glencore under the zinc offtake agreement, pursuant to which Trevali agreed to sell an aggregate of 115 million pounds of zinc to Glencore at a price of $1.25/lb during the period from March 2021 to December 2022. This represented approximately eighty (80) percent of the forecasted zinc production over the initial two-year restart period.

61. As noted above, on August 8, 2022, Redpath delivered to Trevali NB a notice of default in respect of overdue payment for services under the Caribou Mining Contract claiming an overdue amount of CDN $3,483,040.51 reflecting three invoices for the period from June 1 to July

15, 2022, with a further CDN $1,251,997.09 submitted for review (for a total amount claimed as of August 8, 2022 of approximately CDN $4.7 million). It is Trevali's view that the production performance at the Caribou Mine has been significantly and negatively impacted during and prior to Redpath's invoicing period because of continued operational issues due to low equipment availability and productivity rates with Redpath, among other factors, resulting in lower production results and higher costs.

62. The Caribou Mining Contract provides that the default must be remedied, or remedial steps agreed, within seven (7) business days following receipt of the default notice, failing which Redpath is entitled to take certain enforcement action, including suspending performance under, or terminating the Caribou Mining Contract, and drawing upon funds under the security provisions of the Caribou Mining Contract, including against the $2.5 million letter of credit provided under the RC Facility. As noted above, Redpath had advised that if the matter was not resolved and the overdue invoices paid by August 17, 2022, it intended to suspend services as of the end of that day and take available enforcement actions (including drawing on the letter of credit). As noted earlier, the payment to Redpath has not been made.

63. Trevali NB's current accounts payable plus accruals position is approximately $15 million, of which approximately $9 million is beyond normal payment terms, though the company is continuing to work to better understand and verify the state of accounts.

64. Additionally, Trevali has incurred the accumulation of a deficit of 27.2 million pounds of payable zinc under hedge obligation to Glencore as at July 31, 2022. This deficit has been rolled forward on a continuous basis to be settled with future production, which is now no longer expected to be achieved given the uncertain status of the Caribou Mine as described elsewhere in this affidavit. Based on the spot price of zinc as of August 15, 2022 at $1.64 per pounds as posted by the London Metals Exchange, Trevali estimates that it would cost approximately $10.6 million dollars to financially settle the current deficit under the fixed price arrangement. The future production obligation committed to be delivered from August 1 – December 31, 2022 is 26.5 million pounds of payable zinc which is also no longer expected to be achieved. Using the same spot price as referenced above, it would cost approximately $20.9 million dollars to financially settle the current and future anticipated deficit. In addition, Trevali has incurred an additional obligation to Glencore relating to the fixed pricing arrangement in an aggregate amount of $2.7 million in respect of fees to roll forward the deficit, and expects that it

would incur a further $2.0 million in fees if the deficit were to be rolled forward to December 31, 2022 (the end of the contractual hedge period).

65. Trevali NB has only approximately $3.2 million in cash on hand as of the date of my affidavit.

66. Caribou is subject to two royalties or royalty-type taxes with differing methods of calculation.

67. First, a two (2) percent provincial royalty of the annual net revenue generated by the mining operation, which is equal to the gross revenue derived from mine output and commodity hedging less allowable transportation, costs for outputs sold, refining, smelting, and milling costs, and processing allowances.

68. Second, a sixteen (16) percent provincial net profits tax on annual net profits exceeding CDN $100,000. Net profit is calculated as the mine's gross revenues less allowable costs, specified allowances for depreciation, financing expenses, processing, eligible exploration expenditures, as well as the two (2) percent provincial royalty paid. The net profits tax may be further reduced by tax credits related to eligible process research expenditures and exploration expenditures using advanced exploration technologies.

69. As noted above, effective August 15, 2022, in light of a payment dispute with Redpath and a general inability to safely operate the underground workings of the mine due to a shortage of necessary supplies, Trevali NB suspended production work at the Caribou Mine, intends to transition toward a care and maintenance program.

D. OTHER PROPERTIES AND INTERESTS

70. Trevali has an effective forty-four (44) percent interest in Gergarub Exploration and Mining (Pty) Ltd (the "**Gergarub Project**"), a joint venture with the Vedanta Resources-owned Skorpion Zinc mine which has a 51% interest. The Gergarub Project is located approximately 15 kilometers north-west of the company's Rosh Pinah Mine in southern Namibia.

71. In 2017 Trevali commissioned a preliminary economic assessment led by SRK Consulting (Canada) Inc. reviewing the development potential for its wholly owned Halfmile-Stratmat sulphide zinc-lead-silver deposits in the Bathurst mining camp of New Brunswick. This economic assessment follows a trial underground mining/production in 2012 of over 100,000

tonnes of mineralized material providing metallurgical/recovery data. This project is held by Trevali Mining (Maritimes) Ltd. and is comprised of Mineral Claim 1681, Mineral Claim 6049, Mining Lease No. 261, The Halfmile Lake Central Mineral Claim, and he Halfmile Lake Mining Lease (held in the name of Trevali Mining (New Brunswick) Ltd.).

72. Trevali is undertaking a conceptual mine design for underground development of its one hundred (100) percent owned interest in the formerly producing Restigouche zinc-lead-silver mine located approximately 27 kilometers west-southwest of Trevali's Caribou Mine in the Bathurst Mining Camp of New Brunswick. This project is held by Trevali Mining (New Brunswick) Ltd. and is comprised of Mineral Claim 7403, Mining Lease No. ML-255, and Industrial Surface Lease referred to as Crown Lands Lease #415040158 over the lands identified as PID 50252766.

73. Ruttan is a copper-zinc massive sulphide deposit located approximately 21 kilometers east of the village of Leaf Rapids, which in turn is approximately 750 kilometers north-northwest of Winnipeg, Manitoba. Trevali (and predecessor Kria Resources) completed an option to acquire 100% of Ruttan and Bill 5025 claims, subject to a combined four (4) percent net smelter royalty (NSR) (two (2) percent NSRs held by two separate parties). Acquisition terms included combined cash payments of $780,000 (paid) and 200,000 shares of Kria (issued). The work commitment on the property has been satisfied. Half of each two (2) percent NSR royalty can be purchased back by Trevali after payments of $2 million and $1.5 million, respectively.

V. FINANCING OF TREVALI'S BUSINESS OPERATIONS

A. THE RC FACILITY

74. Pursuant to a second amended and restated credit agreement dated as of August 6, 2020, as amended by a first amending agreement dated December 29, 2020, a second amending agreement dated May 5, 2021, a third amending agreement dated September 28, 2021 and a fourth amending agreement dated November 19, 2021 (as further amended, restated, modified and supplemented from time to time, the "**RCF Credit Agreement**"), among Trevali Corp., as borrower, the lenders party thereto from time to time (the "**RCF Lenders**"), as lenders and The Bank of Nova Scotia, as the administrative agent for the benefit of the RCF Lenders (the "**RCF Administrative Agent**"), the RCF Lenders agreed to extend a $150,000,000 revolving loan to Trevali Corp. on a senior secured basis (the "**RC Facility**").

75. The RCF Credit Agreement was amended and supplemented multiple times. The RC Facility was permanently reduced to $111.9 million as at December 31, 2021, through

mandatory repayments of $16.3 million in 2021 and $5.1 million in 2022. The RC Facility bears interest at a rate of LIBOR plus 5.5%, with commitment fees for the undrawn portion of the facility at 1.3%.

76. RC Facility draws totaling approximately $84.5 million have been received by Trevali Corp., with a further $4.4 million having been utilized for the purposes of obtaining letters of credit.

77. The RC Facility matures on September 18, 2022, with a mandatory prepayment of approximately $7.5 million having been due on August 17, 2022 that was not paid, as noted above.

78. To secure Trevali Corp.'s obligations under the RCF Credit Agreement, Trevali Corp. and certain of its subsidiaries, including Trevali NB, granted a comprehensive security package that includes the grant of:

(a) a first ranking security interest in all Trevali Corp.'s and Trevali NB's present and future personal property pursuant to various general security agreements, debentures, and fixed and floating charges; and

(b) a first ranking security interest in certain of Trevali NB's real property pursuant to a mortgage.

79. Additionally, guarantees and share pledge agreements, and other security instruments have been granted by Trevali Holdings Bermuda Ltd. ("**Trevali Bermuda**"), Boundary Ventures Limited, ("**Boundary**"), GLCR Limited ("**GLCR**"), Wilru Investments One Hundred and Thirty Four (Proprietary) Limited ("**Wilru**"), Rosh Pinah Base Metals (Proprietary) Limited ("**Pinah Base**") and Rosh Pinah Mine Holdings (Proprietary) Limited ("**Pinah Holdings**"), among other security.

B. THE GLENCORE FACILITY, OFF-TAKE AGREEMENTS, AND RELATED COMMERCIAL ARRANGEMENTS

80. As noted above, Glencore is party to off-take agreements with respect to each of the Perkoa, Rosh Pinah, and Caribou Mines. While the pricing, payment terms, and delivery requirements of each of the offtake arrangements for each of Trevali's mines are unique, they collectively make Glencore the sole and exclusive purchaser of one hundred (100) percent of the concentrates produced from Trevali's current operations. Pursuant to the Investor Rights

Agreement, Glencore also currently has a right of first refusal for future concentrate sales produced from any additional properties or assets that Trevali may acquire in the future.

81. On August 6, 2020, the company entered into a second lien secured facility agreement with Glencore Canada Corporation ("**Glencore CC**") up to a maximum of $20.0 million (the "**Glencore Facility**"). Under the terms of the agreement, Glencore would advance to Trevali Corp. amounts equal to the volume of dry metric tonnes of zinc concentrate delivered to Glencore each month, up to December 2020, multiplied by the difference between the annual benchmark treatment charge ("**TC**") and the average monthly spot TC. Advances under the Glencore Facility were applicable to deliveries of zinc concentrate between June 2020 and December 2020.

82. The Glencore Facility was reduced by $7.0 million in December 2020, because of the proceeds from Glencore's participation in an equity offering of Trevali Corp. being allocated to repay indebtedness under the Glencore Facility in accordance with the terms thereof. The amount available to Trevali under the Glencore Facility is nil as the full $13.0 million limit under the agreement has been drawn. The Glencore Facility has a maturity date of September 18, 2022. Amounts outstanding under the Glencore Facility bear interest at the same rate as the RC Facility.

83. To secure Trevali Corp.'s obligations under the Glencore Facility, Trevali Corp. and certain of its subsidiaries, including Trevali NB, granted a comprehensive security package that substantially mirrors the security in place with respect to the RC Facility and includes the grant of:

(a) a second ranking security interest in all Trevali Corp's and Trevali NB's present and future personal property pursuant to various general security agreements, debentures, and fixed and floating charges; and

(b) a second ranking security interest in certain of Trevali NB's real property pursuant to a mortgage.

84. Additionally, subordinated guarantees and share pledge agreements and other security instruments have been granted by Trevali Holdings Bermuda, Boundary, GLCR, Wilru, Pinah Base, and Pinah Holdings, among other security.

85. Pursuant to an intercreditor agreement between the RCF Administrative Agent and Glencore, among other parties, the RCF Administrative Agent and Glencore agreed that the

obligations under the RCF Credit Agreement would have priority over and be senior in all respects and prior to any lien on the shared collateral securing the obligations under the Glencore Facility.

86. In addition to its off-take arrangements and Glencore Facility arrangements with Trevali, Glencore is Trevali's largest shareholder, owning a twenty-six (26) percent interest in Trevali Corp.

87. Trevali and Glencore are party to the Investor Rights Agreement that provides Glencore with certain board nomination rights, including the right to appoint two (2) directors to Trevali Corp.'s board of directors and to nominate an additional two (2) directors to the board, who must be independent of Trevali Corp. under applicable securities law, anti-dilution rights, and enhanced consultation rights relating to Trevali's business, and a right of first refusal for future concentrate sales produced from any additional properties or assets that Trevali may acquire in the future as described above. These rights are in each case subject to the Investor Rights Agreement, which is only in place as long as Glencore owns more than 9.9% of Trevali's equity.

VI. PAST RESTRUCTURING EFFORTS AND THE NEED FOR CREDITOR PROTECTION

88. In September 2021, Trevali appointed Endeavour Financial to advise the company with the objective of providing a competitive non-equity financing solution for Trevali's proposed expansion of operations at the Rosh Pinah Mine (referred to as the "**RP2.0**" project) and the refinancing of both the RC Facility and the Glencore Facility which mature in September 2022.

89. In January 2022, Trevali formally announced through a press release that it was working toward securing project financing for the RP2.0 and that, in parallel, an early works program had commenced for RP2.0.

90. In March 2022, Trevali formed a "Special Committee" consisting entirely of independent directors unaffiliated with Glencore to examine the financing transactions contemplated by RP2.0 project (the "**RP2.0 Financing**"), which at the time were contemplated to include a comprehensive financing package totalling approximately $200 million and consisting of project financing, a stream agreement, an investor rights agreement with a prospective purchaser of equity in Trevali, a revised or replaced revolving credit facility, and a convertible debenture to be negotiated with one or more third parties as well as a loan agreement with Glencore AG or an affiliate thereof. The requirement for the Special Committee arose from the

involvement of Glencore AG in the proposed RP2.0 Financing, given Glencore's representation on Trevali's board of directors.

91. Because of the flooding event at the Perkoa Mine on April 16, 2022, the amount of the RP2.0 Financing package and timing of completion became subject to a higher level of uncertainty, and the $200 million target amount could no longer be relied upon. Notwithstanding these challenges and uncertainties, Trevali continued to work on the RP2.0 Financing and was ultimately able to secure and execute a mandate agreement with the Standard Bank of Namibia Limited and the Standard Bank of South Africa Limited ("**Standard Bank**") to arrange a senior secured project finance facility of up to $110 million (the "**Mandate Agreement**"). The Mandate Agreement sets out an exclusive arrangement with Standard Bank describing the activities needed to arrange a senior secured financing facility (the "**RP2.0 Loan Facility**") for the RP2.0 project. On August 16, 2022, Standard Bank delivered a letter confirming that internal credit approval had been obtained for the project finance facility.

92. In addition to the Mandate Agreement, Trevali received non-binding expressions of interest from streaming and royalty companies in the order of $40 million to $50 million, and mining-focused alternative lenders, as well as from Glencore. Glencore specifically indicated its support for the RP2.0 project by proposing an aggregate $33 million financing package, which could include an extension to the existing Glencore Facility of $13 million, subordinated to traditional project finance debt and contingent on the remainder of the required financing package being secured as well as negotiation of satisfactory terms and conditions.

93. In May 2022, following the flooding event at the Perkoa Mine and the subsequent suspension of operations, Trevali engaged a leading Canadian investment bank to assist the company in the undertaking of a strategic review process to solicit proposals for a broad range of transaction alternatives, including a potential investment in Trevali and the potential sale of all or part of the business and assets of Trevali (the "**Strategic Review Process**").

94. Ultimately, notwithstanding Trevali's receipt of credit approval from the Standard Bank for the $110 million RP2.0 Loan Facility, the RP2.0 Financing has not sufficiently advanced in a manner that will allow for the refinancing to be completed prior to the maturity of the RC Facility and Glencore Facilities. Additionally, as noted above, because of the flooding event at the Perkoa Mine, the previously announced targeted financing amount of $200 million could no longer be relied upon and the total financing target was suspended as of May 16, 2022. In addition, as

noted above, operations at the Caribou Mine are under review. Accordingly, the financing requirement is expected to exceed the previously targeted financing amount of $200 million.

95. Similarly, notwithstanding the receipt of expressions of interest through the Strategic Review Process, there can be no assurance that the Strategic Review Process will progress in a fashion that will allow for the culmination of a transaction in a timely manner or of sufficient value to refinance the RCF and Glencore Facilities.

96. In the circumstances, given their present financial and liquidity challenges, the Applicants urgently require a stay of proceedings under the CCAA to maintain the status quo and obtain the "breathing room" required to consider strategic restructuring alternatives and pursue and implement a restructuring strategy.

97. It is imperative for the success of any such strategy that current and potential actions against the Applicants be stayed, that their current customer and supplier contracts and arrangements be preserved, and that the Applicants be given authorizations under the CCAA relating to intercompany funding arrangements given their present liquidity position.

98. With the benefit of the protection afforded by the CCAA, the Applicants will be able to maintain the value of the Applicants' assets, and generally stabilize their business operations for the continued benefit of their stakeholders as restructuring alternatives are considered by Trevali.

99. In the absence of the imposition of a stay of proceedings and the granting of other relief afforded by the CCAA, there is the risk that the Applicants' significant and complex operations in Canada and Africa would be disrupted. The potential effects of such disruption could put at risk the well-being of the environment surrounding Trevali's mining operations and the local communities that directly or indirectly depend on their continued operations.

100. To protect against such negative effects and to address the company's current financial difficulties and liquidity challenges, the Applicants' current plan while under CCAA protection involves, among other things, efforts to:

(a) use the "breathing room" provided by the stay of proceedings against the Applicants to focus the company's efforts on the stabilization of Trevali's mining operations, including in Africa;

(b) provide comfort to Trevali's stakeholders in Canada and in Africa of the company's ability to continue operating as a going concern or otherwise preserve value;

(c) consider, evaluate, and potentially pursue the Strategic Review Process;

(d) manage the Applicants' liquidity challenges and explore potential cost-cutting measures;

(e) undertake a sale and investment solicitation process, or other process, to maximize the value of the Applicants' business and property for the benefit of stakeholders; and

(f) consult with key stakeholders.

101. While the Applicants are currently in a challenging financial position, Trevali's management believes that taking steps to preserve the going concern value of the Applicants' business under the protection of the CCAA as restructuring options are pursued will likely achieve a better long-term result for the Applicants' stakeholders than a forced liquidation of the Applicants' assets.

VII. RESTRUCTURING MATTERS

A. FINANCIAL STATEMENTS

102. A copy of Trevali Corp.'s condensed interim consolidated financial statements for the three and six months ended June 30, 2022 and 2021 are attached as **Exhibit "C"**. A copy of Trevali Corp.'s consolidated financial statements for the years ended December 31, 2021 and 2020 are attached as **Exhibit "D"**.

103. A copy of Trevali NB's unaudited financial statements for the year ended December 31, 2021 is attached as **Exhibit "E"**.

B. SUMMARY OF ASSETS AND LIABILITIES

104. As at December 31, 2021, Trevali Corp. had total assets with a book value of approximately $533 million on a consolidated basis, consisting of current assets with a book value

of approximately $122 million and non-current assets with a book value of approximately $411.1 million.

105. As at December 31, 2021, Trevali Corp. had total liabilities with a book value of approximately $298.1 million on a consolidated, consisting of current liabilities with a book value of approximately $157.8 million and non-current liabilities of approximately $140.3 million.

106. As noted above, Trevali was unable to make the mandatory prepayment of approximately $7.5 million on its RC Facility when such payment was due on August 17, 2022. The failure to make this payment constituted an event of default under certain of Trevali's loan and security documents applicable to the RC Facility and the Glencore Facility, which will in turn gives the RCF Lenders and Glencore the right to take steps to enforce against Trevali's assets.

107. As at December 31, 2021, Trevali NB had total assets with a book value of approximately $63 million, consisting of current assets with a book value of approximately $15.8 million and non-current assets of approximately $47.2 million.

108. As at December 31, 2021, Trevali NB had total liabilities with a book value of approximately $177.2 million, consisting of current liabilities with a book value of approximately $16.9 million and non-current liabilities of approximately $160.3 million (approximately $131.4 million of which is intercompany liabilities).

109. Trevali NB's most pressing liability is its approximately $13 million in accounts payable with respect to the ongoing operation of the Caribou Mine including amounts owing to its mining contractor, Redpath.

C. PAYMENTS DURING CCAA PROCEEDINGS

110. During these CCAA proceedings, Trevali intends to make payments for goods and services supplied to Trevali post-filing as set out in the cash flow projections referred to below and as permitted by the proposed form of initial CCAA order.

111. Additionally, Trevali seeks the Court's approval to make payment of certain pre-filing amounts or to honor cheques issued to providers of goods and services prior to the date of filing that Trevali, in consultation with the proposed monitor, believes are necessary to facilitate Trevali's ongoing operations and to preserve value in these CCAA proceedings. Such payments would only be made with the consent of the monitor.

112. At this time Trevali anticipates making payments with respect to pre-filing amounts to only those suppliers and service providers who are determined, in consultation with the Monitor, to be critical to stabilizing the Caribou Mine and thereby protecting the health and safety of its employees who remain actively employed in such operations, safeguarding the environment, and preserving the Caribou Mine in compliance with applicable environmental permits and licensing requirements.

113. The ability of Trevali to make payments to the above-mentioned suppliers is accordingly critical and necessary to maintaining the stability of Trevali's business and assets during the CCAA proceedings and to allow Trevali to advance its restructuring efforts for the benefit of its stakeholders.

D. CASH MANAGEMENT

114. As noted above, Trevali manages its Canadian corporate and New Brunswick operational financial affairs on an integrated basis given the interwoven nature of these segments of the business and uses a centralized system (the "**Cash Management System**") through Scotiabank and it's ScotiaConnect online banking system to deal with cash management, collections, disbursements, and intercompany payments and receipts.

115. To facilitate the Cash Management System, Trevali Mining Corp., Trevali Mining NB, and an affiliate, Trevali Mining Maritimes Ltd., each have a CAD and USD bank account with Scotiabank, and all managed through the ScotiaConnect platform.

116. The Trevali subsidiaries operating the Perkoa and Rosh Pinah Mines hold their own bank accounts and at times when possible and appropriate repatriate funds back to Canada as excess cash flow that is available through the Cash Management System to service intercompany loans and related party management fees.

117. It is anticipated that the Applicants will continue to use their existing Cash Management System and will continue to maintain their bank accounts and arrangements already in place during the CCAA proceedings. This approach will minimize any disruption to business operations as the Applicants seek to restructure. The Cash Management System includes the necessary accounting controls to enable the Applicants, the proposed monitor, and this Court to trace funds through the system and ensure that all transactions are adequately documented and readily ascertainable.

118. The Applicants seek the authority to continue to use the existing Cash Management System and to maintain the funding and banking arrangements already in place.

E. Cash-flow Projections

119. Trevali recently retained FTI Consulting Canada Inc. ("**FTI**") as the proposed monitor in these CCAA proceedings and to assist Trevali with the preparation of cash-flow projections as required by the CCAA. Trevali's management has worked with FTI to prepare the cash-flow projections attached and marked as **Exhibit "F"** hereto for the thirteen (13) week period ending November 15, 2022 (the "**Cash-flow Projections**"). Based on the Cash-flow Projections, Trevali should have enough cash to operate through the Cash-flow Projections period.

120. Based on my knowledge of Trevali's financial position and the assumptions set out in the Cash-flow Projections, I believe that the Cash-flow Projections are accurate and reasonable, noting that:

(a) the hypothetical assumptions set out in the Cash-flow Projections are reasonable and consistent with the purpose of the projections described in the Cash-flow Projections. The probable assumptions are suitably supported and consistent with Trevali's plans and provide a reasonable basis for the projections. All such assumptions are disclosed in the notes to the Cash-flow Projections;

(b) since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material; and

(c) the projections have been prepared solely for the purpose described in the notes to the Cash-flow Projections, using the probable and hypothetical assumptions set out in the notes to the Cash-flow Projections. Consequently, readers of the Cash-flow Projections are cautioned that they may not be appropriate for other purposes.

F. The Monitor

121. Subject to court approval, FTI is prepared to act as monitor of Trevali in these CCAA proceedings on the terms set out in Trevali's proposed initial CCAA order. Attached as **Exhibit "G"** to my affidavit is a copy of the signed FTI consent to act as Trevali's monitor. I believe that FTI is qualified and competent to act as Trevali's monitor in these proceedings.

G. COURT ORDERED CHARGES

(1) Intercompany Advances Charge

122. As noted above, Trevali's operations have historically been funded through intercompany advances in accordance with the company's centralized cash management practices. The Applicants will continue to need to provide some level of intercompany funding from time-to-time to their operating entities to preserve the value of their businesses pending the Applicants' restructuring. It is intended that such intercompany funding would occur with the approval of the proposed monitor and be consistent with the Applicants' CCAA cash flow projections.

123. In order to protect the interests of their separate stakeholder constituencies, the Applicants seek the granting of a charge to secure intercompany advances made in the course of the CCAA process (the "**Intercompany Advances Charge**"). The Intercompany Advances Charge would only apply to funding provided after the commencement of these CCAA proceedings.

124. The Applicants are of the view that such a charge is necessary and reasonable in the context of these CCAA proceedings.

(2) Administration Charge

125. As noted above, FTI has consented to act as monitor (in such capacity, the "**Monitor**") in these proceedings to provide supervision, monitoring and to generally assist the Applicants with their restructuring efforts, including the potential preparation of a CCAA plan to be put to their creditors.

126. The Monitor, counsel for the Monitor, and the Applicants' counsel will be essential to the Applicants' restructuring efforts. They are prepared to provide or continue to provide professional services to the Applicants if they are protected by a first-ranking priority charge (the "**Administration Charge**") over the Applicants' assets.

127. The Applicants believe that an Administration Charge in the amount of CDN $500,000 is fair and reasonable and will provide the level of appropriate protection for the payment of the Applicants' essential professional services given the size and complexity of the Applicants' business as described in this affidavit.

(3) D&O Charge

128. It is contemplated that Trevali's directors and officers would be granted a second-ranking priority charge (the "**D&O Charge**") on the assets, property, and undertakings of the Applicants' assets up to the maximum amount of CDN $2 million, which amount may be reduced by the amount of severance and termination payments made by Trevali NB to those of its employees whose employment is terminated during these CCAA proceedings; provided, however, that the amount of the D&O Charge shall not be reduced on account of such payments by more than CDN $1 million.

129. The Applicants believe that the D&O Charge is fair and reasonable in the circumstances.

130. A successful restructuring of the Applicants' business will only be possible with the continued participation of the Applicants' directors and officers. In particular, many of the Applicants' directors and executive officers have significant experience conducting business in Canada, Burkina Faso, and Namibia, gained through their years of service to Trevali in their respective roles or principal occupations, as applicable. Certain directors and executive officers have also travelled to Canada, Burkina Faso, and Namibia on several occasions for various purposes related to Trevali's business, including meeting with government officials and representatives from banking and investment firms. Directors and executive officers of Trevali visit the company's operations as they deem to be necessary, often several times a year, to properly manage the company's business and meet with local management. In short, these individuals have specialized expertise and relationships with the Applicants' stakeholders that cannot be replicated or replaced.

131. The Applicants' directors and officers have the benefit of directors' and officers' liability insurance coverage (the "**D&O Coverage**"). The D&O Coverage is designed to provide:

(a) Side A: dedicated cover to individuals, at no deductible, for losses including losses not indemnified by the company;

(b) Side B: cover of losses where the company has indemnified its directors and officers; and

(c) Side C: cover of losses from securities claims brought by one or more security holders or any securities commissions.

132. The total loss limit under Sides A – C of the D&O Coverage is $35 million. Trevali also maintains a separate employment practices liability policy as part of the D&O Coverage that provides for $25.2 million in coverage. The D&O Coverage policies currently expire in November 2022.

133. Although the D&O Coverage provides insurance to the Applicants' directors and officers for certain claims that could be brought against them in their capacities as directors and/or officers, the D&O Coverage is provided on an enterprise-wide basis and is subject to conventional exclusions and limitations. Accordingly, there is a potential for insufficient coverage in respect of potential director and officer liabilities incurred in connection with these CCAA proceedings. The directors and officers of the Applicants' have expressed their desire for certainty with respect to their potential personal liability if they continue in their current capacities in the context of these CCAA proceedings.

134. The D&O Charge is vital to encouraging the continued participation of the directors and officers in these CCAA proceedings. The Applicants' directors and officers will provide necessary experience and stability to the Applicants' business and guide the Applicants' restructuring efforts. It is critical that a level of continuity be maintained within the Applicants to ensure focus on achieving a restructuring plan that will benefit the Applicants' stakeholders.

VIII. CONCLUSION

135. For the above reasons, the Applicants request that this Court grant them protection under the CCAA on the terms sought in the Petition filed concurrently with my affidavit.

AFFIRMED BEFORE ME AT VANCOUVER, BRITISH COLUMBIA ON AUGUST 19, 2022)

A Commissioner for taking Affidavits for British Columbia

PETER BYCHAWSKI
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-4218

Brendan Creaney