2022 01G 0709

IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the *Companies Creditors Arrangement Act* R.S.C., 1985 c. C-36 as Amended (the "**CCAA**")

AND IN THE MATTER OF an application of Grant Thornton Limited, as Court- Appointed Monitor of Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., and Newspar (collectively, "**CFI**" or the "**Company**"); and

AND IN THE MATTER OF a Plan of Compromise or Arrangement of the Company;

FOUTH REPORT OF GRANT THORNTON LIMITED, IN ITS CAPACITY AS MONITOR UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36 OF CANADA FLUORSPAR (NL) INC. AND CANADA FLUORSPAR INC. AND NEWSPAR.

August 24, 2022

GrantThornton

Grant Thornton Limited,
Court Appointed Monitor

Suite 300 - 15 International Place
St. John's, NL A1A 0L4

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INTRODUCTION

1. On February 21, 2022, upon the application of PricewaterhouseCoopers Inc., in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and Bridging Income Fund LP (collectively referred to as "**Bridging**"), Grant Thornton Limited ("**GTL**") was appointed as Interim Receiver (the "**Interim Receiver**") of all the current and future assets, undertakings and properties (the "**Property**") of Canada Fluorspar (NL) Inc. and Canada Fluorspar Inc. by Order of the Supreme Court of Newfoundland and Labrador (the "**Court**").

2. The Interim Receivership Order authorized the Interim Receiver, among other things, to:

   (a) receive, preserve, protect and maintain control over the Property;

   (b) to retain or hire any employees on behalf of the Company;

   (c) to report to, meet with and discuss with such Affected Persons (as defined in the Interim Receivership Order) as the Interim Receiver deems appropriate;

   (d) to utilize monies on hand or borrowed by the Interim Receiver to fund payments of employee payroll obligations, rent, insurance, utilities, and other obligations determined by the Interim Receiver to be integral to the preservation of the Property;

   (e) to commence proceedings for the Company pursuant to the *Bankruptcy and Insolvency Act* ("**BIA**") or the *Companies' Creditors Arrangement Act* ("**CCAA**"); and

   (f) to report to the Court and the creditors of CFI regarding the status of the business and financial affairs of CFI, including its assets, liabilities, accounts payable and other matters deemed relevant by the Interim Receiver.

3. On March 8, 2022, the Interim Receiver made application to commence proceedings pursuant to the CCAA and the Court issued an Initial Order on March 11, 2022. Grant Thornton Limited was appointed Monitor ("**Monitor**").

4. The Initial Order imposed a stay of proceeding against Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., and Newspar (a General Partnership) (collectively referred to as the "**Company**" or "**CFI**").

5. The Initial Order granted an initial stay of proceedings and authorized the Monitor, among other things, to:

(a) Preserve and protect the Business and Property of CFI excluding certain property in favour of HSBC Bank of Canada ("**HSBC**");

(b) Providing the Monitor with certain enhanced powers;

(c) Approving the debtor in possession financing to allow CFI to continue to operate in the ordinary course pending the comeback hearing; and

(d) Setting down the comeback hearing for March 18, 2022 at 10am.

6. On March 18, 2022 (Court order is dated March 21, 2021), the Court issued an Amended and Restated Initial Order ("**ARIO**") which affirmed the terms of the Initial Order and authorized the Monitor, among other things:

(a) Authority to file, if deemed appropriate, a plan of compromise and arrangement on behalf of the Company;

(b) Authority to implement operational changes and pursue restructuring opportunities on behalf the Company;

(c) Authority under s. 32 of the CCAA to disclaim or rescind agreements for real property;

(d) Granted an extension of the stay of proceedings to July 10, 2022;

(e) Empowered to run a Sales and Investment Solicitation Process ("**SISP**"), with the terms being outlined in the SISP Process on behalf of the Company and approved by the Court via a SISP Order;

(f) Provided enhanced powers within the CCAA due to the directors of the Company resigning and there being no officers;

(g) Authorized an increase to the DIP Financing Agreement to borrow on behalf of the Company in accordance with the DIP Financing Agreement.

7. A copy of the ARIO is attached hereto as **Appendix "A"**.

8. On June 10, 2022, the Monitor made application to the Court to extend the stay of proceedings and extend the SISP process. The Court issued an Order regarding the SISP, an extension of the stay of proceedings and authorized the Monitor, among other things:

(a) Approved of the Monitor's activities to the date of the Third Report of the Monitor of May 30, 2022;

(b) Granted an extension of the stay of proceedings to September 2, 2022;

(c) Granted and declared that pursuant to section 5(5) of the *Wage Earners Protection Act* ("**WEPPA**") the Company's former employees meet the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 and are individuals to whom the WEPPA applies as of March 18, 2022;

(d) Granted approval of amendments to the SISP Order; and

(e) Granted approval of amendments to the ARIO Order.

9. A copy of the Order regarding the Amended and Restated Initial Order – Amendment #1 and Revised SISP and WEPP Order dated June 10, 2022 is attached hereto as **Appendix "B"**..

10. The preceding reports of Grant Thornton Limited as Interim Receiver and Monitor, and all other information in respect of the interim receivership, and all other information in respect to the CCAA proceeding, are posted on the Interim Receiver's and Monitor's website at www.GrantThornton.ca/CFI. Readers are encouraged to read the following reports of Grant Thornton Limited, the materials filed with the court in relation to the applications, and the orders of the Court to provide additional information:

Reports to the Court

a) First Report of Grant Thornton Limited in its capacity as Interim Receiver dated March 8, 2022

b) Second Report of Grant Thornton Limited in its capacity as Monitor dated March 15, 2022

c) Third Report of Grant Thornton Limited in its capacity as Monitor dated March 15, 2022

Court Orders

a) Interim Receivership Order dated February 21, 2022, including reasons for judgement

b) CCAA Initial Order dated March 11, 2022, including reasons for judgement

c) ARIO dated March 21, 2022, including reasons for judgement

d) Order approving the SISP dated March 21, 2022

e) Order approving the Revised SISP, Amended and Restated Initial Order – Amendment #1, and WEPP eligibility dated June 10, 2022.

11. On March 25, 2022, on application by HSBC Bank Canada, the Court appointed Deloitte Restructuring Inc. ("**Deloitte**") as receiver over the accounts receivable of the Company. Stakeholders wishing additional information on that proceeding are encouraged to contact Deloitte.

12. This is the Fourth Report of the Monitor.

PURPOSE OF THE REPORT

13. The purpose of this report (the "**Fourth Report**") is to inform the Court of the following:

(a) The activities of the Monitor since May 30, 2022, the date of the Third Report;

(b) Advise the Court the Monitor has chosen a Successful Bidder pursuant to the SISP and that the transaction contemplated in the Offer by the Successful Bidder is supported by Bridging and the Province of Newfoundland and Labrador, the senior secured creditors;

(c) Seeking the following Orders:

(i) Changes to certain dates in the Revised SISP Order that extends the timeline in the Monitor's SISP Process for the completion of the Definitive Documentation in respect of the Successful Bid from August 12, 2022 to September 16, 2022, and also extend the proposed closing date from September 2, 2022 to October 7, 2022 ("**Third Revision of the SISP Order**" and "**Third Revision of the SISP Procedures**");

(ii) Changes to the ARIO requesting an extension to the period of the stay of proceedings to October 17, 2022 ("**ARIO – Amendment #2**"); and

(iii) Approving this Fourth Report, the activities of the Monitor and its counsel;

TERMS OF REFERENCE

14. In preparing this Fourth Report, the Monitor has relied upon unaudited financial information, certain Company's records, financial information and projections, and discussions with the Management of the Company, and its legal advisors. While the

Monitor reviewed various documents provided by the Company and its legal advisors (including, among other things, unaudited internal financial statements and financial projections) and believes that the information therein provides a fair summary of the transactions as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles ("**GAAP**") or International Financial Reporting Standards ("**IFRS**"). Accordingly, the Monitor expresses no opinion or other form of assurance pursuant to GAAP or IFRS with respect to such information.

15. Some of the information used in preparing this Fourth Report consists of financial projections, including the Cash Flow Forecast. The Monitor cautions that these forecasts are based upon assumptions about future events and conditions that are not ascertainable. The Company's actual results may vary from the Cash Flow Forecast, even if the Hypothetical and Probable Assumptions (defined herein) contained therein materialize, and the variations could be significant. The Monitor's review of the future oriented information used to prepare this Fourth Report did not constitute an audit of such information under Generally Accepted Auditing Standards, GAAP or IFRS.

16. In the course of its mandate, the Monitor has assumed the integrity and truthfulness of the information and explanations presented to it by the Company, its Management and other stakeholders, within the context in which such information was presented. To date, nothing has come to the Monitor's attention that would cause it to question the reasonableness of these assumptions, or accuracy of the information. The Monitor has requested that Management bring to its attention any significant matters which were not addressed in the course of the Monitor's specific inquiries. Accordingly, this Report is based solely on the information (financial or otherwise) made available to the Monitor by the Company and its Management.

17. This Fourth Report has been prepared for the use of this Court and the Company's stakeholders as general information relating to the Company and to assist the Court in determining whether to grant the relief sought by the Company. Accordingly, the reader is cautioned that this Report may not be appropriate for any other purpose. The Monitor will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Fourth Report contrary to the provisions of this paragraph.

18. All references to dollars are in Canadian currency unless otherwise noted.

BUSINESS, PROPERTY, AND CARE AND MAINTENANCE

19. Since its appointment, the Monitor, has continued to preserve and protect the Company's business and property and has completed the transition into care and maintenance mode. The maintenance and care of the business and property is ongoing and there is/are no significant issue(s) to note.

20. The Monitor has:

a) Security – Maintained the existing Company security processes and procedures, and developed and rolled out an enhanced physical security protocols for the mine sites and IT security enhancements;

b) Insurance – Maintained the Company's insurance policies which remain in full force and effect, with the exception of Directors and Officers Liability Insurance (there are no directors or officers), and insurance over finished good inventory in transit (the mine is in care and maintenance mode and no further sales of inventory are contemplated);

c) Utilities and services – Arranged for the continued provision of services from utilities and other vendors, including new payment processes and credit terms (if applicable). The Monitor has paid for all services rendered to date in the normal course;

d) Employees – retained a core group of employees sufficient to maintain the mine, its assets and other properties in care and maintenance mode, support the SISP process, and maintain a core of key employees to allow for the possibility of a restart of operations for a purchaser should the SISP process transaction close;

e) Operations – In conjunction with Company management, participate in twice daily operation updates and planning, and weekly updates and planning processes as part of the care and maintenance program. The weekly operational report is shared with the Bridging and the Province of Newfoundland and Labrador (together the "**DIP Lenders**");

f) Inventory of certain assets – Monitor has worked to complete an inventory of capital assets, leases, supply agreements, etc. in support of its estate communication processes, the SISP, and for use by other stakeholders in the process;

g) Statutory Filing – Monitor has continued to communicate with, file all statutory reports, and make all required payments with/to Canada Revenue Agency, Service Canada (for the WEPP Program), Workplace NL, Department of Industry Energy and Technology ("**DIET**"), Department of Fisheries and Oceans, and Environment Canada;

h) DIP Lenders – Monitor has continued to report to the DIP Lenders in accordance with the DIP Financing Agreement without issue; and

i) Reporting to Creditors and Other Stakeholders – Monitor has continued to respond to creditor and stakeholder queries, attend meetings with various creditors and stakeholders, and has continued to maintain the estates website by posting updated information as it becomes available.

CREDITORS

21. The Monitor has, and continues, to engage with all significant creditors and stakeholders in the CCAA proceeding by responding to queries when possible in a timely and factual manner:

a) Secured Creditors – Bridging and the Province of Newfoundland and Labrador ("**PNL**") – The Monitor has provided regular updates to Bridging and PNL on operational and the financial matters in the estate pursuant to the DIP Loan agreement. In addition, the Monitor has responded to all queries to the satisfaction of Bridging and PNL.

b) HSBC Bank of Canada ("**HSBC**") – The CCAA proceeding has carved out the Company's accounts receivable and those assets are being dealt with by Deloitte. The Monitor has cooperated with Deloitte in furtherance of its mandate, and Deloitte has cooperated with the Monitor in furtherance of its mandate.

c) Unsecured – The Monitor has created an email address to engage with stakeholders in the proceeding (canadafluorspar@ca.gt.com). That address is monitored, and queries responded too. In addition, the Monitor has created a website for stakeholders on this proceeding at www.grantthornton.ca/cfi. This website is updated regularly.

d) Employees – The Monitor has created a section on the estate's website dedicated to employees and posts responses to employee related questions, and other updates. In addition, the CFI Human Resource Manager was retained by the Monitor and responds to employee related queries.

e) Town of St. Lawrence – The Monitor has provided regular updates to the Town of St. Lawrence.

f) Equipment leases – The Monitor has engaged with the various leasing companies for equipement and has made satisfactory arrangements with the majority of them. Further details are:

   i. The Monitor continues to maintain lease payments to 7 lease agreements detailed in the Third Report:

      (i) Lease agreement with Navstar Capital (Bank of Montreal) for the purchase of a 2020 International truck and a 2020 Tremcar 1000LT Tank;

      (ii) Lease agreement with Meridian OneCap Credit Corp. for the purchase of a 2019 Takeuchi Mini Excavator;

      (iii) Lease agreement with DLL for the purchase of two 2021 Takeuchi TL8CRWH Track Loaders; and

      (iv) Lease agreement with DLL for the rental of a MX3051, two MX3071 and a MX4071 printer.

   ii. The Monitor has also been in communication with Komatsu International (Canada) Inc. ("**Komatsu**"), beneficiary of 13 lease agreements for various equipment with the Company. Komatsu has agreed to suspend future payments on these lease agreements through the SISP.

iii. Caterpillar Financial Services Limited ("**Caterpillar**"), beneficiary of 3 lease agreements for various equipment with the Company, has continued to agree to suspend future payments on these lease agreements through the SISP.

iv. The Monitor has agreed to maintain the following 2 lease agreements since the date of the Third Report:

   (i) the Monitor and Ford Credit Canada Leasing, beneficiary of 2 lease agreements for two light duty trucks with the Company.

   (ii) The remaining 3 lease agreements were disclaimed and vehicles returned on agreement with Ford Credit Canada Leasing.

v. The Monitor has not aware of any creditor seeking to dispute any disclaimers and has not received any notice that any of the lessors intend to dispute the disclaimer.

vi. Supply Agreements – The Company had entered into various supply agreements with customers for the sale of acid grade fluorspar, and certain supply agreements with vendors. The review of those agreements is ongoing and it's the Monitors view that claims, if any, can be dealt with in any claims process should one be ordered by the Court.

PURCHSE / SALE OF ASSETS

22. Since the Third Report, the Monitor has sold the following assets:

a) The Monitor, with agreement from Quadra Chemicals Ltd., paid $65,061.75 USD to pay out the lease and acquired the Flocculant Application System. There were 11 payments outstanding, of which 2 were in arrears at the stay of proceeding. The equipment was critical to the functioning of the environmental maintenance and compliance program, which is turn was a critical component of the license and permitting regime. A copy of the bill of sale is attached herein as **Appendix "C"**.

b) The Monitor made the final lease payment to Epiroc Financial Solutions in the amount of $19,604. The Monitor then retained Ritchie Brothers auctioneers to sell the 2016 drill via online auction. The Monitor, with the agreement of the DIP Lenders, accepted an offer of $175,000 which resulted in $157,939 in new proceeds. A copy of the contract statement is attached herein as **Appendix "D"**.

c) The Monitor continues to sell small quantities of aggregate and fluorspar into the local market. The volumes and proceeds are immaterial.

d) The Monitor was authorized to complete the Epiroc sale without prior Court approval pursuant to paragraph 30 (b)(iv)(A) of the ARIO – Amendment #1.

THIRD PARTY ASSETS

23. The Monitor has developed a process to receive and evaluate claims from stakeholders for the return of property owned by third parties using Form 74 of the *Bankruptcy and Insolvency Act*. The Monitor has received and accepted, or partially accepted claims for reclamation of property owned by Air Liquide Canada Inc., T R Excavating Inc., Blue Water Newfoundland Ltd, GFL Environment Inc., Modspace, General Auto and Industrial (operating as NAPA Auto Parts 6305). The assets subject to these claims have been returned to the owner. Details are noted in the Third Report.

24. Since the date of the Third Report, the Monitor has received accepted claims for reclamation of property owned by SMS Equipment Inc. and RJG. Details are noted here:

a) A claim from SMS Equipment Inc. ("**SMS**") for consignment inventory stored on site at CFI. The Monitor accepted this claim in full. SMS has retrieved all of their consignment inventory from CFI;

b) A claim from RJG for 40 anchors rented and stored on site at CFI. The Monitor accepted this claim in full, as CFI does not have ownership rights for the anchors as they were only rented to CFI. The Monitor was only able to locate 39 anchors on site. RJG has retrieved the 39 anchors located by the Monitor from CFI; and

c) A claim from RJG for a 2008 International 70S740 truck with serial number 1HTWGAATX8J553462 and a 2001 Caterpillar 375L excavator with serial number 001JM00622 stored on site at CFI. The Monitor accepted this claim in full, as both the truck and excavator are registered to RJG. RJG has retrieved both the truck and excavator from CFI.

25. The Monitor has arranged for Weir Minerals Canada Inc. to leave their assets on site pending the outcome of the SISP process.

26. The Monitor has also requested a property claim form for two line trucks stored on site at CFI by Brenco High Voltage Solutions. The trucks are stored on site for the purpose of emergency repairs to CFI's power lines during outages. The Monitor expects to receive a property claim in the coming weeks for review.

27. The Monitor has also been informed by the St. Lawrence Area Trail Association ("**SLATA**") that various equipment is being stored on site at CFI but was donated to the SLATA a number of years ago. The equipment includes steel beams, discarded coast guard towers, navigation lights and older model solar panels. The Monitor has requested a reclamation of property form be completed by the SLATA. The Monitor will review the property claim form once received.

28. The Monitor has also been informed by Atlantic Explosives Limited ("**AEL**") is the owner of two magazines on site. The Monitor has requested that AEL fill in a property reclamation form for the magazines, at which time their claim will be reviewed.

EMPLOYEES

29. As of the date of this Third Report, there are 37 employees employed with the Company.

30. No employees have been hired or terminated since the date of the Third Report.

31. Based on advice provided by CFI management team, and the results of ongoing monitoring and regulatory oversight, the Monitor considers the current work force level of 37 is what is required to continue to preserve and protect the business and assets of the Company in a care and maintenance mode. No further reductions are anticipated; however, the Monitor will continue to evaluate this need, and the circumstances of the business and its assets, and retain and employ those parties whose experience and skill

sets are required to continue to preserve and protect the business and assets for the benefit of the stakeholders.

32. On June 10, 2022, this Court approved an Order concerning the WEPP eligibility of terminated employees.

33. Since the date of this Order, the Monitor has filed with Service Canada all Trustee Information Forms ("**TIF**") for employees who have filed a proof of claim with the Monitor.

34. In total, 227 eligible employees have submitted a proof of claim with the Monitor. The Monitor has filed the required TIF's with Service Canada for these employees.

35. As of the date of this report, 12 eligible employees have not submitted a proof of claim with the Monitor. The Monitor will file the TIF with Service Canada for these employees when a proof of claim form has been submitted.

NOTICES AND STATUTORY REPORTING

36. The Monitor has reported to the Court in the Second Report on the CCAA statutory notices. The Monitor continues to update the estate's website at www.canadafluorspar.ca/cfi providing estate stakeholders updates when available.

37. The Monitor, together with CFI management continues to work to update, and file, all statutory filings, reports and payments with the Canada Revenue Agency ("**CRA**"), Workplace NL, Service Canada (for the WEPP Program), Department of Industry Energy and Technology ("**DIET**"), Department of Fisheries and Oceans, Natural Resources Canada, and Environment Canada.

38. CRA completed a payroll trust examination for Canadian employees covering the prefiling pay period in the calendar year 2022. The Monitor has been advised that there are no issues, and that no property claim will be forthcoming.

39. CRA issued a letter to the Monitor dated June 1, 2022 indicating a proposed change to the GST/HST return for the audit period of March 1, 2022 to March 11, 2022 ("HST Assessment"). On receipt of this letter, the Monitor requested and was granted an extension to July 18, 2022 to respond. On July 18, 2022, the Monitor formally responded to the letter concerning the HST Assessment. To date, the Monitor has not received further communication from CRA on this matter. A copy of the CRA letter dated June 1, 2022 and the Monitors response is attached hereto as **Appendix "E"**.

40. On June 8, 2022, CFI's received notice from CRA of a tax audit of the Part XIII, Regulation 105 and Regulation 102, of Account 89811 4087 RC0001 for the years 2016 to 2020. The Monitor, with assistance from CFI's management, are currently working to compile the documents requested by CRA. A copy of the CRA audit notice is attached hereto as **Appendix "F"**.

41. On August 16, 2022, the Monitor was notified by AEL of an explosives inspection to be held at CFI by Natural Resources Canada, Explosives Regulatory Division. CFI received minor review notes including painting the magazine and using the fob system when accessing the magazines. These changes will be addressed by CFI employees in the coming weeks.

SALES AND INVESTMENT SOLICITICATION PROCESS ("SISP")

42. On March 21, 2022 the Court approved the SISP Order and SISP Procedures. On subsequent application by the Monitor on June 10, 2022, the Court approved amendments to the SISP.

43. The Monitor has disclosed details of the SISP and any revisions to the SISP on its website at www.grantthornton.ca/cfi.

44. The Monitor has completed the following:

a) Event 1 – Solicitation Letter - Solicitation letters were sent to potentially interested parties on March 20, 2022. The interested parties list was developed using information provided by Bridging, parties who reached out to GTL during the Interim Receivership proceeding, industry research provided by various stakeholders, and Company information. The teaser, draft non-disclosure agreement ("**NDA**"), Solicitation Letter and SISP Procedures were completed and posted to the Monitor's website and included in Virtual Data Room ("**VDR**").

b) Event 2 - CIM and VDR - Opened the VDR on March 24, 2022 to parties who had returned the signed NDA. Published the Confidential Information Memorandum ("**CIM**") to the VDR on April 1, 2022. The Monitor, together with the Company and legal counsel utilizing a due diligence tracking tool identified 195 information points that were populated in the VDR, where possible. In addition, the VDR is on a platform called Firmex which notified all registered users on a daily basis when new information is posted to the VDR, enabling the Monitor to treat all interested parties fairly.

c) Event 3 – Phase 1 Qualified Bidders & Bid Deadline – The Monitor, after consulting with the DIP Lenders and the Company, extended the deadline to submit non-binding LOI's ("**LOI's**") from Sunday April 17, 2022 to Wednesday April 20, 2022 at 5:00 PM Newfoundland Standard Time. The extension was communicated to interested parties to avoid the submissions being due on the Sunday of the Easter long weekend. Notice of this extension was also provided to the Service List.

d) Event 4 – Phase 1 Successful Bid – The Monitor received multiple LOI's by the Phase 1 Bid Deadline. After consultation with the DIP Lenders and the Company, the Monitor proceeded to accept multiple LOI's to proceed to Phase 2 of the SISP process as Phase 2 Qualified Bidders.

e) Event 5 – Phase 2 Bid Deadline & Qualified Bidders – The Monitor received multiple bids by the deadline and began discussions with the parties who submitted bids, and with the DIP Lenders.

f) The Monitor, on consultation with the DIP Lenders and CFI, and on notice to the service list, extended the date by which the selection of the Successful bidder was to be chosen to August 16, 2022 and provided Phase 2 bidders until August 12, 2022 to submit further offers.

g) Event 6 – Auction – The Monitor, in consultation with the DIP Lenders, determined that an auction was not necessary based on the bids received.

h) Event 7 – Selection of Final Successful Bid – On August 18, 2022, after review of the bids received, the Monitor selected the Successful Bidder and made a recommended to the DIP Lenders.

i) The DIP Lenders have advised the Monitor they are supportive of the proposed transaction by the Successful Bidder.

45. As detailed in the Monitor's Third Report, independent service providers were engaged to complete the National Instruments 43-101 ("43-101") report. This report was indicated

in multiple LOI's as a condition required on closing. The 43-101 was finalized and released to Phase 2 Qualified Bidders on June 15, 2022.

46. The Monitor is currently working with the Selected Bidder on the definitive documentation that will be required for Court approval of the Successful Bidders proposed transaction. Given the number of agreements and negotiations to work through, the Monitor is requesting of this Court approved an extension of the stay of proceedings in the ARIO – Amendment #1 to October 17, 2022, and approve an extension to the timelines in the SISP to bring the proposed transaction to Court for approval, as follows:

    a) Event 8 – Definitive Documentation – September 14, 2022
    b) Event 9 – Approval Motion – Successful Bid – No later than September 23, 2022
    c) Event 10 – Closing Successful Bid – No later than October 7, 2022
    d) Event 11 – Outside Closing Date – No later than October 17, 2022

47. The Monitor intends to provide a detail report to the Court on the SISP, the bids received, and the Monitor's recommendation on the Successful Bid with its approval motion on the proposed transaction.

LEGAL PROCEEDINGS

48. Other than the CCAA proceeding, the estate is involved in 2 other active legal proceedings:

    a) On May 2, 2022, in Federal Court, a Statement of Claim was filed by Farrell's against the Company and an arrest warrant was issued for the vessel Janet C along with its owners and cargo as part of an application made in Federal Court in Halifax, Nova Scotia on May 2, 2022. The claim is in relation to the loading of the vessel for the sale of the inventory to Fluorsid, and for prefiling unsecured debts. Through a consent order the arrest was lifted. This matter has been settled, the arrest released, and the action discontinued.
    b) As previously reported, Inaminka Marine Services Limited has the CFI barge under arrest in Marystown. Details on the arrest were provided

in the Monitor's Third Report. The Monitor is vigorously defending the claim. It is the Monitor's understanding that a date in Federal Court is expected by mid-September to hear the matter concerning the arrest of CFI's barge.

49. The legal proceeding with regards to the CFI barge is considered complete. The Monitor provided notice to RJG Construction Ltd. ("**RJG**") by way of Form 4 disclaiming a Barge Sale for Services Agreement (the "**Agreement**") dated June 10, 2022:

a) On June 15, 2022, the Monitor received notice from RJG intending to dispute Form 4 disclaiming the Agreement;

b) A court date was scheduled to hear the RJG application for August 2, 2022 to hear the matter;

c) On July 27, 2022, the Monitor received notice from RJG's legal counsel that it was withdrawing the application;

d) The Agreement is now disclaimed in accordance with paragraph 35(5)(a) of the CCAA upon withdrawal of the application by RJG.

50. The Monitor has consented to the filing of various statements of claim by lien holders in order to perfect their lien claims. The lien claims will be dealt with in a claims process should one be approved by the Court.

ACTIVITIES OF THE MONITOR - OTHER

51. The Monitor has continued to complete the following:

a) The Monitor has continued to fully fund payroll for the remaining employees to Ceridian Canada Ltd. ("**Ceridian**") and has paid all outstanding wages. Ceridian has remitted all applicable source deductions to the Crown on behalf of the Monitor; and

b) The Monitor has paid all regulatory costs owed to the Mineral Lands Division of the Province of Newfoundland and Labrador under the Mineral Act RSNL 1990, c. M-12 relating to mineral licenses, mine and surface leases, water-use licenses and water monitoring charges.

MATERIAL ADVERSE CHANGE

52. The Monitor is not aware of any issue or condition that could be considered a Material Adverse Change pursuant to s.23(1)(d), or the DIP Financing Agreement.

53. The Monitor continues to be of the opinion that s.23(1)(h) does NOT apply and it would be more beneficial to the Company's creditors to continue with the SISP within the CCAA proceeding.

CHANGES TO THE SALES AND INVESTMENT SOLICITATION PROCESS

54. At this time, the Monitor has communicated to the Successful Bidder that they are the Successful Bidder.

55. With a Successful Bid, that is supported by the DIP Lenders, the Monitor is further requesting that the ARIO – Amendment #1, and the Revised SISP Order, be amended to extend the process as follows:

8. Definitive Documentation Deadline for completion of definitive documentation in respect of Successful Bid	By no later than September 14, 2022
9. Approval Motion – Successful Bid Deadline for filing of Approval Motion in respect of Successful Bid	By no later than September 23, 2022
10. Closing – Successful Bid Anticipated deadline for closing of Successful Bid being the Target Closing Date	October 7, 2022 or such earlier date as is achievable
11. Outside Date – Closing Outside Date by which the Successful Bid must close	October 17, 2022

56. The extension of time requested in the Revised SISP the ARIO – Amendment #1 is less than 8 weeks, and it is the Monitors opinion the extension is reasonable in the circumstances.

57. The DIP Lenders, who are also the primary secured creditors, are supportive of the extension as proposed.

58. As described more fully below, the Monitor can fund the extension utilizing the net proceeds from the sale of the Fluorspar inventory and stretch the DIP funds further given the Monitor's holding costs to date are less than forecast.

CASH FLOW UPDATE AND REVISED FORECAST

59. The Monitor has prepared an analysis of budget to actual as of August 24, 2022. This is attached hereto as **Appendix "G"**. Overall, the Monitor is tracking ahead of budget by $730,000 on a net basis, being behind forecast on the cash inflows of $231,000 and ahead of forecast on expenses by $962,000. In addition, the Monitor has attached hereto as **Appendix "H"** a statement of receipts and disbursements to August 19, 2022.

60. The Monitor has prepared a revised cash flow forecast, attached hereto as **Appendix "I"** (the "**Revised Cash Flow Forecast**") as a result of the Monitor's proposed extension to the SISP. The Cash Flow Forecast covers the period from August 22, 2022 to October 30, 2022 (the "**Revised Cash Flow Period**");

61. The Cash Flow Forecast has been prepared by the Monitor using probable and hypothetical assumptions set out therein (the "**Probable and Hypothetical Assumptions**");

62. The requirement of s. 23(1)(b) of the CCAA states that the Monitor is to review the Revised Cash Flow Forecast for reasonableness. As the Directors of the Company have resigned, the Monitor has prepared the Revised Cash Flow Forecast based on the actual expenses incurred since the date of the Interim Receivership and Initial Order. The Monitor is of the opinion that the Revised Cash Flow is reasonable in all material respects:

   (a) The Probable and Hypothetical Assumptions are consistent with the purpose of the Revised Cash Flow Projection;

   (b) As at the date of this Fourth Report, the Probable and Hypothetical Assumptions developed by the Monitor are suitably supported and consistent with the Company's plans and provide a reasonable basis for the Revised Cash Flow Forecast;

   (c) The Revised Cash Flow Forecast reflects the Probable and Hypothetical Assumptions.

63. The Company's cash position, held in trust with the Monitor, as of August 19, 2022 is $3,431,794.26. The Company is forecasting future disbursements from the date of this report through to October 30, 2022 of approximately $2,545,000 and have held back an estimated $100,000 to cover the unremitted withholding taxes for 2021, and an estimated $85,000 WEPP priority claim from Service Canada.

GENERAL COMMENTS ON THE CASHFLOW

64. In addition, the Monitor makes the following general comments on the Revised Cash Flow Forecast:

(a) Disbursements appear to be consistent with the level of operations since the date of the Initial Order;

(b) The Revised Cash Flow Forecast includes the encumbering of estimated priority claims by the Canada Revenue Agency and Employment and Social Development Canada relating to WEPPA. The Monitor understands a portion of those claims would have priority over the secured creditors in relation to the Company's current assets;

(c) Disbursements include forecast payments to the Company's legal counsel and financial advisors, and the Monitor and its legal counsel.

65. The Monitor has the funds in place to support the requested extension of the Revised SISP and stay of proceedings.

EXTENSION OF THE STAY OF PROCEEDINGS

66. The stay of proceedings currently expires on September 2, 2022.

67. The Monitor is requesting of this Court an extension of the stay of proceedings to October 17, 2022, the proposed Outside Closing Date, to allow for the completion of the Successful Bidders proposed transaction.

68. As demonstrated in the Revised Cash Flow Forecast, the Company is forecasted to have sufficient liquidity to fund the current level of operations and obligations and costs of the CCAA proceeding through to the end of the requested extension of the stay of proceedings.

69. For the reasons set out in this Fourth Report, the Monitor is of the view that the relief requested is reasonable and respectfully recommends that this Court further amend the ARIO and SISP to and grant the requested relief.

RECOMMENDATION

70. For the reasons set out in this Fourth Report, the Monitor is of the view that the relief requested is reasonable and respectfully recommends that this Court 1) amend the SISP timelines as proposed by the Monitor and 2) amend the ARIO to extend the stay of proceedings to October 17, 2022 to allow the completion of the amended SISP timelines.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 24th day of August 2022.

GRANT THORNTON LIMITED,
SOLELY IN ITS CAPACITY AS MONITOR
OF THE COMPANY, AND NOT IN ITS PERSONAL CAPACITY

Per: ______________________________

Phil Clarke, CPA, CA, CIRP, LIT

Senior Vice-President

TAB A

2022 01G 0709

IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF an application of Canada Fluorspar (NL) Inc., and Canada Fluorspar Inc., by their Court Appointed Interim Receiver, Grant Thornton Limited.

AND IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C. c-36, as amended

AMENDED AND RESTATED INITIAL ORDER

BEFORE THE HONOURABLE JUSTICE MACDONALD

THIS APPLICATION, made by Grant Thornton Limited, in its capacity as Court-Appointed Interim Receiver of Canada Fluorspar (NL) Inc., and Canada Fluorspar Inc., (the "**Interim Receiver**" or the "**Applicant**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order substantially in the form filed with the Application was heard this 11th day of March, 2022.

ON READING the affidavit of Phil Clarke sworn the 8th day of March, 2022 (the "**Clarke Affidavit**") and the Exhibits thereto, the consent of Grant Thornton Limited ("**GTL**") to act as Court-appointed monitor of Canada Fluorspar (NL) Inc. Canada Fluorspar Inc., and Newspar (a General Partnership) (in such capacity, the "**Monitor**"), and the Pre-Filing Report of GTL as Interim Receiver;

ON READING, the report of GTL as Monitor dated the 15th day of March, 2022;

ON HEARING the submissions of counsel for the Applicant, legal counsel for the Company (as defined herein), and such other counsel that were present, no one else appearing for any party although duly served as outlined in the affidavit of service dated the 10th day of March, 2022, and on reading the consent of GTL to act as Monitor;

SERVICE

Filed March 21, 22

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Materials filed, as set out in the affidavit of service is hereby deemed adequate notice so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., and Newspar (a General Partnership) (collectively the "**Company**") is a company to which the CCAA applies.

3. Capital terms not otherwise defined herein shall have the meaning ascribed to them in Schedule "A"

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, shall have the authority to file and may, if deemed appropriate and subject to further order of this Court, file with this Court a plan of compromise and arrangement (hereinafter referred to as the "**Plan**".

POSSESSION OF PROPERTY AND OPERATIONS

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

6. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

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

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

(c) in consultation with the DIP Lender, amounts owing for goods and services supplied to the Company, if in the opinion of the Monitor, the supplier or vendor of such goods or services is necessary for the operation and preservation of the Business or Property.

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

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance, maintenance and security services and lease payments for mining equipment used in the operation of the Business; and

(b) payment for goods or services actually supplied to the Company following the date of this Order.

8. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, shall remit, in accordance with legal requirements, or pay:

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

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Company in connection with the sale of goods and services by the Company, but only where such Sales Taxes are accrued or collected after the date of this Order, and

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

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

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

RESTRUCTURING

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

(a) Permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding $500,000 in any one transaction or $2,500,000 in the aggregate;

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

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

All of the foregoing to permit the Monitor, on behalf of the Company, to proceed with an orderly restructuring of the Business (the "**Restructuring**").

12. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, shall provide each of the relevant landlords with notice of the Company's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Company's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Monitor, on behalf of the Company, or by further Order of this Court upon application by the Monitor on at least two (2) days notice to such landlord and any such secured creditors. If the Monitor disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Company's claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer [or resiliation], the landlord may show the affected leased premises to prospective tenants

during normal business hours, on giving the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Company in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE COMPANY OR THE PROPERTY

14. **THIS COURT ORDERS** that until and including the 10th day of July, 2022 or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Company or the Monitor, or affecting the Business or the Property,(save and except the Excluded Property), except with the written consent of the Monitor and the Company, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Company or affecting the Business or the Property (save and except the Excluded Property) are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

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

16. **THIS COURT ORDERS** that nothing in this Order shall prevent HSBC from exercising any rights or remedies, taking any enforcement steps, actions or commencing any proceedings against the Company with respect to the Excluded Property.

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

19. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to

advance or re-advance any monies or otherwise extend any credit to the Company. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

APPOINTMENT OF MONITOR

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

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

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

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

(c) assist, with consultation with the Company, in its dissemination of reports and other information to the DIP Lender (as defined herein) and their respective counsel, pursuant to and in accordance with the Definitive Documents (as defined herein), or as may otherwise be reasonably requested by the DIP Lender;

(d) execute the DIP Financing Agreement (as defined herein) on behalf of the Company;

(e) advise, in consultation with the Company, in its preparation of the Company's cash flow statements and reporting required by the DIP Lender under the Definitive Documents, which information shall be reviewed with the Monitor and delivered to the DIP Lender and their respective counsel in accordance with the Definitive Documents;

(f) execute any and all documentation, on behalf of the Company, as reasonably necessary or required by the DIP Financing Agreement and the SISP;

(g) run the SISP pursuant to the SISP Order;

(h) advise, in consultation with the Company, in its development of the Plan and any amendments to the Plan, if applicable;

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

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

(k) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other Persons (as defined below) from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Monitor's powers and duties, including those conferred by this Order;

(l) enter into any agreements;

(m) exercise any rights of the Company;

(n) apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and in the name of the Company;

(o) take any and all steps of the Company authorized by any Order made in these proceedings, including making distributions or payments;

(p) purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the Business, or any part or parts thereof; and

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

22. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property but as Monitor shall take part in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business, or any part thereof.

23. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

24. **THIS COURT ORDERS** that nothing herein contained shall make the Monitor liable for any mine closure or environmental and land rehabilitation-related liabilities or obligations in respect of or in any way related to the Property (or caused by or resulting from any matter or thing originating on or coming from the Property). For greater certainty:

(a) Notwithstanding anything in any Environmental Legislation, the Monitor is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:

(i) before the Monitor's appointment; or

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(ii) after the Monitor's appointment unless it is established that the condition arose or the damage occurred as a result of the Monitor's gross negligence or wilful misconduct.

(b) Nothing in sub-paragraph (a) exempts the Monitor from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.

(c) Notwithstanding anything in any Environmental Legislation, but subject to subparagraph (a) hereof, where an order is made which has the effect of requiring the Monitor to remedy any environmental condition or environmental damage affecting the Property, the Monitor is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,

(i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Monitor, if the order is in effect when the Monitor is appointed, or during the period of the stay referred to in clause (ii) below, the Monitor:

(A) complies with the order, or

(B) on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;

(ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Monitor, if the order is in effect when the Monitor is appointed, by,

(A) the court or body having jurisdiction under the law pursuant to which the order was made to enable the Monitor to contest the order; or

(B) the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or

(iii) if the Monitor had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

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

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

27. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Company shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Company as part of the costs of these proceedings. The Company is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and counsel for the Company on a weekly basis and, in addition, the Company is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Company reasonable retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

28. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose, the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Supreme Court of Newfoundland and Labrador in Bankruptcy and Insolvency.

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Company's counsel shall be entitled to the benefit of and are hereby granted a charge (the

"**Administration Charge**") on the Property, (save and except the Excluded Property and Excluded Inventory), which charge shall not exceed an aggregate amount of $250,000.00 (which includes the amount provided for in the Interim Receivership Order), as security for their professional fees and disbursements incurred at their respective standard rates and charges of the Monitor and such counsel, both before and after the making of this Order and the Amended and Restated Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 41 and 43 herein.

ENHANCEMENT OF MONITOR'S POWERS

30. **THIS COURT ORDERS** that, without in any way limiting the powers and duties of the Monitor, the Monitor is hereby empowered and authorized, but not obligated, to do any of the following in the name and on behalf of the Company, where the Monitor considers it necessary or desirable:

(a) take any and all actions and steps to manage, operate and carry on the Business, including, without in any way limiting the generality of the foregoing:

(i) any actions or steps the Monitor considers necessary or desirable to proceed with an orderly restructuring or liquidation of the Business;

(i) permanently or temporarily ceasing, downsizing or shutting down any of the Company's operations;

(ii) terminating the employment of or temporarily laying off employees of the Company;

(iii) pursuing all avenues of refinancing the Business or Property, except the Excluded Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing;

(iv) preparing a Plan of Compromise and Arrangement on behalf of one or more of the Applicants;

(v) settling, extending or compromising any indebtedness owing to or by the Company;

(vi) <u>initiating, prosecuting and continuing the prosecution of any and all proceedings and defending all proceedings now pending or hereafter instituted with respect to the Company, the Business, the Property or the Monitor and to settle or compromise any such proceeding;</u>

(vii) taking any and all corporate governance actions for the Company; and

(viii) providing instruction and direction to the advisors of the Company;

(b) preserve, protect and exercise control over the Property, (with the exception of the Excluded Property), or any parts thereof, including, without in any way limiting the generality of the foregoing:

(i) receive, collect and exercise control over all monies and accounts held by or owing to the Company; including any proceeds of the sale of any of the Property (save and except the Excluded Property);

(ii) exercise all remedies of the Company in collecting monies owed or hereafter owing to the Company and to enforce any security held by the Company;

(iii) execute, assign, issue and endorse documents of whatever nature in respect of any of the Property (save and except the Excluded Property) for any purpose pursuant to this Order;

(iv) to market, sell convey, transfer, lease or assign the Property, including running a sales solicitation process, or any part or parts of the Property out of the ordinary course of business;

(A) without the approval of this Court, in respect of any one transaction not exceeding $500,000 or $2,500,000 in the aggregate;

(B) <u>without the approval of this Court in respect of the sale of Fluorspar inventory</u>; and

(C) with the approval of this Court in respect of any other transaction;

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(c) to report to, meet with and discuss with such affected persons as the Monitor deems appropriate on all matters relating to the Business and the Property, and to share information, subject to such terms as to confidentiality as the Monitor deems advisable;

(d) oversee and direct the preparation and dissemination of financial and other information of the Company in these proceedings, including cash flow statements;

(e) apply to the court for advice and direction or for any further orders in these proceedings, including, without in any way limiting the generality of the foregoing, sale approval and vesting orders and orders extending or terminating the stay of proceedings;

(f) perform such other duties or take any steps reasonably incidental to the exercise of these powers;

and in each case where the Monitor takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other persons, including the Company and without interference from any other person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE MONITOR

31. **THIS COURT ORDERS** that the Company and all its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf shall fully co-operate with the Monitor in the exercise its powers under this Order or any other Order of the Court, including by:

(a) advising the Monitor of the existence of any Property of which such party has knowledge of;

(b) providing the Monitor with immediate and continued access to any Property in such party's possession or control;

(c) advising the Monitor of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Company, and any computer programs, computer tapes, computer disks, or other

data storage media containing any such information ("**Records**") of which such party has knowledge of; and

(d) providing access to and use of the Records, including any accounting, computer, software and physical facilities relating thereto, and including providing the Monitor with instructions on the use of any computer or other system as requested by the Monitor and providing the Monitor with any and all access codes, account names and account numbers that may be required to gain access to the Records, provided however that nothing in this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Monitor due to the privilege attaching to solicitor client communication or due to statutory provisions prohibiting such disclosure.

LIMITATION ON THE MONITOR'S LIABILITY

32. **THIS COURT ORDERS THAT** the Monitor is not and shall not, for any purposes, be deemed to be a director, officer, employee, receiver, receiver-manager, or liquidator of the Company.

33. **THIS COURT ORDERS THAT** the Monitor is not and shall not for the purposes of the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.) be deemed to be a legal representative or person to whom s. 150(3) of that Act applies.

34. **THIS COURT ORDERS THAT** that the rights, protections, indemnities, charges, priorities and other provisions in favour of the Monitor set out in the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, any other applicable legislation, and any other Order granted in these proceedings, all shall apply and extend to the Monitor in connection with the Monitor carrying out the provisions of this Order, amended as necessary to give effect to the terms of this Order.

DIP FINANCING

35. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, is hereby authorized and empowered to execute, enter into and deliver the DIP Facility Loan Agreement (the "**DIP Financing Agreement**") dated the 7th day of March, 2022 between, the Company, as borrower, and Bridging Finance Inc., Bridging Income Fund LP, Bridging Private Debt

Institutional LP, Bridging Mid-Market Debt Fund LP, Bridging Private Debt Lending Master Fund I, LP (Cayman), Bridging SMA 1 LP, Bridging SMA 2 LP, and Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Industry, Energy and Technology as lender (collectively the "**DIP Lender**"), and to borrow, in accordance with the terms and conditions of the DIP Financing Agreement, up to Four Million Seven Hundred Thousand ($4,700,000.00) (the "**DIP Facility**") to, among other things, fund the Company's working capital requirements, the SISP and other general corporate purposes of the Company during the Stay Period.

36. **THIS COURT ORDERS** that, in addition to the DIP Financing Agreement, the Company is also hereby authorized and empowered to execute and deliver such other credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively with the DIP Financing Agreement, the "**Definitive Documents**"), as are contemplated by the DIP Financing Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Monitor, on behalf of the Company is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Financing Agreement and the other Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

37. **THIS COURT ORDERS** that, as security for the Company's obligations under the Definitive Documents, the DIP Lender shall be entitled to the benefit of and are hereby granted a charge (the "**DIP Lender's Charge**") on the Property, (save and except the Excluded Property and Excluded Inventory), which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 41 and 43 herein. Notwithstanding the foregoing, the Interim Receiver's Borrowing Charge contained in Paragraph 27 of the Interim Receivership Order, being the 1.8 Million advanced pursuant to the Interim Receivership Order, shall continue to be in full force and effect during the term of this Order. The Interim Receiver's Borrowing Charge shall rank pari passu with the DIP Lender's Charge.

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

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

(b) upon the occurrence of an event of default under the DIP Financing Agreement, the other Definitive Documents or the DIP Lender's Charge, upon five (5) days notice to the Monitor and the Company, the DIP Lender may exercise any rights and remedies against the Company or the Property, (save and except the Excluded Property), under or pursuant to the DIP Financing Agreement, the other Definitive Documents and the DIP Lender's Charge, including, without limitation, to cease making advances to the Company and set off and/or consolidate any amounts that may be owing by the DIP Lender against the obligations of the Company to the DIP Lender under the DIP Financing Agreement, the other Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Company and for the appointment of a trustee in bankruptcy of the Company; and

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

39. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Company under the CCAA, or any proposal filed by the Company under the BIA, with respect to any advances made under the DIP Financing Agreement and the other Definitive Documents.

40. **THIS COURT ORDERS AND DECLARES** that this Order is subject to provisional execution and that if any of the provisions of this Order in connection with the DIP Financing Agreement, the other Definitive Documents or the DIP Lender's Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a "**Variation**") whether by subsequent order of this Court on or pending an appeal from this Order, such Variation shall not in any way impair, limit or lessen the priority, protections, rights or remedies of the DIP Lender, whether under this Order (as

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

41. **THIS COURT ORDERS** that the priorities of the Administration Charge, the DIP Lender's Charge, and the Interim Receiver's Borrowing Charge on the Property (save and except the Excluded Property and Excluded Inventory), (collectively, the "**Charges**"), as among them, shall be as follows:

First – the Administration Charge (to the maximum amount of $250,000.00);

Second– the DIP Lender's Charge and the Interim Receiver's Borrowing Charge, on a pari passu basis.

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

43. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property, (save and except the Excluded Property and Excluded Inventory), and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, except for any secured creditor of the Company who did not receive notice of the application for this Order. The Company shall be entitled, on a subsequent motion on notice to those Persons likely to be affected thereby, to seek priority of the Charges ahead of any Encumbrances over which the Charges have not obtained priority pursuant to this Order.

44. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or pari passu with, any of the Charges, unless the Company also obtains the prior written consent of the Monitor and of the applicable chargee(s) entitled to the benefit of the Charges (collectively, the "**Chargees**"), or further Order of this Court.

45. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Company, and notwithstanding any provision to the contrary in any Agreement:

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

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

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

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

SERVICE AND NOTICE

47. **THIS COURT ORDERS** that the Monitor shall (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner by electronic means, a notice to every known creditor who has a claim against the Company of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

GENERAL

48. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

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

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

COURT
OFFICER

Schedule "A"

Defined Terms

"**Excluded Inventory**" means inventory representing a value in the amount of USD2,500,000

"**Excluded Property**" means: (i) any and all Receivables and/or Financed Receivables, as such terms are defined pursuant to the RFA, together with all rights and remedies arising thereunder, insurance policies and proceeds resulting therefrom, and proceeds generally, and (ii) all Export Development Canada insurance policies or support in favor of HSBC,

"**HSBC**" means HSBC Bank Canada; and

"**RFA**" means the Trade Invoice Recourse Financing Facility Agreement between HSBC and Canada Fluorspar (NL) Inc., dated May 25, 2018, as amended.

2022 01G 0709

IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the *Companies Creditors Arrangement Act* R.S.C., 1985 c. C-36 as Amended (the "**CCAA**")

AND IN THE MATTER OF an application of Grant Thornton Limited, as Court- Appointed Monitor of Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., and Newspar (collectively, "**CFI**" or the "**Company**"); and

AND IN THE MATTER OF a Plan of Compromise or Arrangement of the Company;

ORDER

Before the Honourable Justice MacDonald;

THIS APPLICATION, made by Grant Thornton Limited ("**GTL**" or the "**Monitor**"), in its capacity as Court-Appointed Monitor of the Company, pursuant to the *Companies Creditors Arrangement Act* R.S.C., 1985 c. C-36 as Amended ("**CCAA**") and *Wage Earners Protection Program Act* S.C. 2005, c. 47, s. 1 ("**WEPPA**") for an Order substantially in the form filed with the Application was heard on this 10th day of June, 2022.

ON READING the affidavits of Phil Clarke sworn on the 30th day of May, 2022 (the "**Clarke Affidavit**") and the Exhibits thereto, and of Melissa Spearns sworn on the 27th day of May, 2022 (the "**Spearns Affidavit**") and the Exhibits thereto, and the Monitor's Third Report;

UPON HEARING Meghan M. King of Counsel for the Monitor, Darren D. O'Keefe of Counsel for the Company, other counsel as they may appear, no one else appearing for any party duly served as outlined in the affidavit of service dated the __ day of ________, 2022 ,

IT IS HEREBY ORDERED:

1. **THAT** the time for service of the within Notice of Motion and materials filed, as set out in

Filed Jun 2022

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the affidavit of served is hereby deemed adequate notice so that this Application is properly returnable today and hereby dispenses with further service thereof.

2. **THAT** all terms not otherwise defined herein shall have the meaning ascribed to them in the Amended and Restated Initial Order of this Court dated March 18th, 2022 (the "**ARIO**"), the order of this Court dated March 18th, 2022, approving the Sales, Solicitation and Investment Process (the "**SISP Order**"), the Clarke Affidavit, the Spearns Affidavit, and the Third Report of the Monitor filed on May 30th, 2022 (the "**Monitors Third Report**");

EXTENSION OF THE STAY PERIOD

3. **THIS COURT ORDERS** that the current Stay Period under the CCAA be and is hereby extended to and including September 2, 2022.

WAGE EARNER PROTECTION PROGRAM ACT

4. **THIS COURT ORDERS AND DECLARES** that pursuant to section 5(5) of WEPPA the Company and their collective former employees meet the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations,* SOR/2008-222 and are a former employer, employees and individuals to whom the WEPPA applies as of March 21, 2022.

AMENDMENTS TO THE SISP AND ARIO

5. **THIS COURT ORDERS** that the amendments to the SISP Order as proposed by the Monitor attached hereto as **Exhibit "A"**, and the amendments to the ARIO as proposed by the Monitor, attached hereto as **Exhibit "B"**, are hereby approved.

6. **THIS COURT ORDERS** that in carrying out the terms of this Order, the Monitor whether in its personal capacity or in its capacity as the Monitor:

   (a) shall have all the protections provided to it as an officer of the Court, including the protections granted pursuant to the CCAA and other orders granted in these CCAA proceedings, including the stay of proceedings; and

(b) shall incur no liability or obligation as a result of carrying out any duties or work in connection with this Order, save and except for any gross negligence or willful misconduct on its part.

APPROVAL OF THE MONITORS THIRD REPORT

7. **THIS COURT ORDERS** that the Third Report, and the activities of the Monitor and its counsel referred to therein be and are hereby approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

DATED at St. John's, in the Province of Newfoundland and Labrador, this 10 day of June, 2022.

COURT OFFICER

Exhibit "A"

2022 01G 0709
IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF an application of Canada Fluorspar Inc., and Canada Fluorspar (NL) Inc., by its Interim Receiver Grant Thornton Limited

AND IN THE MATTER OF the Companies' Creditors Arrangement Act, R.S.C. 1985, C. c-36, as amended

ORDER APPROVING A REVISED SALE AND INVESTMENT SOLICITATION PROCESS

[1] **CONSIDERING** the Applicant's *Application for the issuance of (i) an Initial Order, (ii) an Amended and Restated Initial Order, (iii) an Order –approving the DIP Financing Agreement-, and (iv) an Order approving a Sale and Investment Solicitation Process* (the "**Application**"), the affidavit of Phil Clarke dated the 8th day of March, 2022 and the exhibits in support thereof;

[2] **CONSIDERING** the submissions of counsel;

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[3] **CONSIDERING** the pre-filing report prepared by Grant Thornton Limited (the "**Monitor**");

[4] CONSIDERING the further materials filed with this Court since March 8th, 2022, including the First, Second and Third Reports of the Monitor, and the affidavit of Phil Clarke dated the 30th day of May, 2022 and Melissa Speams dated May 26th, 2022 and the exhibits thereto;

~~[4]~~[5] **CONSIDERING** the provisions of the *Companies' Creditors Arrangement Act* ("**CCAA**");

THE COURT:

~~[5] GRANTS the Application.~~

[6] CONFIRMS ITS GRANT of the original Order dated March 18th, 2022, in connection with the Application (defined above), with the modifications blacklined herein being approved and deemed effective as of the date of the Order to which this revised Order is attached as Exhibit "A"

DEFINITIONS

~~[6]~~[7] **DECLARES** that all capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures (as defined below).

SERVICE

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~~[7]~~[8] **DECLARES** that sufficient prior notice of the presentation of the Application has been given by the Applicant to interested parties, and that further service thereof is hereby dispensed with.

~~[8]~~[9] **PERMITS** the service of the present Order (this "**Order**") at any time and place and by any means whatsoever.

SISP

~~[9]~~[10] **APPROVES** and **RATIFIES** the Revised Sale and Investment Solicitation Process ("**SISP**") set forth in the Procedures for the Sale and Investment Solicitation Process attached as Schedule "A" hereto (the "**Bidding Procedures**").

~~[10]~~[11] **AUTHORIZES** the Applicant and the Company, to the extent the Company assists with the SISP, to implement the SISP and to take such steps and execute such documentation as may be necessary or incidental thereto, the whole in accordance with the Bidding Procedures.

~~[11]~~[12] **ORDERS** that the Applicant and the Company, as well as respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing their duties under the SISP, except to the extent of such losses, claims, damages or liabilities resulting from gross negligence or willful misconduct of any such person or entity, as applicable, as determined by this Court.

GENERAL

~~[12]~~[13] **ORDERS** that the Applicant and the Company, to the extent the Company assists with the SISP are authorized and permitted under applicable law to disclose and transfer to Potential Bidders and to their advisors personal information in the custody or control of the Company relating to the operation of the business, including human resources and payroll information, records pertaining to the Company's past and current employees, and information about any consumer, website visitor or other individual (collectively, "**Personal Information**"), but only to the extent necessary to negotiate, determine whether to proceed with, and attempt to complete a transaction in accordance with the SISP (a "**Transaction**"). Each Potential Bidder to whom any Personal Information is disclosed shall maintain and protect the Personal Information with security safeguards appropriate to the sensitivity of the Personal Information and as may otherwise be required by applicable federal or provincial privacy legislation and limit the use of such information to its evaluation of a Transaction, and if it does not complete a Transaction with the Applicant, shall return all such information to the Applicant, or in the alternative permanently destroy all such information.

~~[13]~~[14] **ORDERS** that the Applicant may from time to time apply to this Court for advice and directions in the discharge of their respective powers and duties hereunder or under the SISP.

~~[14]~~[15] **REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States of America or

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elsewhere, to give effect to this Order and to assist the Applicant, as applicable, and their respective agents in carrying out the terms of this Order.

~~[15]~~[16] **ORDERS** the provisional execution of this Order notwithstanding appeal and without any security or provision for costs whatsoever.

~~[16]~~[17] **WITHOUT COSTS.**

Exhibit "B"

2022 01G 0709

IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF an application of Canada Fluorspar (NL) Inc., and Canada Fluorspar Inc., by their Court Appointed Interim Receiver, Grant Thornton Limited.

AND IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C. c-36, as amended

AMENDED AND RESTATED INITIAL ORDER – AMENDMENT #1

BEFORE THE HONOURABLE JUSTICE MACDONALD

THIS APPLICATION, made by Grant Thornton Limited, in its capacity as Court-Appointed Interim Receiver of Canada Fluorspar (NL) Inc., and Canada Fluorspar Inc., (the "**Interim Receiver**" or the "**Applicant**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order substantially in the form filed with the Application was heard this 11th day of March, 2022.

ON READING the affidavit of Phil Clarke sworn the 8th day of March, 2022 (the "**Clarke Affidavit**") and the Exhibits thereto, the consent of Grant Thornton Limited ("**GTL**") to act as Court-appointed monitor of Canada Fluorspar (NL) Inc. Canada Fluorspar Inc., and Newspar (a General Partnership) (in such capacity, the "**Monitor**"), and the Pre-Filing Report of GTL as Interim Receiver;

ON READING, the report of GTL as Monitor dated the 15th day of March, 2022;

ON READING the affidavits of Phil Clarke sworn the 30th day of March, 2022 (the "**Clarke Affidavit**") and the Exhibits thereto, and of Melissa Spearns on the 26th day of May, 2022 (the "**Spearns Affidavit**") and the Exhibits thereto, and the Monitors First, Second and Third Reports

ON HEARING the submissions of counsel for the Applicant, legal counsel for the Company (as defined herein), and such other counsel that were present, no one else appearing for any party although duly served as outlined in the affidavit of service dated the 10th day of March, 2022, and on reading the consent of GTL to act as Monitor;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Materials filed, as set out in the affidavit of service is hereby deemed adequate notice so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., and Newspar (a General Partnership) (collectively the "**Company**") is a company to which the CCAA applies.

3. Capital terms not otherwise defined herein shall have the meaning ascribed to them in Schedule "A"

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, shall have the authority to file and may, if deemed appropriate and subject to further order of this Court, file with this Court a plan of compromise and arrangement (hereinafter referred to as the "**Plan**".

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Company shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, save and except the Excluded Property (the "**Property**"). Subject to further Order of this Honourable Court, the Monitor on behalf of the Company, shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Monitor is authorized and empowered to continue to retain and employ the employees, consultants, independent contractors, agents, experts, accountants, counsel and such

other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of its Business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

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

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

(c) in consultation with the DIP Lender, amounts owing for goods and services supplied to the Company, if in the opinion of the Monitor, the supplier or vendor of such goods or services is necessary for the operation and preservation of the Business or Property.

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

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance, maintenance and security services and lease payments for mining equipment used in the operation of the Business; and

(b) payment for goods or services actually supplied to the Company following the date of this Order.

8. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, shall remit, in accordance with legal requirements, or pay:

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

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Company in connection with the sale of goods and services by the Company, but only where such Sales Taxes are accrued or collected after the date of this Order, and

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

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

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

RESTRUCTURING

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

(a) Permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding $500,000 in any one transaction or $2,500,000 in the aggregate;

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

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

All of the foregoing to permit the Monitor, on behalf of the Company, to proceed with an orderly restructuring of the Business (the "**Restructuring**").

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

period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Company's claim to the fixtures in dispute.

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

NO PROCEEDINGS AGAINST THE COMPANY OR THE PROPERTY

14. **THIS COURT ORDERS** that until and <u>including the 2 day of September, 2022</u> or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Company or the Monitor, or affecting the Business or the Property,(save and except the Excluded Property), except with the written consent of the Monitor and the Company, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Company or affecting the Business or the Property (save and except the Excluded Property) are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Company or the Monitor, or affecting the Business or the Property, (save and except the Excluded Property), are hereby stayed and suspended except with the written consent of the Monitor and the Company, or leave of this Court, provided that nothing in this Order shall (i) empower the Monitor, on behalf of the Company, to carry on any business which

the Company is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

16. **THIS COURT ORDERS** that nothing in this Order shall prevent HSBC from exercising any rights or remedies, taking any enforcement steps, actions or commencing any proceedings against the Company with respect to the Excluded Property.

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

19. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Company. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

APPOINTMENT OF MONITOR

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

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

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

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

(c) assist, with consultation with the Company, in its dissemination of reports and other information to the DIP Lender (as defined herein) and their respective counsel, pursuant to and in accordance with the Definitive Documents (as defined herein), or as may otherwise be reasonably requested by the DIP Lender;

(d) execute the DIP Financing Agreement (as defined herein) on behalf of the Company;

(e) advise, in consultation with the Company, in its preparation of the Company's cash flow statements and reporting required by the DIP Lender under the Definitive Documents, which information shall be reviewed with the Monitor and delivered to the DIP Lender and their respective counsel in accordance with the Definitive Documents;

(f) execute any and all documentation, on behalf of the Company, as reasonably necessary or required by the DIP Financing Agreement and the SISP;

(g) run the SISP pursuant to the SISP Order;

(h) advise, in consultation with the Company, in its development of the Plan and any amendments to the Plan, if applicable;

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

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

(k) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other Persons (as defined below) from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Monitor's powers and duties, including those conferred by this Order;

(l) enter into any agreements;

(m) exercise any rights of the Company;

(n) apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and in the name of the Company;

(o) take any and all steps of the Company authorized by any Order made in these proceedings, including making distributions or payments;

(p) purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the Business, or any part or parts thereof; and

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

22. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property but as Monitor shall take part in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business, or any part thereof.

23. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

24. **THIS COURT ORDERS** that nothing herein contained shall make the Monitor liable for any mine closure or environmental and land rehabilitation-related liabilities or obligations in respect of or in any way related to the Property (or caused by or resulting from any matter or thing originating on or coming from the Property). For greater certainty:

(a) Notwithstanding anything in any Environmental Legislation, the Monitor is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:

(i) before the Monitor's appointment; or

(ii) after the Monitor's appointment unless it is established that the condition arose or the damage occurred as a result of the Monitor's gross negligence or wilful misconduct.

(b) Nothing in sub-paragraph (a) exempts the Monitor from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.

(c) Notwithstanding anything in any Environmental Legislation, but subject to subparagraph (a) hereof, where an order is made which has the effect of requiring the Monitor to remedy any environmental condition or environmental damage affecting the Property, the Monitor is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,

(i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Monitor, if the order is in effect when the Monitor is appointed, or during the period of the stay referred to in clause (ii) below, the Monitor:

(A) complies with the order, or

(B) on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;

(ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Monitor, if the order is in effect when the Monitor is appointed, by,

(A) the court or body having jurisdiction under the law pursuant to which the order was made to enable the Monitor to contest the order; or

(B) the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or

(iii) if the Monitor had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

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

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

27. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Company shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Company as part of the costs of these proceedings. The Company is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and counsel for the Company on a weekly basis and, in addition, the Company is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Company reasonable retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

28. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose, the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Supreme Court of Newfoundland and Labrador in Bankruptcy and Insolvency.

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Company's counsel shall be entitled to the benefit of and are hereby granted a charge (the

"**Administration Charge**") on the Property, (save and except the Excluded Property and Excluded Inventory), which charge shall not exceed an aggregate amount of $250,000.00 (which includes the amount provided for in the Interim Receivership Order), as security for their professional fees and disbursements incurred at their respective standard rates and charges of the Monitor and such counsel, both before and after the making of this Order and the Amended and Restated Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 41 and 43 herein.

ENHANCEMENT OF MONITOR'S POWERS

30. **THIS COURT ORDERS** that, without in any way limiting the powers and duties of the Monitor, the Monitor is hereby empowered and authorized, but not obligated, to do any of the following in the name and on behalf of the Company, where the Monitor considers it necessary or desirable:

(a) take any and all actions and steps to manage, operate and carry on the Business, including, without in any way limiting the generality of the foregoing:

(i) any actions or steps the Monitor considers necessary or desirable to proceed with an orderly restructuring or liquidation of the Business;

(i) permanently or temporarily ceasing, downsizing or shutting down any of the Company's operations;

(ii) terminating the employment of or temporarily laying off employees of the Company;

(iii) pursuing all avenues of refinancing the Business or Property, except the Excluded Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing;

(iv) preparing a Plan of Compromise and Arrangement on behalf of one or more of the Applicants;

(v) settling, extending or compromising any indebtedness owing to or by the Company;

(vi) initiating, prosecuting and continuing the prosecution of any and all proceedings and defending all proceedings now pending or hereafter instituted with respect to the Company, the Business, the Property or the Monitor and to settle or compromise any such proceeding;

(vii) taking any and all corporate governance actions for the Company; and

(viii) providing instruction and direction to the advisors of the Company;

(b) preserve, protect and exercise control over the Property, (with the exception of the Excluded Property), or any parts thereof, including, without in any way limiting the generality of the foregoing:

(i) receive, collect and exercise control over all monies and accounts held by or owing to the Company; including any proceeds of the sale of any of the Property (save and except the Excluded Property);

(ii) exercise all remedies of the Company in collecting monies owed or hereafter owing to the Company and to enforce any security held by the Company;

(iii) execute, assign, issue and endorse documents of whatever nature in respect of any of the Property (save and except the Excluded Property) for any purpose pursuant to this Order;

(iv) to market, sell convey, transfer, lease or assign the Property, including running a sales solicitation process, or any part or parts of the Property out of the ordinary course of business;

(A) without the approval of this Court, in respect of any one transaction not exceeding $500,000 or $2,500,000 in the aggregate;

(B) without the approval of this Court in respect of the sale of Fluorspar inventory; and

(C) with the approval of this Court in respect of any other transaction;

(c) to report to, meet with and discuss with such affected persons as the Monitor deems appropriate on all matters relating to the Business and the Property, and to share information, subject to such terms as to confidentiality as the Monitor deems advisable;

(d) oversee and direct the preparation and dissemination of financial and other information of the Company in these proceedings, including cash flow statements;

(e) apply to the court for advice and direction or for any further orders in these proceedings, including, without in any way limiting the generality of the foregoing, sale approval and vesting orders and orders extending or terminating the stay of proceedings;

(f) perform such other duties or take any steps reasonably incidental to the exercise of these powers;

and in each case where the Monitor takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other persons, including the Company and without interference from any other person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE MONITOR

31. **THIS COURT ORDERS** that the Company and all its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf shall fully co-operate with the Monitor in the exercise its powers under this Order or any other Order of the Court, including by:

(a) advising the Monitor of the existence of any Property of which such party has knowledge of;

(b) providing the Monitor with immediate and continued access to any Property in such party's possession or control;

(c) advising the Monitor of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Company, and any computer programs, computer tapes, computer disks, or other

data storage media containing any such information ("**Records**") of which such party has knowledge of; and

(d) providing access to and use of the Records, including any accounting, computer, software and physical facilities relating thereto, and including providing the Monitor with instructions on the use of any computer or other system as requested by the Monitor and providing the Monitor with any and all access codes, account names and account numbers that may be required to gain access to the Records, provided however that nothing in this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Monitor due to the privilege attaching to solicitor client communication or due to statutory provisions prohibiting such disclosure.

LIMITATION ON THE MONITOR'S LIABILITY

32. **THIS COURT ORDERS THAT** the Monitor is not and shall not, for any purposes, be deemed to be a director, officer, employee, receiver, receiver-manager, or liquidator of the Company.

33. **THIS COURT ORDERS THAT** the Monitor is not and shall not for the purposes of the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.) be deemed to be a legal representative or person to whom s. 150(3) of that Act applies.

34. **THIS COURT ORDERS THAT** that the rights, protections, indemnities, charges, priorities and other provisions in favour of the Monitor set out in the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, any other applicable legislation, and any other Order granted in these proceedings, all shall apply and extend to the Monitor in connection with the Monitor carrying out the provisions of this Order, amended as necessary to give effect to the terms of this Order.

DIP FINANCING

35. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, is hereby authorized and empowered to execute, enter into and deliver the DIP Facility Loan Agreement (the "**DIP Financing Agreement**") dated the 7th day of March, 2022 between, the Company, as borrower, and Bridging Finance Inc., Bridging Income Fund LP, Bridging Private Debt

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Institutional LP, Bridging Mid-Market Debt Fund LP, Bridging Private Debt Lending Master Fund I, LP (Cayman), Bridging SMA 1 LP. Bridging SMA 2 LP, and Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Industry, Energy and Technology as lender (collectively the "**DIP Lender**"), and to borrow, in accordance with the terms and conditions of the DIP Financing Agreement, up to Four Million Seven Hundred Thousand ($4,700,000.00) (the "**DIP Facility**") to, among other things, fund the Company's working capital requirements, the SISP and other general corporate purposes of the Company during the Stay Period.

36. **THIS COURT ORDERS** that, in addition to the DIP Financing Agreement, the Company is also hereby authorized and empowered to execute and deliver such other credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively with the DIP Financing Agreement, the "**Definitive Documents**"), as are contemplated by the DIP Financing Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Monitor, on behalf of the Company is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Financing Agreement and the other Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

37. **THIS COURT ORDERS** that, as security for the Company's obligations under the Definitive Documents, the DIP Lender shall be entitled to the benefit of and are hereby granted a charge (the "**DIP Lender's Charge**") on the Property, (save and except the Excluded Property and Excluded Inventory), which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 41 and 43 herein. Notwithstanding the foregoing, the Interim Receiver's Borrowing Charge contained in Paragraph 27 of the Interim Receivership Order, being the 1.8 Million advanced pursuant to the Interim Receivership Order, shall continue to be in full force and effect during the term of this Order. The Interim Receiver's Borrowing Charge shall rank pari passu with the DIP Lender's Charge.

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

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

(b) upon the occurrence of an event of default under the DIP Financing Agreement, the other Definitive Documents or the DIP Lender's Charge, upon five (5) days notice to the Monitor and the Company, the DIP Lender may exercise any rights and remedies against the Company or the Property, (save and except the Excluded Property), under or pursuant to the DIP Financing Agreement, the other Definitive Documents and the DIP Lender's Charge, including, without limitation, to cease making advances to the Company and set off and/or consolidate any amounts that may be owing by the DIP Lender against the obligations of the Company to the DIP Lender under the DIP Financing Agreement, the other Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Company and for the appointment of a trustee in bankruptcy of the Company; and

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

39. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Company under the CCAA, or any proposal filed by the Company under the BIA, with respect to any advances made under the DIP Financing Agreement and the other Definitive Documents.

40. **THIS COURT ORDERS AND DECLARES** that this Order is subject to provisional execution and that if any of the provisions of this Order in connection with the DIP Financing Agreement, the other Definitive Documents or the DIP Lender's Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a "**Variation**") whether by subsequent order of this Court on or pending an appeal from this Order, such Variation shall not in any way impair, limit or lessen the priority, protections, rights or remedies of the DIP Lender, whether under this Order (as

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

41. **THIS COURT ORDERS** that the priorities of the Administration Charge, the DIP Lender's Charge, and the Interim Receiver's Borrowing Charge on the Property (save and except the Excluded Property and Excluded Inventory), (collectively, the "**Charges**"), as among them, shall be as follows:

First – the Administration Charge (to the maximum amount of $250,000.00);

Second– the DIP Lender's Charge and the Interim Receiver's Borrowing Charge, on a pari passu basis.

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

43. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property, (save and except the Excluded Property and Excluded Inventory), and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, except for any secured creditor of the Company who did not receive notice of the application for this Order. The Company shall be entitled, on a subsequent motion on notice to those Persons likely to be affected thereby, to seek priority of the Charges ahead of any Encumbrances over which the Charges have not obtained priority pursuant to this Order.

OV

44. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or pari passu with, any of the Charges, unless the Company also obtains the prior written consent of the Monitor and of the applicable chargee(s) entitled to the benefit of the Charges (collectively, the "**Chargees**"), or further Order of this Court.

45. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Company, and notwithstanding any provision to the contrary in any Agreement:

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

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

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

Or

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

SERVICE AND NOTICE

47. **THIS COURT ORDERS** that the Monitor shall (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner by electronic means, a notice to every known creditor who has a claim against the Company of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

GENERAL

48. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

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

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

Schedule "A"

Defined Terms

"Excluded Inventory" means inventory representing a value in the amount of USD2,500,000

"Excluded Property" means: (i) any and all Receivables and/or Financed Receivables, as such terms are defined pursuant to the RFA, together with all rights and remedies arising thereunder, insurance policies and proceeds resulting therefrom, and proceeds generally, and (ii) all Export Development Canada insurance policies or support in favor of HSBC,

"HSBC" means HSBC Bank Canada; and

"RFA" means the Trade Invoice Recourse Financing Facility Agreement between HSBC and Canada Fluorspar (NL) Inc., dated May 25, 2018, as amended.

TAB B

2022 01G 0709

IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF an application of Canada Fluorspar (NL) Inc., and Canada Fluorspar Inc., by their Court Appointed Interim Receiver, Grant Thornton Limited.

AND IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C. c-36, as amended

AMENDED AND RESTATED INITIAL ORDER – AMENDMENT #1

BEFORE THE HONOURABLE JUSTICE MACDONALD

THIS APPLICATION, made by Grant Thornton Limited, in its capacity as Court-Appointed Interim Receiver of Canada Fluorspar (NL) Inc., and Canada Fluorspar Inc., (the "**Interim Receiver**" or the "**Applicant**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an Order substantially in the form filed with the Application was heard this 11th day of March, 2022.

ON READING the affidavit of Phil Clarke sworn the 8th day of March, 2022 (the "**Clarke Affidavit**") and the Exhibits thereto, the consent of Grant Thornton Limited ("**GTL**") to act as Court-appointed monitor of Canada Fluorspar (NL) Inc. Canada Fluorspar Inc., and Newspar (a General Partnership) (in such capacity, the "**Monitor**"), and the Pre-Filing Report of GTL as Interim Receiver;

ON READING, the report of GTL as Monitor dated the 15th day of March, 2022;

ON READING the affidavits of Phil Clarke sworn the 30th day of May, 2022 (the "**Clarke Affidavit**") and the Exhibits thereto, and of Melissa Spearns on the 26th day of May, 2022 (the "**Spearns Affidavit**") and the Exhibits thereto, and the Monitors First, Second and Third Reports

ON HEARING the submissions of counsel for the Applicant, legal counsel for the Company (as defined herein), and such other counsel that were present, no one else appearing for any party although duly served as outlined in the affidavit of service dated the 10th day of March, 2022, and on reading the consent of GTL to act as Monitor;

	Filed	Jun 10, 22	

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Materials filed, as set out in the affidavit of service is hereby deemed adequate notice so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., and Newspar (a General Partnership) (collectively the "**Company**") is a company to which the CCAA applies.

3. Capital terms not otherwise defined herein shall have the meaning ascribed to them in Schedule "A"

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, shall have the authority to file and may, if deemed appropriate and subject to further order of this Court, file with this Court a plan of compromise and arrangement (hereinafter referred to as the "**Plan**".

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Company shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, save and except the Excluded Property (the "**Property**"). Subject to further Order of this Honourable Court, the Monitor on behalf of the Company, shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Monitor is authorized and empowered to continue to retain and employ the employees, consultants, independent contractors, agents, experts, accountants, counsel and such

other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of its Business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

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

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

(c) in consultation with the DIP Lender, amounts owing for goods and services supplied to the Company, if in the opinion of the Monitor, the supplier or vendor of such goods or services is necessary for the operation and preservation of the Business or Property.

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

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance, maintenance and security services and lease payments for mining equipment used in the operation of the Business; and

(b) payment for goods or services actually supplied to the Company following the date of this Order.

8. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, shall remit, in accordance with legal requirements, or pay:

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

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Company in connection with the sale of goods and services by the Company, but only where such Sales Taxes are accrued or collected after the date of this Order, and

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

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

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

RESTRUCTURING

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

(a) Permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding $500,000 in any one transaction or $2,500,000 in the aggregate;

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

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

All of the foregoing to permit the Monitor, on behalf of the Company, to proceed with an orderly restructuring of the Business (the "**Restructuring**").

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

period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Company's claim to the fixtures in dispute.

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

NO PROCEEDINGS AGAINST THE COMPANY OR THE PROPERTY

14. **THIS COURT ORDERS** that until and including the 2 day of September, 2022 or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Company or the Monitor, or affecting the Business or the Property,(save and except the Excluded Property), except with the written consent of the Monitor and the Company, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Company or affecting the Business or the Property (save and except the Excluded Property) are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Company or the Monitor, or affecting the Business or the Property, (save and except the Excluded Property), are hereby stayed and suspended except with the written consent of the Monitor and the Company, or leave of this Court, provided that nothing in this Order shall (i) empower the Monitor, on behalf of the Company, to carry on any business which

the Company is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

16. **THIS COURT ORDERS** that nothing in this Order shall prevent HSBC from exercising any rights or remedies, taking any enforcement steps, actions or commencing any proceedings against the Company with respect to the Excluded Property.

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

19. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Company. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

APPOINTMENT OF MONITOR

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

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

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

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

(c) assist, with consultation with the Company, in its dissemination of reports and other information to the DIP Lender (as defined herein) and their respective counsel, pursuant to and in accordance with the Definitive Documents (as defined herein), or as may otherwise be reasonably requested by the DIP Lender;

(d) execute the DIP Financing Agreement (as defined herein) on behalf of the Company;

(e) advise, in consultation with the Company, in its preparation of the Company's cash flow statements and reporting required by the DIP Lender under the Definitive Documents, which information shall be reviewed with the Monitor and delivered to the DIP Lender and their respective counsel in accordance with the Definitive Documents;

(f) execute any and all documentation, on behalf of the Company, as reasonably necessary or required by the DIP Financing Agreement and the SISP;

(g) run the SISP pursuant to the SISP Order;

(h) advise, in consultation with the Company, in its development of the Plan and any amendments to the Plan, if applicable;

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

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

(k) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other Persons (as defined below) from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Monitor's powers and duties, including those conferred by this Order;

(l) enter into any agreements;

(m) exercise any rights of the Company;

(n) apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and in the name of the Company;

(o) take any and all steps of the Company authorized by any Order made in these proceedings, including making distributions or payments;

(p) purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the Business, or any part or parts thereof; and

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

22. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property but as Monitor shall take part in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business, or any part thereof.

23. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

24. **THIS COURT ORDERS** that nothing herein contained shall make the Monitor liable for any mine closure or environmental and land rehabilitation-related liabilities or obligations in respect of or in any way related to the Property (or caused by or resulting from any matter or thing originating on or coming from the Property). For greater certainty:

(a) Notwithstanding anything in any Environmental Legislation, the Monitor is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:

(i) before the Monitor's appointment; or

(ii) after the Monitor's appointment unless it is established that the condition arose or the damage occurred as a result of the Monitor's gross negligence or wilful misconduct.

(b) Nothing in sub-paragraph (a) exempts the Monitor from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.

(c) Notwithstanding anything in any Environmental Legislation, but subject to subparagraph (a) hereof, where an order is made which has the effect of requiring the Monitor to remedy any environmental condition or environmental damage affecting the Property, the Monitor is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,

(i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Monitor, if the order is in effect when the Monitor is appointed, or during the period of the stay referred to in clause (ii) below, the Monitor:

(A) complies with the order, or

(B) on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;

(ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Monitor, if the order is in effect when the Monitor is appointed, by,

(A) the court or body having jurisdiction under the law pursuant to which the order was made to enable the Monitor to contest the order; or

(B) the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or

(iii) if the Monitor had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

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

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

27. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Company shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Company as part of the costs of these proceedings. The Company is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and counsel for the Company on a weekly basis and, in addition, the Company is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Company reasonable retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

28. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose, the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Supreme Court of Newfoundland and Labrador in Bankruptcy and Insolvency.

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Company's counsel shall be entitled to the benefit of and are hereby granted a charge (the

"**Administration Charge**") on the Property, (save and except the Excluded Property and Excluded Inventory), which charge shall not exceed an aggregate amount of $250,000.00 (which includes the amount provided for in the Interim Receivership Order), as security for their professional fees and disbursements incurred at their respective standard rates and charges of the Monitor and such counsel, both before and after the making of this Order and the Amended and Restated Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 41 and 43 herein.

ENHANCEMENT OF MONITOR'S POWERS

30. **THIS COURT ORDERS** that, without in any way limiting the powers and duties of the Monitor, the Monitor is hereby empowered and authorized, but not obligated, to do any of the following in the name and on behalf of the Company, where the Monitor considers it necessary or desirable:

(a) take any and all actions and steps to manage, operate and carry on the Business, including, without in any way limiting the generality of the foregoing:

(i) any actions or steps the Monitor considers necessary or desirable to proceed with an orderly restructuring or liquidation of the Business;

(i) permanently or temporarily ceasing, downsizing or shutting down any of the Company's operations;

(ii) terminating the employment of or temporarily laying off employees of the Company;

(iii) pursuing all avenues of refinancing the Business or Property, except the Excluded Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing;

(iv) preparing a Plan of Compromise and Arrangement on behalf of one or more of the Applicants;

(v) settling, extending or compromising any indebtedness owing to or by the Company;

(vi) initiating, prosecuting and continuing the prosecution of any and all proceedings and defending all proceedings now pending or hereafter instituted with respect to the Company, the Business, the Property or the Monitor and to settle or compromise any such proceeding;

(vii) taking any and all corporate governance actions for the Company; and

(viii) providing instruction and direction to the advisors of the Company;

(b) preserve, protect and exercise control over the Property, (with the exception of the Excluded Property), or any parts thereof, including, without in any way limiting the generality of the foregoing:

(i) receive, collect and exercise control over all monies and accounts held by or owing to the Company; including any proceeds of the sale of any of the Property (save and except the Excluded Property);

(ii) exercise all remedies of the Company in collecting monies owed or hereafter owing to the Company and to enforce any security held by the Company;

(iii) execute, assign, issue and endorse documents of whatever nature in respect of any of the Property (save and except the Excluded Property) for any purpose pursuant to this Order;

(iv) to market, sell convey, transfer, lease or assign the Property, including running a sales solicitation process, or any part or parts of the Property out of the ordinary course of business;

(A) without the approval of this Court, in respect of any one transaction not exceeding $500,000 or $2,500,000 in the aggregate;

(B) without the approval of this Court in respect of the sale of Fluorspar inventory; and

(C) with the approval of this Court in respect of any other transaction;

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(c) to report to, meet with and discuss with such affected persons as the Monitor deems appropriate on all matters relating to the Business and the Property, and to share information, subject to such terms as to confidentiality as the Monitor deems advisable;

(d) oversee and direct the preparation and dissemination of financial and other information of the Company in these proceedings, including cash flow statements;

(e) apply to the court for advice and direction or for any further orders in these proceedings, including, without in any way limiting the generality of the foregoing, sale approval and vesting orders and orders extending or terminating the stay of proceedings;

(f) perform such other duties or take any steps reasonably incidental to the exercise of these powers;

and in each case where the Monitor takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other persons, including the Company and without interference from any other person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE MONITOR

31. **THIS COURT ORDERS** that the Company and all its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf shall fully co-operate with the Monitor in the exercise its powers under this Order or any other Order of the Court, including by:

(a) advising the Monitor of the existence of any Property of which such party has knowledge of;

(b) providing the Monitor with immediate and continued access to any Property in such party's possession or control;

(c) advising the Monitor of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Company, and any computer programs, computer tapes, computer disks, or other

data storage media containing any such information (**"Records"**) of which such party has knowledge of; and

(d) providing access to and use of the Records, including any accounting, computer, software and physical facilities relating thereto, and including providing the Monitor with instructions on the use of any computer or other system as requested by the Monitor and providing the Monitor with any and all access codes, account names and account numbers that may be required to gain access to the Records, provided however that nothing in this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Monitor due to the privilege attaching to solicitor client communication or due to statutory provisions prohibiting such disclosure.

LIMITATION ON THE MONITOR'S LIABILITY

32. **THIS COURT ORDERS THAT** the Monitor is not and shall not, for any purposes, be deemed to be a director, officer, employee, receiver, receiver-manager, or liquidator of the Company.

33. **THIS COURT ORDERS THAT** the Monitor is not and shall not for the purposes of the *Income Tax Act,* R.S.C., 1985, c. 1 (5th Supp.) be deemed to be a legal representative or person to whom s. 150(3) of that Act applies.

34. **THIS COURT ORDERS THAT** that the rights, protections, indemnities, charges, priorities and other provisions in favour of the Monitor set out in the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, any other applicable legislation, and any other Order granted in these proceedings, all shall apply and extend to the Monitor in connection with the Monitor carrying out the provisions of this Order, amended as necessary to give effect to the terms of this Order.

DIP FINANCING

35. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, is hereby authorized and empowered to execute, enter into and deliver the DIP Facility Loan Agreement (the **"DIP Financing Agreement"**) dated the 7th day of March, 2022 between, the Company, as borrower, and Bridging Finance Inc., Bridging Income Fund LP, Bridging Private Debt

Institutional LP, Bridging Mid-Market Debt Fund LP, Bridging Private Debt Lending Master Fund I, LP (Cayman), Bridging SMA 1 LP. Bridging SMA 2 LP, and Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Industry, Energy and Technology as lender (collectively the "**DIP Lender**"), and to borrow, in accordance with the terms and conditions of the DIP Financing Agreement, up to Four Million Seven Hundred Thousand ($4,700,000.00) (the "**DIP Facility**") to, among other things, fund the Company's working capital requirements, the SISP and other general corporate purposes of the Company during the Stay Period.

36. **THIS COURT ORDERS** that, in addition to the DIP Financing Agreement, the Company is also hereby authorized and empowered to execute and deliver such other credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively with the DIP Financing Agreement, the "**Definitive Documents**"), as are contemplated by the DIP Financing Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Monitor, on behalf of the Company is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Financing Agreement and the other Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

37. **THIS COURT ORDERS** that, as security for the Company's obligations under the Definitive Documents, the DIP Lender shall be entitled to the benefit of and are hereby granted a charge (the "**DIP Lender's Charge**") on the Property, (save and except the Excluded Property and Excluded Inventory), which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 41 and 43 herein. Notwithstanding the foregoing, the Interim Receiver's Borrowing Charge contained in Paragraph 27 of the Interim Receivership Order, being the 1.8 Million advanced pursuant to the Interim Receivership Order, shall continue to be in full force and effect during the term of this Order. The Interim Receiver's Borrowing Charge shall rank pari passu with the DIP Lender's Charge.

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

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

(b) upon the occurrence of an event of default under the DIP Financing Agreement, the other Definitive Documents or the DIP Lender's Charge, upon five (5) days notice to the Monitor and the Company, the DIP Lender may exercise any rights and remedies against the Company or the Property, (save and except the Excluded Property), under or pursuant to the DIP Financing Agreement, the other Definitive Documents and the DIP Lender's Charge, including, without limitation, to cease making advances to the Company and set off and/or consolidate any amounts that may be owing by the DIP Lender against the obligations of the Company to the DIP Lender under the DIP Financing Agreement, the other Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Company and for the appointment of a trustee in bankruptcy of the Company; and

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

39. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Company under the CCAA, or any proposal filed by the Company under the BIA, with respect to any advances made under the DIP Financing Agreement and the other Definitive Documents.

40. **THIS COURT ORDERS AND DECLARES** that this Order is subject to provisional execution and that if any of the provisions of this Order in connection with the DIP Financing Agreement, the other Definitive Documents or the DIP Lender's Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a "**Variation**") whether by subsequent order of this Court on or pending an appeal from this Order, such Variation shall not in any way impair, limit or lessen the priority, protections, rights or remedies of the DIP Lender, whether under this Order (as

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

41. **THIS COURT ORDERS** that the priorities of the Administration Charge, the DIP Lender's Charge, and the Interim Receiver's Borrowing Charge on the Property (save and except the Excluded Property and Excluded Inventory), (collectively, the "**Charges**"), as among them, shall be as follows:

First – the Administration Charge (to the maximum amount of $250,000.00);

Second– the DIP Lender's Charge and the Interim Receiver's Borrowing Charge, on a pari passu basis.

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

43. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property, (save and except the Excluded Property and Excluded Inventory), and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, except for any secured creditor of the Company who did not receive notice of the application for this Order. The Company shall be entitled, on a subsequent motion on notice to those Persons likely to be affected thereby, to seek priority of the Charges ahead of any Encumbrances over which the Charges have not obtained priority pursuant to this Order.

44. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or pari passu with, any of the Charges, unless the Company also obtains the prior written consent of the Monitor and of the applicable chargee(s) entitled to the benefit of the Charges (collectively, the "**Chargees**"), or further Order of this Court.

45. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Company, and notwithstanding any provision to the contrary in any Agreement:

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

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

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

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

SERVICE AND NOTICE

47. **THIS COURT ORDERS** that the Monitor shall (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner by electronic means, a notice to every known creditor who has a claim against the Company of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

GENERAL

48. **THIS COURT ORDERS** that the Monitor, on behalf of the Company, may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

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

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

COURT OFFICER

Dated June 10, 2022

Schedule "A"

Defined Terms

"**Excluded Inventory**" means inventory representing a value in the amount of USD2,500,000

"**Excluded Property**" means: (i) any and all Receivables and/or Financed Receivables, as such terms are defined pursuant to the RFA, together with all rights and remedies arising thereunder, insurance policies and proceeds resulting therefrom, and proceeds generally, and (ii) all Export Development Canada insurance policies or support in favor of HSBC,

"**HSBC**" means HSBC Bank Canada; and

"**RFA**" means the Trade Invoice Recourse Financing Facility Agreement between HSBC and Canada Fluorspar (NL) Inc., dated May 25, 2018, as amended.

TAB C

BILL OF SALE

THIS AGREEMENT made the 31st day of May, 2022

BETWEEN:

Quadra Chemicals Ltd.

(hereinafter called the "Vendor")

OF THE FIRST PART

- and -

Grant Thornton Limited, in its capacity as Monitor of Canada Fluorspar Inc. and Canada Fluorspar (NL) Inc., pursuant to the *Companies Creditors' Arrangement Act*, R.S.C. 1985, c. C-36.

(hereinafter called the "Monitor")

OF THE SECOND PART

WHEREAS pursuant to an equipment financing contract dated July 14, 2020 between the Vendor and Canada Fluorspar Inc. (the "**Equipment Contract**"), the Vendor agreed to finance the equipment described in Schedule A (the "**Equipment**") for use by Canada Fluorspar Inc. with an option for Canada Fluorspar Inc. to own the Equipment upon payment by Canada Fluorspar Inc. of the amount of USD $137,299.27 to the Vendor (the "**Option**").

WHEREAS as of May 27, 2022, Canada Fluorspar Inc. had made payments to the Vendor for the Equipment in the total amount of USD $76,887.85.

WHEREAS on the March 11, 2022 the Supreme Court of Newfoundland and Labrador in Bankruptcy and Insolvency (the "**Court**") granted an order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 with respect to Canada Fluorspar Inc., Canada Fluorspar (NL) Inc., and Newspar (a General Partnership) (the "**CCAA Order**"), which among other things, appointed Grant Thornton Limited (in such capacity, the "**Monitor**") as Monitor of the Company in the CCAA Proceedings.

WHEREAS the Monitor desires to exercise the Option contained in the Equipment Contract to purchase the Equipment from the Vendor.

WHEREAS the Vendor has agreed to convey title to the Equipment to the Monitor, pursuant to the Option contained in the Equipment Contract, upon payment of the Monitor to the Vendor of the amount of USD $65,061.75, being the total amount outstanding under the Equipment Contract.

IN WITNESS WHEREOF this indenture has been executed as of the day and year first above written.

Quadra Chemicals Ltd.

Santo Ranieri, SALES MANAGER MINING GROUP

Per: SANTO RANIERI
I have authority to bind the Corporation

Grant Thornton Limited, in its capacity as Monitor of Canada Fluorspar Inc. and Canada Fluorspar (NL) Inc., pursuant to the *Companies' Creditors' Arrangement Act*, R.S.C. 1985, c. C-36.

per:
name:
I have authority to bind the Corporation

P. Philip Clarke, CPA, CA, CIRP, LIT
Senior Vice President
Grant Thornton Limited

Appendix B

DESCRIPTION OF THE EQUIPMENT SUPPLIED BY **QUADRA:**

Dry Polymer Makedown Equipment arrangement including:

Max 1200 Lbs./day Makedown system c/w Hopper suitable for bag frame, super sack bag frame, passive aging tank and storage/day tanks HDPE 1.9 SG, tank level probe holder and Teflon coated stainless steel level probes, 3 simplex or 1 triplex metering pump skid, Positive displacement ~30 LPM pumps with stainless body and stainless steel motor, pumps running at reduced speed for low shear, c/w stainless motors, and magnetic flow meter per pump. Mounted to stainless Steel frame. See attached literature package.

Equipment package
DFC1201E-SS4-TRANS30 Dry Polymer Equipment
Includes: DFC1201E Polymer makedown base system **240V 1 phase**
DFC-HOPPER52 5 CF Hopper with iris and slide gate valves
DFC-TRANS30 Electric Transfer Pump, Flexible impeller, 25 GPM@5 psi
c/w spare transfer pump impeller (wear part)
c/w air actuated ball valve on water inlet (60 psi air required)
Super sack bag frame (DFC-BF4 or 15914 style see attached)
4500 L HDPE 1.9 SG Age tank c/w fittings, valves, vent and aux port 2"
4500 L HDPE 1.9 SG Day tank c/w fittings, valves, vent and aux port 2"
Tank Level Probe holder c/w Teflon coated stainless steel level probes
(transfer start stop filling control)

Triplex Pump skid or 3 x simplex pump skids (see attached)
c/w Wanner Hydracell D10E pump with stainless steel head and fluororoelastomer
c/w pressure relief valve and pressure gauge
c/w IFM magnetic flowmeter per pump
***interconnecting piping by others

Spare Parts Kit
Critical startup spares and critical wear parts
Fuses, relay, pilot light bulbs and switch kit
Level Relay, Tank Level Submersible Transmitter
Logic controller (PLC spare programmed unit)
Drives kit: 1 each Auger DC drive and Mixer VFD
Mixer Gearbox

Wear Parts kit, Approx. 1 kit per year typical (contains 2 transfer pump impellers)

On-Site Commissioning

[1]Technical literature

[1] Refer to complete technical literature provided under separate cover

Your initials ____

TAB D

RITCHIE BROS.
IRONPLANET

9500 Glenlyon Parkway
Burnaby, BC Canada V5J 0C6
Phone: (800) 211-3983
Fax: (833) 675-0619
www.ironplanet.com
GST #84219 2536 RT 0001

Statement

Statement Date	Contract #	UserRef #	DeptCode #
8/2/22	525908	6266999	170

Seller

Grant Thornton Limited in its capacity as Monitor of
Canada Fluorspar (NL) Inc.
Suite 1000 - 1675 Grafton Street
Halifax, NS B3J 0E9
CAN
Attn: Phil Clarke

Note: All prices are in CAD

Item	Description	Sale Date	Sale Price	Commission	Listing Fee	Lien Search Fee	Other Fees*	Taxes***	Net Proceeds
6810430	2016 (unverified) Atlas-Copco D65 10SF Blasthole Drill (S/N:TMG16SED0502)	7/7/22	$175,000.00	($15,750.00)	($795.00)	($50.00)	REIN ($295.00)	HST @15% ($171.00)	$157,939.00
	Total for 1 Total for:		**$175,000.00**	**($15,750.00)**	**($795.00)**	**($50.00)**	**($295.00)**	**($171.00)**	**$157,939.00**

Comments:

VersaBank PMT Wire $157,939.00 - 29 July 2022

FCC - Grant Thornton Halifax Downton - Corp ITF

Net Proceeds Due	**$157,939.00**
Total Proceeds	**$157,939.00**

****Other fees description:** REIN - Re-inspection Fee |
*****Taxes description:** HST - Harmonized Sales Tax (HST) |

Note: All prices are in CAD

TAB E

June 1, 2022

Corey Hines
Monitor
Canada Fluorspar (NL) Inc.
Nova Centre, North Tower, Suite 1000
1675 Grafton Street
Halifax, NS B3J 0E9

Dear Corey Hines:

Subject: Proposed change to the GST/HST return for the audit period March 1, 2022 to March 11, 2022
Account number: 89811 4087 RT0001

We understand the major personal and economic effects of COVID-19 on Canadians. We are aiming to be responsive and work in a way that balances these realities with our duty to manage Canada's tax laws and the obligations of all Canadians to follow them.

The goods and services tax / harmonized sales tax (GST/HST) return of Canada Fluorspar (NL) Inc. (the "registrant") for the above period was chosen for audit. Our records show that Grant Thornton was appointed as Monitor, by way of Court Order, when

- protection under the Companies' Creditors Arrangement Act (CCAA) was filed on March 11, 2022.

Based on information in that Court Order and the combined list of creditors filed for Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., and Newspar (a General Partnership) (the "**Initial Order**") we are proposing to make a (re)assessment as shown below.

We were unable to reach you by phone at 902-491-7704 to tell you that your GST/HST return for the above period was chosen for audit. Please give us updated contact information and phone numbers that we can use to reach you during business hours.

Under section 165 of the Excise Tax Act, every recipient of a taxable supply made in Canada is required to pay the GST/HST charged for that supply. The registrant has not paid the GST/HST owed to their suppliers, based on the combined list of creditors that was filed. Under paragraph 296(1)(b) of the Act, we are proposing to increase the registrant's tax payable by the amount of GST/HST owed on taxable supplies that they received where the tax was not paid to their suppliers.

Period ending	Description	Proposed change
2022-03-11	Increase to tax payable under 296(1)(b)	**$4,020,621.71**

The proposed amount of **$4,020,621.71**is based on calculations we made in the enclosed Schedule A – Calculation of GST/HST Included in Unpaid Amounts. Our calculations are based on the list of creditors dated March 15, 2022, which was the most recent list available to us.

Please make sure that all input tax credits (ITCs) have been properly claimed in your GST/HST returns. If amounts were eligible and not previously claimed for purchases made on or before the CCAA filing date of March 11, 2022, they can be claimed as ITCs in a reporting period before that date if they are within the four-year time limit specified by subsection 225(4) of the Act. Amounts should be claimed in the proper reporting period because of the different policies and filing procedures in effect before and after the CCAA filing date.

If you have information that we should consider about the proposed changes, you can send it electronically with our "Submit documents" secure online service. You must be registered for My Business Account or Represent a Client. For more information, go to **canada.ca/cra-submit-documents-online**. Use case number **48795741** to make sure your documents are sent properly. Failure to use the case number can result in delays with finalizing your file. You may use the same case number with our "Audit Enquiries" secure online service if you have any questions.

You can also send information by fax or mail to my attention and marked "Personal and confidential" using my contact information at the end of this letter.

We will consider any representations received on or before **July 4, 2022**. If you do not respond by that date, we will (re)assess the registrant's return based on the proposed change.

Your CCAA motion was filed as a group with other applicants that were GST/HST registrants. The only list of unsecured creditors filed was a combined list. We are proposing to (re)assess each registrant based on the combined list because we could not find which amounts in the list were owed by a specific registrant.

Please give an unsecured creditor list for each registrant, shown as item #1 of our enclosed Appendix B – List of Recommended Representations. The appendix also has other items that we can consider when reviewing your representations. We might ask for more information later.

See the enclosed Schedule B – List of Recommended Representations, if you need help. We might ask for more information later.

You can receive information electronically if you register to receive email notifications by logging in to My Business Account and selecting "Manage notification preferences". You can also have your authorized representative receive email notifications if they log in to Represent a Client and select "Manage notification preferences".

To help you prepare for the audit, search our publications at **canada.ca/cra-forms** and get Pamphlet RC4188, What You Should Know About Audits. To help you understand your rights as a taxpayer, see Guide RC17, Taxpayer Bill of Rights, which you can get at **canada.ca/taxpayer-rights**.

If you have any questions or concerns during the audit, please call me at **587-338-8789**. My team leader, Rachael Simpson, can be reached at 587-341-7644 if I am not available.

Sincerely,

Carla Navarro

Carla Navarro
GST/HST Desk Audit Program
Alberta Tax Services Office

Enclosure(s)

c.c.: Casey Walsch
Canada Fluorspar (NL) Inc.

I agree to the proposed change and waive the 30 day proposal period.

____
(Signature of Authorized Officer)

10 – 9700 Jasper Avenue
Edmonton AB
T5J 4C8

Phone: 587-338-8789
Fax: 403-292-5731
Internet: **canada.ca/taxes**

GST/HST - Insolvency			
Registrant	CANADA FLUORSPAR (NL) INC.		
Business Number	89811 4087 RT0001		
Audit Period	2022-03-01	**to**	2022-03-11
Prepared by	Carla Navarro		

Total amount unpaid to suppliers		122,445,433.86	
Less: Total amount where GST/HST was not charged or owed	**(A)**	91,620,667.38	
Total amount unpaid to suppliers where GST/HST was charged		30,824,766.48	
Calculate GST/HST included at 15%		x 15/115	
Total GST/HST included in unpaid amounts			**4,020,621.71**

List of unsecured creditors where no GST/HST was charged or owed:

Name of supplier	Unpaid amount
Ameritrol, Inc.	1,107.68
Asgco Manufacturing Inc.	26,835.06
Box L Mining and Ranching LLC	3,353.40
Bridging Finance Inc.	3,618.41
CAFO Insurance	16,732.72
DocuSign Inc.	8,326.99
Donaldson Company, Inc.	746.11
Eagle Crusher	1,000.95
Eggerding B.V.	18,380.70
FLSmidth Inc. - Salt Lake City Operations	63,554.17
Golden Gate Capital	25,309.27
Hamilton Equipment Company, Inc	499.62
Head, Johnson, Kachigian & Wilkson, PC	38,019.04
JMT of New York Inc.	25,766.90
Manulife Financial	61,189.30
Maples and Calder	1,457.30
OSIsoft LLC	100,968.96
Oxford Instruments America Inc.	20,483.60
Peter Kiewit Sons ULC	18,669.86
Receiver General	27,632.19
RoBulog, Rotterdam Bulk Logistics	27,807.00
S.E. International	120.69
Sepor, Inc	594.43

SGS Nederland BV	10,236.89	
SGS North America, Inc.	1,708.29	
Siebtechnik Tema	76,861.59	
Slack Technologies, LLC	32,363.76	
Tank Connection LLC	2,299.71	
TEMA ISENMANN, Inc.	9,202.80	
Canada Revenue Agency	Unknown	
Canada Revenue Agency	Unknown	
Town of St. Lawrence	1.00	
Bridging Finance Inc.	55,000,000.00	
HSBC	15,206,573.95	
Province of Newfoundland and Labrador	17,000,000.00	
BMO	157,911.95	
Bank of Montreal Transport Finance	1.00	
CAT Financial Credit	705,450.39	
Epiroc Financial	19,253.30	
Meridian Financing	106,628.40	
Workplace NL	Unknown	
Atlantic Canada Opportunities Agency	2,800,000.00	
Total amount where GST/HST was not charged or owed	**91,620,667.38**	(A)

Schedule B – List of Recommended Representations

Subject: Proposed change to the goods and services tax / harmonized sales tax (GST/HST) return for the reporting period March 1, 2022 to March 11, 2022

You can include information from this list with your representations. If possible, please send electronic files in spreadsheet format (.xls or .xlsx) or as a text file (.csv) for listings, and in PDF format for all other documents.

1. A detailed listing of your total sales and the GST/HST charged on those sales in the above period, that includes this information for each sale:
    a. date of transaction
    b. name of customer
    c. province or territory of supply
    d. sale amount
    e. amount of GST/HST charged

2. If you want to claim input tax credits (ITCs) that might be eligible for purchases made up to March 11, 2022, and they were not claimed previously, give a detailed listing that includes this information for each purchase:
    a. date of transaction
    b. name of supplier
    c. description of goods or services purchased
    d. purchase amount
    e. amount of GST/HST charged

3. An updated and unconsolidated listing of all accounts payable as of March 11, 2022, for Canada Fluorspar (NL) Inc.

4. Copies of original purchase documents for transactions from your listing of accounts payable where GST/HST was not charged, that includes this information for each purchase:
    a. date of transaction
    b. name of supplier
    c. description of goods or services purchased
    d. purchase amount
    e. explanation of why GST/HST was not charged

5. Information about payments made after March 11, 2022, that would affect your listing of accounts payable, including proof of payments.

6. Information about accounts that you expect will be paid after March 11, 2022, and the sources of funds for those payments. Please include a schedule of payments to be made at certain intervals that were approved by the Monitor.

7. List of suppliers to be paid that are considered critical for continuing business operations.

8. A listing of any inventory, equipment, or other assets still owned by Canada Fluorspar (NL) Inc. as of March 11, 2022.

9. A listing of any inventory, equipment, or other assets sold on or after March 11, 2022, including supporting documents such as sales agreements and any elections that were made by Canada Fluorspar (NL) Inc.

10. A copy of the current Statement of Account or Statement of Affairs prepared by the Monitor.

HP LaserJet MFP M426fdw

Fax Confirmation

18-Jul-2022 2:01PM

Job	Date	Time	Type	Identification	Duration	Pages	Result
14039	18/ 7/2022	1:59:45PM	Send	14032925731	1:48	4	OK

GrantThornton

FAX COVER SHEET			
TO:	Carla Navarro	FROM:	Anoosha Selvaratnam
COMPANY:	CRA	COMPANY:	Grant Thornton Limited
FAX#:	1-403-292-5731	FAX#	902-420-1068
PHONE#	1-866-248-1576	PHONE#	902-455-5742
DATE:	July 18th, 2021	NUMBER OF PAGES (including cover page):	5
RE:	In the matter of Canada Fluorspar Inc.		

Grant Thornton Limited
Nova Centre, North Tower
Suite 1000-1675 Grafton Street
Halifax, Nova Scotia
B3J 0E9

T (902) 421-1577
F (902) 420-1068
www.GrantThornton.ca

Good Afternoon,

Please see attached Good and Services Tax/ harmonized Sales Tax reporting period from March 1, 2022 to March 11, 2022 re: Canada Fluorspar Inc.

Business Number: 89811 4087 RT0001

If you have any additional questions please do not hesitate to reach out to me directly, my contact information is located below.

Sincerely,

Anoosha Selvaratnam | Senior Associate
Grant Thornton Limited
Nova Centre, North Tower | Suite 1000 - 1675 Grafton Street | Halifax | NS | B3J 0E9
T +1 902 455 5742 | F +
E Anoosha.Selvaratnam@ca.gt.com | W www.GTDebtSolutions.com

Grant Thornton

FAX COVER SHEET

TO:	Carla Navarro	**FROM:**	Anoosha Selvaratnam
COMPANY:	CRA	**COMPANY:**	Grant Thornton Limited
FAX#:	**1-403-292-5731**	**FAX#**	902-420-1068
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Business Number: 89811 4087 RT0001

If you have any additional questions please do not hesitate to reach out to me directly, my contact information is located below.

Sincerely,

Anoosha Selvaratnam | Senior Associate
Grant Thornton Limited
Nova Centre, North Tower | Suite 1000 - 1675 Grafton Street | Halifax | NS | B3J 0E9
T +1 902 455 5742 | **F** +
E Anoosha.Selvaratnam@ca.gt.com | **W** www.GTDebtSolutions.com

July 18, 2022

Grant Thornton Ltd
Nova Centre, North Tower
Suite 1000, 1675 Grafton Street
Halifax, NS
B3J 0E9

T +1 902 421 1734
F +1 902 420 1068

Ms. Carla Navarro
Canada Revenue Agency
Alberta Tax Services Office
10 – 9700 Jasper Avenue
Edmonton, AB T5J 4C8

Re: Goods and Services Tax / Harmonized Sales Tax ("GST/HST") reporting period from March 1, 2022 to March 11, 2022

Business Number: 89811 4087 RT0001

Dear Ms. Navarro:

We are writing on behalf of our client, Canada Fluorspar (NL) Inc. ("Canada Fluorspar") in response to your letter dated June 1, 2022 in which the CRA has proposed to assess net tax payable under paragraph 296(1)(b) of the *Excise Tax Act* ("ETA"). Specifically, CRA is proposing to increase net tax by $4,020,621.71 noting the amount of HST is owed on the taxable supplies it received from suppliers but has not yet paid. We respectfully disagree with the proposal for the reasons set out below:

1. The use of paragraph 296(1)(b) is not appropriate
2. The reporting period under audit is not valid
3. The amount proposed is incorrect

1. The use of paragraph 296(1)(b) is not appropriate

Paragraph 296(1)(b) of the ETA allows the Minister to assess tax payable to a purchaser in unusual circumstances such as, where the person has claimed input tax credits ('ITCs') with respect to a purchase, did not pay the tax to the supplier, becomes bankrupt, and the supplier writes amounts off on account of bad debt. This is simply not the current case with Canada Fluorspar. In fact, Canada Fluorspar has not, as at the date of this letter, claimed all GST/HST payable to its suppliers as ITCs, has not become bankrupt, its monitor has paid certain of the GST/HST claimed as ITCs to suppliers since the date of the initial order, some of the supplier claims don't include GST/HST, nor is there any evidence its suppliers have written off any amounts as bad debts in relation to the supplies. As you are aware, Canada Fluorspar has simply filed under the Companies' Creditor Arrangement Act ("CCAA"), seeking protection from its creditors to devise a plan of restructuring and/or compromise for the purpose of avoiding bankruptcy or receivership.

Canada Fluorspar (NL) Inc. has only filed its returns to December 21, 2021. Canada Fluorspar, with the assistance of the Monitor, is working to file the outstanding HST returns, including period covered in the above noted dates.

As such, the levying of an assessment under this provision is not appropriate at this time because: a) ITCs have not been recovered by Canada Fluorspar for all GST/HST incurred; b) negotiations are still ongoing to determine what amounts Canada Fluorspar will be able to pay to its creditors; and c) there is no proof that the creditors have written off the amounts receivable as bad debts.

Grant Thornton

With respect, this proposal is contrary to the intention of the legislation as well as CRA's GST/HST Policy Statement P-112R. The policy states that the Minister "may exercise its authority under paragraph 296(1)(b) of the ETA and assess a purchaser who is insolvent or bankrupt in respect of the GST/HST not paid to a supplier." As noted above, Canada Fluorspar is not bankrupt. The same policy also states it will generally not intervene to collect tax from the purchaser, and *never when the purchaser has ongoing relations with the supplier and the supplier is not taking any action to claim a bad debt.* Canada Fluorspar is currently negotiating with its suppliers under the protection of the CCAA – thus, it has ongoing relations with the suppliers and as stated above, there is no evidence that the suppliers have claimed a bad debt.

Moreover, the CRA also said that a purchaser would not be assessed *unless it is evident that the related tax amount will not be paid to the supplier* at the May 2006 Institute of Chartered Accountants of Alberta roundtable. For your reference, the full excerpt, as taken from David Sherman's commentary is as follows:

> *Question 3(c) Could the department please clarify and explain the potential for double taxation when there is an assessment raised under paragraph 296(1)(b) and the person who is assessed subsequently makes a payment to the supplier(s) on which the original input tax credit was claimed?*
>
> *Response 3(c) The Agency will not generally assess a purchaser under paragraph 296(1)(b) unless it is evident that the related tax amount will not be paid to the supplier. In theory, though, the subsequent payment of any GST payable to a supplier would reduce the amount the Agency could have assessed pursuant to 296(1)(b) and this would therefore enable the registrant to request an adjustment to the assessment. However, in practice it is highly unlikely that any adjustments would be requested since it is highly unlikely that an insolvent or bankrupt registrant would ever be able to fully satisfy the GST payable via the combined payments to its creditors and via the amount recovered by the Agency.*

To reiterate our client's position, Canada Fluorspar filed for protection under the CCAA, but has not yet become bankrupt, nor is there any evidence that Canada Fluorspar's suppliers have claimed any bad debt. Therefore, levying any assessment of net tax payable against Canada Fluorspar under paragraph 296(1)(b) is not consistent with the intention of this section nor with CRA's own policy.

2. *Reporting period under audit is not valid*

Under section 265 of the ETA, the day a registrant enters into bankruptcy is deemed to be the end of a reporting period, with a new reporting period commencing the next day. Similarly, a bankrupt's reporting period is also deemed to end on the day that person is discharged from bankruptcy (with a new reporting period also starting the next day). Since CCAA protection is not bankruptcy, the month of March 2022 should not be bifurcated into two separate reporting periods. As such, we respectfully request the CRA to change Canada Fluorspar's reporting periods accordingly.

Grant Thornton

3. *Proposed amount to be assessed is incorrect*

While it is our primary position that paragraph 296(1)(b) is not being correctly used as per the intention of the legislation and that the entire proposal be reversed, for completeness purposes, we note that the calculation in Schedule A was generated based on a creditor list in respect of supplies made to three (3) different legal entities: Canada Fluorspar, Canada Fluorspar Inc. (a separate corporation) and Newspar, a general partnership. Since corporations and partnerships are separate persons for GST/HST purposes, the CRA can't assess Canada Fluorspar for net tax payable by either Canada Fluorspar Inc. or Newspar. Thus, the amount proposed to be assessed against Canada Fluorspar is incorrect because the amounts listed in the schedule include items in relation to other persons.

As noted above, the Monitor is working with Canada Fluorspar to bring the GST/HST returns current. In addition, we are working to bring Canada Fluorspar Inc., and Newspar current as well.

* * * * *

Based on the foregoing, we respectfully request that the CRA vacate this proposal in full as not all GST/HST payable to suppliers has been claimed as ITCs, Canada Fluorspar is not bankrupt and there is no evidence that the suppliers have written off any amounts on account of bad debt.

We would be happy to provide what information we have available in this proceeding and would suggest that CRA undertake its audit once the various returns have been filed.

I can respond to certain of your questions:

1. There were no sales during the period March 2, 2022 to March 11, 2022.
6. Distributions to creditors, if any, will come from the net proceeds of a sale (if any) that is contemplated in the SISP. The claims process, and distribution, have yet to be contemplated or approved by the Court.
7. No supplies were determined to be critical suppliers for purposes of the CCAA proceeding.
10. There is no Statement of Affairs in a CCAA proceeding. We have been updating the creditors list as the proceeding progresses.

Should you have any questions or wish to further discuss the above, please contact us.

Yours sincerely,

GRANT THORNTON LIMITED
In its Capacity as Monitor of
Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., and Newspar

Phil Clarke, KStJ, CPA, CA, CIRP, LIT
Senior Vice President

TAB F

June 8th, 2022

Canada Fluorspar (NL) Inc.
C/O Darrin Kitchen
595 Old Sackville Road
Lower Sackville, NS B2K 2K4

File Number 79117741

Dear Darrin Kitchen:

Subject: <u>Part XIII, Regulation 105 and Regulation 102 tax audit for the years 2016 to 2020</u>
Account 89811 4087 RC0001

Your income tax returns from January 1, 2016 to December 31, 2020 were selected for audit.

Subsection 230(1) of the *Income Tax Act* (the Act) states that every person carrying on business and every person required to pay or collect taxes or other amounts must keep books and records with information to allow the Canada Revenue Agency (CRA) to determine the person's tax liabilities and obligations under this Act.

Under subsection 231.1(1) of the Act, officers of the CRA may inspect, audit, and examine your books and records.

Please send us all of the following documents along with any other important information to complete our audit for the 2016 - 2020 tax years mentioned above:

- general ledger for the years 2016-2020
- organization chart;
- list of all employees and subcontractors, along with their addresses, Social Insurance Numbers and/or their Temporary Tax Numbers;
- list of all payments made to any non-resident individuals, businesses and/or corporations for work completed in Canada;
- Royalty Contracts/Agreements.
- There are indications of payments made to the following vendors. Please include all invoices, Purchase Orders and agreements with these vendors:
    - AnG Africa Procurement (Pty) Ltd.
    - Lindsay Gorrill
    - Peter Kiewit Infrastructure Co.
    - Immersive Technologies
- Explanation of the difference in amount claimed as salaries expense on the T2 returns and amounts reported on T4 slips.

The length of the audit will depend on the condition of your accounting records, the size and complexity of your business, and your co-operation. We will keep you informed of the progress of the audit throughout the process.

We will inform you of any proposed changes and give you 30 days to send a response along with your documents. If you disagree with any points, we will be available to discuss them with you.

If your accounting books and records are in electronic format, you or your authorized representative can submit them electronically through the CRA's **My Account**, **My Business Account**, or **Represent a Client** portals. These services offer a secure, quick and easy way to manage your tax information online.

If you want to submit your books and records electronically, your case number is 79117741. For more information on how to register, to submit documents, or to authorize a representative, go to **https://www.canada.ca/en/revenue-agency/services/e-services/submit-documents-online.html**.

To help you prepare for the audit, please read Pamphlet RC4188, *What you should know about audits*, at **https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4188-what-you-should-know-about-audits.html**. You can also read (or: refer to) the *Taxpayer Bill of Rights*, a set of 16 rights, a set of 16 rights confirming that the CRA will serve taxpayers with a high degree of accuracy, professionalism, courtesy, and fairness. For more information, go to **https://www.canada.ca/en/revenue-agency/corporate/about-canada-revenue-agency-cra/taxpayer-bill-rights.html**

If you want to use the services of your representative, you can authorize them online using the "Authorize my representative" service in **My Account** or **My Business Account**. This will grant your representative instant access to your information and the online services to easily manage your account. You can also fill in Form AUT-01, *Authorize a Representative for Access by Phone and Mail*, and have it available when we meet. This will allow your representative to discuss your information with us during the audit.

You can find more information about non-resident tax on our website at **https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/individuals-leaving-entering-canada-non-residents/non-residents-canada.html**.

You can get our forms and publications at **https://www.canada.ca/en/revenue-agency/services/forms-publications.html** by typing the publication number or name in the search box. You may also call us at the numbers shown on our website at **https://www.canada.ca/en/revenue-agency/corporate/contact-information.html**.

Please provide the documents we asked for by July 8th, 2022. If you have questions, please call me at 709-691-9234. You can also reach my team leader, *Kimberly Sheppard* at 709-730-8324.

Your prompt reply is appreciated.

Sincerely,

Kelsey Foley

Kelsey Foley
Non-Resident Audit Section
NL Tax Services Office

Fax:	1-709-772-5136
Address:	165 Duckworth Street St. John's, NL A1B 4R5
Website:	https://www.canada.ca/en/revenue-agency.html

TAB G

Canada Fluorspar Inc. (CFI)
Cash Flow Report (CCAA - Care and Maintenance - Sale and Investor Solicitation Process)
For the Period of March 11, 2022 to August 14, 2022 (Weeks 3 to 25)
(In 000s CAD)

		Budget to	CCAA																Actual	Variance
Week No.	Notes	14-Aug-22	Actual	12	13	14	15	16	17	18	19	20	21	22	23	24	25			
Week Start			07-Mar-22	09-May-22	16-May-22	23-May-22	30-May-22	06-Jun-22	13-Jun-22	20-Jun-22	27-Jun-22	04-Jul-22	11-Jul-22	18-Jul-22	25-Jul-22	01-Aug-22	08-Aug-22			
Week Ending			08-May-22	15-May-22	22-May-22	29-May-22	05-Jun-22	12-Jun-22	19-Jun-22	26-Jun-22	03-Jul-22	10-Jul-22	17-Jul-22	24-Jul-22	31-Jul-22	07-Aug-22	14-Aug-22			
Cash Inflows																				
Collection of Receivables	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other - Sale of Inventory	B	5,739	5,628	2	-	-	2	-	-	1	-	-	-	-	-	-	3		5,637	(102)
Other - Sale of Equipment	C	315	-	-	-	-	-	-	-	-	-	-	-	-	175	-	-		175	(140)
Other		161	161	0	-	-	2	-	-	-	3	0	-	-	-	5	-	-	172	11
Total Cash Inflows		6,215	5,788	3	-	-	4	-	-	1	3	0	-	-	175	5	3	-	5,983	(231)
Cash Outflows																				
Payroll		1,914	664	148	1	179 -	0	137	52	172	3	135	12	129	39	137	-		1,809	(105)
Maintenance Costs		185	73	1	3	2	4	2	2	1	1	2	1	1	-	4	-		98	(87)
Fuel		385	105	-	-	-	32	-	-	-	-	-	-	9	-	-	-		146	(239)
Freight		2	2	-	-	-	-	0	-	-	-	-	-	-	-	-	-		2	0
Utilities		389	137	14	14	-	14	27	15	13	13	21	16	12	13	-	31		340	(48)
Insurance		507	167	-	5	78	6	-	-	83	-	-	9	83	-	5	-		436	(71)
Materials/Supplies		16	2	0	-	3	-	3	0	1	-	-	1	-	0	1	2		13	(4)
Professional Fees - Restructuring		1,345	495	-	-	42	342	-	74	-	174	-	68	-	154	9	-		1,357	12
Other/Miscellaneous		32	6	-	-	2	-	4	-	-	-	6	-	-	-	1	-		19	(14)
Inventory Sale Costs	B	689	689	-	-	- -	172	-	-	-	-	-	-	-	-	-	-		517	(172)
HSBC Inventory Sale Agreement	B	2,732	2,732	-	-	-	-	-	-	-	-	-	-	-	-	-	-		2,732	-
Telephone/Communications		113	43	2	-	1	4	1	5	1	0	1	2	-	-	9	2		71	(43)
Environmental		194	49	2	0	-	2	12	0	1	2	1	0	0	11	1	-		81	(112)
Logistics/Warehousing		1	1	0	-	-	0	-	-	0	0	-	0	-	0	-	-		3	1
Contingency		30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	(30)
Equipment Lease Payments/Buyouts	C	207	-	60	-	-	89	-	-	2	3	3	2	1	20	5	1		187	(20)
Barge		30	-	-	-	-	-	17	-	-	3	-	-	-	-	6	-		27	(3)
Mining Leases / Licenses		144	117	-	1	1	-	3	-	-	-	-	1	2	-	-	-		124	(20)
SLR/AGP - NI 43-101 Mining Report	D	380		206	-	-	-	32	-	-	-	-	108	-	-	25	-		372	(8)
Total Cash Outflows		9,294	5,281	434	24	308	321	239	148	274	199	170	221	237	239	202	36	-	8,332	(962)
Net Cash Flow		(3,079)	507	(431)	(24)	(308)	(317)	(239)	(148)	(273)	(196)	(170)	(221)	(237)	(64)	(197)	(32)	-	(2,349)	730
Cash Balance																				
Opening Cash Balance		321	321	5,528	5,097	5,073	4,765	4,448	4,209	4,061	3,789	3,593	3,423	3,202	2,965	2,901	2,704	3,423	321	-
DIP Financing - Bridging Finance (Receiver)		1,450	1,450	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,450	-
DIP Financing - Prov. of Newfoundland		3,250	3,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,250	-
Priority Charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Net Cash Flow		(3,079)	507	(431)	(24)	(308)	(317)	(239)	(148)	(273)	(196)	(170)	(221)	(237)	(64)	(197)	(32)	-	(2,349)	730
Closing Cash Balance	E	1,941	5,528	5,097	5,073	4,765	4,448	4,209	4,061	3,789	3,593	3,423	3,202	2,965	2,901	2,704	2,672	3,423	2,672	730

Notes:

A - Deloitte Restructuring Inc. was appointed as receiver on behalf of HSBC who held security over the receivables. Whether any surplus funds will exist after the receivership is unknown at this time

B - See inventory sale schedule for details on sale of fluorspar and costs including agreement with HSBC and sttlement of dispute with Farrell's Excavating in respect to loading of the vessel

C - The Monitor is exploring the buyout and sale of certain redundant leased equipment, which was expected to transpire sometime in June. That has not occurred yet

D - AGP and SLR have been paid for their agreed upon work for the 43-101 report. SLR has issued additional invoices which are under review

E - Closing Cash Balance does not include $750,000 deposit from the Successful Bidder

TAB H

GRANT THORNTON LIMITED
PLAN OF COMPROMISE AND ARRANGEMENT OF CANADA FLUORSPAR INC.
INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FROM MARCH 11, 2022 TO AUGUST 19, 2022

RECEIPTS:			
Cash on Hand	$	51.60	
Deposits - SISP		750,000.00	
DIP Financing		4,700,000.00	
HST Collected		3,836.80	
Interest		10,625.79	
Misc. Refunds		62,427.92	
Sale of Assets		177,411.65	
Sale of Inventory		2,790,436.09	1
Scrap Metals		12,585.25	
Transfer from Interim Receivership		210,142.81	
TOTAL RECEIPTS	**$**	**8,717,517.91**	
DISBURSEMENTS:			
Advertising	$	15,571.58	
Appraisal Fees		3,632.50	
Change of Locks		562.46	
Commission		15,750.00	
Computer Services		15,356.08	
Environmental		3,415.73	
Equipment Leases / Buyouts		169,118.31	
Fuel		133,891.43	
HST Paid (ITC)		343,541.22	
HST Remitted		14,430.20	
Insurance		434,857.13	
Interest		1,453.06	
Inventory Trucking to Ship		338,483.00	
Legal Fees		341,062.30	
Mining Licenses & Leases		124,985.15	
Misc. Fees		1,640.00	
Monitor's Fees		812,457.54	
Motor Vehicle Registrations		632.62	
Payroll Services		7,352.12	
Postage and Courier		13,343.57	
Prepaid Expenses & Deposits		3,784.72	
Professional Services		482,970.54	2
Rent Expense		26,003.23	
Repairs & Maintenance		104,543.11	
Storage		1,610.00	
Supplies		1,608.50	
Travel		38,136.14	
Utilities		279,732.03	
Wages & Benefits		1,555,799.38	
	$	**5,285,723.65**	
PAYMENTS TO SECURED CREDITORS			
TOTAL DISBURSEMENTS	**$**	**5,285,723.65**	
FUNDS ON HAND	**$**	**3,431,794.26**	

Note:

1. Sale of inventory is recorded net of certain disbursements related to brokerage, surveying and shipping, as well as a payment to secured creditor HSBC in the amount of $2,118,000 USD.

2. Various services related to environmental monitoring, 43-101 mine survey and report, and mining consultants.

TAB I

Canada Fluorspar Inc. (CFI)
Cash Flow Projection (CCAA - Care and Maintenance - Sale and Investor Solicitation Process)
For the Period of Mar 7, 2022 to Oct 30, 2022
(in 000s CAD)

Week No.	Notes	Actual	26	27	28	29	30	31	32	33	34	35	36	Total
Week Start		07-Mar-22	15-Aug-22	22-Aug-22	29-Aug-22	05-Sep-22	12-Sep-22	19-Sep-22	26-Sep-22	03-Oct-22	10-Oct-22	17-Oct-22	24-Oct-22	
Week Ending		14-Aug-22	21-Aug-22	28-Aug-22	04-Sep-22	11-Sep-22	18-Sep-22	25-Sep-22	02-Oct-22	09-Oct-22	16-Oct-22	23-Oct-22	30-Oct-22	
Cash Inflows														
Collection of Receivables		-	-	-	-	-	-	-	-	-	-	-	-	-
Other - Sale of Inventory		5,637	-	-	-	-	-	100	-	-	-	-	-	5,737
Other - Sale of Equipment		175	-	-	-	-	-	-	-	-	-	-	-	175
Other		172	-	-	-	-	-	-	-	-	-	-	-	172
Total Cash Inflows		5,983	-	-	-	-	-	**100**	-	-	-	-	-	**6,083**
Cash Outflows														
Payroll		1,809	-	175	-	175	-	175	-	175	-	175	-	2,684
Maintenance Costs		98	8	8	8	8	23	8	8	8	8	8	8	201
Fuel		146	15	15	15	15	15	15	35	15	15	15	55	371
Freight		2	1	1	1	1	1	1	1	1	1	1	1	13
Utilities		340	18	18	18	18	18	18	18	18	18	18	18	538
Insurance		436	-	-	5	85	-	-	1	85	-	-	1	614
Materials/Supplies		13	1	1	1	1	1	1	1	1	1	1	1	24
Professional Fees - Restructuring		1,357	50	50	75	75	80	75	75	50	50	50	50	2,037
Other/Miscellaneous		19	1	5	1	5	1	5	1	5	1	5	1	50
Inventory Sale Costs		517	-	-	-	-	-	-	-	-	-	-	-	517
HSBC Inventory Sale Agreement		2,732	-	-	-	-	-	-	-	-	-	-	-	2,732
Telephone/Communications		71	5	5	5	5	5	5	5	5	5	5	5	126
Environmental		81	5	10	5	15	5	10	5	5	5	10	5	161
Logistics/Warehousing		3	-	-	-	-	-	-	-	-	-	-	-	3
Contingency		-	-	10	-	10	-	10	-	10	-	10	-	50
Equipment Lease Payments/Buyouts		187	2	4	2	4	2	4	2	4	2	4	2	217
Barge		27	-	6	-	-	-	6	-	-	-	-	6	45
Mining Leases / Licenses		124	-	-	-	-	-	-	-	-	-	-	-	124
SLR/AGP - NI 43-101 Mining Report		372	-	-	-	-	-	-	-	-	-	-	-	372
Total Cash Outflows		**8,332**	**106**	**308**	**136**	**417**	**151**	**333**	**152**	**382**	**106**	**302**	**153**	**10,877**
Net Cash Flow		**(2,349)**	**(106)**	**(308)**	**(136)**	**(417)**	**(151)**	**(233)**	**(152)**	**(382)**	**(106)**	**(302)**	**(153)**	**(4,794)**
Cash Balance														
Opening Cash Balance		321	2,672	2,566	2,258	2,122	1,705	1,554	1,321	1,169	787	682	280	321
DIP Financing - Bridging Finance (Receiver)		1,450												1,450
DIP Financing - Prov. of Newfoundland		3,250												3,250
Priority Charges		-										(100)	(85)	(185)
Net Cash Flow		(2,349)	(106)	(308)	(136)	(417)	(151)	(233)	(152)	(382)	(106)	(302)	(153)	(4,794)
Closing Cash Balance		**2,672**	**2,566**	**2,258**	**2,122**	**1,705**	**1,554**	**1,321**	**1,169**	**787**	**682**	**280**	**42**	**42**

Notes: