

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., Newspaper and CFI Newspaper Holdings Inc. (collectively, "**CFI**" or the "**Company**"); and

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

AFFIDAVIT OF PHIL CLARKE

I, Phil Clarke, CA, CPA, CIRP, LIT, of the City of Halifax, Nova Scotia, make oath and say as follows:

1. I am a Senior Vice President with Grant Thornton Limited ("GTL"), the Monitor in the within CCAA proceedings concerning CFI and am authorized to give this affidavit in support of the within application. The information set out in the within application is true to the best of my knowledge, information and belief.

2. As set out in the within application, GTL was appointed Interim Receiver of Canada Fluorspar Inc., and Canada Fluorspar (NL) Inc., pursuant to an Order of this Honourable Court dated the 21st of February 2022, attached hereto as **Exhibit "A"**.

3. As set out in the within application, GTL was further appointed as Monitor for Canada Fluorspar Inc., Canada Fluorspar (NL) Inc., and Newspaper pursuant to an Amended and Restated

Initial Order of this Honourable Court issued on the 18th of March 2022 attached hereto as **Exhibit "B"**.

4. As noted in the within application, on the 8th of March 2022, GTL applied to the Honourable Supreme Court, in its capacity as Interim Receiver, to have Canada Fluorspar Inc., Canada Fluorspar (NL) Inc., and Newspar placed into administration under the CCAA. That order was granted, as noted above, initially on the 11th of March 2022 and revised on the 18th of March 2022 (the Amended and Restated Initial Order being referred to as the "ARIO").

5. As noted in the within application, on the 31st day of May 2022, GTL applied to the Honourable Supreme Court, in its capacity as Monitor, to extend the dates in the Sales Investment and Solicitation Process (the "SISP"), the SISP order and to extend the stay period until the 2nd day of September 2022. That order was granted, on the 10th of June 2022 (Amendment #1 ARIO being referred to as the "Amended ARIO").

6. As noted in the within application, on the 24th day of August, GTL applied to the Honourable Supreme Court, in its capacity as Monitor, to extend the SISP, the SISP order and to extend the stay period until the 17th day of October, 2022. That order was granted, on the 30th day of August 2022 (Amendment #2 being referred to as the "Amended ARIO- #2").

7. As noted in the within application, on the 12th day of October 2022, GTL applied to the Honourable Supreme Court, in its capacity as Monitor, to extend the stay period until the 26th day of February, 2022. That order was granted, on the 12th ay of October 2022 (Amendment #3 being referred to as the "Amended ARIO- #3").

8. As noted in the within application, on the 16th day of February 2023, GTL applied to the Honourable Supreme Court, in its capacity as Monitor, to extend the stay period until the 31st

day of May, 2022. That order was granted, on the 21st day of February 2023 (Amendment #4 being referred to as the "Amended ARIO- #4").

9. As noted in the within application, on the 18th day of May 2023, GTL applied to the Honourable Supreme Court, in its capacity as Monitor, to extend the stay period until the 16th day of June, 2023 and to add CFI Newspar Holdings Inc., to these proceedings. That order was granted, on the 18th day of May 2023 (Amendment #5 being referred to as the "Amended ARIO- #5").

10. Between the period of May 18th, 2023 to present, GTL has undertaken the following work pursuant to the Amended ARIO- #5

- (a) Continued to protect and preserve the property and assets of CFI;
- (b) Continue to pay all holding costs of the estate in the normal course of the estates administration;
- (c) Continue to report to the DIP Lenders pursuant to the DIP Financing Agreement;
- (d) Continue to review claims by creditors and other stakeholders and respond accordingly;
- (e) Maintain the estates website (www.grantthornton.ca/cfi) and update as required in order to keep creditors and stakeholders updated on the status of the proceeding;
- (f) Respond to creditor and stakeholder queries in a timely fashion;
- (g) Finalize all statutory filings to the Canada Revenue Agency, Workplace NL, Department of Industry, Energy and Technology, Department of Environment

(Federal and Provincial), Department of Fisheries and Oceans in the normal course;

(h) Respond, as appropriate to various legal proceedings; and

(i) Work with the Purchaser to complete due diligence and the Definitive Agreement;

11. Further details regarding the Monitor's undertakings for the SISP process are described in the Monitor's First Confidential Report dated October 5, 2022 and the Monitor's Fifth Report dated October 6, 2022. Capitalized terms used in paragraph 7 of this affidavit are as defined in the SISP Procedures, unless otherwise noted.

12. That in the course of my duties as Monitor, in running the SISP, I have had several conversations with a Successful Bidder and discussed my recommendation with the DIP Lenders who have consented to the Proposed Transaction.

13. On August 26, 2022 the Monitor and the Successful Bidder entered into a binding letter of intent with respect to the purchase of the shares of Canada Fluorspar Inc.

14. That as a result of a Material Adverse Change, as outlined in **Exhibit "C"**, the Successful Bidder was unable to complete the transaction by October 7, 2022, or October 17, 2022 as outlined in the SISP.

15. That as a result of the Material Adverse Change, the transaction with the Successful Bidder was terminated.

16. That since termination, the Monitor has been working diligently to solicit bids, from the parties that previously submitted proposals during the SISP, for the purchase of the assets and/or shares of CFI.

17. The new successful bidder (the “**Purchaser**”) was selected and approved by the DIP Lenders such that a Letter of Intent was entered into on February 13, 2023.

SALE AND REVERSE VESTING ORDER

18. On May 26, 2023, after having conducted a thirteen (13) month strategic review process, running a SISP, evaluating multiple bids from interested parties located around the globe, dealing with a material adverse change, recanvassing interested parties who participated in the SISP, soliciting a second round of binding offers from interested parties located around the globe, GTL determined that the best path to maximize value for stakeholders and preserve the Company as a going-concern was to enter into a share purchase agreement with the Purchaser, wherein the existing shares in the capital of Canada Fluorspar Inc., being 302,521,179 common shares (“**Existing Interest**”) would be transferred to the Purchaser and a subscription for 250,000,000 common shares in Canada Fluorspar Inc., on the terms and conditions set out in the Share Purchase Agreement, such that the Purchaser would be the sole shareholder of the Canada Fluorspar Inc., and as such the sole shareholder of Canada Fluorspar (NL) Inc, CFI Newspaper Holdings Inc., and both partners of Newspaper. The Share Purchase Agreement is attached hereto as **Exhibit “A”** to the Monitor’s Third Confidential Report.

19. The transaction contemplated by the Share Purchase Agreement represents a positive outcome for the Company, the stakeholders and the senior secured creditors. The benefits of the transaction include the following;

- (a) Based on the Cash Consideration payable under the Share Purchase Agreement, the DIP Financing will be repaid in full to the DIP Lenders;
- (b) Sufficient funds to pay priority claims, if any;

- (c) An additional payment to the first ranking senior secured creditor pursuant to their security will be made;
- (d) The completion of the transaction contemplated in the Share Purchase Agreement will allow for the Company to restart operations and continue as a going concern benefiting certain former employees, suppliers, and the local communities.

20. The Transactions contemplated in the Share Purchase Agreement have been structured to form a "reverse vesting" transaction. In essence, instead of providing for a traditional asset sale transaction where all purchased assets are purchased and transferred to the purchaser on a "free and clear" basis and all excluded assets and excluded liabilities remain with the debtor company, the Transaction provides for a share transaction whereby, essentially:

- (a) The Purchaser will be transferred the Existing Interest and will subscribe for and purchase new shares of the Canada Fluorspar Inc., so that the Purchaser shall become the sole shareholder of Canada Fluorspar Inc., and as such the sole shareholder of Canada Fluorspar (NL) Inc, CFI Newspar Holdings Inc., and both partners of Newspar;
- (b) all excluded assets, excluded contracts and excluded liabilities will be transferred and "vested out" to Residualco, a company to be incorporated in advance of Closing, so to allow the Purchaser to indirectly acquire the Company's business and assets on a "free and clear" basis as well.

21. The Share Purchase Agreement was structured in this manner as the Company maintains approximately 64 material permits and licenses that are required to maintain its mining operations and that allow the Company to perform exploration work on various parts of the property (collectively, the "**Permits and Licenses**"). Under a traditional asset sale transaction structure, some of these Permits and Licenses may be difficult, and take a significant amount of time and

cost, to transfer to a purchaser and, to the extent that such transfer possible, the steps required to proceed with such transfer will likely result in additional delays and costs. The "reverse vesting" structure will allow the Company to maintain all of its Permits and Licenses, without requiring any additional steps to transfer them to Purchaser.

22. The "reverse vesting" structure will also allow the Company to maintain the mineral claims which are Retained Assets (as defined in the Share Purchase Agreement), without needing to amend the various registrations filed in respect thereof in order to reflect a new owner, which will significantly reduce the costs in relation with the Transactions.

23. That in my view, as Monitor, completing the Transactions under a "reverse vesting" structure will not result in any material prejudice or impairment of any of Company's creditors rights that they would otherwise have under an asset sale transaction or plan of arrangement.

24. A plan of arrangement would require the support of CFI's senior secured creditors who are already taking a substantial loss on their security and who would be better off exercising their security to culminate a sale of CFI than supporting a plan that would divert funds away from their security. The Monitor understands that the additional time and cost would negatively impact the Purchaser proposed timelines to restart operations and therefore create additional closing risk.

25. The reverse vesting structure will enable the Transactions to be completed efficiently and expeditiously minimizing risks, costs and delays of having to transfer Permits and Licenses.

26. The Purchaser has requested the reverse vesting structure, and all offers contemplated in the SISP, other than liquidation offers, contemplated a reverse vesting structure.

27. The Purchaser has requested the reverse vesting structure also as the mechanism that will allow it to preserve the Company's tax attributes that would otherwise be lost in an asset

sale. The Purchaser has expressed that this is an important aspect of the deal and that the purchase price is based, in part, on the preservation of those tax attributes.

28. The purchase price of the proposed transaction is not sufficient to repay the secured creditors, therefore the majority of creditors, whose claims will be included in the Excluded Liabilities in the Proposed Transaction, will receive no recovery. There is no apparent prejudice to these creditors as there would be no recovery for them had the transaction been structured as a traditional asset sale.

29. The DIP Lenders, who are the senior secured creditors, support the structure of the Transaction.

30. The Monitor is supportive of the Proposed Transaction.

31. The Monitor understands that the Proposed Transaction is not opposed by the key regulators being the Department of Fisheries and Oceans, and the Department of Industry, Energy and Technology, Mineral Lands Division.

RELEASE

32. As set forth in the draft Approval and Reverse Vesting Order, the Company also seeks the issuance of a court-ordered release (the "**Release**") in favour of;

- (a) the present and former employees, legal counsel and advisors of the Company and of ResidualCo;
- (b) the Monitor and its legal counsel, and their respective present and former directors, officers, partners, employees and advisors;
- (c) The DIP Lenders and its legal counsel, and their respective present and former directors, officers, partners, employees and advisors; and

(d) the Purchaser, its directors, officers, employees, legal counsel and advisors, (collectively, the "**Released Parties**").

33. The Release covers any and all present and future claims against the Released Parties based upon any fact, matter of occurrence in respect of the Transaction or the Company, its assets, business or affairs or administration of the Company, except any claim for fraud or willful misconduct or any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.

34. That in my view as Monitor, the Release sought is appropriate, given the significant and material contributions of the Released Parties in connection with the Transactions which implemented, as previously discussed, will allow for the payment or satisfaction of DIP Financing, priority claims, a material payment to the first secured creditor, and will allow the Company to restart operations as a going concern.

35. As Monitor, I am also unaware of any statutory liabilities in respect of the Released Parties and to date, no stakeholder of the Company has made the Company or the Monitor aware that they intend to assert a claim any of the Released Parties in respect of any claims covered by the Release.

36. That in my view as Monitor, the Release in the Approval and Reverse Vesting Order is an essential component to the Transaction.

EXTENSION TO STAY

37. Under the Amended ARIO- #5, the Stay Period will expire on June 16, 2023. Additional time is required to complete the transactions contemplated under the Share Purchase Agreement, if approved by the Court, or to determine the appropriate next steps if the Court declines to approve same. If the Proposed Transaction is approved, the Monitor will require additional time

to deal with the Cash Consideration as well as application to the court on a distribution order. An extension of the Stay Period is necessary to provide the stability required during that time.

38. The Share Purchase Agreement provides for a "Outside Closing Date" of June 9, 2023, which will may need to be briefly extended to allow time to complete the Transaction contemplated in the Share Purchase Agreement, including incorporated ResidualCo and dealing with the distribution of funds. Accordingly, a request that the Stay Period be extended until October 31, 2023 is being made. It should also be noted that the Stay Period will terminate in respect of the Company upon closing of the Transaction, however, the CCAA Proceedings and Stay Period will continue in respect of ResidualCo which are contemplated to be added as Applicants in the CCAA Proceedings under the Approval and Reverse Vesting Order.

39. The Monitor has acted in good faith in these CCAA Proceedings by pursuing the SISP in accordance with the SISP Procedures approved by the Court, and dealing with the Purchaser to complete the Share Purchaser Agreement and that the extension of the Stay Period, in addition to being appropriate in the circumstances, will not unduly prejudice any of its creditors. The extension of the Stay Period will permit the Company to close the transaction with Purchaser contemplated by the Share Purchase Agreement for the benefit its stakeholders and senior secured creditors. In addition, it will allow the Monitor time to complete the distribution application for approval by the Court, and distribute the funds.

40. The Revised Cashflow shows that the Monitor has sufficient cash to allow for the extension without an increase to the DIP, or any additional borrowing. The revised Cashflow is attached as **Exhibit "B"** to the Monitor's Third Confidential Report.

ENHANCED MONITOR'S POWERS

41. The Monitor is seeking to enhance its powers namely to allow the Monitor to:

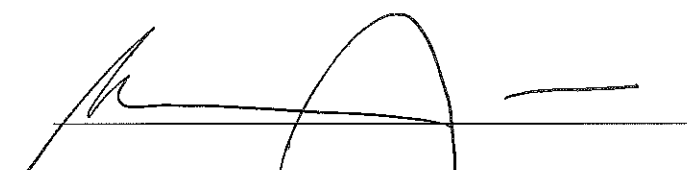
- (a) take any and all actions and steps, and execute all documents and writings, on behalf of, and in the name of the ResidualCo in order to facilitate the performance of their obligations, including as contemplated by the Subscription Agreement;
- (b) exercise any powers which may be properly exercised by any board of directors of the ResidualCo; and, ultimately,
- (c) assign the ResidualCo or cause the ResidualCo to be assigned into bankruptcy upon completion Transactions.

42. As previously discussed, as part set out in the Share Purchase Agreement, the Company will incorporate the ResidualCo for the purpose of transferring to them the Excluded Assets, Excluded Contracts and the Excluded Liabilities.

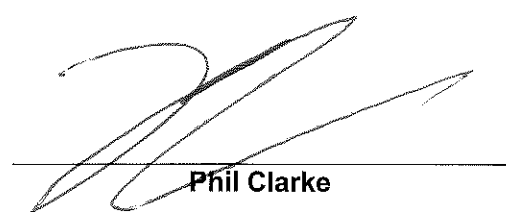
43. As such, the most logical and cost-effective solution is to enhance the Monitor's powers to allow it to act on behalf of the ResidualCo and take on its behalf any actions and steps which may be necessary to ensure the completion of the Transactions in accordance with the Share Purchase Agreement and, thereafter, assign or cause the assignment of the ResidualCo into bankruptcy in order to complete this matter.

44. I make this affidavit in support of the within application and for no other purpose.

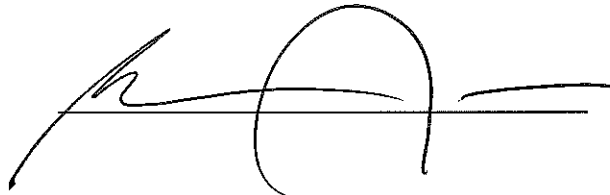
SWORN BEFORE ME on this 29th day
of May, 2023 in the City of Halifax in
the Province of Nova Scotia.



BEN PRYDE
A Barrister of the Supreme
Court of Nova Scotia


Phil Clarke

This is **EXHIBIT "A"** of the **AFFIDAVIT
OF PHIL CLARKE** sworn before me
this 29th day of May, 2023.

A handwritten signature in black ink, consisting of a stylized 'B' followed by a large loop and a horizontal line extending to the right.

BEN PRYDE
A Barrister of the Supreme
Court of Nova Scotia

Exhibit "A"

SCHEDULE "I"

**2022 01Q 0709
IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
GENERAL DIVISION**

BETWEEN:

**PRICEWATERHOUSECOOPERS INC. in its
capacity as court-appointed receiver and
manager of BRIDGING FINANCE INC. and
BRIDGING INCOME FUND LP**

APPLICANT

AND:

**CANADA FLUORSPAR (NL) INC. and
CANADA FLUORSPAR INC.**

RESPONDENTS

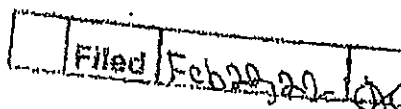
INTERIM RECEIVERSHIP ORDER

BEFORE THE HONOURABLE CHIEF JUSTICE RAYMOND P. WHALEN:

UPON The application of PricewaterhouseCoopers Inc., in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and Bridging Income Fund LP (formerly Sprott Bridging Income Fund LP) (the "Applicant"), for appointment of an interim receiver in respect of Canada Fluorspar (NL) Inc. and Canada Fluorspar Inc. (collectively, the "Debtor");

AND UPON READING the Originating Application and the affidavit of Graham Page sworn February 19, 2022, and the consent of Grant Thornton Limited to act as interim receiver (in such capacity, the "Interim Receiver") of the Debtor;

AND UPON HEARING counsel for the Applicant any other counsel or other interested parties present;



R.W.

IT IS HEREBY ORDERED THAT:

SERVICE

1. The time for service of the notice of application and the material filed herein for this order (the "Order") is hereby abridged and deemed good and sufficient and this application is properly returnable today and any further service thereof is hereby dispensed.

APPOINTMENT

2. Pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "BIA") Grant Thornton Limited is hereby appointed Interim Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, save and except for the Excluded Property (the "Property").
3. For greater certainty, the Interim Receiver will not take possession of the Property except to the extent necessary to carry out its obligations hereunder.

DEFINED TERMS

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

INTERIM RECEIVER'S POWERS

5. The Interim Receiver is not authorized or permitted to operate or conduct the business of the Debtor; provided, however, that the Receiver is hereby empowered and authorized, but not obligated, to take such steps as are necessary (or cause the Debtor to take such steps as are necessary) to protect, preserve, and secure the Property.

R.W.

8. The Interim Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Interim Receiver is hereby expressly empowered and authorized to do any of the following where the Interim Receiver considers it necessary or desirable:
- (a) to exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve, protect, and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, preserve and protect the assets of the Debtor, including the power to incur any obligations in the ordinary course of business, and the powers to enter into any agreements, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - (d) to retain or hire any employees on behalf of the Debtor for any period of time on substantially the same terms and conditions as those existing between such employees and the Debtor, if applicable, prior to the appointment of the Interim Receiver;
 - (e) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Interim

D.W.

Receiver's powers and duties, including without limitation those conferred by this Order;

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor. For greater certainty, this provision shall not apply to the Excluded Property;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Interim Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Interim Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to report to, meet with and discuss with such affected Persons (as defined below) as the Interim Receiver deems appropriate all matters relating to the Property and the interim receivership, and to share information, subject to such terms as to confidentiality as the Interim Receiver deems advisable;
- (k) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Interim Receiver for registration this Order shall be immediately registered by the Registrar of Deeds

R.W.

for the Province of Newfoundland and Labrador or any other similar government authority, notwithstanding Section 7 of the *Registration of Deeds Act*, 2009, SNL 2009, c R-10.01, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of deeds shall accept all Affidavits of Corporate Signing Authority submitted by the Interim Receiver in its capacity as Interim Receiver of the Debtor and not in its personal capacity;

- (l) to 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, if thought desirable by the Interim Receiver, in the name of the Debtor;
- (m) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (n) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (o) to commence proceedings for the Debtor pursuant to the *Bankruptcy and Insolvency Act* or the *Companies' Creditors Arrangement Act*; and
- (p) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Interim Receiver 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 Debtor, and without interference from any other Person (as defined below).

R.W.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE INTERIM RECEIVER

7. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Interim Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Interim Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Interim Receiver upon the Interim Receiver's request.
8. All Persons shall forthwith advise the Interim Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records (and all transaction related thereof), and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph or in paragraphs 7 and 9 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Interim Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
- J.W.

9. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Interim Receiver for the purpose of allowing the Interim Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names, and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE INTERIM RECEIVER

10. Without leave of the Court no action lies against the interim receiver with respect to any report made under, or any action taken pursuant to BIA.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

11. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Interim Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing

D.W.

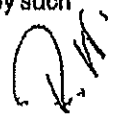
agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph; and (ii) affect a Regulatory Body's investigation in respect of the debtor or an action, suit or proceeding that is taken in respect of the debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "Regulatory Body" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

NO EXERCISE OF RIGHTS OR REMEDIES

12. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtor or the Interim Receiver or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided, however, that nothing in this Order shall:

- (a) empower the Debtor to carry on any business that the Debtor is not lawfully entitled to carry on;
- (b) prevent the filing of any registration to preserve or perfect a security interest;
- (c) prevent the registration of a claim for lien; or
- (d) exempt the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment.

13. Nothing in this Order shall prevent any party from taking an action against the Applicant where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such



party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Interim Receiver at the first available opportunity.

14. Nothing in this Order shall prevent HSBC from exercising any rights or remedies, taking any enforcement steps, actions or commencing any proceedings against the Debtor with respect to the Excluded Property.

NO INTERFERENCE WITH THE INTERIM RECEIVER

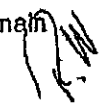
15. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, except with the written consent of the Debtor and the Interim Receiver, or leave of this Court.

CONTINUATION OF SERVICES

16. All persons having:

- (a) statutory or regulatory mandates for the supply of goods and/or services; or
- (b) oral or written agreements or arrangements with the Debtor, 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 Debtor

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Debtor or exercising any other remedy provided under such agreements or arrangements. The Debtor 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 usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtor in accordance with the payment practices of the Debtor, or such other practices as may be agreed upon by the supplier or service provider and each of the Debtor and the Interim Receiver, or as may be ordered by this Court.

INTERIM RECEIVER TO HOLD FUNDS

17. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Interim Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, but excluding the Excluded Property, shall be deposited into one or more new accounts to be opened by the Interim Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Interim Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

18. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Interim Receiver, on the Debtor's behalf, may terminate the employment of such employees.
19. Despite anything in federal or provincial law, if the Interim Receiver, in that position, carries on the business of the Debtor or continues the employment of a debtor's employees, the Interim receiver is not by reason of that fact personally liable in respect of a liability.

including one as a successor employer, that is in respect of the employees or former employees of the debtor or a predecessor of the debtor or in respect of a pension plan for the benefit of those employees and that exists before the Interim receiver is appointed or that is calculated by reference to a period before the appointment.

LIMITATION ON ENVIRONMENTAL LIABILITIES

20. Nothing herein contained shall require the Interim Receiver 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 (collectively, the "Environmental Legislation"), provided however that nothing herein shall exempt the Interim Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Interim Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver'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.
21. The Interim Receiver shall not be 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:

R.W.

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

- (i) before the Interim Receiver's appointment; or
- (ii) after the Interim Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Interim Receiver's gross negligence or willful misconduct.

(b) Nothing in sub-paragraph (a) exempts the Interim Receiver 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 sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Interim Receiver to remedy any environmental condition or environmental damage affecting the Property, the Interim Receiver 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 Interim Receiver, if the order is in effect when the Interim Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Interim Receiver:

- (A) complies with the order, or

RW.

- (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 Interim Receiver, if the order is in effect when the Interim Receiver is appointed, by,
 - (A) the court or body having jurisdiction under the law pursuant to which the order was made to enable the Interim Receiver 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 Interim Receiver 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.

LIMITATION ON THE INTERIM RECEIVER'S LIABILITY

22. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Interim Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property provided that the Interim receiver shall act honestly and in good faith and deal with the Property in a commercially reasonable manner. Nothing in this Order shall derogate from any

R.M.

limitation on liability or other protection afforded to the Interim Receiver under any applicable law.

INTERIM RECEIVER'S ACCOUNTS

23. The Interim Receiver and counsel to the Interim Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges.
24. The Interim Receiver and counsel to the Interim Receiver shall be entitled to the benefits of and are hereby granted a charge (the "Interim Receiver's Charge") on the Property, which charge shall not exceed an aggregate amount of \$250,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Interim Receiver and such counsel, both before and after the making of this Order in respect of these proceedings, and the Interim Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person but subject to sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.
25. The Interim Receiver and its legal counsel shall pass their accounts from time to time.
26. Prior to the passing of its accounts, the Interim Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Interim Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

R.M.

FUNDING OF THE INTERIM RECEIVERSHIP

27. Subject to prior approval of the Applicant, the Interim Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$2,000,000 (or such greater amount as this Court may by further order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Interim Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Interim Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Interim Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.
28. Neither the Interim Receiver's Borrowings Charge nor any other security granted by the Interim Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
29. The Interim Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "Interim Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
30. The monies from time to time borrowed by the Interim Receiver pursuant to this Order or any further order of this Court and any and all Interim Receiver's Certificates evidencing the same or any part thereof shall rank on a pari passu basis, unless otherwise agreed to by the holders of any prior issued Interim Receiver's Certificates.

R.M.

31. The Interim Receiver shall be allowed to repay any amounts borrowed by way of Interim Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

ALLOCATION

32. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Interim Receiver's Charge and the Interim Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

33. For greater certainty, neither the Interim Receiver's Charge nor the Interim Receiver's Borrowing Charge shall apply or attach to the Excluded Property.
34. The Interim Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
35. Unless otherwise ordered by this Court, the Interim Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Interim Receiver's reports shall be filed by the registry notwithstanding that they do not include an original signature.
36. Nothing in this Order shall prevent the Interim Receiver from acting as a receiver, a receiver and manager, a trustee in bankruptcy, or a monitor of the Debtor.
37. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Order and to assist the Interim Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby

R.W.

respectfully requested to make such orders and to provide such assistance to the Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Interim Receiver in any foreign proceeding, or to assist the Interim Receiver and its agents in carrying out the terms of this Order.

38. The Interim Receiver 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 Interim Receiver 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.
39. The Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis, including legal costs on a solicitor-client full indemnity basis, to be paid by the Interim Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
40. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Interim Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

FILING

41. The Interim Receiver shall establish and maintain a website in respect of these proceedings at www.granlhornton.ca/oli (the "Interim Receiver's Website") and shall post there as soon as practicable:

- (a) all materials prescribed by statute or regulation to be made publicly available; and

D.W.

- (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Interim Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

42. Service of this Order shall be deemed good and sufficient by;

a. serving the same on;

(i) the persons listed on the service list created in these proceedings or otherwise served with notice of these proceedings;

(ii) any other person served with notice of the application for this Order;

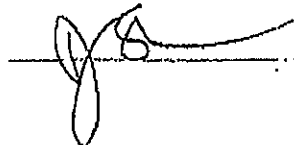
(iii) any other parties attending or represented at the application for this Order;
and

b. posting a copy of this Order on the Interim Receiver's Website.

and service on any other person is hereby dispensed with.

43. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

DATED at St. John's, in the Province of Newfoundland and Labrador, this 21 day of February, 2022.


COURT
OFFICER



SCHEDULE "A"

Defined Terms

"Excluded Property" means: (i) any and all Receivables and / or Financed Receivables, as such terms are defined pursuant to a Trade Invoice Recourse Financing Facility Agreement between HSBC and Canada Fluorspar (NL) Inc. dated May 25, 2018, as amended, 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 favour of HSBC.

"HSBC" means HSBC Bank Canada.

R.W.

SCHEDULE "B"

Interim Receiver Certificate

Certificate No.

Amount \$

This is to certify that Grant Thomson Limited, the interim receiver (the "Interim Receiver") of the assets, undertakings, and properties of Canada Fluorspar (NL) Inc., and Canada Fluorspar Inc., (the "Debtors") acquired for, or used in relation to, a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by order of the Supreme Court of Newfoundland and Labrador (the "Court") dated the day of February, 2022 (the "Order") made in an action having court file number 2022 01G 0709, has received as such Interim Receiver from the holder of this certificate (the "Lender") the principal sum of \$, being part of the total principal sum of \$ which the Interim Receiver is authorized to borrow under and pursuant to the Order.

The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded *[monthly/semi-annually/annually/other]* not in advance on the day of each month after the date hereof at a rate per annum equal to the rate of per cent above the prime commercial lending rate of from time to time.

Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Interim Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Interim Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at

Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Interim Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

The charge securing this certificate shall operate so as to permit the Interim Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

The Interim Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

[signature page to follow]

RW

Dated the day of , 2022.

Grant Thornton Limited, solely in its
capacity as Interim Receiver of the
Property, and not in its personal
capacity

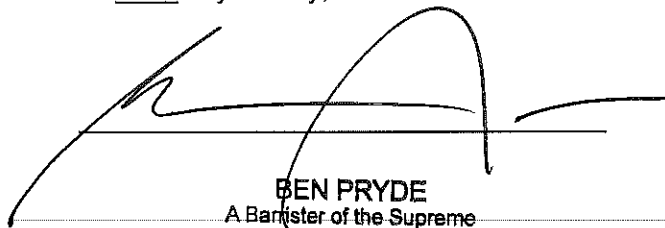
Per: _____

Name:

Title:

7W
12

This is **EXHIBIT "B"** of the **AFFIDAVIT
OF PHIL CLARKE** sworn before me
this 29th day of May, 2023.

A handwritten signature in black ink, consisting of a large, stylized 'B' followed by a horizontal line and a small flourish at the end.

BEN PRYDE
A Barrister of the Supreme
Court of Nova Scotia

Exhibit "B"

2022 019 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, 2022

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 Newspaper (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

2

- (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 willful 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 willful 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

On

"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;
 - (ii) permanently or temporarily ceasing, downsizing or shutting down any of the Company's operations;
 - (iii) 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 Fluorstar 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



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 SISF 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:

2

- (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 \$260,000.00);

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.

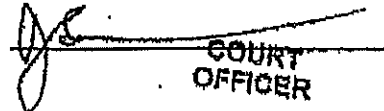
46. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Company's interest in such real property leases.

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 USD2,800,000

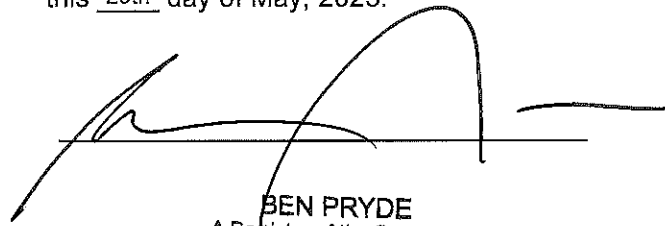
"Excluded Property" means: (i) any and all Receivables and/or Financed Receivables, as such terms are defined pursuant to the RFA, together with all rights and remedies arising thereunder, insurance policies and proceeds resulting therefrom, and proceeds generally, and (ii) all Export Development Canada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



This is **EXHIBIT "C"** of the **AFFIDAVIT
OF PHIL CLARKE** sworn before me
this 29th day of May, 2023.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above a solid horizontal line.

BEN PRYDE
A Barrister of the Supreme
Court of Nova Scotia

Exhibit "C"



October 11, 2022

PricewaterhouseCoopers Inc.
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario
Attention: Michael.mctaggart@pwc.com

Government of Newfoundland and Labrador
Department of Industry, Energy and Technology
PO Box 8700
50 Elizabeth Avenue
St. John's, NL A1B 4J6
Attention: Minister
Facsimile: 709-729-2766

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

All:

We write to you in our capacity as the Court Appointed Monitor of Canada Fluorspar Inc., Canada Fluorspar (NL) Inc., and Newspaper (a General Partnership) (collectively "CFI" or the "Companies") in respect of its proceeding under the *Companies' Creditors Arrangement Act* ("CCAA").

CFI's cashflow forecast attached to the Monitor's 5th Report as Appendix BB covering the period of September 19, 2022, through to February 26, 2023 contemplated that the Successful Bidder as defined in the Sales Solicitation and Investment Process ("SISP") having paid to the Monitor an additional \$1,400,000, being the agreed upon top up of the deposit required by the SISP, to be received by the Monitor prior to the October 12, 2022 hearing to approve the Proposed Transaction.

The Successful Bidder has NOT paid the required top up of the deposit.

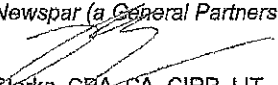
After the breach of numerous deadlines provided by the Monitor, and despite the Monitor's effort to avoid delays in closing the Proposed Transaction, and the failure of the Successful Bidder to meet multiple committed deadlines to provide the top up of the deposit, or provide definitive evidence the funds have been wired to the Monitor, the Successful Bidder has not made the deposit top up.

We understand that the support of the Proposed Transaction by the DIP Lenders, who are also CFI's the senior secured lenders, is contingent on the receipt of the top up of the deposit prior to the October 12, 2022 hearing to approve the Proposed Transaction.

Given the forgoing, the Monitor's view is that material adverse change has occurred in respect of the CFI's Proposed Transaction and therefore the go forward cashflows which are based on the assumption the Proposed Transaction will close no later than November 30, 2022. As required by s.23(1)(d)(i) of the CCAA, the Monitor intends on filing a report with the Court regarding this change without delay.

Your truly,

Grant Thornton Limited
In its capacity as Court-Appointed Monitor of Court Appointed Monitor of Canada Fluorspar Inc., Canada Fluorspar (NL) Inc., and Newspaper (a General Partnership)


Phil Clarke, CPA, CA, CFP, LIT
Senior Vice President

cc. Supreme Court of Newfoundland and Labrador, Darren O'Keefe (counsel to CFI), Service List in the Proceeding