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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
COURT. No.:
OFFICE No.:

S U P E R I O R C O U R T
Commercial Division

**IN THE MATTER OF A PLAN OF
ARRANGEMENT OR COMPROMISE OF:**

BLACKROCK METALS INC., a duly incorporated company having its principal place of business at 1606-1080 Côte du Beaver Hall, in the city and district of Montreal, province of Quebec, H2Z 1S8;

-&-

BLACKROCK MINING INC., a duly incorporated company having its principal place of business at 1606-1080 Côte du Beaver Hall, in the city and district of Montreal, province of Quebec, H2Z 1S8;

-&-

BRM METALS GP INC., a duly incorporated company having its principal place of business at 1606-1080 Côte du Beaver Hall, in the city and district of Montreal, province of Quebec, H2Z 1S8;

-&-

BLACKROCK METALS LP, a limited partnership formed under the laws of Quebec, having its principal place of business at 1606-1080 Côte du Beaver Hall, in the city and district of Montreal, province of Quebec, H2Z 1S8;

Applicants

-&-

INVESTISSEMENT QUÉBEC, a corporation duly constituted under the *Act respecting Investissement Québec and La Financière du Québec* (CQLR c I-16.0.1), having its head office at 600, de la Gauchetière West, Suite 1500, in the city and district of Montreal, province of Quebec, H3B 4L8;

-&-

OMF FUND II H LTD., a duly incorporated company having its principal place of business at 7 Bryant Park, 1045 ave of the Americas, New York, New York, 10018;

Mises-en-cause

-&-

DELOITTE RESTRUCTURING INC., a duly incorporated company having a place of business at 500-1190 ave des Canadiens-de-Montréal, in the city and district of Montreal, province of Quebec, H3B 0M7.

Proposed Monitor

**FIRST REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED MONITOR**

(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

INTRODUCTION

1. BlackRock Metals Inc. ("**BlackRock Metals**"), BlackRock Mining Inc. ("**BlackRock Mining**"), BlackRock Metals LP ("**BRM LP**") and BRM Metals GP Inc. ("**BRM GP**") (collectively "**BRM**" or the "**Applicants**") have filed an application (the "**Application**") to the Superior Court of Québec (the "**Court**") under the Companies' Creditors Arrangement Act (the "**CCAA**"), for a first day initial order (the "**First Day Initial Order**"), for an amended and restated initial order (the "**Amended and Restated Initial Order**") and for an order approving a Sale and Investment Solicitation Process ("**SISP**") and approving a Stalking Horse Agreement of Purchase and Sale (the "**SISP Order**") and appointing Deloitte Restructuring Inc. as the CCAA monitor in these proceedings (the "**Proposed Monitor**").
2. This report (the "**First Report**") has been prepared by the Proposed Monitor prior to its appointment as monitor in these CCAA proceedings to provide information to this Court for its consideration in respect of the Application and deals only with First Day Initial Order being sought.

3. If the First Day Initial Order is granted, the Applicants intend to return to Court on January 7, 2022, to seek the issuance of the Amended and Restated Initial Order and the SISP Order.
4. If the First Day Order is granted, the Proposed Monitor will file a supplemental report to provide information and its views to the Court in respect of Amended and Restated Initial Order and SISP Order being sought by the Applicants.
5. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined are as defined in the Application under the CCAA.

PURPOSES OF THIS REPORT

6. The purpose of the First Report of the Proposed Monitor is to provide information to the Court with respect to:
 - (i) Deloitte's qualification to act as monitor;
 - (ii) The business, financial affairs and financial results of BRM;
 - (iii) BRM's creditors;
 - (iv) The proposed SISP;
 - (v) BRM's cash flow forecast;
 - (vi) Administration Charge sought in the proposed First Day Initial Order; and,
 - (vii) The Proposed Monitor's conclusions and recommendations.
7. In preparing the First Report and making the comments herein, the Proposed Monitor has been provided with, and has relied upon, unaudited financial information, BRM's books and records and financial information prepared by BRM and discussions with management ("**Management**") of BRM (collectively, the "**Information**"). Except as described in this First Report in respect of the Applicants' Cash Flow Statement (as defined below):
 - (i) The Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and,
 - (ii) Some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in Chartered Professional Accountants Canada Handbook, has not been performed.
8. Future oriented financial information referred to in this First Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
9. Unless otherwise indicated, the Proposed Monitor's understanding of factual matters

expressed in the First Report concerning BRM and their business is based on the Information, and not independent factual determinations made by the Proposed Monitor.

10. The Information that was analyzed does not include the extent of the impact of Coronavirus (“**COVID-19**”) on BRM’s operations. At the time of the First Report, the situation is continuing to evolve, and many uncertainties remain as to the effect the COVID-19 crisis has had and will continue to have on BRM and the broader domestic and global economies. The Proposed Monitor relied, in part, on publicly available information, Management forecasts and other information provided by Management in relation to the effect COVID-19 has had and will continue to have on BRM.

DELOITTE’S QUALIFICATION TO ACT AS MONITOR

11. Deloitte is a licensed insolvency trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada) and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.
12. On November 26, 2021, the Proposed Monitor was retained by BRM to provide support to the BRM’s Management on the following matters:
 - (i) Review and assist Management with the preparation of financial projections and weekly cashflow in order to establish BRM’s financing and timing requirements;
 - (ii) Assist Management with the preparation of financial reporting packages to all stakeholders;
 - (iii) Advise Management with respect to potential enhancements to the cashflow and financial forecasts to enhance their utility and reduce the cost structure; and,
 - (iv) Conduct, with the assistance of BRM, a solicitation and investment process and prepare the required information related to the said process.
13. In the context of the foregoing, the senior Deloitte professional personnel involved in this matter acquired material knowledge of BRM and its business. Deloitte has spent time with Management understanding the operations and financial structure as more fully described in the First Report. Deloitte is, therefore, in a position to act as court-appointed monitor of BRM in an efficient and diligent manner in the CCAA proceedings for the benefit of all of its stakeholders and the Court.
14. The Proposed Monitor has retained Fasken to act as its independent counsel in these CCAA proceedings.

THE BUSINESS, FINANCIAL AFFAIRS AND FINANCIAL RESULTS OF BRM

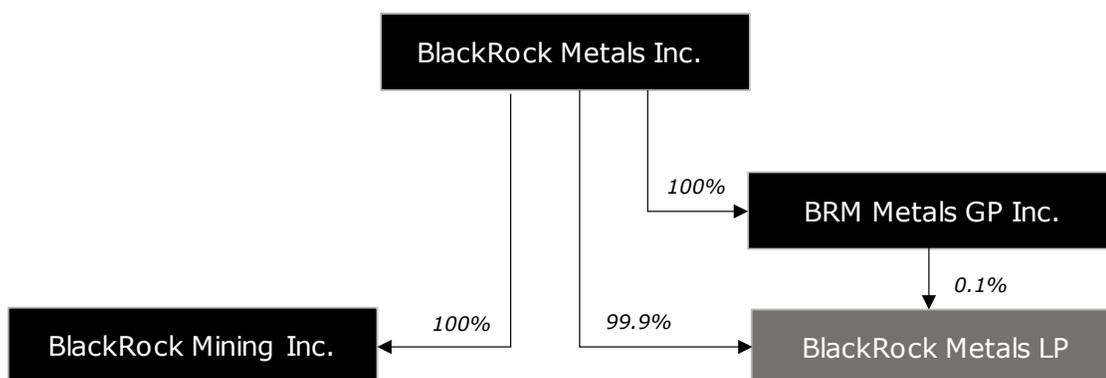
Historical overview

15. BRM’s head office is located in Montreal (Quebec), with an executive office located in Toronto (Ontario) and regional representatives located in Chibougamau (Quebec) as well as in Saguenay (Quebec).
16. BRM, a privately owned Canadian company established in 2008, is developing a fully integrated, environmentally enhanced, metals and materials manufacturing business from its wholly owned vanadium and titanium bearing magnetite deposit in Chibougamau, which is located approximately 700 km north of Montreal (the “**Chibougamau Mine**”), and with a metallurgical plant being an integral part of the project that will be strategically located at the Port of Saguenay (the “**Plant**”, and collectively “**Project Volt**”).

17. The Chibougamau Mine and Plant will eventually supply vanadium, high purity pig iron and titanium products, three premium critical specialty metals which are, as per BRM, central to the green materials transition in North America.
18. With strong project sponsors, community and provincial support, BRM goal is to be the lowest-cost supplier to the North American market for high purity merchant pig iron. Additionally, this multi-metallic ferroalloy project is to be constructed in Quebec, a strategically located and mining friendly jurisdiction.
19. The business plan of BRM contemplates a forty-one (41) year project life generating strong returns, with a small-scale mining operation. Contribution to life of mine revenues is expected to be at 56% from iron, 37% from vanadium and 6% from titanium.
20. Since the inception of BRM in 2008, all efforts have been towards the design and development of Project Volt and securing the financial structure.
21. BRM is now in the process of raising the necessary capital (the "**Construction Financing**") to start the construction and implementation of the Chibougamau Mine and the Plant forming Project Volt, having substantially completed its design and development phase as described above. Project Volt is now being estimated to cost approximately US\$1.02 billion.
22. Considering the early stage of the development of Project Volt, no revenues have ever been generated by the project. The construction of the Chibougamau Mine and the Plant is anticipated to take approximately two (2) years once the Construction Financing will be secured and available.

Corporate structure and mining statutory requirements

23. BRM, which is operated on a consolidated basis, has the following corporate structure:



24. The shares of BlackRock Metals Inc. are mainly owned by the following:
 - (i) Winner World Holdings Limited Sarl (48%);
 - (ii) Orion Resource Partners (USA) LP (18%); and
 - (iii) Ressources Québec (12%).
25. The remaining 22% of the shares are owned by retail owners, local Development Funds, Cree First Nation, management and officers.

26. Notwithstanding the Chibougamau Mine and the Plant are still in design and development stage, BRM has already secured the most necessary permits and authorizations from governmental and paragonmental agencies such as Ministère de l'Environnement et de la Lutte contre les changements climatiques, Ministère de l'Énergie et des Ressources naturelles and the Ministère des Forêts, de la Faune et des Parcs. However, BRM will only be able to start the construction of Project Volt once the Construction Financing is secured.

Financial analysis

27. The following table sets out selected financial information for the periods indicated. The selected financial information below has been derived from the corresponding financial statements of BRM:

Income Statement				
(in '000 CAD)				
For the 12-month period ended	Jun-19	Jun-20	Jun-21	Sep-21
				(3 months)
Revenue	-	-	-	-
Expenses	(9,118)	(7,246)	(5,879)	(1,000)
Other (Expenses) Income	(1,001)	(5,241)	(13,409)	(6,320)
Net Loss Before Taxes	(10,119)	(12,487)	(19,288)	(7,320)
Income and mining taxes expense	-	(538)	-	-
Income Tax Recovery	-	-	-	-
Net Loss	(10,119)	(13,025)	(19,288)	(7,320)

28. As described in the table above, BRM has sustained significant losses over the last three years. According to the Management and demonstrated by the financial model of BRM, these losses are largely attributable to:

- (i) Employee costs and other general and administrative costs required to run the business (approximately 50% of the expenses);
- (ii) Interest costs related to loans obtained to fund the operations of BRM (approximately 40% of the expenses); and,
- (iii) Due diligence and related costs to try and secure project financing (approximately 10% of the expenses).

29. The Proposed Monitor's review of the latest financial statements, for the period ended on September 30, 2021, shows that:

- (i) BRM is not operating the Chibougamau Mine and the Plant, and consequently the revenues are nil;
- (ii) BRM, on a consolidated basis, is currently unprofitable as the project is still under development. The expenses are mostly composed of the following:
 - a. Finance expenses;
 - b. Salaries, benefits and directors' fees;
 - c. Professional fees;

- d. Share-based compensation; and,
 - e. General and administrative.
- (iii) The accumulated losses for the 3-year period ended June 30, 2021, totaled \$42 million;
- (iv) The loss for the 3-month period ended September 30, 2021, is \$7 million;
- (v) BRM's ability to maintain operations on a going concern basis and fund its planned activities is dependent on its ability to secure additional financing, including mostly the Construction Financing.
30. The table below demonstrates BRM's historical balance sheet, where there is increasing current liabilities and decreasing equity position over time:

Balance Sheet (in '000 CAD) As at	Jun-19	Jun-20	Jun-21 (Unaudited)	Sep-21 (Unaudited)
Cash and cash equivalents	14,066	9,668	7,230	4,858
Other current assets	2,313	1,349	979	1,010
Non-current assets	141,423	162,663	159,238	159,362
Total assets	157,802	173,680	167,447	165,230
Current liabilities	134,548	148,510	159,907	164,739
Long-term liabilities	5,203	18,774	18,805	19,012
Equity	18,051	6,396	(11,265)	(18,521)
Total liabilities & equity	157,802	173,680	167,447	165,230

31. Based on the June 2021 financial statements, the non-current assets are composed of:
- (i) Financial asset collateral investment of \$12 million consisting of guaranteed investment certificates ("GICs") issued by the Royal Bank of Canada ("RBC") in collateral of letters of credit issued in favor of a major utility supplier, federal and provincial government;
 - (ii) Property, plant and equipment totalling \$146 million:
 - a. Right-of-use assets of \$12 million;
 - b. Metallurgical plant under construction of \$66 million;
 - c. Mine under construction of \$39 million;
 - d. Mineral property in development of \$29 million; and,
 - (iii) Other assets of \$1 million consisting primarily of legal and advisory fees related to BRM's project financing.
32. Mineral property in development, metallurgical plant and mine under construction costs represent the accumulated exploration and evaluation expenditures, along with the initial mining property. Most of the accumulated exploration and evaluation expenditures are related to the engineering work, project development and capitalized financial costs.
33. As of the date of the First Report, and as explained in further detail below, Management estimates that BRM's working capital is not sufficient to allow it to meet its financial obligations, commitments and necessary budgeted expenditures for the foreseeable future.
34. Consequently, the Proposed Monitor is of the view that BRM is insolvent.

BRM'S CREDITORS

Secured creditors

35. BRM has advised the Proposed Monitor that its principal secured creditors are OMF Fund II H Ltd. ("**Orion**") and Investissement Québec ("**IQ**").
36. On January 18, 2019, BRM signed a one-year bridge loan credit agreement with Orion and IQ to supply the necessary working capital required to continue the development and engineering work related to Project Volt (the "**Bridge Financing**").
37. The maturity of the Bridge Financing was extended five (5) times since its issuance, most recently to December 1, 2021. The Bridge Financing has not been further extended such that it matured on that date and is now due and payable.
38. Under the current Bridge Financing, the maximum credit facility available of \$70 million bears an interest rate of 12% per annum. As of November 30, 2021, the contractual loan payable was around \$91 million. BRM has drawn \$65 million from the \$70 million facility under the Bridge Financing. In addition, \$4.3 million of the remaining \$5 million is no longer available given Orion and IQ provided a guarantee to Energir L.P., to be renewed before January 31, 2022, to secure the natural gas contract which is critical for Project Volt success. Consequently, BRM has practically no more cash available under this facility to continue the development of Project Volt.
39. The Bridge Financing is secured by a first ranking charge over BRM's assets (other than the specific assets described in paragraph 40 hereof) and mining property.
40. GICs have also been given as financial collateral of letters of credit issued by RBC in favour of major utility suppliers (Hydro-Québec), federal and provincial authorities (the "**LCs**"). RBC holds several first ranking hypothecs charging the GICs as well as their related bank accounts (all held at RBC).
41. The Proposed Monitor has asked Fasken to conduct an independent review of the securities over BRM's assets. This review is currently underway. Once completed, the Proposed Monitor will report to the Court on its findings. For the purposes hereof, the Proposed Monitor has based its report on the assumption that the first-ranked security granted in favour of Orion, IQ and RBC is valid and enforceable.

Unsecured creditors

42. BRM has advised the Proposed Monitor that its principal unsecured creditors are as follows:
 - (i) Prosperity Materials Macao Commercial Offshore Limited ("**Prosperity**");
 - (ii) Ouje Bougoumou Cree Nation;
 - (iii) Peartree subscribers;
 - (iv) Canada Revenue Agency;
 - (v) Revenue Quebec;
 - (vi) Accrued salaries and vacation pay;
 - (vii) Trade payables and accruals; and,
 - (viii) Lease obligations.

43. Judicial proceedings have been commenced by Prosperity in Hong Kong, pursuant to which it claims payment of the amount of US\$46 million from BRM, as such claim is more fully described below (the "**Disputed Prosperity Unsecured Claim**"). These judicial proceedings are being currently contested by BRM, as more fully described in the First Report.
44. According to Management, payroll obligations are current, other than accrued vacation totalling approximately \$0.2 million in the aggregate. Payments are made on a biweekly basis. Payroll management is outsourced to a third party, Desjardins. As per Management, all source deductions are current.
45. According to BRM's books and records, the following table summarizes the obligations of BRM to secured and unsecured creditors as of November 30, 2021:

Creditors			
(in '000 CAD)			
As at November 30, 2021	Secured	Unsecured	Total
Bridge Financing	90,759		90,759
Prosperity		50,964	50,964
Ouje Bougoumou Cree Nation		500	500
Pearlree subscribers		1,331	1,331
Canada Revenue Agency		775	775
Revenu Quebec		932	932
Accrued salaries and vacation pay		188	188
Trade payables and accrued liabilities		2,753	2,753
Lease obligations - current		368	368
Lease obligations - long term		13,417	13,417
	90,759	71,228	161,987

Prosperity

46. In 2015, BRM entered into an offtake agreement with Prosperity (amending an initial offtake agreement for iron ore concentrate, entered into in 2011) (the "**Prosperity Offtake Agreement**"), whereby BRM granted Prosperity an option to buy up to 1 million tonnes of pig iron with deliveries to start on June 30, 2019, or "such other dates as may be agreed to between the parties" in exchange for a payment of US\$40 million.
47. The initial delivery date of June 30, 2019, was then extended from time to time by the parties to take into account Project Volt's completion schedule.
48. However, as indicated in the Application, on May 11, 2020, Prosperity filed a Writ of Summons with the High Court of Hong Kong claiming that BlackRock Metals had not delivered the product as per the Prosperity Offtake Agreement and, as a result, Prosperity considered the Prosperity Offtake Agreement to be terminated for repudiatory breach and claimed the full reimbursement of the payment of US\$40 million.
49. In its defence filed on April 29, 2021, BRM disputes Prosperity's allegations of repudiatory breach on the grounds that *inter alia* the Prosperity payment amounted to an investment in Project Volt and that Prosperity knew or should have known that a project of the size and complexity of Project Volt would likely experience delays.
50. This litigation between the parties is still ongoing in front of the High Court of Hong Kong, for which the Proposed Monitor understands that the parties are currently waiting for a hearing date for Summary Judgement.

THE PROPOSED SALE AND INVESTMENT SOLICITATION PROCESS

51. BRM, being insolvent, and in order to maintain its business and operations, and protect its assets for the benefit of its creditors and other stakeholders decided to initiate CCAA proceedings. BRM's intent, under the CCAA protection, is to pursue a SISP, which will allow BRM to maximize the value of its assets through a transparent court-supervised process.
52. BRM and its Management are of the view that the SISP, which includes a stalking horse bid, is the best option to maximize value for BRM's stakeholders. Orion and IQ would act as stalking horse bidders in connection with the SISP to be pursued under the supervision of the Court and in accordance with section 36 of the CCAA.
53. The purpose of the SISP will be to solicit interest in, and opportunities for: (i) one or more sales or partial sales of all, substantially all, or certain portion of BRM business; and/or (ii) for an investment in, restructuring, recapitalization, refinancing or other form of reorganization of the business and affairs of the Applicants as a going concern or a sale of all, substantially all, or certain of BRM business.
54. The stalking horse bid will serve as a baseline transaction with the potential for attracting a superior bid in the marketplace through the SISP. It also ensures that a transaction can be implemented that will allow for the eventual completion of Project Volt.
55. As part of their Application, the Applicants have requested the Court's approval in connection with the proposed SISP. The proposed SISP would be carried out by the Proposed Monitor for the Applicants and in consultation with them.
56. The terms and conditions of the proposed SISP are more fully detailed in the SISP procedures.
57. The Proposed Monitor is reviewing the proposed SISP procedures and will report to the Court on its findings in its supplemental report, which will be filed before the comeback hearing, if the First Day Initial Order is granted by the Court.

OVERVIEW OF THE 13-WEEK CASH FLOW PROJECTIONS

58. BRM, with the assistance of the Proposed Monitor, has prepared the statement of projected cash flow (the "**Cash Flow Statement**") for the 13-week period from December 22, 2021, to March 18, 2022 (the "**Cash Flow Period**") for the purpose of projecting BRM's estimated liquidity needs during the Cash Flow Period. A copy of the Cash Flow Statement is attached as Appendix A to this report.
59. The Cash Flow Statement has been prepared by BRM using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement.
60. The Proposed Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to Information supplied to it by Management. Since the hypothetical assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Proposed Monitor also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Statement.
61. Based on the Proposed Monitor's review and the foregoing qualifications and limitations, nothing has come to its attention that causes it to believe that, in all material respects:

- (i) The hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
 - (ii) As at the date of this First Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of BRM or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or
 - (iii) The Cash Flow Statement does not reflect the probable and hypothetical assumptions.
62. Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no opinion as to whether the projections in the Cash Flow Statement will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report. Neither does the Proposed Monitor express any opinion as to the performance of BRM's statutory obligations with regard to projected payments to be made in accordance with the Cash Flow Statement, *inter alia* the payment of wages, the government remittances and the payroll deductions to be made by BRM.
63. The Cash Flow Statement has been prepared solely for the purpose described in the Notes to the Cash Flow Statement, and readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.
64. The key assumptions used in the Cash Flow Statement are based on the revised 2022 fiscal year operating plan. BRM's consolidated cash balance as of December 22, 2021, is estimated to be approximately \$2.9 million. The Cash Flow Statement demonstrates that this liquidity level would be sufficient to fund the operations during the initial 13-week period (until March 18, 2022) if the proposed interim financing is approved.
65. Management anticipates more restrictive payment terms for purchases from suppliers following the announcement of the CCAA proceedings. As such, Management has anticipated certain "cash on delivery" purchases.
66. As appears from the Cash Flow Statement and the Application, in order to preserve the going concern value of its operations with the view to completing the SISP, BRM intends to continue to pay its trade creditors for services rendered and goods supplied in the normal course of business during these CCAA proceedings.
67. Management has advised the Proposed Monitor that it believes that the forecast reflected in the Cash Flow Statement is reasonable.

CHARGES SOUGHT IN THE PROPOSED FIRST DAY ORDER AND THE AMENDED AND RESTATED INITIAL ORDER

Administration Charge sought in the First Day Initial Order

68. The First Day Initial Order provides for a priority charge in the amount of up to \$500K in favor of the Applicants' counsel, the Proposed Monitor and its counsel as security for their professional fees and disbursements incurred both before and after the making of the First Day Initial Order in respect of these CCAA proceedings (the "**Administration Charge**"). The Administration Charge has been established based on the respective professionals' previous experience with restructurings of similar magnitude and complexity.
69. The Proposed Monitor believes that the Administration Charge is required and is reasonable under the circumstances.

Additional charges sought in the Amended and Restated Initial Order

70. If the First Day Initial is granted, the Applicants will seek the issuance of the Amended and Restated Initial Order and the SISP Order, which will collectively provide for the following additional priority charges:
- (i) An extended Administration Charge in the amount of \$1 million;
 - (ii) An Interim Financing Charge in the amount of \$2.4 million;
 - (iii) A Directors & Officers Charge in the amount of \$250,000; and
 - (iv) A Transaction Charge in the amount of \$2.5 million.
71. The Proposed Monitor's views on the reasonableness of the additional charges sought in the Amended and Restated Initial Order will be set out in its supplemental report to the Court along with its views on the SISP and the proposed stalking horse bid.

CREDITOR NOTIFICATION

72. The proposed First Day Initial Order requires the Proposed Monitor to:
- (i) Within five (5) business days after submitting the First Report to the Court, make available on its website all public information and documentation related to the Applicants' restructuring process, including the notice to creditors, the creditors listing and all Court documentation.
 - (ii) Within five (5) business days after submitting the First Report to the Court, send a notice by regular mail to all known creditors of BRM with claims of at least one thousand dollars (\$1,000).
 - (iii) publish a notice with respect to the Initial Order in *La Presse+ and The Globe and Mail National Edition*.
73. On December 23, 2021, the Proposed Monitor will have completed the First Report, will have filed it with this Honourable Court, will have served it to the service list and will make it available on its website on that day.
74. The Proposed Monitor also understands that the Applicants are seeking a deemed extension of the initial Stay Period, in light of the upcoming holiday season, from January 2, 2022, until January 7, 2022, the date of the proposed comeback hearing, which shall occur unless a contestation is served and filed by December 27, 2021, in accordance with the terms of the proposed First Day Order. The Monitor supports the deemed extension mechanism, which will also allow all interested parties more time to adequately prepare for the comeback hearing.

THE PROPOSED MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

75. The Proposed Monitor believes that the Applicants qualify for and should be granted the benefit of protection under the CCAA in the form of the proposed First Day Initial Order, including granting the charge provided for therein, to allow the Applicants the opportunity to proceed with the contemplated restructuring, and secure additional liquidity to successfully complete Project Volt.

76. The Proposed Monitor respectfully recommends that the Applicants' request for the proposed First Day Initial Order and the ancillary relief described in this First Report be granted by this Court.
77. The Proposed Monitor respectfully submits to the Court this, its First Report.

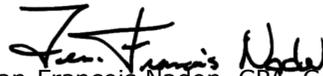
DATED AT MONTREAL, this 22nd day of December 2021.

DELOITTE RESTRUCTURING INC.

In its capacity as Proposed Court-Appointed Monitor of
BRM



Benoit Clouâtre, CPA, CA, CIRP, LIT
Senior Vice President



Jean-François Nadon, CPA, CA, CIRP, LIT
President

APPENDIX A

CASH FLOW STATEMENT

BlackRock Metals Inc.

Weekly cashflow projections ending March 18, 2022

(in '000 CAD)

	^{3 days} 22-Dec	25-Dec	1-Jan	8-Jan	15-Jan	22-Jan	29-Jan	5-Feb	12-Feb	19-Feb	26-Feb	5-Mar	12-Mar	Total
	24-Dec	31-Dec	7-Jan	14-Jan	21-Jan	28-Jan	4-Feb	11-Feb	18-Feb	25-Feb	4-Mar	11-Mar	18-Mar	
Receipts														
Tax refunds	-	-	-	-	-	-	78	-	-	-	103	-	-	181
Interim financing (DIP)	-	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000
Total receipts	-	-	-	-	-	-	78	-	-	-	103	-	2,000	2,181
Disbursements														
Payroll - Employees	-	80	-	80	-	80	-	80	-	80	-	80	-	480
Independent contractor	-	84	-	7	-	-	84	-	7	-	84	-	7	273
Directors and committee fees	-	54	-	-	-	-	16	-	-	-	16	-	-	86
Rent - Offices	-	-	27	-	-	-	27	-	-	-	27	-	-	81
Restructuring costs	210	210	210	90	90	90	150	115	110	78	68	93	58	1,572
General and administrative	9	11	3	3	3	5	8	8	8	10	15	15	15	113
Finance expenses	2	2	2	2	2	2	2	2	2	2	2	2	2	26
Information Technologies	2	2	3	3	3	3	2	2	2	2	2	2	2	30
Due diligence fees	-	-	39	39	39	39	29	29	29	29	17	17	17	323
Contingency	5	5	5	5	5	5	5	5	5	5	5	5	5	65
Total disbursements	228	448	289	229	142	224	323	241	163	206	236	214	106	3,049
Net cash flow	(228)	(448)	(289)	(229)	(142)	(224)	(245)	(241)	(163)	(206)	(133)	(214)	1,894	(868)
Cash and cash equivalents - beginning	2,855	2,627	2,179	1,890	1,661	1,519	1,295	1,050	809	646	440	307	93	2,855
Cash and cash equivalents - ending	2,627	2,179	1,890	1,661	1,519	1,295	1,050	809	646	440	307	93	1,987	1,987

NOTES TO THE CASH-FLOW STATEMENT

NOTE A – PURPOSE

The purpose of these cash-flow projections is to determine the liquidity requirements of BRM during the CCAA proceedings.

NOTE B

The Cash Flow Statement has been prepared by BRM using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement.

The Proposed Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to Information supplied to it by Management. Since the hypothetical assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Proposed Monitor also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Statement.

NOTE C - DEFINITIONS

(1) CASH-FLOW STATEMENT:

In respect of a company, means a statement indicating, on a weekly basis (or such other basis as is appropriate in the circumstances), the projected cash-flow of the company as defined in section 2(1) of the Act based on Probable and Hypothetical Assumptions that reflect the company's planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS:

Means assumptions with respect to a set of economic conditions or courses of action that are not necessarily the most probable in the company's judgment, but are consistent with the purpose of the Cash-Flow Statement.

(3) PROBABLE ASSUMPTIONS:

Means assumptions that:

- (i) The company believes reflect the most probable set of economic conditions and planned courses of action, **Suitably Supported** that are consistent with the plans of the company; and
- (ii) Provide a reasonable basis for the Cash-Flow Statement.

(4) SUITABLY SUPPORTED:

Means that the Assumptions are based on either one or more of the following factors:

- (i) The past performance of the company;
- (ii) The performance of other industries/market participants engaged in similar activities as the company;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each Assumption, and an assessment as to the reasonableness of each Assumption, will vary according to circumstances and will be influenced by factors such as the significance of the Assumption and the availability and quality of the supporting information.

NOTE C - ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on current bank balances	x	
<u>Exchange rate</u>	Exchange rate used by management is the following: <ul style="list-style-type: none"> • US \$/Cnd \$ = 1.33/1.00 		x
<u>Forecast cash receipts:</u>			
Tax refunds	Based on budgeted monthly taxable revenues and expenses		x
Interim financing (DIP)	Interim financing during CCAA proceedings	x	
<u>Forecast cash disbursements:</u>			
Payroll - Employees	Based on BRM's historical payroll reports	x	
Independent contractor	Based on BRM's historical monthly expenses	x	
Director and committee fees	Based on BRM's historical payroll reports	x	
Rent - Offices	Based on lease agreements	x	
Restructuring costs	Management estimate of professional fees to be incurred in the following weeks for monitor and legal services		x
General and administrative	Weekly or monthly estimates of disbursements required based on historical costs and contracts	x	
Finance expenses	Based on constant historical interest revenue and bank charge	x	
Information Technologies	Based on historical information technologies costs	x	
Due diligence fees	Management estimate of professional fees to be incurred in the following weeks for project development services		x
Contingency	General provision		x