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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
COURT. No.: 500-11-060598-212

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.

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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.

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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.

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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.

Debtors

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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.

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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

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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.

Monitor

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

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

INTRODUCTION

1. On December 23, 2021, 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 "**Debtors**") filed for and obtained protection from their creditors under the CCAA pursuant to an Order rendered by this Honourable Court (the "**First Day Initial Order**"). The First Day Initial Order provides for, *inter alia*, (i) a stay of proceedings against the Debtors until January 2, 2022 (the "**Stay Period**") (ii) the appointment of Deloitte Restructuring Inc. as the monitor under the CCAA ("**Deloitte**" or the "**Monitor**"), and the (iii) granting of an Administration Charge. The proceedings commenced under the CCAA by the Debtors will be referred to herein as the "**CCAA Proceedings**".
2. On December 22, 2021, the Monitor issued its First Report (the "**First Report**"). The purpose of the First Report was to provide background information on Deloitte's qualification to act as Monitor, the business, affairs and financial results of BRM, BRM's main creditors, the sale and investment solicitation process (the "**SISP**"), the administration charge sought in the First Day Initial Order and to cover specifically the Cash Flow Statement, in accordance with paragraph 23(1)(b) of the CCAA.
3. On January 2, 2022, there was a deemed extension of the Stay Period up to and including January 7, 2022. As indicated in the First Day Initial Order, any Person wishing to object to such deemed extension was required to serve a detailed written contestation stating the objection to such deemed extension

and the grounds for such objection on or before December 27, 2021. No such contestation was received.

4. On January 5, 2022, the Monitor issued its Second Report (the "**Second Report**"). The purpose of the Second Report was to provide information to the Court on the status of the CCAA Proceedings, the security review, to request an Amended and Restated Initial Order as well as an Order Approving a Sale and Investment Solicitation Process and Approving a Stalking Horse Agreement of Purchase and Sale, the charges sought in the Amended and Restated Initial Order and to request the extension of the Stay Period until March 4, 2022.
5. On January 7, 2022, the Court granted an Amended and Restated Initial Order as well as an Order Approving a Sale and Investment Solicitation Process and Approving a Stalking Horse Agreement of Purchase and Sale. The Court also extended the Stay Period until March 4, 2022.
6. On February 22, 2022, the Monitor issued its Third Report (the "**Third Report**"). The purpose of the Third Report was to provide information to the Court on BRM's operations, the cash flow results for the 9-week period ended February 18, 2022, the Monitor's activities since the Second Report, an update on the SISP and to request an extension of the Stay Period until March 25, 2022.
7. On February 24, 2022, the Court extended the Stay Period until March 25, 2022, to allow the Monitor to complete the Phase 1 of the SISP and report accordingly to the Court.
8. On March 23, 2022, the Monitor issued its Fourth Report (the "**Fourth Report**"). The purpose of the Fourth Report was to provide information to the Court on BRM's operations, the cash flow results for the 3-week period ended March 11, 2022, the Monitor's activities since the Third Report, an update on the SISP and to request an extension of the Stay Period until May 27, 2022.
9. On March 25, 2022, the Court extended the Stay Period until May 27, 2022, to allow the Monitor to complete the Phase 2 of the SISP and report accordingly to the Court.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined in this report are as defined in the previous reports of the Monitor or the Application under the CCAA.

PURPOSES OF THE FIFTH REPORT

11. The purpose of this fifth report of the Monitor (the "**Fifth Report**") is to provide information to the Court with respect to:
 - (i) BRM's operations;
 - (ii) Cash flow results for the 9-week period ended May 13, 2022;
 - (iii) The Monitor's activities since the Fourth Report;
 - (iv) Summary of the SISP;
 - (v) Monitor's approval of the SISP;
 - (vi) The proposed purchase and sale transactions;
 - (vii) Independent review of the securities;
 - (viii) Extension of the Stay Period; and,

- (ix) Conclusions and recommendations.
12. In preparing the Fifth Report and making the comments herein, the 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**"):
- (i) The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the 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 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 Fifth 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.
13. Future oriented financial information referred to in this Fifth 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.
14. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in the Fifth Report concerning BRM and their business is based on the Information, and not independent factual determinations made by the Monitor.
15. 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 Fifth 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 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.
16. A copy of the Fifth Report and further reports of the Monitor, if any, is made available on the Monitor's website at <https://www.insolvencies.deloitte.ca/blackrockmetals> (the "**Monitor's Website**"). The Monitor has also provided a dedicated email address and phone number that are referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the BRM's restructuring or the CCAA proceedings.

BRM'S OPERATIONS

17. Since the granting of the Amended and Restated Initial Order:
- (i) BRM continued to operate as a going concern and pay their current employees and their suppliers in the normal course of business, for services rendered after the beginning of the CCAA Proceedings; and,
 - (ii) In addition to the current payables, since the issuance of the Fourth Report, no amount was paid to critical suppliers for services rendered prior to December 23, 2021. Consequently, on an aggregate basis, since the issuance of the Amended and Restated Initial Order, approximately \$96K was, with the consent of the Monitor, paid to certain critical suppliers for services rendered prior to December 23, 2021, as indicated in the Fourth Report. The Amended and Restated Initial Order allows BRM, with the consent of the Monitor, to pay suppliers that are critical to the business and ongoing operations of the Debtors, up to a maximum aggregate amount of \$100K.

CASH FLOW RESULTS FOR THE 9-WEEK PERIOD ENDED MAY 13, 2022

18. The highlights of BRM’s financial performance for the period commencing on March 12, 2022, and ending on May 13, 2022, are presented in the Actual Cash Flow annexed hereto as **Appendix A**.
19. The table below provides an overview of the cash balances and the cash variances by BRM from March 12, 2022, to May 13, 2022:

BRM cash variation			
For the period of March 12, 2022, to May 13, 2022			
(in \$000 CAD)			
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Cash and cash equivalents - beginning	958	958	-
Net variation in cash balance	(218)	(781)	563
Cash and cash equivalents - ending	740	177	563

20. The Monitor’s comments on the financial performance of BRM during such period are the following:
- (i) Compared with the statement of projected cash flow ending June 10, 2022, and prepared for the Fourth Monitor’s Report (the “**Third Cash Flow Statement**”), BRM experienced an unfavorable variance of \$301K in respect to the cash inflows:
 - a. Unfavorable variance of \$500K in connection with the interim financing that was not drawn due to the lower disbursements than expected;
 - b. Unfavorable variance of \$279K due to delay in the collection of the sales tax refunds for the post-filing period; and,
 - c. Favorable variance of \$478K for the mining tax credits claimed for years ended June 30, 2019 and 2020 that were not forecasted in the Third Cash Flow Statement.
 - (ii) Compared with the Third Cash Flow Statement, BRM experienced a favorable variance of \$864K in respect to the cash outflows:
 - a. Favorable variance of \$529K in restructuring costs due to timing since many of the payments were delayed after receiving the first tranche of the interim financing and due to the fact that the current professional fees are lower than expected, which are mostly related to the SISP;
 - b. Favorable variance of \$188K (due diligence fees) and \$111K (rent of Port Saguenay) mainly due to timing of the reception of their invoices; and,
 - c. Favorable variance of \$63K in independent contractors’ payments. This variance is, however, mainly due to timing as the independent contractors are planned to be paid in the upcoming weeks.
 - (iii) Compared with the Third Cash Flow Statement, BRM experienced a net favorable variance of approximately \$563K.
21. As of the date of the Fifth Report, all post-filing expenses incurred by BRM have been or will be paid in the normal course of business.

THE MONITOR'S ACTIVITIES SINCE THE FOURTH REPORT

22. This section summarizes the activities of the Monitor since the issuance of the Fourth Report.

CASH FLOW MONITORING OF BRM

23. The Monitor has analyzed the receipts and disbursements transacted through BRM's bank accounts on a weekly basis with full co-operation of Management and was presented with all requests for payment of services provided to BRM since the First Day Initial Order.

CCAA PROCEEDINGS

24. In accordance with the First Day Initial Order and the Amended and Restated Initial Order, since the issuance of the Fourth Report:

- (i) The Monitor, with the assistance of BRM, has been responding to questions of various stakeholders as to the status of the CCAA Proceedings;
- (ii) The Monitor actively continues to perform the SISP, as more fully described in the next section of the Fifth Report;
- (iii) On March 23, 2022, the Monitor posted a copy of the Fourth Report on the Monitor's Website;
- (iv) On March 25, 2022, the Monitor posted a copy of the Court Order approving the extension of the Stay Period until May 27, 2022, on the Monitor's Website; and,
- (v) On May 13, 2022, the Monitor posted a copy of the Application for extension of the Phase 2 Bid Deadline and the issuance of an order approving amended bidding procedures (the "**Application for Extension**"). This Application for Extension was filed by the Phase 2 Qualified Bidder, not being the Stalking Horse Bidders, on May 11, 2022 before the Phase 2 Bid Deadline. More detailed information about the circumstances that led to the filing of the Application for Extension is presented in the next section of this Fifth Report.

SUMMARY OF THE SISP

Phase 1 of the SISP

25. On January 7, 2022, the Court granted an Order Approving a Sale and Investment Solicitation Process and Approving a Stalking Horse Agreement of Purchase and Sale (the "**SISP Order**"). In accordance with the SISP Order, the Phase 1 Bid Deadline was established to be March 9, 2022, at 5:00 p.m. eastern time.

26. Before the issuance of the SISP Order, the Monitor performed the following tasks:

- (i) In collaboration with Management and the Special Committee, the Monitor prepared at the beginning of January 2022 a letter describing the opportunity and an overview of BRM ("**Teaser**") to solicit interest from interested parties.
- (ii) The Monitor also prepared, concurrently to the Teaser, and in collaboration with Management and the Special Committee, a confidential information memorandum ("**CIM**") intended for distribution to investors having executed a non-disclosure agreement ("**NDA**"). The CIM was providing additional information considered relevant to the opportunity, detail and analysis about the business in order to enable potential interested parties to make an informed assessment of the opportunity.

- (iii) The Monitor, with the assistance of BRM, prepared a confidential virtual data room (the “VDR”) in which all the evaluation material was made available to prospective bidders to perform due diligence and to assess the BRM opportunity and the project. The VDR could be consulted by the interested parties having executed the NDA.
- (iv) The Monitor, in collaboration with Management and the Special Committee, established a list of 415 potential investors and purchasers, including national and international companies and private equity groups operating in the mining sector or in the metal, vanadium and titanium industries.

27. After the issuance of the SISP Order:

- (i) On January 10, 2022, the Monitor distributed by email the Teaser to the 415 potentially interested parties. Some interested parties were added to the distribution list after the initial distribution of the Teaser. These additional interested parties became aware of the opportunity from various sources, such as Management, the Special Committee, Deloitte internal network or the various notices published by the Monitor.
- (ii) On January 10, 2022, the Monitor posted a copy of SISP Order and the Bidding Procedures on the Monitor’s Website.
- (iii) On January 12, 2022, the Monitor posted a copy of the Stalking Horse Agreement and the Teaser on the Monitor’s Website.
- (iv) On January 14, 2022, the Monitor published a notice of the SISP with respect to the Bidding Procedures in *La Presse +*, the *Globe and Mail National edition* and issued a press release in *Canada Newswire*.
- (v) During the 60-day period between the SISP Order and the Phase 1 Bid Deadline, more than 2,000 follow-ups were carried out by the Monitor with prospective bidders by emails, phone calls and meetings. The Monitor attended numerous discussions and conference calls with interested parties and their representatives. The Monitor made significant efforts to contact prospective bidders and to promote the opportunity worldwide, including leveraging its own Deloitte global network.
- (vi) Other than the initial distribution of the Teaser on January 10, 2022, the Monitor sent the Teaser two additional times to the list of interested parties during Phase 1 of the SISP.
- (vii) The solicitation process conducted by the Monitor can be summarized as follows:
 - a. 415 potentially interested parties contacted by the Monitor;
 - b. 374 potentially interested parties received the Teaser according to email confirmations received by the Monitor;
 - c. 232 potentially interested parties were contacted directly by the Monitor, in addition to the general distribution that occurred on January 10, 2022;
 - d. 65 potentially interested parties participated in more serious discussions about the opportunity or confirmed that they were not interested;
 - e. 7 interested parties executed an NDA and were granted access to the VDR; and,
 - f. 1 interested party submitted a non-binding Letter of Interest (“LOI”) prior to the Phase 1 Bid Deadline.

28. Based on the various discussions with prospective bidders during Phase 1 of the SISP, it was apparent to the Monitor that the BRM project, which had previously been promoted extensively in the market by BRM and its financial advisors for financing purposes, was already very well known by most of the strategic and industry leaders. This situation likely explains why many potentially interested parties declined the opportunity without signing an NDA and without performing due diligence of the VDR.

LOI received before Phase 1 Bid Deadline

29. The LOI received prior to the Phase 1 Bid Deadline was provided by 13482332 Canada Inc. (the "**Shareholder Bidder**"). The Shareholder Bidder's shares are owned by 3 individuals who are also shareholders of BRM, namely Mr. Edward Yu, Mr. Solomon (Sam) Pillersdorf and Mr. Leslie A. Wittlin. As mentioned in the LOI, these 3 individuals described themselves as eminently qualified to proceed with the sale proposal successfully, and that they collectively have sufficient financial capability to support the proposed transaction. The LOI states that the Shareholder Bidder would proceed by way of a share purchase for a price that shall be either the sum of \$100 million or such greater amount as is required to ensure that the aggregate amount shall at all times provide net proceeds from the purchase price which exceed the minimum purchase price as defined at paragraph 14(g) iii) of Annex I to the Bidding Procedures.
30. On March 11, 2022, following its review of the LOI filed on March 9, 2022, the Monitor sent a letter to the Shareholder Bidder to request clarifications on the LOI (the "**Request for Clarifications**"). The Request for Clarifications addressed various elements from the LOI, such as the financing and payment of purchase price, the purchase price adjustment, the remaining due diligence to be carried out during Phase 2 of the SISP, status of existing shareholders and liabilities to be assumed and excluded.
31. On March 14, 2022, the Shareholder Bidder provided to the Monitor an answer to the Request for Clarifications (the "**Clarification Letter**"), which was considered in qualifying the Shareholder Bidder for Phase 2.

Phase 1 – Qualification of the LOI

32. During a meeting held on March 15, 2022, the board of directors of BRM resolved that the LOI constitutes a Phase 1 Successful Bid and, as such, the Shareholder Bidder is deemed to be a Phase 2 Qualified Bidder. The Monitor attended the board meeting and consented to the decision taken by BRM's board of directors.
33. On March 15, 2022, the Monitor sent a letter by email to the Shareholder Bidder to officially confirm that the LOI constitutes a Phase 1 Successful Bid.
34. On March 15, 2022, the Monitor also sent a letter to the attorneys of OMF Fund II H Ltd. ("**Orion**") and Investissement Québec ("**IQ**") to advise them that BRM, in consultation and with the consent of the Monitor, had determined that the LOI received constitutes a Phase 1 Successful Bid and, as such, the Shareholder Bidder is deemed to be Phase 2 Qualified Bidder.

Phase 2 of the SISP

35. As a result of the foregoing, the Monitor with the support of BRM conducted a Phase 2 of the SISP in accordance with the terms and conditions of the Bidding Procedures. According to the Bidding Procedures, the Staking Horse Agreement also constituted a Phase 1 Successful Bid and Orion and IQ, as the Stalking Horse Bidders, are Phase 2 Qualified Bidders for all purposes under the SISP, including the Auction (if necessary).
36. Given that there was a Phase 2 Qualified Bidder, other than the Stalking Horse Bidders, the Monitor conducted Phase 2 of the SISP in accordance with the terms and conditions of the Bidding Procedures. The purpose of Phase 2 of the SISP was to allow the Shareholder Bidder to complete any confirmatory

due diligence in respect of the Applicants and the opportunity, which work would allow them to provide a **binding offer** (the "**Binding Offer**") before the Phase 2 Bid Deadline.

37. The Phase 2 Bid Deadline was May 11, 2022, at 5:00 p.m. eastern time in accordance with the SISP Order granted by the Court on January 7, 2022. Consequently, the Shareholder Bidder had to submit a Binding Offer in accordance with the requirements of paragraph 22 of the Bidding Procedures before the Phase 2 Bid Deadline or such other date or time as may be agreed by the Monitor in consultation with the Applicants and with the authorization of the Stalking Horse Bidders, acting reasonably.
38. The Monitor understood that the Shareholder Bidder's primary focus during Phase 2 of the SISP was to secure financing in order to submit a Binding Offer prior to the Phase 2 Bid Deadline. With the support of its financial advisors, the Shareholder Bidder informed the Monitor that approximately 160 potential investors were solicited during Phase 2 to seek their respective interest in the opportunity, including private equity firms, pension funds, strategic mining operating companies, hedge funds and asset management firms. As per the information obtained by the Monitor from the Shareholder Bidder, its stated intention was to secure full financing of its bid through equity or debt.
39. From the partial list of investors, provided to the Monitor, that were approached by the Shareholder Bidder, the Monitor identified at least 68 investors that had already been contacted by the Monitor during Phase 1, for which 20 of them had officially declined the opportunity to the Monitor. However, the Shareholder Bidder seemed to believe that the current market had shifted and that a different opportunity could be proposed to these groups. However, despite the beliefs of the Shareholder Bidder, the assets that are being sold remain the same since Phase 1 of the SISP.
40. During Phase 2 of the SISP, at the direct request from the Shareholder Bidder, nine (9) groups, identified as representatives of the Shareholder Bidder, were granted access to the VDR in which all the information related to the opportunity, including financial information, was made available to perform due diligence and to assess the opportunity.
41. As for the due diligence performed by the Shareholder Bidder:
 - (i) Only one (1) meeting occurred at the beginning of Phase 2, on March 30, 2022, at the request of the Shareholder Bidder's financial advisor, with the Company and the Monitor, to review the assumptions supporting the financial model of BRM;
 - (ii) All the groups that were granted access spent limited time on the VDR reviewing the information available for this kind of project. The Monitor would have expected them to spend multiple hours reviewing the information; and,
 - (iii) During Phase 2 of the SISP, despite many offers from the Monitor and BRM, except for the meeting mentioned at (i), the Monitor and BRM did not receive any requests for additional meetings and questions or clarifications from the Shareholder Bidder or its representatives on the information and documentation consulted on the VDR.

Extension of the Phase 2 Bid Deadline

42. On May 9, 2022, after verbally advising the Monitor and BRM, the Shareholder Bidder formally requested a 30-day extension of the Phase 2 Bid Deadline to submit its Phase 2 Qualified Bid (the "**Request for SISP Extension**"). As per the Request for SISP Extension, the Shareholder Bidder believed that an additional delay of 30 days was necessary and justified in the circumstances, as more fully explained in the request, to submit its Phase 2 Qualified Bid. A copy of this Request for SISP Extension is attached hereto as **Appendix B**.
43. In accordance with paragraph 21 of the Bidding Procedures, the Monitor may only agree to extend the Phase 2 Bid Deadline following consultation with the Applicants and with the authorization of the Stalking Horse Bidders, acting reasonably. Accordingly, the Request for SISP Extension was submitted to

BRM for consultation purposes on May 9, 2022. Subsequently, the Request for SISP Extension was submitted to the Stalking Horse Bidders to obtain their authorization.

44. In order to further consider the Request for SISP Extension, the Stalking Horse Bidders required the Monitor to obtain the following confirmations from the Shareholder Bidder:
- (i) Confirmation that the Shareholder Bidder would fund all of BRM's costs, including professional costs, during the extended 30-day period, with such funding subordinate to the existing indebtedness and DIP funding provided by Orion and IQ;
 - (ii) Confirmation that the Shareholder Bidder would pay 30 days of interest on the Orion and IQ secured debts; and,
 - (iii) Written confirmation that, if granted the 30-day extension, the Shareholder Bidder would not seek a further extension or object to the conclusion of the SISP and the selection of the Stalking Horse Bid as the successful bid in the event it was unable to submit a Phase 2 Qualified Bid by the end of the 30-day extension.
45. The Shareholder Bidder provided none of the requested confirmations. Instead, the Shareholder Bidder indicated that it was prepared to advance a first tranche of \$200K of a DIP loan within one week of the acceptance date of the Request for SISP Extension, and the balance of \$300K as needed. This proposed DIP loan totaling \$500K is to be made on the same terms and conditions as the existing DIP loan of the secured lenders, Orion and IQ, and is to rank *pari passu* with them in all respects.
46. In view of the above the shareholder bidder has simply refused to bear the costs and the risks associated with a further request to extend the SISP deadline.

Request for SISP Extension

47. In order to assess the Request for SISP Extension, the Monitor considered the following:
- (i) The fact that the Monitor conducted a thorough solicitation process as part of the Phase 1 of the SISP, as documented previously in this Fifth Report, which culminated in a single LOI being submitted by the Shareholder Bidder;
 - (ii) The unwillingness of the Shareholder Bidder to use its own personal assets to fund a Phase 2 Binding Offer despite having represented to the Monitor in the LOI that collectively the Shareholder Bidder had a net worth that far exceeding the Minimum Bid Requirements under the SISP. This representation was a key consideration in qualifying the LOI as a Phase 1 Successful Bid.
 - (iii) The Shareholder Bidder did not secure financing of its bid during the 60 days (including the additional 30 days granted by the Court at the shareholders' request) of Phase 1 of the SISP and waited until the Phase 1 Bid Deadline to execute an NDA and to enter into the process;
 - (iv) The limited activities that occurred on the VDR during Phase 2;
 - (v) The absence of any requests for meeting with Management or any type of questions or clarifications during the Phase 2;
 - (vi) The absence of acceptable financing offers (term sheet, complete financing structure, etc.) as of the Phase 2 Bid Deadline;

- (vii) The failure by the Shareholder Bidder to confirm that it would fund all of BRM's costs, including professional costs, during the extended 30-day period, with such funding subordinate to the existing indebtedness and DIP funding provided by Orion and IQ;
 - (viii) The absence of confirmation that the Request for SISP Extension would be limited to only 30-days; and,
 - (ix) The Stalking Horse Bidders were not prepared to authorize the 30-day extension in the current circumstances.
48. The Monitor is of the view is that it is unlikely that the Shareholder Bidder's Request for SISP Extension would allow it to provide a Binding Offer at the end of the extension period.
49. After consultation with BRM and the Stalking Horse Bidders, the Monitor obtained the unanimous support of its position from both BRM and the Stalking Horse Bidders. Consequently, a decision was made by the Monitor to refuse the Request for SISP Extension. The Monitor officially advised the Shareholder Bidder of the decision on May 12, 2022.

The Application for Extension

50. On May 11, 2022, the Shareholder Bidder filed an Application for Extension to the Court. The Shareholder Bidder is asking the Court to amend the SISP and the Bidding Procedures to allow the 30-day extension.

Successful Bid

51. No binding offer has been received from the Shareholder Bidder prior to the Phase 2 Bid Deadline and the Request for SISP Extension has been disallowed by the Monitor in consultation with BRM and the Stalking Horse Bidders. Consequently, the Stalking Horse Bid is deemed to be the Phase 2 Successful Bid in accordance with the Bidding Procedures.

MONITOR'S APPROVAL OF THE SISP

52. BRM's assets were made available for sale in the SISP. Details of those sale efforts have been provided to the Court in the Third Report, the Fourth Report and this Fifth Report.
53. The Monitor's view is, in the circumstances of this case and given the status of efforts to sell BRM's assets and the limited level of interest expressed therein, that the SISP was reasonable and appropriate and provided all interested parties with an adequate opportunity to perform due diligence and to formulate and submit an offer.
54. The Monitor was provided with drafts of the SISP, the Bidding Procedures and the Stalking Horse Agreement in advance of the SISP, including their respective schedules for review and comments. In addition, the Monitor was highly engaged throughout of the SISP leading the solicitation effort in the market.
55. Consequently, the Monitor is of the view that the process which resulted in the selection of the Stalking Horse Agreement as the Successful Bid was fair and reasonable in the circumstances.

THE PROPOSED PURCHASE AND SALE TRANSACTIONS

56. The proposed purchase and sale transactions provide for the Stalking Horse Bidders (IQ and Orion) to acquire the shares of BlackRock Metals, BlackRock Mining, BRM LP and BRM GP on a 50-50 basis (the "**Purchase Agreement**") by way of the reorganization and reverse vesting order as more fully described in the Application for (i) a third extension of the stay of proceedings and (ii) the issuance of

an approval and vesting order and ancillary relief, in consideration of a credit bid totaling their secured debt in the amount of approximately \$100 million as at closing time.

Comparison with sale in bankruptcy

57. The Monitor has considered whether the Purchase Agreement would be more beneficial to BRM's stakeholders generally than a sale or disposition of assets under a bankruptcy.
58. Given the result of the SISP and the nature of BRM's assets, the Monitor is of the view that the only other option, namely a sale in bankruptcy, is unlikely to result in a better outcome for the BRM's creditors. Notably, the Monitor is of the view that creditors who will suffer a shortfall following the Purchase Agreement would not obtain any greater recovery in a sale in bankruptcy.
59. Furthermore, bankruptcy proceedings would:
 - (i) Cause additional delays and uncertainty in the sale of BRM's assets;
 - (ii) Jeopardize the going concern operations of BRM; and,
 - (iii) Likely result in employees to be unemployed.
60. Accordingly, it is the Monitor's view that a sale or disposition of the BRM's assets in a bankruptcy would not be more beneficial than proceeding with the implementation and closing of the Purchase Agreement.

Consultation with creditors

61. The SISP was developed by BRM in consultation and with the support of Orion and IQ, the secured lenders.
62. BRM entered into the Stalking Horse Agreement with Orion and IQ who have agreed to acquire the shares of BRM in consideration of a credit bid totalling the amount of the fair market value of its secured debt of approximately \$100 million as at closing time.
63. The Monitor is of the view that the degree of creditor consultation and notification was appropriate in the circumstances.

The effect of the transaction on creditors and other stakeholders

64. The Monitor believes that the Purchase Agreement provides for the following benefits to the creditors and to other stakeholders:
 - (i) the uninterrupted development activities of BRM and the continued employment of all BRM's employees and independent contractors;
 - (ii) the continuation of existing agreements, licenses and permits required for the current and future operations of BRM; and,
 - (iii) the continuation of the impact benefit and other First Nations Agreements, such as the Ballyhusky Agreement dated June 20, 2013, and its first amendment dated April 22, 2015, intervened between BRM, the Oujé-Bougoumou Cree Nation, The Grand Council of the Crees and The Cree Regional Authority.

Reverse vesting order structure

65. The reverse vesting order structure that would be implemented under the Purchase Agreement is appropriate in the current CCAA proceedings for the following reasons:
- (i) Numerous agreements, permits, licenses, authorizations, and related amendments are part of the assets that have to be transferred as per the Purchase Agreements. It could be more complex to transfer the benefits of these assets in a traditional vesting order structure since consents, approvals or authorizations may be required. A reverse vesting order structure minimizes risks, costs or delays of having these assets transferred;
 - (ii) The proposed reverse vesting order structure results in better economic results for some creditors of BRM who see their pre-filing claim being assumed and retained. Also, the reverse vesting order structure will avoid any delays or costs associated with the assignments of the assumed contracts;
 - (iii) The contracts or obligations of the creditors and the stakeholders that are considered Excluded Assets and Excluded Obligations according to Schedule B of the Purchase Agreement will not be in a worse position than they would have been with a more traditional vesting of assets to a third party;
 - (iv) Most assets of BRM are intangibles, such as agreements, permits, licenses, authorizations and related amendments, and their value depend on the capacity of the purchasers to complete the financing and achieve the project. These assets would have no or limited value if some of them were not being preserved. The reverse vesting order structure allows to avoid any potential risks around the transfer to the purchaser.
66. The Monitor is of the opinion that the reverse vesting order structure is more appropriate and beneficial than a traditional vesting order structure and that the reverse vesting order structure is necessary, reasonable and justified in the circumstances.

Monitor's recommendation

67. The Monitor is of the view that the market was canvassed adequately and extensively through the SISP and through the efforts made by BRM for the period prior to the filing of the CCAA proceedings. At the conclusion of Phase 2 Bid Deadline, the Shareholder Bidder did not submit a Binding Offer, and consequently the Stalking Horse Bid is the best and only option available in the circumstances. The Monitor is further of the view that:
- (i) The aggregate consideration provided for under the Purchase Agreement is fair and reasonable in the circumstances; and,
 - (ii) There is no evidence to suggest that any viable alternative exists that would deliver a better outcome for BRM's creditors.
68. Based on the foregoing, the Monitor considers that the approval of the Purchase Agreement is in the best interests of the stakeholders generally and the Monitor supports the Applicants' request for the issuance of an approval and vesting order.

INDEPENDENT REVIEW OF THE SECURITIES

Royal Bank of Canada

69. The Monitor mandated Borden Ladner Gervais ("**BLG**") to conduct a review of the security documentation relating to the security granted by BRM in favor of Royal Bank of Canada ("**RBC**").

70. On May 25, 2022, BLG delivered a security opinion ("**BLG Security Opinion**") to the Monitor, subject to the customary qualifications, assumptions and limitations set out therein, BLG Security Opinion indicates that the security provided by BRM for the benefit of RBC over BRM's assets that are subject to such security is valid and has been rendered opposable against third persons or perfected in accordance with applicable laws.

Orion and IQ

71. As indicated in the First Report, counsel to the Monitor, Fasken, was mandated to conduct a review of the security documentation relating to the security granted by BRM in favor of BNY Trust Company of Canada, in its capacity as collateral agent and hypothecary representative, for the benefit of Orion and IQ.
72. As indicated in the Second Report, Fasken delivered a security opinion ("**Fasken Security Opinion**") to the Monitor, subject to the customary qualifications, assumptions and limitations set out therein, Fasken Security Opinion indicates that the security provided by BRM for the benefit of Orion and IQ over BRM's assets that are subject to such security is valid and has been rendered opposable against third persons or perfected in accordance with applicable laws.

EXTENSION OF THE STAY PERIOD

73. The current Stay Period expires on May 27, 2022.
74. The Debtors are seeking an extension of the Stay Period until June 30, 2022, in order to close the contemplated transaction and assign Residual Co into bankruptcy.
75. The Monitor is informed that BRM intends to continue to pay its trade creditors for services rendered and goods provided in the normal course of business during the CCAA Proceedings.
76. As demonstrated by the projected cash flow (the "**Fourth Cash Flow Statement**") for the 7-week period commencing on May 14, 2022 and ending on July 1, 2022 (the "**Cash Flow Period**"), BRM will not have sufficient funds to assume its financial obligations. Consequently, as already authorized by the Amended and Restated Initial Order, BRM will borrow on its approved Interim Financing to assume its financial obligations. BRM anticipates borrowing \$1 million from the Interim Financing during the 7-week period commencing on May 14, 2022, and ending on July 1, 2022, as more fully explained below in the projected cash flow section of the Fifth Report.

PROJECTED CASH FLOW

77. BRM, with the assistance of the Monitor, has prepared the Fourth Cash Flow Statement for the purpose of projecting BRM's estimated liquidity needs during the Cash Flow Period. A copy of the Fourth Cash Flow Statement is attached as **Appendix C** to this Fifth Report.
78. Presented in the table below is a summary of the Fourth Cash Flow Statement:

BRM	
Summary of the Cash Flow Statement ending July 1, 2022	
(in '000 CAD)	
Cash and cash equivalents - beginning	740
Net variation in cash balance	(1 240)
Interim financing	1 000
Cash and cash equivalents - ending	500

79. The Fourth Cash Flow Statement has been prepared by BRM using probable and hypothetical assumptions set out in the notes to the Fourth Cash Flow Statement.
80. The Monitor's review of the Fourth Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to Information supplied to it by Management. Since the hypothetical assumptions do not need to be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Fourth Cash Flow Statement. The Monitor also reviewed the support provided by Management for the probable assumptions, and the preparation of the Fourth Cash Flow Statement.
81. Based on the 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 Fourth Cash Flow Statement;
 - (ii) As at the date of this Fifth Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans or BRM or do not provide a reasonable basis for the Fourth Cash Flow Statement, given the hypothetical assumptions; or,
 - (iii) The Fourth Cash Flow Statement does not reflect the probable and hypothetical assumptions.
82. Since the Fourth 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 Monitor expresses no opinion as to whether the projections in the Fourth Cash Flow Statement will be achieved. The 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 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 Fourth Cash Flow Statement, *inter alia* the payment of wages, the government remittances and the payroll deductions to be made by BRM.
83. The Fourth Cash Flow Statement has been prepared solely for the purpose described in the Notes to the Fourth Cash Flow Statement, and readers are cautioned that the Fourth Cash Flow Statement may not be appropriate for other purposes.
84. As indicated previously in this Fourth Report, BRM should have sufficient liquidity to continue to meet its obligations during the extension period. It is anticipated that BRM will need to have access to the funds provided by the Interim Financing to fund its operations after the extension period.

CONCLUSIONS AND RECOMMENDATIONS

85. In light of the foregoing, the Monitor is of the view that:
- (i) The extension of the Stay Period up to June 30, 2022, sought by the Debtors is required to close the contemplated transaction, implement the proposed restructuring process for the benefit of all its stakeholders and preserve the value of BRM's assets;
 - (ii) Based on the information presently available, the Monitor believes the Debtors' creditors will not be materially prejudiced by the requested extension of the Stay Period;
 - (iii) The approval of the Purchase Agreement is in the best interests of the stakeholders generally considering:
 - a. The results of the 4 months SISIP;

- b. The fact that BRM, with the assistance of their financial advisors at the time (Credit Suisse and Goldman Sachs), have conducted a global search for before the CCAA Proceedings (since 2018) but, and despite considerable time and effort, have not been able to secure the required funding;
 - c. The unwillingness of the Shareholder Bidder to use its own personal assets to fund a Phase 2 Binding Offer; and,
 - d. The Shareholder Bidder incapacity to secure the financing necessary to provide a Binding Offer before the Phase 2 Bid deadline despite the 30-day extension of Phase 1 of the SISF.
- (iv) The Debtors have acted, and are acting, in good faith and with due diligence, which make the requested extension of the stay of proceedings appropriate.
86. Accordingly, the Monitor recommends that the Stay Period be extended to June 30, 2022.
87. The Monitor confirms that there is no further material development to report in this matter, other than what is provided for in this Fifth Report.
88. The Monitor respectfully submits to the Court this, its Fifth Report.

DATED AT MONTREAL, this 26th day of May 2022.

DELOITTE RESTRUCTURING INC.

In its capacity as Court-Appointed Monitor of BRM



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



Jean-François Nadon, CPA, CIRP, LIT
President

APPENDIX A

ACTUAL CASH FLOW

BRM
Budget-to-actual analysis on Third Cash Flow Statement
(in \$000 CAD)

	For the cumulative 9 weeks ended May 13, 2022				Timing vs permanent	Main reasons
	Actual	Budget	Var. (\$)	Var. (%)		
Receipts						
Tax refunds	-	279	(279)	-100%	Timing	Timing for post-filing reimbursements (December, January, February and March)
Interim financing (DIP)	500	1,000	(500)	-50%	Timing	Timing in the need to request the 2nd \$500k tranche of the DIP financing
Others	478	-	478	0%	Permanent	Mining tax credits claimed for years ended June 30, 2019 (\$402k) and June 30, 2020 (\$76k)
Total receipts	978	1,279	(301)	-24%		
Disbursements						
Payroll - Employees	328	320	(8)	-3%	Permanent	
Independent contractor	195	258	63	24%	Both	Payment timing for 3 contractors (\$47k)
Directors and committee fees	65	70	5	7%	Permanent	
Rent - Offices	54	82	28	34%	Timing	Payment timing for Toronto (\$7k) and Chibougamau (\$3k) rent offices and invoicing delay for Montreal rent office (\$18k) following the building ownership change
Rent - Port of Saquenay	-	111	111	100%	Timing	Payment timing for the rent of Port of Saquenay
Restructuring costs	258	787	529	67%	Both	Due to timing and to the fact that the current professional fees are lower than expected
General and administrative	126	90	(36)	-40%	Timing	
Finance expenses	71	14	(57)	-407%	Permanent	Periodic commission on letter of credits (\$37k) and legal fees related to the intercreditor agreement (\$30k)
Information Technologies	17	18	1	6%	Timing	
Due diligence fees	82	270	188	70%	Timing	Invoicing timing for 2 suppliers
Contingency	-	40	40	100%	Permanent	
Total disbursements	1,196	2,060	864	42%		
Net cash flow	(218)	(781)	563	72%		
Cash and cash equivalents - beginning	958	958	-			
Cash and cash equivalents - ending	740	177	563	318%		

APPENDIX B

REQUEST FOR EXTENSION



Mtre Jean-Yves Simard
Direct Line : 514-360-5102
Email : jysimard@dsavocats.ca

BY EMAIL

QUÉBEC
MONTRÉAL
TORONTO
VANCOUVER
OTTAWA
CALGARY
PARIS
LYON
BORDEAUX
LILLE
BRUXELLES
MILAN
LA REUNION
BARCELONE
MADRID
STUTTGART
BUENOS AIRES
SANTIAGO
LIMA
DAKAR
BEIJING
SHANGHAI
GUANGZHOU
SINGAPOUR
HO CHI MINH VILLE

Montréal, May 9, 2022

Mr. Benoît Clouâtre, CPA, CA, CIRP, LIT
Senior Vice President
Deloitte Restructuring Inc.
La Tour Deloitte
1190 Avenue des Canadiens-de-Montréal,
Suite 500
Montreal QC H3B 0M7

Re : In the matter of the Compromise or Arrangement of BlackRock Metals Inc. et al.
("Company") - 500-11-060598-212 - Sale and Investor Solicitation Process
("SISP")
O/F : 43000-001

Dear Mr. Clouâtre:

This letter follows the TEAMS conference call held earlier today with yourselves and representatives and counsel of 13482332 Canada Inc. (the "**Shareholder Bidder**"), the Company, the Special Committee, and FTI Capital Advisors and ERG Capital Partners (the "**Consultants**").

During this call, the Consultants provided an update on the concerted efforts of the Shareholder Bidder and the Consultants at structuring and financing the Phase 2 Qualified Bid which the Shareholder Bidder intends to submit. As requested, we attach a copy of the presentation discussed during the call.

This letter is to formally request a 30-day extension of the Phase 2 Bid Deadline, for the reasons discussed during the call and those discussed below.

The Shareholder Bidder firmly believes that there is equity for the stakeholders of the Company, including the shareholders, based on their knowledge of the Company and on recent pre-money valuations of the Company performed by third parties which ranged between \$175 and \$350 million US.

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Bringing a final and fully financed bid in excess of \$100 million within the very tight time frame of the SISP is a monumental challenge which the Shareholder Bidder decided to take on because of its strong belief that there is substantial value in the Blackrock project for itself and for all of the stakeholders.

The Shareholder Bidder is committed to bring a final bid that will be better than the Stalking Horse Bid in that it will reimburse in full the secured debt and Interim Facility owed to Orion and IQ, treat the other creditors fairly and preserve some form of equity for the existing shareholders.

As you know, in order to assist in designing and financing its final bid, the Shareholder Bidder has retained at its own costs the services of two recognized and reputable expert firms: FTI Capital Advisors Canada and ERG Securities US (the “**Consultants**”). The details of the work of the Consultants to date are summarized in the presentation attached, and the Consultants are available to answer any questions that you may have.

As discussed during the call, the market conditions have changed considerably during Phase 2 of the SISP with the events unfolding in Ukraine and the worldwide uncertainty that they bring. In particular, Russia and Ukraine are among the largest producers of the metals found in the Blackrock Project. Several investors that declined interest or were unresponsive during Phase 1 of the SISP are now expressing renewed and different interest in Phase 2 of the SISP. The Consultants received initial interest from nine (9) investors that either changed their view on the opportunity or were unresponsive during the Monitor’s reach-out process. Several of these investors remain interested in the opportunity and are continuing to perform diligence. Upon receiving feedback from investors that have declined the opportunity, many expressed their concern around the Phase 2 Bid Deadline, and the ability to perform sufficient due diligence in the timeframe provided.

Based on the feedback provided to the Consultants from investors and given the complexity of this transaction, the condensed timeframe is a significant hurdle for investors to perform the necessary due diligence in order to provide a commitment to finance the Shareholder Bidder’s Phase 2 Qualified Bid. As such, the Consultants believe that additional time will have a material impact on the likelihood of raising the capital required to support the Shareholder Bidder’s Phase 2 Qualified Bid.

As discussed during the call and in response to a specific question from the Special Committee, the Consultants believe that if a 30-day extension was granted, at least two (2) other significant potential investors who had declined to participate further because of the timing limitations would most probably resume discussions and their review of the investment opportunity.

The Shareholder Bidder, with the support of the Consultants, believes that an additional delay of 30 days will be necessary to submit its Phase 2 Qualified Bid. The Shareholder Bidder is confident that its Phase 2 Qualified Bid will be substantially better than the Stalking Horse Bid and will deliver more value to all the stakeholders.

The Bidding Procedures allow for the Phase 2 Bid Deadline to be extended on consent of the Monitor in consultation with the Company and the authorization of the Stalking Horse Bidder, acting reasonably.

Extending the Phase 2 Bid Deadline by 30 days will not cause any material prejudice to the Debtors, the Stalking Horse Bidders or the other stakeholders.

The Stalking Horse Bidders will suffer no material prejudice from an extension since under a Phase 2 Qualified Bid from the Shareholder Bidder, they would be paid in full for the Bridge Loan and the Interim Facility.

The Shareholder Bidder understands that the Company has sufficient funds to cover its expenditures if the Phase 2 Bid Deadline is extended for 30 days. For example, the Shareholder Bidder learned that the first tranche of 500 000 \$ of the \$2 million Interim Facility which the Company had anticipated would be needed on April 8, 2022, was in fact only drawn on or about April 26, 2022.

For all of the foregoing reasons, the Shareholder Bidder submits that it is reasonable that the Phase 2 Bid Deadline should be extended by 30 days.

We hope that the foregoing adequately responds to your request for a formal written extension request from the Shareholder Bidder. Should you have any further questions or comments, or require further clarification on any point, please do not hesitate to contact the undersigned immediately.

We thank you for your time and consideration, and we shall be waiting for your prompt response.

Yours very truly,

DS LAWYERS CANADA LLP



Jean-Yves Simard
JYS/

Encl. FTI/ERG Presentation dated May 8, 2022

cc. 13482334 Canada Inc.
Mtres Alain Riendeau and Brandon Farber, FASKEN

APPENDIX C

FOURTH CASH FLOW STATEMENT

BRM

Cash Flow Statement ending July 1, 2022

(in '000 CAD)

	<u>Actual</u> 14-May 20-May	21-May 27-May	28-May 3-Jun	4-Jun 10-Jun	11-Jun 17-Jun	18-Jun 24-Jun	25-Jun 1-Jul	Total
Receipts								
Tax refunds	-	240	69	-	-	-	-	309
Interim financing (DIP)	-	500	-	500	-	-	-	1 000
Total receipts	-	740	69	500	-	-	-	1 309
Disbursements								
Payroll - Employees	66	-	67	-	-	-	-	133
Independent contractor	-	131	-	-	-	-	-	131
Directors and committee fees	-	16	-	-	-	-	-	16
Rent - Offices	-	-	27	-	-	-	-	27
Rent - Port of Saguenay	-	113	-	-	-	-	-	113
Restructuring costs	224	170	175	310	-	-	-	879
General and administrative	1	9	9	9	-	-	-	28
Finance expenses	-	2	2	2	-	-	-	6
Information technologies	-	4	4	4	-	-	-	13
Due diligence fees	-	8	150	30	-	-	-	188
Contingency	-	5	5	5	-	-	-	15
Total disbursements	291	459	439	360	-	-	-	1 548
Net cash flow	(291)	281	(370)	140	-	-	-	(240)
Cash and cash equivalents - beginning	740	449	730	360	500	500	500	740
Cash and cash equivalents - ending	449	730	360	500	500	500	500	500

NOTES TO THE FOURTH 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 Fourth Cash Flow Statement has been prepared by BRM using probable and hypothetical assumptions set out in the notes to the Fourth Cash Flow Statement.

The Monitor's review of the Fourth 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 Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Fourth Cash Flow Statement. The Monitor also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Fourth 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 Fourth Cash-Flow Statement.

(3) PROBABLE ASSUMPTIONS:

Means assumptions that:

- (i) BRM 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 Fourth Cash-Flow Statement.

(4) SUITABLY SUPPORTED:

- (i) Means that the Assumptions are based on either one or more of the following factors:
- (ii) The past performance of BRM;
- (iii) The performance of other industries/market participants engaged in similar activities as BRM;
- (iv) Feasibility studies;
- (v) Marketing studies; or
- (vi) 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 D - 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	
Rent – Port of Saguenay	Based on lease agreements	x	
Restructuring costs	Management estimate of professional fees to be incurred in the following weeks for monitor and legal services. The estimate has been adjusted to reflect that the actual fees were lower than those budgeted in the Third Cash Flow Statement.		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