

Court File No.: CV-20-00649558-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT WITH RESPECT TO
EXPRESS GOLD REFINING LTD.

FIFTEENTH REPORT OF THE MONITOR
September 6, 2023

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INTRODUCTION

1. On October 15, 2020, Express Gold Refining Ltd. (“**EGR**” or the “**Applicant**”) filed for and obtained protection under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted on October 15, 2020 (the “**Initial Order**”), Deloitte Restructuring Inc. was appointed as the Monitor in these proceedings (in such capacity, the “**Monitor**”). The proceedings commenced by the Applicant under the CCAA are referred to herein as the “**CCAA Proceedings**”. The Initial Order also provided for, among other things, a stay of proceedings with respect to the Applicant until and including October 19, 2020 (the “**Stay Period**”). In his endorsement, Justice Hainey scheduled the comeback hearing (the “**Comeback Hearing**”) for October 19, 2020.
2. At the Comeback Hearing, Justice McEwen amended the Initial Order to, among other things, order that the stay of proceedings shall not apply to the Tax Litigation (as defined herein) and extend the Stay Period until and including October 27, 2020. The Initial Order was amended and restated on October 19, 2020, and again on October 27, 2020 (the “**SARIO**”). The SARIO also approved the Monitoring Protocol agreed to among the Applicant, Canada Revenue Agency (“**CRA**”) and the Monitor. The overall purpose of the Monitoring Protocol is, among other things, to provide a pathway for EGR to conduct its business in a fashion that allows it to receive net tax refunds as applicable in accordance with the *Excise Tax Act* (Canada), while at the same time provides comfort to CRA that the business transactions (post-Initial Order) are being conducted under the appropriate control and reporting from the Monitor. The Stay Period in these CCAA Proceedings has been extended 13 times by further Orders, most recently up to and including September 12, 2023.
3. The following provides a summary of select orders and endorsements of the Court that are material to the CCAA Proceedings:
 - (a) on March 8, 2021, the Court granted an Order approving an amendment to the Monitoring Protocol dated March 1, 2021, among the Applicant, CRA and the Monitor (the “**Amended Monitoring Protocol**”);

- (b) on May 20, 2021, the Monitor filed a motion (the “**Production Motion**”) for an Order granting the Monitor unfettered access to all documents in EGR’s possession and control that have been provided to EGR or its tax counsel, Baker McKenzie LLP (“**EGR’s Tax Counsel**”), by CRA in connection with all GST/HST assessments and reassessments that have been issued or will be issued by CRA (the “**Tax Documents**”), including all Tax Documents produced by CRA to EGR or EGR’s Tax Counsel in connection with the appeal commenced by EGR at the Tax Court of Canada (“**Tax Court**”) bearing Court File No. 2020-1214(GST)G (the “**Tax Litigation**”). The Production Motion was heard on June 8, 2021. CRA opposed the Production Motion;
- (c) on June 9, 2021, the Court issued an endorsement (the “**June 9 Endorsement**”) in respect of the Production Motion. In summary, the June 9 Endorsement provided reasons supporting the Court’s jurisdiction to direct the delivery of the Tax Documents by EGR to the Monitor and further directed an additional hearing, if necessary, to determine any restrictions to be imposed upon certain documents, as identified by CRA;
- (d) on August 17, 2021, the Court issued a Production and Confidentiality Order, dated June 8, 2021, ordering EGR to produce and make available to the Monitor all Tax Documents;
- (e) on December 15, 2021, EGR, CRA and the Monitor agreed to further amend the Amended Monitoring Protocol (the “**Second Amended and Restated Monitoring Protocol**”) to account for current business volumes and reduce the costs associated with implementing the Amended Monitoring Protocol;
- (f) on January 18, 2022, the Court issued an Order, dated December 14, 2021, approving the Second Amended and Restated Monitoring Protocol; and
- (g) on June 12, 2023, the Court granted an Order extending the Stay Period to September 12, 2023 and in the endorsement (the “**June 12 Endorsement**”), Justice McEwen directed the Monitor to take steps to host discussions to resolve

the parties' tax dispute in this CCAA proceeding. A copy of the June 12 Endorsement is attached hereto as **Appendix "A"**.

4. Copies of all orders and endorsements granted in the CCAA Proceedings are located on the Monitor's website accessible at: <https://www.insolvencies.deloitte.ca/en-ca/pages/ExpressGoldRefiningLtd.aspx> (the "**Monitor's Website**"). The Monitor encourages interested stakeholders to review the Monitor's Website for a complete history of the CCAA Proceedings, including the various orders and endorsements issued.

PURPOSE

5. The purpose of this fifteenth report of the Monitor (the "**Fifteenth Report**") is to provide the Court with information and updates on the following:
 - (a) the activities of EGR and the Monitor from June 8, 2023, the date of the Fourteenth Report of the Monitor (the "**Fourteenth Report**"), filed in connection with the previous motion to extend the Stay Period granted in the CCAA Proceedings, to the date of this Fifteenth Report;
 - (b) EGR's cash flow results for the 14-week period ended August 18, 2023, with a comparison to forecast amounts in the 17-week cash flow forecast that was included in the Fourteenth Report;
 - (c) EGR's revised cash flow forecast (the "**Revised Cash Flow Forecast**") for the 17-week period from August 21, 2023 to December 15, 2023, and the Monitor's comments thereon;
 - (d) the status of the Tax Litigation and discussions held in accordance with the June 12 Endorsement;
 - (e) the status of the Third Party Mareva Injunction; and
 - (f) EGR's requested extension of the Stay Period up to and including December 12, 2023 (the "**Stay Extension Period**").

6. This Fifteenth Report should be read in conjunction with the Affidavit of Atef Salama sworn September 6, 2023 in support of the Applicant's motion for an extension of the Stay Period (the "**Salama Affidavit**").

TERMS OF REFERENCE AND DISCLAIMER

7. In preparing this Fifteenth Report and making the comments herein, the Monitor has been provided with, and has relied upon, the following information (collectively, the "**Information**"): unaudited financial information, books and records and financial information prepared by EGR, and discussions with management of the Applicant ("**Management**").
8. 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 the Information in a manner that would wholly or partially comply with Canadian Generally Accepted Assurance Standards ("**Canadian GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under Canadian GAAS in respect of the Information.
9. Some of the information referred to in this Fifteenth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
10. Future oriented financial information referred to in this Fourteenth 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.
11. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars. Capitalized terms used herein and not otherwise defined have the meanings set forth in prior reports of the Monitor.

ACTIVITIES OF EGR SINCE THE FOURTEENTH REPORT

12. The activities of EGR since the Fourteenth Report are set out in the Salama Affidavit, and such activities of EGR that are related to or arising out of these CCAA Proceedings include:
- (a) complying with the terms of the Second Amended and Restated Monitoring Protocol;
 - (b) continuing to manage its relationships with customers and suppliers to minimize business disruptions;
 - (c) continuing to provide regular updates and information to the Monitor with respect to EGR's business and the Tax Litigation, as well as responding to the Monitor in relation to the June 12 Endorsement; and
 - (d) continuing its efforts to advance the Tax Litigation. A status update of the Tax Litigation is provided in paragraphs 9 to 12 of the Salama Affidavit. The Monitor provides a further update in the 'Tax Litigation Update' section below.

ACTIVITIES OF THE MONITOR SINCE THE FOURTEENTH REPORT

13. Since the Fourteenth Report, the Monitor has undertaken the following activities:
- (a) monitored EGR's business in accordance with the Second Amended and Restated Monitoring Protocol;
 - (b) reviewed EGR's GST/HST filings and communicated with CRA regarding the processing status. In this regard, CRA processed and released net tax refunds for GST/HST filings for the periods from October 16, 2020 to May 31, 2023. The GST/HST filing for the June, July and August 2023 periods are currently under review by CRA;
 - (c) communicated with EGR's restructuring counsel regarding developments in the CCAA Proceedings and Tax Counsel regarding the status of the Tax Litigation;
 - (d) communicated with CRA regarding developments in these CCAA Proceedings;

- (e) facilitated discussions with CRA and EGR in accordance with the June 12 Endorsement;
- (f) taken the steps outlined in the ‘Tax Litigation Update’ section below; and
- (g) assisted EGR in preparing the Revised Cash Flow Forecast and cash flow variance reporting.

CASH FLOW FORECAST AND RESULTS RELATIVE TO FORECAST

14. Summarized in the following table are EGR’s actual cash receipts and disbursements for the 14-week period ended August 18, 2023 (the “**Reporting Period**”), as compared to the corresponding weeks in the cash flow forecast included in the Fourteenth Report.

Express Gold Refining Ltd.				
Summary of Actual versus Forecast Cash Flows				
For the 14-week period from May 15, 2023 to August 18, 2023				
(\$CAD '000s)				
Unaudited				
	Actual	Forecast	Variance	Note
Receipts				
Collection from Sales and Accounts Receivable	18,463	13,708	4,755	A
HST refunds	1,618	1,572	46	B
Interest, exchange gains / (losses), and other	28	13	15	
Total Receipts	20,109	15,293	4,816	
Disbursements				
Purchases	(16,809)	(13,160)	(3,649)	C
Customer accounts and hedging	(884)	-	(884)	D
Salaries and wages	(203)	(209)	6	
Consulting and professional fees	(24)	(35)	11	E
General Administrative Expenses	(63)	(75)	12	F
Insurance	(45)	(52)	7	
Rent	(50)	(50)	-	
Advertising and promotion	(35)	(39)	4	
Vehicle	(7)	(10)	3	
Freight	(29)	(33)	4	
Income Tax	-	(90)	90	G
Total Disbursements	(18,149)	(13,753)	(4,396)	
Litigation Costs	(750)	(450)	(300)	H
Restructuring Costs	(370)	(500)	130	I
Total Litigation and Restructuring Costs	(1,120)	(950)	(170)	
Intercompany loan	-	-	-	
Total Intercompany loan	-	-	-	
Net Cash Flow	840	590	250	
Opening Cash	1,302	1,302	-	
Ending Cash	2,142	1,892	250	

15. EGR's actual net cash inflow for the Reporting Period was \$840,000 compared to forecast net cash inflow of \$590,000, resulting in a favourable variance of \$250,000. The following are the reasons for the major variances, identified by the Notes in the table above:

- A** A favourable variance of \$4.7 million in sales receipts is a permanent difference due to increased customer traffic as a result of gold price volatility during the Reporting Period;
- B** A favourable variance of \$46,000 in HST refunds is a permanent difference due to higher than expected receipts from the May 2023 net tax refund;
- C** An unfavourable variance of \$3.6 million in purchases is a permanent difference due to increased customer traffic as a result of gold price volatility during the Reporting Period;
- D** An unfavourable variance of \$884,000 in customer accounts and hedging is a permanent difference that relates to advances to customers against the customers' gold held at EGR;
- E** A favourable variance of \$11,000 in consulting and professional fees is a permanent difference due to lower than expected activities requiring consulting and professional services during the Reporting Period;
- F** A favourable variance of \$12,000 in general and administrative expenses is a timing difference that will reverse in the future;
- G** A favourable variance of \$90,000 in income tax is a permanent difference due to lower than expected business profitability in the most recent fiscal year-end;
- H** An unfavourable variance of \$300,000 in litigation costs is a permanent difference due to a higher than expected paydown of amounts owing to EGR's Tax Counsel; and
- I** A favourable variance of \$130,000 in restructuring costs is a timing difference that will reverse in the future.

APPLICANT'S REVISED CASH FLOW FORECAST

16. The Applicant, with the assistance of the Monitor, has prepared the Revised Cash Flow Forecast, which covers the period from August 21, 2023 to December 15, 2023 (the “**Revised Cash Flow Period**”) for the purposes of projecting the cash position of the Applicant’s planned operations and other activities during the Revised Cash Flow Period. A copy of the Revised Cash Flow Forecast is attached hereto as **Appendix “B”**.
17. The Revised Cash Flow Forecast has been prepared by Management, using the probable and hypothetical assumptions set out in the notes to the Revised Cash Flow Forecast (the “**Assumptions**”), and is presented on a weekly basis during the Revised Cash Flow Period.
18. EGR’s opening cash balance on August 21, 2023 was \$2.1 million. The forecast cash flow surplus for the Revised Cash Flow Period before litigation and restructuring costs is estimated to be approximately \$1.4 million. Litigation and restructuring costs in connection with the Tax Litigation and these CCAA proceedings are estimated to be approximately \$600,000 and \$650,000, respectively, over the Revised Cash Flow Period. As a result, the forecast cash flow surplus for the Revised Cash Flow Period after litigation and restructuring costs is estimated to be \$126,000, resulting in an estimated ending cash balance of \$2.2 million on December 15, 2023.
19. Accordingly, the Applicant is expected to have sufficient liquidity to operate during the proposed Stay Extension Period.
20. The Monitor has reviewed the Revised Cash Flow Forecast to the standard required of a Court-appointed monitor by section 23(1)(b) of the CCAA. Section 23(1)(b) requires a monitor to review the debtor’s cash flow statement as to its reasonableness and to file a report with the Court on the monitor’s findings. The Canadian Association of Insolvency and Restructuring Professionals’ Standards of Professional Practice include a standard for monitors fulfilling their statutory responsibilities under the CCAA in respect of a monitor’s report on a cash flow statement.
21. In accordance with the standard, the Monitor’s review of the Revised Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to the Information.

Since the 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 Revised Cash Flow Forecast. The Monitor also reviewed the support provided by Management for the Assumptions and the preparation and presentation of the Revised Cash Flow Forecast.

22. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material aspects, that:
 - (a) the Assumptions are not consistent with the purpose of the Revised Cash Flow Forecast;
 - (b) as at the date of this Report, the Assumptions are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Revised Cash Flow Forecast, given the Assumptions; or
 - (c) the Revised Cash Flow Forecast does not reflect the Assumptions.
23. Since the Revised Cash Flow Forecast is based on Assumptions regarding future events, actual results will vary from the information presented even if the Assumptions occur, and the variations could be material. Accordingly, the Monitor expresses no assurance as to whether the Revised Cash Flow Forecast will be achieved. In addition, the Monitor expresses no opinion or other form of assurance with respect to the accuracy of the financial information presented in the Revised Cash Flow Forecast or relied upon by the Monitor in preparing this Fifteenth Report.
24. The Revised Cash Flow Forecast has been prepared solely for the purposes described above, and readers are cautioned that it may not be appropriate for other purposes.

TAX LITIGATION UPDATE

25. As discussed in the Monitor's prior reports, CRA's re-assessments and potential enforcement against EGR was the catalyst for EGR's filing for creditor protection under the CCAA. The Tax Litigation (which is EGR's appeal against such re-assessments) is a central component of the CCAA Proceedings.

26. The Monitor understands that the most recent milestone in the Tax Litigation was for EGR and CRA to convene a settlement conference at the Tax Court and/or set the matter down for trial. EGR served CRA with a written offer to settle the Tax Litigation on February 23, 2023, which CRA rejected without (to date) making a counteroffer. In past discussions, the parties have indicated to the Monitor that a trial in this matter could be measured in weeks, if not months. In the Monitor's view, given the resources that would be expended at such a protracted trial, there should be a strong impetus on both parties at this juncture to explore settlement of some or all issues in the Tax Litigation.
27. On March 31, 2023, EGR and CRA jointly wrote to the Tax Court requesting a settlement conference date in July 2023. On May 29, 2023, the Tax Court advised the parties that their request for a settlement conference was rejected because, as a pre-condition to scheduling a settlement conference, the Tax Court required that the parties "must have exchanged written offers of settlement".
28. The Monitor supports ongoing efforts to reach a negotiated settlement, either within or outside of the formal Tax Court procedures.
29. Under Justice McEwen's direction from the June 12, 2023 Endorsement, the Monitor held discussions with EGR and CRA to explore alternative forums for settlement discussions. However, the DOJ advised that the CRA is no longer prepared to discuss settlement of the Tax Litigation at this time.
30. In light of the foregoing, the Monitor believes that the best path forward in advancing and resolving the Tax Litigation in a timely manner that is consistent with the purposes of these CCAA Proceedings and within the financial capabilities of the Applicant, is through a Court supervised mediation process. The Tax Litigation has been ongoing for almost three years and will not be judicially determined in the near-term. Tax Litigation costs and restructuring costs from October 16, 2020, the start of the CCAA Proceedings, to August 18, 2023 have accumulated to approximately \$10.6 million and continue to accrue pending the resolution of the Tax Litigation and CCAA Proceedings. The *status quo* continues to negatively impact EGR's financial position. The Monitor is concerned that a further delay in the CCAA Proceedings, under the *status quo*, may put EGR's chances of successfully

restructuring through a plan of compromise or arrangement at risk. A mediation process would impose an effective and efficient resolution of the Tax Litigation Issues before EGR is confronted with severe liquidity constraints.

31. Secondly, in conjunction with the proposed mediation process, the Monitor is considering a claims process which will allow for the effective and efficient review and determination of claims against the Applicant in a manner that is fair to creditors and that will facilitate a restructuring of EGR. In particular, the claims process will allow the Applicant to assess, in a timely manner, the nature and quantum of all claims against it, which will assist in the development of a plan of compromise or arrangement or exit out of these CCAA Proceedings.
32. The Monitor and its counsel are preparing to bring a motion to seek approval of the mediation process and claims process to be implemented as soon as possible following approval of the Court.

THIRD PARTY MAREVA INJUNCTION

33. On December 19, 2022, the parties, including the Monitor and its counsel, attended before Justice Myers regarding, among other matters, whether EGR should have been added as a defendant to the action that Chicago Title Insurance Company (“CTIC”) had initiated in June 2022, and whether the *Mareva* relief should have been extended against EGR. Justice Myers set aside the prior orders that added EGR as a defendant and extended the *Mareva* relief against it. Justice Myers also indicated that CTIC and EGR should cooperate regarding the former’s request for certain documents and that the Monitor should provide assistance if necessary.
34. Following Justice Myers’ Endorsement, counsel to CTIC and EGR have been collaborating and continuing discussions on a proposed form of production order pursuant to which the scope of EGR’s document production would be circumscribed. While certain issues remain to be resolved, the Monitor remains hopeful that a resolution can be achieved without the need for advice and directions from this Court.

STAY EXTENSION

35. The current Stay Period expires on September 12, 2023. EGR is seeking an extension of the Stay Period up to and including December 12, 2023 in order to allow EGR, with the assistance of the Monitor, to:
 - (a) preserve the *status quo* and continue to maintain the stability of operations;
 - (b) work towards a resolution of the Tax Litigation with CRA; and
 - (c) determine next steps in respect of the CCAA Proceedings.
36. As described above, the Revised Cash Flow Statement indicates that EGR will have sufficient liquidity during the Stay Extension Period.
37. In the Monitor's view, EGR has acted and continues to act in good faith and with due diligence in these CCAA Proceedings.
38. The Monitor supports EGR's request for the extension of the Stay Period to December 12, 2023.

All of which is respectfully submitted this 6th day of September, 2023.

**Deloitte Restructuring Inc., solely in its
capacity as Court-appointed Monitor of
Express Gold Refining Ltd.**

A handwritten signature in blue ink, appearing to read "Phil Reynolds".

Phil Reynolds, LIT
Senior Vice-President

A handwritten signature in blue ink, appearing to read "Warren Leung".

Warren Leung, LIT
Senior Vice-President

Appendix “A”
to the Fifteenth Report of the Monitor



SUPERIOR COURT OF JUSTICE

COUNSEL SLIP

COURT FILE NO.: CV-20-00649558-00CL DATE: 12 June 2023

NO. ON LIST: 2

TITLE OF PROCEEDING: Express Gold Refining LTD. v. Attorney General of Canada

BEFORE: JUSTICE MCEWEN

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info
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For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Mark FREAKER	Counsel for the Monitor	mark.freaker@dentons.com

ENDORSEMENT OF JUSTICE MCEWEN:

The order shall go as per the draft filed and signed, as attached.

The relief sought is unopposed, and the Monitor supports the relief sought.

I am satisfied that the Applicant is acting in good faith and with due diligence. There is sufficient liquidity during the stay period.

The parties also display a willingness to resolve their disputes in this CCAA proceeding. I have directed the Monitor to take steps to host discussions in this regard. All counsel should participate and it would be useful and necessary to have CRA counsel engage as they represent a stakeholder in this CCAA matter.

McEwen

Appendix “B”
to the Fifteenth Report of the Monitor

Express Gold Refining Ltd.
17-week cash flow forecast for the period August 21, 2023 to December 15, 2023
Amounts in CAD, unaudited

Notes	Week Ending	1 25-Aug	2 1-Sep	3 8-Sep	4 15-Sep	5 22-Sep	6 29-Sep	7 6-Oct	8 13-Oct	9 20-Oct	10 27-Oct	11 3-Nov	12 10-Nov	13 17-Nov	14 24-Nov	15 1-Dec	16 8-Dec	17 15-Dec	TOTAL
Receipts																			
1	Sales	1,164,985	1,164,985	931,988	1,164,985	1,164,985	1,164,985	1,164,985	931,988	1,164,985	1,164,985	1,164,985	1,164,985	1,164,985	1,164,985	1,164,985	1,164,985	1,164,985	19,338,747
2	HST refunds	-	297,603	-	-	-	310,628	-	-	-	322,434	-	-	-	322,434	-	-	-	1,253,100
3	Interest income	-	3,205	-	-	-	-	3,205	-	-	-	3,205	-	-	-	3,205	-	-	12,818
	Total Receipts	1,164,985	1,465,793	931,988	1,164,985	1,164,985	1,475,613	1,168,189	931,988	1,164,985	1,487,419	1,168,189	1,164,985	1,164,985	1,487,419	1,168,189	1,164,985	1,164,985	20,604,665
Disbursements																			
4	Purchases	(1,118,385)	(1,118,385)	(894,708)	(1,118,385)	(1,118,385)	(1,118,385)	(1,118,385)	(894,708)	(1,118,385)	(1,118,385)	(1,118,385)	(1,118,385)	(1,118,385)	(1,118,385)	(1,118,385)	(1,118,385)	(1,118,385)	(18,565,197)
5	Salaries and wages	(17,687)	(17,621)	-	(34,302)	(17,687)	-	-	(17,621)	(16,680)	(35,309)	-	(17,621)	(16,680)	(35,309)	-	(17,621)	(16,680)	(260,820)
6	Consulting and professional fees	(5,086)	-	(5,086)	-	(5,086)	-	(5,086)	-	(5,086)	-	(5,086)	-	(5,086)	-	(5,086)	-	(5,086)	(45,772)
7	General Administrative Expenses	(4,714)	(4,714)	(4,714)	(4,714)	(4,714)	(4,714)	(4,714)	(4,714)	(4,714)	(4,714)	(4,714)	(4,714)	(4,714)	(4,714)	(4,714)	(4,714)	(4,714)	(80,135)
8	Insurance	-	-	(15,821)	-	-	-	(15,821)	-	-	-	(15,821)	-	-	-	-	(15,821)	-	(63,285)
9	Rent	-	-	(16,653)	-	-	-	(16,653)	-	-	-	(16,653)	-	-	-	-	(16,653)	-	(66,614)
10	Advertising and promotion	(2,834)	(2,834)	(2,834)	(2,834)	(2,834)	(2,834)	(2,834)	(2,834)	(2,834)	(2,834)	(2,834)	(2,834)	(2,834)	(2,834)	(2,834)	(2,834)	(2,834)	(48,182)
11	Vehicle	(1,226)	(226)	(226)	(1,114)	(226)	(1,226)	(226)	(1,114)	(226)	(1,226)	(226)	(226)	(1,114)	(226)	(1,226)	(226)	(1,114)	(11,398)
12	Freight	(2,193)	(2,193)	(2,193)	(2,193)	(2,193)	(2,193)	(2,193)	(2,193)	(2,193)	(2,193)	(2,193)	(2,193)	(2,193)	(2,193)	(2,193)	(2,193)	(2,193)	(37,281)
13	Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Disbursements	(1,152,126)	(1,145,974)	(942,236)	(1,163,542)	(1,151,126)	(1,129,353)	(1,165,913)	(923,185)	(1,150,119)	(1,164,661)	(1,165,913)	(1,145,974)	(1,151,007)	(1,163,661)	(1,134,439)	(1,178,449)	(1,151,007)	(19,178,684)
Net Cash Flow Before Litigation and Restructuring Costs		12,859	319,818	(10,248)	1,443	13,859	346,260	2,276	8,803	14,866	322,758	2,276	19,011	13,978	323,758	33,751	(13,464)	13,978	1,425,981
14	Litigation Costs	-	-	-	(150,000)	-	-	-	-	(150,000)	-	-	-	(150,000)	-	-	-	(150,000)	(600,000)
15	Restructuring Costs	(100,000)	-	-	(100,000)	-	-	(100,000)	-	-	(100,000)	-	-	(150,000)	-	-	(100,000)	-	(650,000)
	Total Litigation and Restructuring Costs	(100,000)	-	-	(250,000)	-	-	(100,000)	-	(150,000)	(100,000)	-	-	(300,000)	-	-	(100,000)	(150,000)	(1,250,000)
16	Intercompany loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,000)
	Total Intercompany Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,000)
	Net Cash Flow	(87,141)	319,818	(10,248)	(248,557)	13,859	346,260	(97,724)	8,803	(135,134)	222,758	2,276	19,011	(286,022)	323,758	33,751	(113,464)	(186,022)	125,981
17	Opening Cash	2,148,927	2,061,787	2,381,605	2,371,357	2,122,799	2,136,658	2,482,918	2,385,195	2,393,998	2,258,863	2,481,621	2,483,897	2,502,908	2,216,886	2,540,643	2,574,394	2,460,930	2,148,927
	Ending Cash	2,061,787	2,381,605	2,371,357	2,122,799	2,136,658	2,482,918	2,385,195	2,393,998	2,258,863	2,481,621	2,483,897	2,502,908	2,216,886	2,540,643	2,574,394	2,460,930	2,274,908	2,274,908

- Notes**
- General Receipts and disbursements denominated in U.S. Dollars have been converted into Canadian Dollars using an exchange rate of CD\$1.35 = US\$1.00.
- Projected disbursements include GST and HST charged for purchases of goods and services.
- EGR is closed for statutory holidays on September 04, 2023 and October 09, 2023.
- 1 Receipts from sales are estimated based on historical average monthly sales, collected weekly.
- 2 The projected tax refunds are estimated based on input tax credits claimed on GST and HST paid to vendors.
- 3 Receipts from interest income earned on deposits.
- 4 These projected disbursements represent payments to suppliers of precious metals such as gold, silver, platinum and palladium bullion in the form of bars. The Company also purchases unrefined bars and scrap gold for refining.
- 5 These projected disbursements include payroll costs for all salaried and hourly employees and expense reimbursements. The forecast amounts are based on historic run rates. Hourly employees are paid monthly, and salaried employees are paid twice a month. Payroll disbursements include all employee source deductions, employee and employer portions of CPP and EI, and other payroll-related taxes.
- 6 These projected disbursements include payments to EGR's advisors for corporate matters.
- 7 These projected disbursements include payments related to office supplies, repair and maintenance, telephone and networking, bank charges, travel, software and utilities.
- 8 These projected disbursements include premium payments for general, property and liability insurance, employee benefits, life insurance, and car insurance.
- 9 These projected disbursements include rent payments to Farag Properties Inc., a related party.
- 10 These projected disbursements relate to the various advertising and promotional initiatives.
- 11 These projected disbursements represent vehicle lease and other vehicle-related expenses.
- 12 These projected disbursements represent freight expenses to transport inventory for refining or for delivery to customers.
- 13 These projected disbursements represent corporate income tax instalments.
- 14 These projected disbursements include payments to legal advisors for litigation matters.
- 15 These projected disbursements include payments to EGR's legal advisor for specialist restructuring advice and the fees and costs of the Monitor and its counsel.
- 16 These projected disbursements include repayments to related parties for working capital purposes.
- 17 The opening cash balance reflects the bank balance and cash on hand balance at the start of the cash flow forecast.

EGR

September 5, 2023

Deloitte Restructuring Inc.
Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto, Ontario M5H 0A9
Canada

Attention: Phil Reynolds

Dear Sirs:

**Re: Proceedings under the *Companies' Creditors Arrangement Act* ("CCAA")
Responsibilities/Obligations and Disclosure with Respect to Cash Flow Projections**

In connection with the CCAA proceedings in respect of Express Gold Refining Ltd. ("EGR"), the management of EGR ("**Management**") has prepared the attached Cash Flow Statement and the assumptions on which the Cash Flow Statement is based.

EGR confirms that:

1. The Cash Flow Statement and the underlying assumptions are the responsibility of EGR;
2. All material information relevant to the Cash Flow Statement and to the underlying assumptions has been made available to Deloitte Restructuring Inc., in its capacity as Monitor of EGR;
3. Management has taken all actions that it considers necessary to ensure:
 - a. That the individual assumptions underlying the Cash Flow Statement are appropriate in the circumstances;
 - b. That the individual assumptions underlying the Cash Flow Statement, taken as a whole, are appropriate in the circumstances; and

- c. That all relevant assumptions have been properly presented in the Cash Flow Statement or in the notes accompanying the Cash Flow Statement.
4. Management understands and agrees that the determination of what constitutes a material adverse change in the projected cash flow or financial circumstances, for the purposes of our monitoring the on-going activities of EGR, is ultimately at your sole discretion, notwithstanding that Management may disagree with such determination;
5. Management understands its duties and obligations under the CCAA and that a breach of these duties and obligations could make EGR's Management liable to fines and imprisonment in certain circumstances; and
6. The Cash Flow Statement and assumptions have been reviewed and approved by the EGR's board of directors or Management has been duly authorized by EGR's board of directors to prepare and approve the cash flow assumptions.

Yours truly,



Atef Salama
Vice President

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c C-36 AS AMENDED AND IN THE
MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO EXPRESS GOLD REFINING LTD.**

ONTARIO

**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT TORONTO

FIFTEENTH REPORT OF THE MONITOR

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