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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
COURT. No.: 500-11-063053-231

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:**

11272420 CANADA INC.

- and -

STORNOWAY DIAMONDS (CANADA) INC.

Debtors

- and -

DELOITTE RESTRUCTURING INC.

Monitor

**SIXTEENTH REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS MONITOR
(Companies' Creditors Arrangement Act)**

INTRODUCTION

1. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
2. On October 27, 2023, 11272420 Canada Inc. ("**1127**") and Stornoway Diamonds (Canada) Inc. (collectively "**Stornoway**", the "**Company**" or the "**Debtors**") filed an *Application for the Issuance of an Initial Order, an Amended and Restated Initial Order and Ancillary Relief* (the "**Initial Application**") under the *Companies' Creditors Arrangement Act* ("**CCAA**"), before the Superior Court of Québec (the "**Court**") seeking the appointment of Deloitte Restructuring Inc. as the CCAA monitor in these proceedings (the "**Proposed Monitor**") and various other relief measures.
3. On October 26, 2023, Deloitte, then in its capacity as Proposed Monitor, filed its first report to the Court (the "**First Report**") as part of the Debtors' CCAA Proceedings (the "**CCAA Proceedings**"). The purpose of the First Report was to provide information to the Court with respect to i) Deloitte's qualification to act as monitor; ii) the business, financial affairs and financial results of Stornoway; iii) Stornoway's creditors; iv) the proposed sale and investment solicitation process; v) key employee retention program; vi) critical suppliers; vii) charges

- sought in the proposed “First Day Initial Order” and the Proposed “Initial Order”; viii) overview of the 4-week cash flow projections; and ix) the Proposed Monitor’s conclusions and recommendations.
4. On October 27, 2023, the Court granted the Initial Application and rendered the First Day Initial Order and the SISP Approval Order which provided for, *inter alia*, i) a stay of proceedings against the Debtors until and including November 6, 2023 (as extended from time to time, the “**Stay Period**”); ii) a stay of proceedings against the Directors and Officers; iii) the appointment of Deloitte Restructuring Inc. as the monitor under the CCAA (“**Deloitte**” or the “**Monitor**”); iv) authorization to pay critical suppliers; v) a General Administration Charge of \$500K, a Streamers Administration Charge on the Stream Encumbered Property, a D&O Charge of \$3.9M and a KERP Charge of \$480K; and vi) approval of the sale and investment solicitation process (“**SISP**”).
 5. On November 3, 2023, the Court rendered the Restated Initial Order which provided for an extension of the Stay Period to November 13, 2023, following its initial expiry on November 6, 2023.
 6. On November 9, 2023, the Monitor filed its second report (the “**Second Report**”). The purpose of the Second Report was to provide information to the Court with respect to i) update regarding Stornoway’s communications to stakeholders and operations; ii) the Monitor’s activities since the First Report; iii) the SISP; iv) payments to critical suppliers; v) charges sought in the Proposed Initial Order; vi) Key Employee Retention Program; vii) environmental matters; viii) cash flow results for the 2-week period ended October 29, 2023; ix) overview of the Cash Flow Projections; and x) request for an extension of the Stay Period until January 24, 2024.
 7. On November 13, 2023, the Court rendered an Amended and Restated Initial Order. The Court also extended the Stay Period until January 25, 2024.
 8. On January 19, 2024, the Debtors filed an *Application for the Issuance of a Second Amended and Restated Initial Order and Ancillary Relief*.
 9. On January 22, 2024, the Monitor issued its third report (the “**Third Report**”). The purpose of the Third Report was to provide information to the Court with respect to i) update regarding Stornoway’s communications and operations; ii) the Monitor’s activities since the Second Report; iii) the SISP; iv) payments to critical suppliers; v) environmental matters; vi) cash flow results for the 10-week period ended January 7, 2024; vii) overview of the Cash Flow Projections and authorization of certain payments to unaffected creditors; viii) key employee’s retention program trust; ix) extension of the Stay Period; and x) the Monitor’s conclusions and recommendations.
 10. On January 24, 2024, the Court rendered a Second Amended and Restated Initial Order, which notably extended the Stay Period until March 29, 2024, and also rendered the Order Approving Certain Payments to Unaffected Creditors.
 11. On March 22, 2024, the Court rendered an Order Extending the Stay of Proceedings until April 5, 2024.
 12. On April 1, 2024, the Monitor issued its fourth report (the “**Fourth Report**”). The purpose of the Fourth Report was to provide information to the Court with respect to i) update regarding Stornoway’s communications and operations; ii) the Monitor’s activities since the Third Report; iii) update on the SISP; iv) payments to critical suppliers; v) environmental matters; vi) cash flow results for the 10-week period ended March 10, 2024; vii) overview of the cash flow projections; viii) key employee’s retention program trust; ix) extension of the Stay Period; and x) the Monitor’s conclusions and recommendations.

13. On April 4, 2024, the Court rendered a Third Amended and Restated Initial Order, which notably extended the Stay Period until October 10, 2024, and also rendered an order approving Winsome's Call Option Agreement.
14. On May 28, 2024, the Court rendered the Wage Earner Protection Program and Key Employee Retention Plan Trust Orders.
15. On August 12, 2024, the Monitor issued its fifth report (the "**Fifth Report**"). The purpose of the Fifth Report was to provide information to the Court with respect to i) update regarding Stornoway's communications and operations; ii) the Monitor's activities since the Fourth Report; iii) the Monitor's independent security review; iv) payments to critical suppliers; v) key employee's retention program Trust; vi) sale of Non-Core Assets; vii) update on Winsome's Call Option; viii) cash flow results for the 21-week period ended August 4, 2024; and ix) the Monitor's conclusions and recommendations.
16. On August 16, 2024, the Court rendered the Approval and Vesting Order to authorize the sale of certain Non-Core Assets.
17. On October 4, 2024, the Debtors filed an *Application for the Issuance of a Fourth Amended and Restated Initial Order and a Case Management Order*, as well as several *Applications to Cancel a Legal Hypothec From the Land Registry and the Public Register of Real and Immovable Mining Rights*.
18. On October 7, 2024, the Monitor issued its sixth report (the "**Sixth Report**"). The purpose of the Sixth Report was to provide information to the Court with respect to i) update regarding Stornoway's communications and operations; ii) the Monitor's activities since the Fifth Report; iii) analysis and review of registered construction legal hypothecs; iv) sale of Non-Core Assets; v) update on Winsome's Call Option; vi) cash flow results for the 29-week period ended September 29, 2024; vii) overview of the cash flow projections; viii) extension of the Stay Period; and ix) the Monitor's conclusions and recommendations.
19. On October 8, 2024, the Court rendered a Fourth Amended and Restated Initial Order, which notably extended the Stay Period until January 24, 2025.
20. On January 15, 2025, the Monitor issued its seventh report (the "**Seventh Report**"). The purpose of the Seventh Report was to provide information to the Court with respect to i) update regarding Stornoway's communications and operations; ii) the Monitor's activities since the Sixth Report; iii) update on construction legal hypothecs; iv) update on Winsome's Call Option; v) cash flow results for the 14-week period ended January 5, 2025; vi) overview of the cash flow projections; vii) extension of the Stay Period; and viii) the Monitor's conclusions and recommendations.
21. On January 17, 2025, the Court rendered an Order Extending the Stay of Proceedings, which notably extended the Stay Period until and including February 28, 2025.
22. On February 21, 2025, the Monitor issued its eighth report (the "**Eighth Report**"). The purpose of the Eighth Report was to provide information to the Court with respect to i) update regarding Stornoway's communications and operations; ii) the Monitor's activities since the Seventh Report; iii) update on construction legal hypothecs; iv) the sale of certain Non-Core Assets; v) update on Winsome's Call Option; vi) cash flow results for the 5-week period ended February 9, 2025; vii) overview of the cash flow projections; viii) extension of the Stay Period; and ix) the Monitor's conclusions and recommendations.
23. On February 24, 2025, the Court rendered a Second Amended and Restated Call Option Agreement which notably approved the extension of Winsome's Call Option Agreement until August 31, 2025. The Court also rendered an Order Extending the Stay of Proceedings thereby extending the Stay Period until and including September 30, 2025.

24. On April 11, 2025, the Debtors filed an *Application for the Issuance of Approval and Vesting Orders*.
25. On April 15, 2025, the Monitor issued its ninth report (the "**Ninth Report**"). The purpose of the Ninth Report was to provide information to the Court with respect to i) update regarding Stornoway's communications and operations; ii) the Monitor's activities since the Eighth Report; iii) update on construction legal hypothecs; vi) cash flow results for the 5-week period ended March 23, 2025; v) the sale of certain Non-Core Assets; and, vi) the Monitor's conclusions and recommendations.
26. On April 17, 2025, the Court rendered the Approval and Vesting Order for the Mobile Camps Transaction and Non-Core Equipment Transaction.
27. On June 6, 2025, the Debtors filed an *Application for the Issuance of an Approval and Vesting Order, a Liquidation Order and Ancillary Relief*.
28. On June 7, 2025, the Monitor issued its tenth report (the "**Tenth Report**"). The purpose of the Tenth Report was to provide information to the Court with respect to i) update regarding Stornoway's communications and operations; ii) the Monitor's activities since the Ninth Report; iii) update on construction legal hypothecs; vi) cash flow results for the 15-week period ended May 25, 2025; v) cash flow projections until October 5, 2025; vi) Key Employee Retention Plan ("**KERP**"); vii) the sale of certain Non-Core Assets; viii) liquidation of the Remaining Non-Core Assets with TCL Asset Group Inc. ("**TCL**"); and, ix) the Monitor's conclusions and recommendations.
29. On June 10, 2025, the Court rendered the Approval and Vesting Order for the spare parts transaction, the Liquidation Order to authorize TCL to conduct the sales of the Remaining Non-Core Assets and the Key Employee Retention Plan Trust Order.
30. On September 24, 2025, the Monitor issued its eleventh report (the "**Eleventh Report**"). The purpose of the Eleventh Report was to provide information to the Court with respect to i) update regarding Stornoway's communications and operations; ii) the Monitor's activities since the Tenth Report; iii) liquidation of the Remaining Non-Core Assets with TCL; iv) Update on the Winsome Call Option; v) Environmental matters in respect of the Renard Mine Site; vi) Expanding the powers of the Monitor; vii) Releases in favour of the D&Os (as defined below); viii) Cash flow results for the 30-week period ended September 7, 2025; ix) Cash flow projections until January 25, 2026; x) Extension of the Stay Period; and, xi) The Monitor's conclusions and recommendations.
31. On September 29, 2025, the Court rendered the Release Order in respect of the directors and officers of the Debtors ("**D&Os**" or the "**Released Parties**") and the Fifth Amended and Restated Initial Order ("**Fifth ARIO**").
32. On October 15, 2025, the Court rendered the Judgment on the Debtors' Application for the Enforcement of a Contractual Right to a Break Fee, which orders Winsome to pay the break fee as agreed in the Second Amended and Restated Call Option Agreement (the "**SARCOA**").
33. On January 23, 2026, the Court rendered an Order Extending the Stay of Proceedings, which notably extended the Stay Period until and including February 3, 2026.
34. On January 30, 2026, the Monitor issued its twelfth report (the "**Twelfth Report**"). The purpose of the Twelfth Report was to provide information to the Court with respect to i) update regarding Stornoway's communications and operations; ii) the Monitor's activities since the Eleventh Report; iii) the Winsome Break Fee payment (as defined herein); iv) Environmental matters in respect of the Renard Mine Site; v) Cash flow results for the 19-week period ended January 18, 2026; vi) Cash flow projections until April 5, 2026; vii) extension of the Stay Period; and, viii) the Monitor's conclusions and recommendations.

35. On February 3, 2026, the Court rendered an Order Extending the Stay of Proceedings, which notably extended the Stay Period until and including April 1, 2026.
36. On March 30, 2026, the Monitor issued its thirteenth report (the "**Thirteenth Report**"). The purpose of the Thirteenth Report was to provide information to the Court with respect to i) update regarding Stornoway's communications and operations; ii) the Monitor's activities since the Twelfth Report; iii) Decommissioning and remediation matters in respect of the Renard Mine Site; iv) Cash flow results for the 9-week period ended March 22, 2026; v) Cash flow projections until May 17, 2026; vi) the proposed extension of the Stay Period; and, vii) the Monitor's conclusions and recommendations.
37. On April 1, 2026, the Court rendered an Order Extending the Stay of Proceedings, which notably extended the Stay Period until and including May 25, 2026.
38. On May 21, 2026, the Monitor filed an Application for the Issuance of an Order Extending the Stay of Proceedings.
39. On May 21, 2026, the Monitor issued its fourteenth report (the "**Fourteenth Report**"). The purpose of the Fourteenth Report was to provide information to the Court with respect to i) update regarding Stornoway's operations; ii) the Monitor's activities since the Thirteenth Report; iii) Decommissioning and remediation matters in respect of the Renard Mine Site; iv) Cash flow results for the 7-week period ended May 10, 2026; v) Cash flow projections until August 30, 2026; vi) the extension of the Stay Period; and, vii) the Monitor's conclusions and recommendations.
40. On May 25, 2026, the Court rendered an Order Extending the Stay of Proceedings, which notably extended the Stay Period until and including August 30, 2026 (the "**Stay Order**").
41. On June 23, 2026, the Monitor filed an *Application for the Issuance of an Order Approving an Option Agreement and a Distribution*.
42. On June 26, 2026, the Monitor issued its fifteenth report (the "**Fifteenth Report**"). The purpose of the Fifteenth Report was to provide information to the Court with respect to i) Stornoway's operations; ii) the Monitor's activities since the Fourteenth Report; iii) Li-FT Power Ltd. (**LIFT**) Call Option Agreement and the Proposed Distribution; iv) Decommissioning and remediation matters in respect of the Renard Mine Site; v) Cash flow results for the 5-week period ended June 14, 2026; vi) the Monitor's conclusions and recommendations.
43. On July 3, 2026, the Court rendered an Order Approving an Option Agreement and a Distribution with LIFT.
44. On August 21, 2026, the Monitor filed an *Application for the Issuance of Stay Extension Orders* (the "**Application**").
45. Capitalized terms not otherwise defined herein have the meaning ascribed to them in the First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report, the Sixth Report, the Seventh Report, the Eighth Report, the Ninth Report, the Tenth Report, the Eleventh Report, the Twelfth Report, the Thirteenth Report, the Fourteenth Report, the Fifteenth Report, the Initial Application, or the Application.
46. The purpose of this sixteenth report of the Monitor (the "**Sixteenth Report**") is to provide information to the Court with respect to the following matters:
 - I. Update regarding the Debtors' operations;
 - II. The Monitor's activities since the Fifteenth Report;

- III. Cash flow results for the 13-week period ended August 9, 2026;
 - IV. Cash flow projections until October 31, 2027;
 - V. Extension of the Stay Period; and,
 - VI. The Monitor's conclusions and recommendations, notably in respect of the Application.
47. In preparing the Sixteenth Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, Stornoway's books and records and financial information prepared by Stornoway and discussions with management ("**Management**") of Stornoway (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 Sixteenth 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.
48. Future oriented financial information referred to in this Sixteenth 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.
49. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Sixteenth Report concerning Stornoway and its business is based on the Information, and not independent factual determinations made by the Monitor.

I. UPDATE REGARDING THE DEBTORS' OPERATIONS

- 50. Stornoway remains in cold care and maintenance and continues to pay its current employees and suppliers in the normal course of business for the services rendered since the beginning of the CCAA Proceedings.
- 51. During the summer, Stornoway accommodated LIFT by allowing employees and consultants to carry out activities or studies at the Renard site.
- 52. The Monitor understands that Stornoway has remained in compliance with the provisions of the Fifth ARIQ and has acted in good faith and with due diligence during the period.
- 53. The Monitor understands that there have been no environmental incidents during the reporting period. As of the date of this Sixteenth Report, the Monitor has not been made aware of any issues that would necessitate immediate action and is being apprised of the situation on a weekly basis.

II. THE MONITOR'S ACTIVITIES SINCE THE FIFTEENTH REPORT

54. Since the granting of the Order Approving LIFT Option Agreement on July 3, 2026, Stornoway and the Monitor have continued to communicate with and respond to inquiries of many of Stornoway's key stakeholders to explain the current situation and the next steps relating to Stornoway's restructuring (the "**Restructuring Process**").
55. The Monitor has pursued ongoing discussions with Stornoway's secured creditors OR Royalties Inc., CDPQ Ressources Inc. ("**CDPQ**"), TF R&S Canada Ltd., Albion Exploration Fund LLC ("**Albion**"), Washington State Investment Board (collectively, the "**Streamers**") and their respective legal advisors, as well as with Diaquem Inc. ("**Diaquem**" and collectively with the Streamers, the "**Secured Creditors**") and their legal advisor, including by providing them with all requested information and documentation relating to the Restructuring Process.
56. The Monitor posted a copy of the CCAA Proceedings material and the Fifteenth Report of the Monitor on the Monitor's Website which it updates on a regular and proactive basis.
57. Moreover, the Monitor has had several discussions and exchanges in order to:
 - a) Monitor the daily operations of Stornoway, including any operational issues encountered;
 - b) Engage with the environmental consultants to assess their progress in preparing the updated rehabilitation and restoration plan (the "**Restoration Plan**"). The Restoration Plan is expected to be received by the Monitor, in draft form, in the coming weeks and will remain subject to the MELCCFP and MRNF approvals (each as defined herein);
 - c) Continue developing a comprehensive plan, timeline and budget taking into account all activities to be undertaken from the initial preparations throughout the implementation of the Restoration Plan. The Monitor's objective remains to finalize the Restoration Plan and secure the required authorizations from the various governmental entities, should the LIFT Call Option Agreement not be exercised;
 - d) Communicate with the MRNF and the *Ministère de l'environnement, de la lutte contre les changements climatiques, de la faune et des forêts* ("**MELCCFP**") with respect to the decommissioning and Restoration Plan with a view to obtaining the required permits to proceed with the environmental rehabilitation and restoration;
 - e) Initiate discussions with the *Ministère des ressources naturelles et des forêts* ("**MRNF**") regarding an extension of the deadline established in the MRNF Notice for Stornoway to commence environmental restoration and rehabilitation activities at the Renard Mine site, thereby enabling Stornoway to satisfy the Release Conditions set out in the LIFT Call Option Agreement;
 - f) Secure and pay the annual premiums for the renewal of the insurance coverage, including the reclamation bond with XL Insurance, for Stornoway's assets; and,
 - g) Settle certain legal hypothec claims, provided that the Release Conditions are satisfied, such that only one disputed legal hypothec remains outstanding.
58. The Monitor has also continued to monitor the Company's activities with the view of reporting to the Court.

III. CASH FLOW RESULTS FOR THE 13-WEEK PERIOD ENDED AUGUST 9, 2026

59. The highlights of Stornoway's financial performance for the period commencing on May 11, 2026, and ending on August 9, 2026, are presented in the cash flow results annexed as **Appendix A**.
60. The table below provides an overview of the cash balances and the cash variances of Stornoway from May 11 to August 9, 2026, excluding the \$17.1M of cash held in trust by the Monitor:

Stornoway Cash Variation For the Period of May 11 to August 9, 2026 (In 000's CAD)	
Cash and Cash Equivalents - Beginning	12,972
Net Variation in Cash Balance	(5,278)
Cash and Cash Equivalents - Ending	<u>7,694</u>

61. The Monitor's comments on the financial performance of Stornoway during such period are the following:
- a) Compared with the projected cash flow presented to the Court in the Fourteenth Report (the "**Fourteenth Cash Flow Statement**"), Stornoway experienced an unfavorable variance of approximately \$154K with respect to the cash inflows. The variance is attributable to:
 - i. An unfavorable variance of \$378K in recovered taxes on payables attributable to the timing of collection and the offset of mining tax payables; and
 - ii. A favorable variance of \$225K in other receipts, namely attributable to rental camp facilities.
 - b) Compared with the Fourteenth Cash Flow Statement, Stornoway experienced an unfavorable variance of \$951K in respect of the cash outflows. The variance is primarily attributable to:
 - i. A favorable variance of \$95K in payroll costs, mainly resulting from the receipt of a reimbursement for previously overpaid employee group insurance premiums;
 - ii. An unfavorable variance of \$930K in vendor payments, mainly attributable to higher-than-expected insurance costs. Following the approval of the LIFT Call Option Agreement, the annual premiums for the general insurance policy and the XL insurance bond were paid and exceeded the amounts originally forecast. In addition, certain expenses for LNG, fuel and accommodations were higher than expected due to certain companies related to the LIFT project.
 - iii. An unfavorable variance of \$494K in professional fees, primarily attributable to additional work required to negotiate and obtain approval of the LIFT Call Option Agreement, as well as to analyze and review environmental rehabilitation activities; and,

- iv. An unfavorable variance of \$41K in environmental remediation costs, attributable to the additional work performed by consultants to refine certain sections of the Restoration Plan.
 - c) In summary, compared to the Fourteenth Cash Flow Statement, Stornoway experienced a net unfavorable variance of approximately \$1.1M. This variance arose primarily from costs associated with the LIFT Call Option Agreement, notably the insurance premium paid in advance which exceeded the amounts originally forecasted.
62. As of the date of this Sixteenth Report, all post-filing expenses incurred by Stornoway have been or will be paid in the normal course of business.

IV. CASH FLOW PROJECTIONS UNTIL OCTOBER 31, 2027

63. Stornoway, with the assistance of the Monitor, has prepared the projected cash flow statement (the "**Cash Flow Statement**") for the 15-month period commencing on August 3, 2026, and ending on October 31, 2027 (the "**Cash Flow Period**") for the purpose of projecting Stornoway's estimated liquidity needs during the Cash Flow Period. A copy of the cash flow statement is attached as **Appendix B** to this Sixteenth Report.

Stornoway Summary of the Cash Flow Statement Ending October 31, 2027 (In 000's CAD)	
Cash and Cash Equivalents - Beginning	8 551
Net Variation in Cash Balance	(6 849)
Cash and Cash Equivalents - Ending	1 702

Overview of the Projected Cash Flow Statement

64. The Cash Flow Statement has been prepared by Stornoway using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement.
65. The Cash Flow Statement assumes that the Release Conditions, including the MRNF's authorization to postpone the commencement of the Renard Mine rehabilitation and restoration until at least June 23, 2028, will be satisfied by October 3, 2026.
66. The Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to Information supplied to it by the Management.
67. 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 Cash Flow Statement. The Monitor also reviewed the support provided by Management for the probable assumptions, and the preparation of the Cash Flow Statement.
68. 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:
- a) The hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
 - b) As at the date of this Sixteenth Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of Stornoway or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or

- c) The Cash Flow Statement does not reflect the probable and hypothetical assumptions.
69. Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no opinion as to whether the projections in the 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 Stornoway's statutory obligations with regard to projected payments to be made in accordance with the Cash Flow Statement, *inter alia* the payment of wages, the government remittances and the payroll deductions to be made by Stornoway.
70. The Cash Flow Statement has been prepared solely for the purpose described in the Notes to the Cash Flow Statement presented in **Appendix B**, and readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.
71. As things currently stand, based on the Cash Flow Statement, Stornoway's total liquidities are estimated to be in the amount of \$1.7M as at October 31, 2027, excluding the cash held in trust by the Monitor. This projected balance does not consider payments to unaffected creditors from Stornoway's cash flow, which could be made during the extension period or thereafter. Any such payments would be subject to the approval of the Monitor and the Court prior to being made.

Conclusion on the projected Cash Flow Statement

72. As indicated previously in this Sixteenth Report, the Monitor expects Stornoway to have sufficient liquidity to meet its obligations during the extension periods, as LIFT will fund substantially all care and maintenance costs during the call option period in accordance with the LIFT Call Option Agreement.

V. EXTENSION OF THE STAY PERIOD

73. The current Stay Period expires on August 30, 2026.
74. As appears from the Application, the Monitor is seeking an extension of the Stay Period to October 16, 2026 (the "**First Stay Extension**") to allow additional time to satisfy the conditions precedent under the LIFT Call Option Agreement, including obtaining approval from MRNF to defer the commencement of the Renard Mine rehabilitation and restoration activities until at least June 23, 2028.
75. During the First Stay Extension, the Monitor intends to continue its discussions with the MRNF, advance the development of the Restoration Plan with the assistance of its environmental consultants, and oversee the care and maintenance activities at the Renard Mine. The Monitor expects to advise the Court and the Secured Creditors whether the applicable Release Conditions have been satisfied by mid-October.
76. In the event the Release Conditions are satisfied by October 3, 2026, the Monitor is also seeking the issuance of a second stay extension order that would automatically extend the Stay Period to October 15, 2027 (the "**Second Stay Extension**") without the need for a further hearing. The proposed mechanism is intended to preserve the status quo, reduce costs and administrative burden, and provide certainty during the initial portion of the LIFT call option period.
77. During the Second Stay Extension, if granted, the Monitor would continue to implement the LIFT Call Option Agreement, distribute the Signing Payment to the Secured Creditors in accordance with the Order Approving an Option Agreement and a Distribution (subject to

- applicable reserves), carry out care and maintenance activities at the Renard Mine, further develop the Restoration Plan and continue to oversee the Debtors' affairs.
78. As appears from the Cash Flow Statement, the Debtors will have sufficient liquidity to continue to operate in care and maintenance during the requested stay extensions. During the Second Stay Extension, the associated care and maintenance costs are expected to be funded primarily through LIFT's \$18M deposits to be paid upon satisfaction of the Release Conditions.
 79. The Monitor has been informed that LIFT closed, on August 12, 2026, a \$23M public offering. LIFT intends to use the net proceeds of the public offering mainly to fund the estimated care and maintenance costs for the first year of the Option Agreement.
 80. The Secured Creditors have been consulted regarding the requested relief and either support or do not oppose the proposed extensions.
 81. Stornoway and the Monitor have continued to act in good faith and with due diligence throughout these proceedings and anticipate having sufficient liquidity to fund operations and professional costs during both the First Stay Extension and, if applicable, the Second Stay Extension.
 82. The Monitor, with its enhanced powers, intends to continue paying the trade creditors for services rendered and goods provided in the normal course of business during the CCAA Proceedings.
 83. The Monitor believes that the requested stay extensions are appropriate in the circumstances.

VI. THE MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

84. In light of the foregoing, the Monitor is of the view that:
 - (i) The First Stay Extension would allow the Debtors and the Monitor to satisfy the Release Conditions with respect to the LIFT Call Option Agreement;
 - (ii) The Second Stay Extension would allow the Monitor to continue implementing the Call Option Agreement, maintain the Renard Mine under care and maintenance, advance the Restoration Plan, pursue discussions with LIFT regarding a potential transaction, and continue overseeing the Debtors' affairs during the call option period.
85. The Monitor has acted, and is acting, in good faith and with due diligence, which makes the requested extensions of the stay of proceedings appropriate.
86. The Monitor confirms that there have been no further material developments to report on this matter, other than what is provided for in this Sixteenth Report.

87. The Monitor respectfully submits to the Court this, its Sixteenth Report.

DATED AT MONTREAL, this 21st day of August 2026.

DELOITTE RESTRUCTURING INC.

In its capacity as Court-Appointed Monitor of Stornoway



Jean-François Nadon, CPA, CIRP, LIT
President



Vincent Roy-Turgeon, CPA, CIRP, LIT
Senior Vice President

Appendix A
Budget to actual
For the 13-week period ended August 9, 2026

Stornoway
Budget to Actual (BTA)
For the 13-week Period Ended August 9, 2026

Figures in 000's CAD

Figures in 000's CAD	Cumulative 13 weeks ended August 9, 2026					
	Actual	Budget (Note 1)	Variance (\$) Fav (Unfav)	Variance (%)		Timing vs Permanent
Receipts						
Recoverable Taxes on Payables	55	433	(378) U	(87)%		Timing & Permanent Permanent
Other Receipts	225	-	225 F	-		
Total Receipts	280	433	(154) U	(35)%		
Disbursements						
Payroll	1,173	1,245	71 F	6%		Permanent Permanent Permanent Timing
Vendors Payment	3,551	2,621	(930) U	(35)%		
Restructuring Fees	494	411	(84) U	(20)%		
Environmental Remediation Costs	340	330	(10) U	(3)%		
Total Disbursements	5,557	4,606	(951) U	(21)%		
Net Cash Flow	(5,278)	(4,173)	(1,105)	(26)%		
Beginning Cash (w/o Cash Held In-trust)	12,972	12,972	-	-		
Ending Cash (w/o Cash Held In-trust)	7,694	8,799	(1,106) U	(13)%		
Cash held in-trust by the Monitor						
LIFT Signing Payment (note 2)	12,031	-	12,031 F	-		Permanent Permanent
Winsome Break Fee (note 3)	2,072	2,064	8 F	0%		
Mobile Camps Transaction (note 3)	1,500	1,500	-	-		Permanent
Non-Core Assets Sales (note 3)	1,526	1,490	36 F	2%		
Albion's Share (note 4)	26	26	-	-		
Total Cash Held In-trust by the Monitor	17,155	5,080	12,075 F	238%		
Ending Cash (Including Cash Held In-trust)	24,849	13,879	10,970 F	79%		

Note 1: The budget is based on the 16-Week Cash Flow that was submitted to the Court on May 21, 2026.

Note 2: LIFT signing payment of \$12.0M was received by the Monitor on June 25, 2026. The excess amount relates to interest.

Note 3: As of August 9, 2026, the Monitor holds \$1.5M in its trust account related to the Mobile Camps Transaction. These funds are fully reserved and will not be distributed until the dispute concerning the validity of the Construction Hypothec is resolved. The Monitor also holds approximately \$1.5M related to the sales of the Remaining Non-Core Assets and \$2.1M from the break fees, interest, and legal expenses paid by Winsome.

Note 4: Following a review of the prior distributions, it was determined that an excess amount totaling \$636K was distributed to the Streamers instead of Diaquem. All the Streamers, with the exception of Albion, have consented to have their respective shares applied against future distributions in order to rectify the excess. Albion's share, totaling \$26K, is currently being held in the Monitor's trust account.

Appendix B

Cash flow statement

For the 15-month period ending October 31, 2027

Stornoway
Cash Flow Statement
For the 15-Month Period Ending October 31, 2027

Figures in 000's CAD

	Aug-26 Forecast	Sep-26 Forecast	Oct-26 Forecast	Nov-26 Forecast	Dec-26 Forecast	Jan-27 Forecast	Feb-27 Forecast	Mar-27 Forecast	Apr-27 Forecast	May-27 Forecast	Jun-27 Forecast	Jul-27 Forecast	Aug-27 Forecast	Sep-27 Forecast	Oct-27 Forecast	Total Forecast
Receipts																
Advance from LIFT	-	-	8,126	1,243	1,615	1,193	1,193	1,515	1,243	1,193	1,515	3,013	1,193	1,515	1,243	25,800
Recoverable Taxes on Payables	30	63	63	59	59	55	55	51	51	51	51	51	51	51	51	795
Total Receipts	30	63	8,189	1,302	1,674	1,248	1,248	1,566	1,294	1,244	1,566	3,064	1,244	1,566	1,294	26,595
Disbursements																
Payroll	450	450	500	450	500	450	450	450	500	450	450	500	450	450	500	7,000
Vendors Payment	680	1,324	680	680	1,002	680	680	1,002	680	680	1,002	2,450	680	1,002	680	13,902
Restructuring Fees	63	63	63	63	63	63	63	63	63	63	63	63	63	63	63	945
Environmental Remediation Costs	150	100	100	50	50	-	-	-	-	-	-	-	-	-	-	450
Transfer - Stornoway Pre COA	-	-	11,147	-	-	-	-	-	-	-	-	-	-	-	-	11,147
Total Disbursements	1,343	1,937	12,490	1,243	1,615	1,193	1,193	1,515	1,243	1,193	1,515	3,013	1,193	1,515	1,243	33,444
Net Cash Flow	(1,313)	(1,874)	(4,301)	59	59	55	55	51	51	51	51	51	51	51	51	(6,849)
Beginning Cash (w/o cash held in-trust)	8,551	7,238	5,364	1,063	1,122	1,180	1,236	1,291	1,342	1,394	1,445	1,496	1,548	1,599	1,651	8,551
Ending Cash (w/o cash held in-trust)	7,238	5,364	1,063	1,122	1,180	1,236	1,291	1,342	1,394	1,445	1,496	1,548	1,599	1,651	1,702	1,702

Cash Held in-trust by the Monitor

Stornoway - Pre COA (note 1)	-	-	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147
LIFT Deposit (note 2)	-	-	9,874	8,631	7,016	5,823	4,630	3,115	1,872	18,679	17,164	14,151	12,958	11,443	10,200	10,200
LIFT Signing Payment	12,031	12,031	605	605	605	605	605	605	605	605	605	605	605	605	605	605
Winsome Break Fee (note 3)	2,072	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064
Mobile Camps Transaction (note 4)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Non-Core Assets Sales (note 5)	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526
Albion's Share (note 6)	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26
Total Cash Held In-Trust	17,155	17,147	26,742	25,499	23,884	22,691	21,498	19,983	18,740	35,547	34,032	31,019	29,826	28,311	27,068	27,068
Ending Cash (including cash held in-trust)	24,393	22,511	27,804	26,620	25,064	23,926	22,788	21,325	20,133	36,992	35,528	32,567	31,425	29,961	28,770	28,770

Detailed - Account movements

Stornoway - Pre COA (note 1)																
Beginning	-	-	-	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	-
Receipts	-	-	11,147	-	-	-	-	-	-	-	-	-	-	-	-	11,147
Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending - Stornoway - Pre COA	-	-	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147	11,147
LIFT Deposit (note 2)																
Beginning	-	-	-	9,874	8,631	7,016	5,823	4,630	3,115	1,872	18,679	17,164	14,151	12,958	11,443	-
Receipts	-	-	18,000	-	-	-	-	-	-	18,000	-	-	-	-	-	36,000
Disbursements	-	-	(8,126)	(1,243)	(1,615)	(1,193)	(1,193)	(1,515)	(1,243)	(1,193)	(1,515)	(3,013)	(1,193)	(1,515)	(1,243)	(25,800)
Ending - LIFT Deposit	-	-	9,874	8,631	7,016	5,823	4,630	3,115	1,872	18,679	17,164	14,151	12,958	11,443	10,200	10,200

Note 1: This account represents the cash held by the Monitor at the execution date of the call option agreement, net of professional fees incurred in connection with the option agreement and the related provision for the remainder of the period.

Note 2: The LIFT Deposit account represents the cash held in trust by the Monitor to fund the care and maintenance procedure. The \$8.1M disbursement in October 2026 covers costs incurred since the execution of the call option on June 23, 2026, including \$1.0M of contingency advance. Subsequent disbursements represent the monthly funding requirements for the care and maintenance procedure until October 2027.

Note 3: The Break Fee, interest and legal fees from Winsome totaling \$2.1M could be distributed in accordance with the instructions received by the Secured Creditors and, or by the Court.

Note 4: As of August 3, 2026, the Monitor holds \$1.5M related to the Mobile Camps Transaction. These funds will be fully reserved and not distributed until the dispute concerning the validity of the Construction Hypothec is resolved.

Note 5: The Non-Core Assets proceeds totaling \$1.5M could be distributed in accordance with the instructions received by the Secured Creditors and, or by the Court.

Note 6: Albion's share, approximately \$26K, for which it has not consented to distribute to offset the excess distribution made to the Streamers instead of Diaquem, is currently held in the Monitor's trust account

NOTES TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE

The purpose of these cash flow projections is to determine the liquidity requirements of Stornoway during the CCAA proceedings until October 31, 2027.

NOTE B

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

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

NOTE C - DEFINITIONS

(1) CASH FLOW STATEMENT:

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

(2) HYPOTHETICAL ASSUMPTIONS:

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

(3) PROBABLE ASSUMPTIONS:

Means assumptions that:

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

(4) SUITABLY SUPPORTED:

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

- (i) The past performance of the company;
- (ii) The performance of other industries/market participants engaged in similar activities as the company;
- (iii) Feasibility studies;

- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

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

NOTE D - ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening Cash Balance</u>	Based on current bank balances as at August 3, 2026.	x	
<u>Exchange Rate</u>	Exchange rate used by management is the following: US \$/Cnd \$ = 1.37	x	
<u>Forecast Cash Receipts:</u>			
Advances from LIFT	Based on the forecasted care and maintenance costs		x
Recoverable Taxes on Payables	Based on notices of assessment received from the tax authorities and forecasted expenses	x	
<u>Forecast Cash Disbursements:</u>			
Payroll	Based on Stornoway's historical payroll reports and forecasted payroll under care and maintenance	x	
Vendors Payment	Based on Stornoway's forecasted accounts payable and operating expenses under care and maintenance	x	
Restructuring Fees	Estimated professional fees to be incurred in the following months for the Monitor and the legal counsels	x	

Environmental Remediation Costs	Based on Management's estimate of the costs required to finalize the updated environmental remediation plan	x	
Transfer – Stornoway Pre-COA	Based on the cash balance as of the execution of the LIFT Call Option Agreement, net of a reserve for professional fees		x
<u>Cash Held in-trust by the Monitor:</u>			
Stornoway Pre-COA	Based on the cash balance as of the execution of the LIFT Call Option Agreement, net of a reserve for professional fees		x
LIFT Deposit	Based on the projected deposits to cover the care and maintenance costs		x
LIFT Signing Payment	Based on the balance in the in-trust account of the Monitor and the projected distribution upon satisfaction of the Release Conditions		x
Winsome Break Fee	Based on the balance in the in-trust account of the Monitor	x	
Mobile Camps Transaction	Based on the balance in the in-trust account of the Monitor	x	
Non-Core Assets Sales	Based on the balance in the in-trust account of the Monitor	x	
Albion's Share	Based on the balance in the in-trust account of the Monitor	x	