



Deloitte Restructuring Inc.
1190, avenue des Canadiens-de-
Montréal
Bureau 500
Montreal QC H3B 0M7
Canada

Tel: 514-369-9666
Fax: 514-390-4103
Stornoway@deloitte.ca

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

**ELEVENTH 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, 1127420 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 employees 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 (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 ("**Fourth ARIO**"), 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* (the "**Application**").
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, notably in respect of the Application.
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 (the "**June 2025 Orders**").
30. 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 Initial Application, or the Application.
31. The purpose of this eleventh report of the Monitor (the "**Eleventh Report**") is to provide information to the Court with respect to the following matters:
 - I. Update regarding the Debtor'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;
 - 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, notably in respect of the Application.
32. In preparing the Eleventh 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 Eleventh 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.
33. Future oriented financial information referred to in this Eleventh 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.
34. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Eleventh Report concerning Stornoway and their business is based on the Information, and not independent factual determinations made by the Monitor.

I. UPDATE REGARDING THE DEBTOR'S COMMUNICATIONS AND OPERATIONS

35. Since the granting of the June 2025 Orders, Stornoway has continued to communicate with many of its main suppliers and other key stakeholders to explain the current situation and the next steps relating to Stornoway's restructuring (the "**Restructuring Process**").
36. Stornoway has pursued its ongoing discussions with its secured creditors Osisko Gold Royalties Ltd., CDPQ Ressources Inc. ("**CDPQ**"), TF R&S Canada Ltd., Washington State Investment Board, Albion Exploration Fund LLC (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.
37. Moreover, Stornoway and the Monitor have had several discussions and exchanges of information in order to:
- a) Monitor the daily operations of Stornoway, including any operational issues encountered;
 - b) Optimize working capital and implement various cost reduction measures, such as the implementation of a cold care and maintenance;
 - c) Assist TCL in the liquidation of the Remaining Non-Core Assets and review of the offers received;

- d) Develop 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 (as defined herein);
 - e) Assess and review the environmental consultants' progress in preparing the Restoration Plan; and,
 - f) Communicate with the Cree First Nation community, Chibougamau's mayor, and other stakeholders of the Mistissini and Chibougamau region to discuss the plan and timeline of the Renard Mine restoration project.
38. The Monitor understands that there have been no environmental incidents during the reporting period. As of the date of this report, the Monitor has not been made aware of any issues that would necessitate immediate action.

Other

39. Stornoway has been proactive in responding to the inquiries of various stakeholders regarding the CCAA Proceedings and the Restructuring Process.
40. Stornoway continues to operate under 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.
41. Stornoway, with the assistance of the Monitor, continues to explore the possibility of further reducing the costs of its operations.
42. The Monitor understands that Stornoway has remained in compliance with the provisions of the Fourth ARIO and has acted in good faith and with due diligence.

II. THE MONITOR'S ACTIVITIES SINCE THE TENTH REPORT

43. Since the Tenth Report, the Monitor continued to respond to the inquiries received from various stakeholders regarding the Restructuring Process and the CCAA Proceedings.
44. The Monitor posted a copy of the CCAA Proceedings' materials, the Tenth Report of the Monitor, the June 2025 Orders, the Monitor's Certificate for the spare parts transaction, and the Application on the Monitor's Website which it updates on a regular and proactive basis.
45. The Monitor assisted the Debtors in their discussions with their main suppliers and other key stakeholders. The Monitor has also participated in meetings with several stakeholders since the Tenth Report, including:
- a) With Stornoway's main secured creditors and unaffected creditors, the Streamers and Diaquem, notably to review and assess the environmental rehabilitation obligations relating to the Renard Mine;
 - b) In negotiations with Caterpillar Financial Services Limited ("**CAT Financial**") to settle the outstanding debt balance under the master lease agreement. Legal counsels for Stornoway and CAT Financial finalized the terms of the settlement agreement, which will provide for the discharge of any rights and the first-rank security held by CAT Financial over certain Core and Non-Core Assets. The Secured Creditors have been consulted and have approved the proposed settlement agreement;
 - c) With Stornoway and TCL, to discuss and review the offers received during the liquidation of the Remaining Non-Core Assets;

- d) In numerous discussions with Winsome, as further described in the report;
 - e) To initiate the solicitation process for the dismantling and demolition of the Renard Mine (should same be determined to be appropriate and necessary, in consultation with the Secured Creditors, the *Ministère des Ressources naturelles et des Forêts* ("MRNF") or further ordered by the Court) in order to address environmental rehabilitation obligations in respect of the mine site as further described in the following section of this report; and,
 - f) With certain unsecured creditors, employees and other stakeholders.
46. Furthermore, the Monitor participated in meetings to coordinate New Gold's removal of the purchased spare parts from the mine site, following the Court's authorization of the transaction.
47. Following the issuance of the Liquidation Order, the Monitor continued to assist TCL and Stornoway in planning and initiating the sale of the Remaining Non-Core Assets through an online auction or through private negotiated sales. The Monitor also assisted Stornoway in reviewing and approving certain offers received by TCL throughout this process and in the collection of the proceeds.
48. Since the Tenth Report, the Monitor has continued to work with Stornoway to monitor the Company's activities with the view of reporting to the Court.
49. The Monitor is also participating in regular discussions with the Company and its board members and is being kept apprised, on a weekly basis, of:
- a) Stornoway's operations and efforts in connection with environmental matters relating to the site; and,
 - b) Any other issues encountered by Stornoway.
50. The Monitor has continued a weekly review of Stornoway bank accounts' receipts and disbursements. Since the Tenth Report, daily information relating to the payment of goods or services supplied to the Debtors has been presented to the Monitor by Stornoway. The Monitor received full cooperation from Management.
51. The Monitor has continued to assist Stornoway in preparing revised cash flow projections and modelling the different scenarios regarding the funding of its operations.

III. LIQUIDATION OF THE REMAINING NON-CORE ASSETS WITH TCL

52. Stornoway, with the assistance of Deloitte, conducted two (2) Non-Core Asset sales during these CCAA proceedings. The first and second sales occurred in June and December 2024, respectively.
53. Stornoway and the Monitor deployed significant efforts to sell all the Non-Core Assets. In addition to the first and second sales, Stornoway engaged TCL to sell the remaining mobile and fixed equipment, namely the Remaining Non-Core Assets.
54. On June 10, 2025, the Court rendered a Liquidation Order authorizing TCL to liquidate the Remaining Non-Core Assets pursuant to the Commission Agreement entered between Stornoway and TCL. The Commission Agreement provides for a rigorous framework for the sale of the Remaining Non-Core Assets free and clear of all liens, claims, encumbrances and security interests and thereby does not require this Court's repeated intervention to approve each sale of Remaining Non-Core Assets.

55. Between June 18 and July 2, 2025, two (2) employees from TCL attended the Renard Mine to prepare the marketing materials for the online auction and the private negotiated sale of the Remaining Non-Core Assets.
56. The online auction took place on September 3 and 4, 2025, while the private negotiated sales took place during the months of August and September 2025.
57. Throughout the TCL liquidation process, the Remaining Non-Core Assets were marketed worldwide and made available for purchase. Following the private negotiations and the online auction, Stornoway, with the assistance of the Monitor and TCL, collected total proceeds of approximately \$0.9 million. Additional amounts totaling approximately \$0.2 million are expected to be collected as buyers take possession of their purchased assets.
58. TCL will continue to market the Remaining Non-Core Assets. However, further sales may be limited considering the current mining market conditions and the remoteness of the mine.

IV. UPDATE ON THE WINSOME CALL OPTION

59. As set out above, on April 4, 2024, the Court authorized Stornoway to execute the Call Option Agreement with Winsome. The Call Option Period was initially set to expire on September 30, 2024.
60. On August 1, 2024, in accordance with the terms of the Call Option Agreement, Winsome exercised its right to extend the Call Option Period to December 31, 2024. The extension fee payment of \$2 million was made to the Monitor, and the funds were transferred to Stornoway.
61. On December 3, 2024, the First Amended and Restated Call Option Agreement was executed to, *inter alia*, restructure the "Transaction Consideration" under Subsection 4.5(1) of the Call Option Agreement with no impact on the total consideration.
62. On December 4, 2024, in accordance with the terms of the Call Option Agreement, Winsome exercised its right to extend the Call Option Period to February 1, 2025. The extension fee payment of \$2 million was made to the Monitor, and the funds were transferred to Stornoway.
63. On January 30, 2025, Stornoway and Winsome entered into an agreement pursuant to which the parties agreed to further extend the Call Option Period to February 28, 2025, in order to provide time to further negotiate the Second Amended and Restated Call Option Agreement.
64. On February 12, 2025, the Second Amended and Restated Call Option Agreement was executed by Stornoway and Winsome, allowing the Call Option to be extended until August 31, 2025.
65. On February 17, 2025, in accordance with the terms of the Second and Amended Restated Call Option Agreement, Winsome exercised its right to extend the Call Option Period to August 31, 2025. The extension fee payment of \$8.5 million was made to the Monitor, and the funds were transferred to Stornoway.
66. 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.
67. On July 28, 2025, Winsome delivered a termination notice to Stornoway thereby terminating the Second Amended and Restated Call Option Agreement with immediate effect (the "**Termination Notice**").
68. Consequently, as of July 28, 2025, and in accordance with Section 2.3(5)(b)(i) of the Second Amended and Restated Call Option Agreement, Winsome became bound to pay the sum of

\$2 million to the Debtors (the "**Break Fee**") within five business days. On or before August 4, 2025, Winsome failed to pay the Break Fee as required under the Second Amended and Restated Call Option Agreement and accordingly, this matter is currently before this Court pending adjudication.

69. Following receipt of the Termination Notice, Stornoway, with the assistance of the Monitor, contacted certain parties to find alternative buyers for Stornoway or its assets. The scope of this initiative was limited considering the significant efforts deployed throughout the previous SISP and the information on potential market players. No other buyer has expressed an interest for Stornoway or its assets as a going concern, nor have the Debtors come to an acceptable agreement with Winsome.
70. In this context, Stornoway must initiate the orderly wind down of Stornoway's operations as a going concern and the liquidation of its remaining assets to proceed with the anticipated environmental rehabilitation of the Renard Mine. Stornoway, in collaboration with the Monitor, are currently working to initiate a request for a proposals process in this respect, as will be further set out below.

V. ENVIRONMENTAL MATTERS IN RESPECT OF THE RENARD MINE SITE

71. Over the last few months, the Debtors, in consultation with the board members and the Secured Creditors, began to consider matters relating to the possible environmental rehabilitation and restoration of the Renard Mine Site, should Winsome choose to not exercise its Call Option (and if the subsequent outreach efforts to find an alternative buyer failed). The Debtors kept the Secured Creditors informed of these steps.
72. Therefore, Stornoway, with the assistance of the Monitor, engaged environmental consultants to update the rehabilitation and restoration plan (the "**Restoration Plan**") to meet its environmental obligations under the *Mining Act*. The Restoration Plan includes, amongst other things, restoration of accumulation areas, revegetation of surfaces, demolition and dismantlement of the buildings and equipment, the related necessary workforce costs and five (5) years of site monitoring. The Restoration Plan is still a work in progress and remains subject to review and finalization (in consultation with the Secured Creditors) and once finalized, to the review and approval by the MRNF.
73. The Debtors and the Monitor are also developing a comprehensive timeline and a detailed budget for the restoration work detailing all activities from initial preparations through to the implementation of the Restoration Plan, which will be subject to the review and consent of the Secured Creditors or approval of the Court.
74. The Secured Creditors have been kept informed of all actions taken and progress made in the preparation of the Restoration Plan, and the Monitor will continue to keep them informed and consult with them regarding all developments in this respect.

Dismantlement of the buildings and equipment

75. On July 24, 2025, Stornoway and Deloitte officially launched a call for interest, distributing a teaser to potential dismantling and demolition contractors. Additional documentation was made available to interested parties through a secure sharing platform.
76. On August 15, 2025, Stornoway and Deloitte conducted a site visit at the Renard Mine, accompanied by nine (9) prospective contractors (the "**Dismantlers**"). The purpose of this visit was to provide a brief overview of the mine site and to outline the scope of work required for the demolition and dismantlement of the buildings and equipment included in the Restoration Plan (should same be determined to be necessary).

77. Following the site visit, Stornoway and Deloitte requested that the Dismantlers submit a Letter of Interest ("**LOI**"). These LOIs would be evaluated to determine which parties would qualify for the second phase (the "**Phase 2**") of the bidding process. Qualified dismantlers will be invited to participate in Phase 2, during which they will have the opportunity to conduct a more comprehensive review of the project and submit a formal proposal, including a detailed dismantling plan and timeline.
78. By August 22, 2025, Deloitte had received eight (8) LOIs. Stornoway, with the assistance of the Monitor, subsequently analyzed the LOIs, prepared a summary, and prepared recommendations which were presented to the board members on or around September 9, 2025.
79. Stornoway and the Monitor qualified seven (7) of the Dismantlers who submitted a LOI for Phase 2 of the bidding process.
80. Stornoway, the Monitor and their respective legal counsels are currently finalizing the Phase 2 bid documentation before launching the bidding process in the coming weeks, subject to consultation with the Secured Creditors and their consent, or the approval of the Court.

Monetization of the Core Assets

81. In parallel with the Phase 2 bid process in connection with the dismantling of buildings and equipment, Stornoway and the Monitor will reach out to strategic mining companies, end users and suppliers to pursue the monetization of Stornoway's Core Assets. Additionally, TCL will leverage its network to facilitate the sale of the Core Assets. The Monitor, in consultation with the Secured Creditors, will evaluate the monetization opportunities for the Core Assets once formal offers are received.

VI. EXPANDING THE POWERS OF THE MONITOR

82. Considering Winsome's Termination Notice and the absence of interest from other third parties to acquire Stornoway's business or assets as a going concern, it appears that Stornoway will not be able to successfully restructure as a going concern and will have to begin the orderly liquidation of its assets and environmental rehabilitation efforts.
83. The Debtors propose that the Monitor be authorized to oversee and manage this process, including the closure of the Renard Mine, the implementation of the Restoration Plan, the monetization of remaining Core and Non-Core Assets, and, ultimately, the distribution of any remaining proceeds or funds available to the creditors.
84. The Monitor has been actively involved throughout these restructuring proceedings and possesses a comprehensive understanding of Stornoway's activities and assets. Furthermore, the Monitor has maintained ongoing communications with all stakeholders, including the Secured Creditors, and is well positioned to supervise the finalization and implementation of the Restoration Plan and to secure the consent of the Secured Creditors, as required.
85. Given the uniqueness of the Debtors' operations and the complexity of the tasks, notably developing and implementing the Restoration Plan and the monetizing Stornoway's remaining assets, it is recommended that all subsequent actions be conducted within the framework of these CCAA proceedings.
86. The Fifth Amended and Restated Initial Order proposes expanded powers for the Monitor. If approved, the Monitor (in consultation with the Secured Creditors and subject to their consent or the approval of the Court for certain powers) would be authorized to:

- a) Exercise all powers necessary to assist the Debtors with winding down their mining operations, as well as with the sale and disposition of remaining Core and Non-Core Assets and distribution to creditors;
 - b) Exercise all powers necessary to support the Debtors in communications with creditors and other stakeholders, including the MRNF;
 - c) Exercise all powers necessary to assist the Debtors in meeting their end-of-life environmental obligations, including securing approval from the MRNF; and,
 - d) Exercise all powers necessary to act on behalf of the Debtors (without incurring personal or corporate liability), to report to the Court on all such matters, as well as to creditors and other stakeholders.
87. The Debtors believe that increasing the Monitor's powers will ensure maximum efficiency in winding down their operations, for the following reasons:
- a) Stornoway's operations have ceased;
 - b) Winsome has not exercised the Call Option, resulting in the liquidation of the remaining assets, the dismantling of the buildings and equipment as well as finalization and implementation of the Restoration Plan; and,
 - c) The board members managing Stornoway will be resigning from the company's board.
88. The Monitor has informed the Debtors that it is willing to continue serving in this capacity with the enhanced powers being sought, in order to facilitate the orderly wind down of operations, the liquidation of the remaining assets, and a possible distribution to creditors, as well as overseeing the remaining steps relating to the development and implementation of the Restoration Plan, the whole in consultation with the Secured Creditors (and subject to their consent or the approval of the Court for certain matters) and other stakeholders, including the MRNF.

VII. RELEASES IN FAVOUR OF THE D&OS

89. As appears from the Application, Stornoway is also seeking the issuance of a release in favour of its current directors and officers ("**D&Os**").
90. The D&Os, who are still presently acting in such capacities, have been instrumental in the Restructuring Process and have remained implicated and committed to managing and leading Stornoway both prior to and following the commencement of the CCAA Proceedings.
91. The D&Os participated in numerous board meetings, to which the Monitor also participated, in addition to frequent exchanges, informal meetings and phone calls. The Monitor wants to highlight that:
- a) The board of directors of the Debtors has met no less than 48 times during the course of these proceedings;
 - b) Management along with the president of the board of directors of the Debtors have met on a weekly basis to monitor the Restructuring Proceedings and related issues; and,
 - c) Operational and financial reports have been circulated on a weekly basis by Management to the board of directors, keeping them apprised in real time of any issues.

92. All the efforts deployed by the D&Os illustrate that they have been fully committed to the best interests of Stornoway and the Restructuring Process with a view to preserving the Renard Mine for the Call Option while reducing costs and conducting milling campaigns, thereby resulting in maximized value for stakeholders.
93. Notably the efforts made by the D&Os played a significant role in:
- a) Commencing and conducting the Restructuring Proceedings, including the SISP;
 - b) Supporting the SISP Agent and the Monitor throughout the SISP process, notably by providing Winsome the required information and documents to successfully complete the operational and financial due diligence with the objective of securing a transaction;
 - c) Maintaining the business notwithstanding the pendency of the CCAA Proceedings, including continuing relationships with employees, suppliers and customers;
 - d) Optimizing working capital and reducing operation costs, including the implementation of cold care and maintenance;
 - e) Continuing the operation of the Debtors by executing five (5) milling campaigns to generate liquidity to support the operation for the benefit of the Secured Creditors and all stakeholders;
 - f) Maintaining a higher level of employment due to the milling campaigns;
 - g) Communicating, consulting, coordinating and negotiating with the Secured Creditors;
 - h) Supporting the planning efforts in respect of the environmental obligations relating to the Renard Mine; and,
 - i) Supporting the Monitor throughout the liquidation of Non-Core Assets by providing technical information and coordinating assets removal, resulting in significant distributions to the Secured Creditors and CAT Financial.
94. The Monitor is supportive of the Release sought by the Debtors, which it considers justified, fair and appropriate, for the reasons summarized above and as detailed in the Application.
95. The Monitor wants to highlight that the Release is complementary to the D&O insurance policy, which includes extended reporting period coverage ("**Tail**") allowing claims to be reported after the policy's expiration, provided the alleged wrongful act occurred during the policy period.

VIII. CASH FLOW RESULTS FOR THE 30-WEEK PERIOD ENDED SEPTEMBER 7, 2025

96. The highlights of Stornoway's financial performance for the period commencing on February 10, 2025, and ending on September 7, 2025, are presented in the cash flow results annexed as **Appendix A**.

97. The table below provides an overview of the cash balances and the cash variances of Stornoway from February 10 to September 7, 2025:

Stornoway Cash Variation For the Period of February 10 to September 7, 2025 (In 000's CAD)	
Cash and Cash Equivalents - Beginning	13,542
Net Variation in Cash Balance	10,405
Cash and Cash Equivalents - Ending	23,947

98. 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 Eighth Report (the "**Eighth Cash Flow Statement**"), Stornoway experienced an unfavorable variance of approximately \$13,774K (approx. 26% vs budget) with respect to the cash inflows. The variance is primarily attributable to:
 - i. Unfavorable variance of \$535K in brokerage fees related to the diamond sales due to an underestimation by Management;
 - ii. Favorable variance of \$437K for camps facilities rental revenues which were not budgeted;
 - iii. Unfavorable variance of \$5,063K relating to the Non-Core Assets sales. This variance is mainly explained by the actual realization value of the Non-Core Assets which was lower than the forecasted sales, and certain proceeds from the Remaining Non-Core Assets have not been collected yet;
 - iv. Unfavorable variance of \$4,000K which represents the estimated closing cash consideration of the Winsome's Call Option. However, the Call Option was not exercised by Winsome;
 - v. Favorable variance of \$596K from other receipts due to Stornoway's interest revenue from its bank deposits, reimbursements by other companies for the usage of its airport and sale of diamonds to employees, which were not budgeted in the Eighth Cash Flow Statement; and,
 - vi. Unfavorable variance of \$5,364K for the financial bond which Stornoway expected to collect following the exercise of Winsome Call Option.
- b) Compared with the Eighth Cash Flow Statement, Stornoway experienced a favorable variance of \$2,579K (approx. 13% vs budget) in respect of the cash outflows. The variance is primarily attributable to:
 - i. Favorable variance of \$1,055K in payroll costs mainly caused by the timing of retention bonuses and vacations, which were paid the week ending September 14, 2025. Additionally, payroll costs are expected to be lower than forecasted, as the estimate for the accrued vacation was conservative;
 - ii. Favorable variance of \$169K for group insurance expenses due to the lower than expected cost;

- iii. Favorable variance of \$566K for vendor payments, which is mainly explained by a conservative estimate of the consumption of goods and services during the cold care and maintenance period and due to the shorter than expected underground equipment dismantling period. This is partially offset by payments made to the environmental consultants engaged to finalize the Restoration Plan; and
 - iv. Favorable variance of \$789K due to the timing of invoices and work to be completed. Also, professional fees were budgeted for the closing of the Winsome transaction in August.
- c) Compared with the Eighth Cash Flow Statement, Stornoway senior debt repayment was \$2,351K higher than budgeted, mainly due to the distribution to Diaquem and the transfer to the Monitor's trust account from the sale of certain Non-Core Assets.
- d) In summary, compared to the Eighth Cash Statement, Stornoway experienced a net unfavorable variance of approximately \$13,546K. This variance arose primarily because the Eighth Cash Flow Statement had assumed the exercise of the Call Option by Winsome. Following the termination of the Call Option, the anticipated collection of significant budgeted amounts, specifically the call option cash consideration and the refund of the financial bond, did not materialize, resulting in a substantial unfavorable variance.
99. As of the date of this Eleventh Report, all post-filing expenses incurred by Stornoway have been or will be paid in the normal course of business.

IX. CASH FLOW PROJECTIONS UNTIL JANUARY 25, 2026

100. Stornoway, with the assistance of the Monitor, has prepared the projected cash flow statement (the "**Cash Flow Statement**") for the 20-week period commencing on September 8, 2025, and ending on January 25, 2026 (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 Eleventh Report.

Stornoway Summary of the Cash Flow Statement Ending January 25, 2026 (In 000's CAD)	
Cash and Cash Equivalents - Beginning	23,947
Net Variation in Cash Balance	(6,463)
Cash and Cash Equivalents - Ending	17,484

Overview of the projected Cash Flow Statement

101. The Cash Flow Statement has been prepared by Stornoway using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement. This Cash Flow Statement could vary namely based on the upcoming decisions to be made by the Monitor, in consultation with the Secured Creditors and subject to their consent or the approval of the Court, and with other stakeholders, including the MRNF, regarding the restoration and rehabilitation of the mining site.
102. 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.

103. 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.
104. 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 Eleventh Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans or 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.
105. 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.
106. 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.
107. As things currently stand, based on the Cash Flow Statement, Stornoway's total liquidities are estimated to be in the amount of \$17.5 million as at January 25, 2026. 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

108. As indicated previously in this Eleventh Report, Stornoway should have sufficient liquidity to continue to meet its obligations during the extension period.

X. EXTENSION OF THE STAY PERIOD

109. The current Stay Period expires on September 30, 2025.
110. By the Application, the Debtors are seeking an extension of the Stay Period until January 23, 2026, in order to initiate an orderly wind down of Stornoway's operations and the liquidation of its assets.
111. The Stay Period allows Stornoway to operate in a more structured and stable environment, and for the Monitor, with the assistance of Management and in consultation with the Secured Creditors, to fully concentrate on the monetization of the remaining assets, the continuation of the efforts relating to the environmental rehabilitation of the Renard Mine, the development and finalization of the Restoration Plan, and the continued implementation of reduced care and

maintenance operations, the whole for the benefit of all stakeholders.

112. Stornoway and the Monitor, with enhanced powers, intend to continue paying the trade creditors for services rendered and goods provided in the normal course of business during the CCAA Proceedings.
113. The Monitor is of the opinion that Stornoway has acted in good faith throughout these proceedings.
114. As demonstrated by the Cash Flow Statement, Stornoway will have sufficient liquidity to continue to meet its obligations during the extension period.

XI. THE MONITOR'S CONCLUSIONS AND RECOMMENDATIONS, NOTABLY IN RESPECT OF THE APPLICATION

115. In light of the foregoing, the Monitor is of the view that in respect of the Application:
 - (i) The extension of the Stay Period up to January 23, 2026, is required to initiate an orderly wind down of Stornoway's operations, the liquidation of its remaining assets, as well as the development of the environmental rehabilitation plan for the Renard Mine, including Phase 2 of the bidding process, as applicable;
 - (ii) Based on the information presently available and as explained in its Eleventh Report, the Monitor believes the Debtors' creditors will not be materially prejudiced by the requested extension of the Stay Period, the expanded powers of the Monitor and the Release for the present D&Os of the Debtors; and,
 - (iii) The Debtors have acted, and are acting, in good faith and with due diligence, which makes the requested extension of the stay of proceedings appropriate.
116. Accordingly, the Monitor supports the relief sought by the Debtors in the Application.
117. The Monitor confirms that there have been no further material developments to report on this matter, other than what is provided for in this Eleventh Report.

118. The Monitor respectfully submits to the Court this, its Eleventh Report.

DATED AT MONTREAL, this 25th day of September 2025.

DELOITTE RESTRUCTURING INC.

In its capacity as Court-Appointed Monitor of Stornoway



Jean-François Nadon, CPA, CIRP, LIT
President



Benoit Clouâtre, CPA, CIRP, LIT
Senior Vice President

Appendix A
Budget to actual

Figures in 000's CAD

Figures in 000's CAD

Cumulative 30 weeks ended September 7, 2025						Timing vs Permanent
Actual	Budget (Note 1)	Variance (\$)	Fav (Unfav)	Variance (%)		
Receipts						
Gross Diamond Sales	20,363	20,185	179	F	1%	Permanent
Bonas Fees	(586)	(51)	(535)	U	1,053%	Permanent
Brinks	(8)	(52)	44	F	(85)%	Permanent
Sales Tax Refund	1,382	1,450	(67)	U	(5)%	Permanent
Camp Facilities Rental	437	-	437	F	-	Permanent
Non-Core Assets Sales	7,594	12,658	(5,063)	U	(40)%	Timing and permanent
Winsome's Call Option	8,500	12,500	(4,000)	U	(32)%	Permanent
Other Receipts	596	-	596	F	-	Permanent
Financial Bond	-	5,364	(5,364)	U	(100)%	Permanent
Total Receipts	38,280	52,053	(13,774)	U	(26)%	
Disbursements						
Payroll	6,200	7,255	1,055	F	15%	Timing and permanent
Group Insurance	151	320	169	F	53%	Permanent
Vendors Payment	9,742	10,307	566	F	5%	Timing and permanent
Restructuring Fees	1,471	2,260	789	F	35%	Timing
Total Disbursements	17,564	20,143	2,579	F	13%	
Senior Debts						
Payment to Streamers	2,321	2,097	(224)	U	(11)%	Permanent
Royalties to IQ Diaquem	396	404	8	F	2%	Permanent
Distribution to Diaquem	1,317	-	(1,317)	U	-	Permanent
Debt Repayment - Caterpillar	4,777	5,459	682	F	12%	Permanent
Transfer to the Monitor	1,500	-	(1,500)	U	-	Permanent
Total Senior Debts	10,311	7,960	(2,351)	U	(30)%	
Net Cash Flow	10,405	23,951	(13,546)	U	(57)%	
Beginning Cash (w/o cash held in-trust)	13,542	13,542	-		-	
Ending Cash (w/o cash held in-trust)	23,947	37,492	(13,546)	U	(36)%	
Cash held in-trust by the Monitor						Timing
	1,500	-	1,500	F	-	
Ending Cash (including cash held in-trust)	25,447	37,492	(12,046)	U	(32)%	

Note 1: The budget is based on the 34-Week Cash Flow that was submitted to the Court on February 21, 2025.

Note 2: As of September 25, 2025, the Monitor holds \$1.5 million 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.

Appendix B

Cash flow statement

Figures in 000's CAD

		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 20	Total
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		8-Sep 14-Sep	15-Sep 21-Sep	22-Sep 28-Sep	29-Sep 5-Oct	6-Oct 12-Oct	13-Oct 19-Oct	20-Oct 26-Oct	27-Oct 2-Nov	3-Nov 9-Nov	10-Nov 16-Nov	17-Nov 23-Nov	24-Nov 30-Nov	1-Dec 7-Dec	8-Dec 14-Dec	15-Dec 21-Dec	22-Dec 28-Dec	29-Dec 4-Jan	5-Jan 11-Jan	12-Jan 18-Jan	19-Jan 25-Jan	8-Sep 25-Jan
Receipts																						
Recoverable Taxes on Payables		-	115	-	-	-	-	126	-	-	105	-	-	-	-	123	-	-	-	-	141	610
Winsome Break Fee		-	-	-	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000
Total Receipts		-	115	-	2,000	-	-	126	-	-	105	-	-	-	-	123	-	-	-	-	141	2,610
Disbursements																						
Payroll	Note 1	428	21	290	21	244	21	251	21	272	21	207	19	226	201	198	88	198	39	166	18	2,950
Vendors Payment	Note 1	136	144	144	172	172	172	344	194	194	194	389	146	292	292	-	-	153	153	153	306	3,751
Restructuring Fees		-	285	-	-	-	-	135	-	-	-	135	-	-	-	135	-	-	-	-	100	790
Environmental Remediation Costs	Note 1	179	-	-	-	179	-	-	-	179	-	-	-	-	179	-	-	-	-	-	-	716
Total Disbursements		743	450	434	193	595	193	730	215	645	215	731	165	518	672	333	88	350	192	319	423	8,207
Senior Debts																						
CAT Financial		-	-	-	866	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	866
Total Senior Debts		-	-	-	866	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	866
Net Cash Flow		(743)	(336)	(434)	941	(595)	(193)	(604)	(215)	(645)	(110)	(731)	(165)	(518)	(672)	(210)	(88)	(350)	(192)	(319)	(283)	(6,463)
Beginning Cash (w/o cash held in-trust)		23,947	23,204	22,868	22,434	23,374	22,780	22,586	21,983	21,767	21,122	21,012	20,281	20,117	19,598	18,926	18,716	18,628	18,278	18,086	17,767	23,947
Ending Cash (w/o cash held in-trust)		23,204	22,868	22,434	23,374	22,780	22,586	21,983	21,767	21,122	21,012	20,281	20,117	19,598	18,926	18,716	18,628	18,278	18,086	17,767	17,484	17,484
Cash held in-trust by the Monitor																						
Mobile Camps Transaction	Note 2	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	1,500	1,500	1,500	1,500	1,500
Non-Core Assets Sales	Note 3	895	895	895	895	895	895	895	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118
		2,395	2,395	2,395	2,395	2,395	2,395	2,395	2,618	2,618	2,618	2,618	2,618	2,618	2,618	2,618	2,618	2,618	2,618	2,618	2,618	2,618
Ending Cash (including cash held in-trust)		25,599	25,263	24,829	25,769	25,175	24,981	24,378	24,385	23,740	23,630	22,899	22,735	22,216	21,544	21,334	21,246	20,896	20,704	20,385	20,102	20,102

Note 1: These amounts could vary namely based on the upcoming decisions to be made by the Monitor, in consultation with the Secured Creditors and subject to their consent or the approval of the Court, and with other stakeholders, including the MRNF, regarding the restoration and rehabilitation of the mining site.

Note 2: As of September 25, 2025, the Monitor holds \$1.5 million 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.

Note 3: The proceeds from Non-Core Assets, totaling \$1.1 million, are held or will be held in trust by the Monitor (\$895K already received; \$223K budgeted).

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 January 25, 2026.

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 bases as is appropriate in the circumstances), the projected cash flow of the company as defined in section 2(1) of the Act based on Probable and Hypothetical Assumptions that reflect the company's planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS:

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

(3) PROBABLE ASSUMPTIONS:

Means assumptions that:

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

(4) SUITABLY SUPPORTED:

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

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

(v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

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

NOTE C - ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening Cash Balance</u>	Based on current bank balances as at September 8, 2025.	x	
<u>Exchange Rate</u>	Exchange rate used by management is the following: US \$/Cnd \$ = 1.40	x	
<u>Forecast Cash Receipts:</u>			
Recoverable Taxes on Payables	Based on the notice of assessments received from the tax authorities and forecasted expenses	x	
Winsome Break Fee	Based on the Second Amended and Restated Call Option Agreement	x	
<u>Forecast Cash Disbursements:</u>			
Payroll	Based on Stornoway's historical payroll reports and forecasted payroll in a cold care and maintenance	x	
Vendors Payment	Based on Stornoway's forecasted expense payable	x	

Restructuring Fees	Management estimate of professional fees to be incurred in the following weeks for the Monitor and the legal advisors		x
Environmental Remediation Costs	Based on the Management's estimate to complete phase 2 of the environmental plan	x	
Debt Repayment – CAT Financial	Based on the proposed settlement agreement with CAT Financial	x	