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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**

**TWELFTH 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, 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, 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.
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; viii) Cash flow results for the 30-week period ended September 7, 2025; and, 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.
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 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 28, 2026, the Debtors filed an *Application for the Issuance of an Order Extending the Stay of Proceedings* (the "**Application**").
35. 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, the Initial Application, or the Application.

36. The purpose of this twelfth report of the Monitor (the "**Twelfth 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 Eleventh Report;
  - III. Update on 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, notably in respect of the Application.
37. In preparing the Twelfth 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 Twelfth 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.
38. Future oriented financial information referred to in this Twelfth 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.
39. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Twelfth 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**

40. Since the granting of the Fifth Amended and Restated Initial Order on September 29, 2025, 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**").

41. Stornoway has pursued its ongoing discussions with its secured creditors Osisko Gold Royalties Ltd., CDPQ Ressources Inc., 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.
42. 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 with the liquidation of the Remaining Non-Core Assets and review of certain offers received;
  - d) Initiate and conduct an in-house liquidation of the core assets (the "**Core Assets**");
  - e) Initiate and conduct the call for tenders for the dismantling and demolition of the infrastructure and buildings at the Renard Mine;
  - f) Communicate with Winsome in respect of the Break Fee payment;
  - g) 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);
  - h) Assess and review the environmental consultants' progress in preparing the Restoration Plan; and
  - i) Debrief Stornoway's communications 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.
43. 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

44. Stornoway has been proactive in responding to the inquiries of various stakeholders regarding the CCAA Proceedings, the Restructuring Process and the Renard Mine restoration project.
45. 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.
46. Stornoway, with the assistance of the Monitor, continues to explore the possibility of further reducing the costs of its operations.
47. 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.

## II. THE MONITOR'S ACTIVITIES SINCE THE ELEVENTH REPORT

48. Since the Eleventh Report, the Monitor continued to respond to the inquiries received from various stakeholders regarding the CCAA Proceedings and the Restructuring Process.
49. The Monitor posted a copy of the CCAA Proceedings' materials, the Eleventh Report of the Monitor, the Fifth Amended and Restated Initial Order, the Release Order, the Judgment on Application for the Enforcement of a Contractual Right to a Break Fee, the Application, and the KERP Termination Notice on the Monitor's Website which it updates on a regular and proactive basis.
50. 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 Eleventh 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) With Caterpillar Financial Services Limited ("**CAT Financial**") for the payment required to fully settle the outstanding debt balance under the master lease agreement;
  - c) With Stornoway and TCL, to discuss and review certain offers received during the liquidation of the Remaining Non-Core Assets;
  - d) With several potential buyers for the liquidation of the Core-Assets;
  - e) With environmental specialists to prepare, initiate and conduct the solicitation process for the dismantling and demolition of the Renard Mine as part of the Renard Mine restoration project;
  - f) With liquidators and dismantlers regarding the call for tenders for the dismantling of the infrastructure in connection with the Renard Mine restoration project;
  - g) With Winsome for the payment of the Break Fee following the judgment rendered by this Court, and with its new partner, Li-FT Power Ltd. ("**Li-FT**"), to determine whether they have an interest in purchasing Stornoway's Core Assets as further described in this report; and
  - h) With certain unsecured creditors, employees and other stakeholders.
51. Following the issuance of the Liquidation Order dated June 10, 2025, the Monitor continued to assist TCL and Stornoway in reviewing and approving certain offers received by TCL throughout the liquidation process and in the collection of the proceeds. Overall, the online auction and private negotiated sales conducted by TCL resulted in proceeds of approximately CAD 876K and USD 193K. The funds are currently held in the Monitor's trust account.
52. Since the Eleventh Report, the Monitor has continued to work with Stornoway to monitor the Company's activities with the view of reporting to the Court.
53. The Monitor is also participating in regular discussions with the Company 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.

54. The Monitor has continued a weekly review of Stornoway bank accounts' receipts and disbursements. Since the Eleventh Report, 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.
55. 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. UPDATE ON WINSOME BREAK FEE PAYMENT

56. On July 28, 2025, Winsome delivered a termination notice to Stornoway thereby terminating the SARCOA with immediate effect (the "**Termination Notice**").
57. Consequently, as of July 28, 2025, and in accordance with Section 2.3(5)(b)(i) of the SARCOA, 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 SARCOA. Therefore, the Debtors filed *an Application for the Enforcement of a Contractual Right to a Break Fee*, requesting the Court to order Winsome to pay the Brake Fee.
58. On October 15, 2025, the Court rendered the Judgment on Application for the Enforcement of a Contractual Right to Break Fee which ordered Winsome to pay the Break Fee, as required under the SARCOA.
59. On October 30 and 31, 2025, the Monitor received, in its in-trust account, two (2) payments in respect of the Break Fee, legal expenses, and accrued interest.
60. The Monitor notes that on December 15, 2025, Winsome announced the execution of an agreement with Li-FT pursuant to which the latter agreed to purchase 100% of the securities issued by Winsome. Since this announcement, the Monitor had limited interaction with Winsome or Li-FT, as they are considering whether they are interested in purchasing the Renard Mine. However, no developments are expected before the transaction is completed, which the Monitor understands, is anticipated to occur in spring 2026.

### IV. ENVIRONMENTAL MATTERS IN RESPECT OF THE RENARD MINE SITE

61. Further to the notice sent by Stornoway to the Ministère des ressources naturelles et forêts (the "**MRNF**") regarding the cessation of operations as of January 28, 2025, and considering the Termination Notice, the Debtors and the Monitor, in consultation with the Secured Creditors, continued the planning for the environmental rehabilitation and restoration of the Renard Mine Site. The Debtors kept the Secured Creditors informed of these steps.
62. Therefore, Stornoway, with the assistance of the Monitor, engaged environmental consultants to update the rehabilitation and restoration plan (the "**Restoration Plan**") in accordance with 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.
63. 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.

64. 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.
65. In addition, the Monitor held meetings with Diaquem, an Investissement Québec affiliate, and Diaquem's legal advisor to present the timeline and detailed budget for the Renard Mine restoration project, and clarify the process under which the restoration may be implemented by the Monitor, with the consent of the Secured Creditors and in consultation with the MRNF, with the assistance of Stornoway's Management, rather than being abandoned and transferred to the MRNF.
66. As described further in this report, the call for tenders for the dismantling of the buildings and equipment, as well as the process for the monetization of the Core Assets, were conducted in parallel and are now completed.
67. The completion of both processes allowed the Monitor to confirm the range of potential revenues and costs related to the demolition, dismantlement or monetization of the buildings and equipment, which are material assumptions incorporated into the detailed budget for the Renard Mine restoration project.

#### Dismantling of the buildings and equipment

68. On July 24, 2025, Stornoway and Deloitte 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.
69. 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 dismantling of the buildings and equipment included in the Restoration Plan.
70. Following the site visit, Stornoway and Deloitte requested that the Dismantlers submit letters of interest to be evaluated to determine which parties would qualify for the second phase ("**Phase 2**") of the bidding process.
71. Phase 2 of the call for tenders was initiated on October 27, 2025, by the distribution of the Phase 2 bid documentation prepared by Stornoway, the Monitor, their respective legal counsels and environmental specialists.
72. Stornoway and the Monitor had several meetings and maintained continuous communications with the Dismantlers to answer questions regarding the bid process and work to be completed during the dismantling. A virtual data room containing plans, drawings, pictures, specifications and other relevant information was prepared and actively updated.
73. Dismantlers qualified to participate in Phase 2 had the opportunity to conduct a more comprehensive review of the project and submit a formal proposal, including a detailed dismantling plan and timeline.
74. Stornoway and the Monitor have encouraged the participation of the local communities by soliciting businesses for a list and presentation of their offered services, which were distributed to the participants of the call for tenders.

75. The call for tender process can be summarized as follows:

- a) On August 15, 2025, nine (9) interested dismantlers visited the Renard Mine for a brief overview of the site and to review the scope of work required for the demolition;
- b) By August 22, 2025, nine (9) letters of intents ("**LOIs**") to participate in Phase 2 of the call for tenders were submitted by potential dismantlers;
- c) Eight (8) LOIs were qualified by Stornoway and the Monitor, in consultation with the Secured Creditors;
- d) Three (3) dismantlers requested an additional visit to the Renard Mine in order to further analyze the work to be completed; and
- e) By December 10, 2025, four (4) proposals were submitted by the dismantlers participating in phase 2 of the call for tenders.

76. Following the submission of the proposals, the Monitor held meetings and engaged in communications with the four (4) dismantlers to seek clarification of their respective proposals. These communications are currently ongoing and, both Stornoway and the Monitor continue to review the submitted proposals, which will remain valid until March 10, 2026.

77. Before selecting a proposal and incurring any obligation with respect to any restoration and rehabilitation work, including dismantling the buildings and equipment, the Monitor will consult with the MRNF and will require a confirmation that the proceeds of the XL Guarantee provided to the MRNF in accordance with the *Mining Act* will be available to pay for such activities. The MRNF has been advised that, should the restoration and rehabilitation work be performed by the Monitor, the intent is that the proceeds from the XL Guarantee be paid in trust to the Monitor in order to pay for such work.

78. The selection of a proposal will also be subject to the approval by the Secured Creditors and the Court.

#### Monetization of the Core Assets

79. On October 27, 2025, in parallel with the Phase 2 bid process for the dismantling of buildings and equipment, Stornoway and the Monitor reached out to strategic mining companies, end users and suppliers (the "**Potential Buyers**") to pursue the monetization of Stornoway's Core Assets.

80. The monetization of the Core Assets can be summarized as follows:

- a) Sixty-two (62) Potential Buyers have been reached out to and provided with a teaser, the terms and conditions of the monetization, and a list of assets for sale;
- b) Twenty (20) Potential Buyers have responded to the outreach and shown interest in purchasing the assets;
- c) Five (5) Potential Buyers have requested a site visit at the Renard Mine to further inspect the buildings and equipment; and
- d) Eleven (11) offers have been submitted to Stornoway and the Monitor.

81. Stornoway and the Monitor, in consultation with the Secured Creditors, are evaluating the submitted offers for the Core Assets and will return for Court approval, if required.

**V. CASH FLOW RESULTS FOR THE 19-WEEK PERIOD ENDED JANUARY 18, 2026**

82. The highlights of Stornoway's financial performance for the period commencing on September 8, 2025, and ending on January 18, 2026, are presented in the cash flow results annexed as **Appendix A**.
83. The table below provides an overview of the cash balances and the cash variances of Stornoway from September 8, 2025, to January 16, 2026, excluding \$4.7M of cash held in-trust by the Monitor:

<b>Stornoway Cash Variation For the Period of September 8, 2025 to January 18, 2026 (In 000's CAD)</b>	
Cash and Cash Equivalents - Beginning	23,947
Net Variation in Cash Balance	(7,184)
<b>Cash and Cash Equivalents - Ending</b>	<b>16,764</b>

84. 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 Ninth Report (the "**Ninth Cash Flow Statement**"), Stornoway experienced an unfavorable variance of approximately \$716K (approx. 29% vs budget) with respect to the cash inflows. The variance is primarily attributable to:
    - i. Unfavorable variance of \$133K in recoverable taxes on payables due to the timing of tax refund collection and an overestimation by Management;
    - ii. Unfavorable variance of \$2.0M for Winsome Break Fee as it was collected in the Monitor's in-trust account. The Monitor collected the Break Fee, legal fees, and accumulated interest which totalled \$2.0M;
    - iii. Favorable variance of \$1.1M for camps facilities rental revenues which were not budgeted; and
    - iv. Favorable variance of \$293K from other receipts due to Stornoway's interest revenue from its bank deposits, and reimbursements by other companies for the usage of its airport, which were not budgeted in the Ninth Cash Flow Statement.
  - b) Compared with the Ninth Cash Flow Statement, Stornoway experienced an unfavorable variance of \$290K (approx. 4% vs budget) in respect of the cash outflows. The variance is primarily attributable to:
    - i. Favorable variance of \$435K in payroll costs mainly caused by a lower than forecasted bonuses and retention cost;
    - ii. Unfavorable variance of \$391K for vendor payments, which is mainly explained by the higher than expected use of fuel, liquid natural gas and use of service from the Kiskinchiish camp services. This is offset by the camps facilities rental not forecasted in the budget;
    - iii. Unfavorable variance of \$367K in professional fees which is mainly due to the preparation and review of the dismantling call for tenders and the

monetization of the assets, as well as discussions with parties interested in purchasing certain assets; and,

- iv. Favorable variance of \$33K in environmental remediation costs which is due to the timing of payments.
  - c) Compared with the Ninth Cash Flow Statement, Stornoway senior debt repayment was \$3K lower than budgeted, which is non-material. This payment was made to settle the outstanding debt balance under the master lease agreement with CAT Financial and to release any security interests over financed lease assets.
  - d) In summary, compared to the Ninth Cash Statement, Stornoway experienced a net unfavorable variance of approximately \$1.0M. This variance arose primarily because the Ninth Cash Flow Statement assumed that the Break Fee from the Winsome Call Option would be collected by Stornoway, but instead has been collected in the in-trust account of the Monitor and the unbudgeted camp facilities rental revenue.
85. As of the date of this Twelfth Report, all post-filing expenses incurred by Stornoway have been or will be paid in the normal course of business.

## VI. CASH FLOW PROJECTIONS UNTIL APRIL 5, 2026

86. Stornoway, with the assistance of the Monitor, has prepared the projected cash flow statement (the "**Cash Flow Statement**") for the 11-week period commencing on January 19, 2026, and ending on April 5, 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 Twelfth Report.

Stornoway Summary of the Cash Flow Statement Ending April 5, 2026 (In 000's CAD)	
Cash and Cash Equivalents - Beginning	16,764
Net Variation in Cash Balance	(3,777)
<b>Cash and Cash Equivalents - Ending</b>	<b>12,987</b>

### Overview of the projected Cash Flow Statement

87. 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.
88. 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.
89. 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.
90. 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 Twelfth 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.
91. 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.
92. 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.
93. As things currently stand, based on the Cash Flow Statement, Stornoway's total liquidities are estimated to be in the amount of \$13.0 million as at April 5, 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

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

**VII. EXTENSION OF THE STAY PERIOD**

95. The current Stay Period expires on February 3, 2026.
96. By the Application, the Debtors are seeking an extension of the Stay Period until April 1, 2026, in order to continue the preparation in relation with the dismantling and demolition of the Renard Mine.
97. 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 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.
98. 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.
99. The Monitor is of the opinion that Stornoway has acted in good faith throughout these proceedings.

100. As demonstrated by the Cash Flow Statement, Stornoway will have sufficient liquidity to continue to meet its obligations during the extension period.

#### **VIII. THE MONITOR'S CONCLUSIONS AND RECOMMENDATIONS**

101. In light of the foregoing, the Monitor is of the view that in respect of the Application:

- (i) The extension of the Stay Period to April 1, 2026, is required for the Monitor to continue the consultation with the MRNF regarding the dismantling and demolition of the buildings and equipment, obtain the payment from the XL Guarantee in order to cover those dismantling costs and future restoration and rehabilitation costs, initiate an orderly wind down of Stornoway's operations, liquidate Stornoway's core assets, pursue the environmental rehabilitation plan for the Renard Mine and complete its analyses and prepare the upcoming distribution(s) to creditors, the whole subject to the consent of the Secured Creditors and/or of the Court;
- (ii) Based on the information presently available and as explained in its Twelfth Report, the Monitor believes the Debtors' creditors will not be materially prejudiced by the requested extension of the Stay Period; 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.

102. Accordingly, the Monitor supports the relief sought by the Debtors in the Application.

103. The Monitor confirms that there have been no further material developments to report on this matter, other than what is provided for in this Twelfth Report.

104. The Monitor respectfully submits to the Court this, its Twelfth Report.

DATED AT MONTREAL, this 30<sup>th</sup> day of January 2026.

#### **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**

**For the 19-week period ended January 18, 2026**

**Stornoway**  
**Budget to Actual (BTA)**  
**For the 19-week period ended January 18, 2026**

Figures in 000's CAD

	Cumulative 19 weeks ended January 18, 2026				Timing vs Permanent
	Actual	Budget (Note 1)	Variance (\$) Fav (Unfav)	Variance (%)	
<b>Receipts</b>					
Recoverable Taxes on Payables	336	469	(133) U	(28)%	Timing & Permanent
Winsome Break Fee	-	2,000	(2,000) U	(100)%	Permanent
Camp Facilities Rental	1,123	-	1,123 F	-	Permanent
Other Receipts	293	-	278 F	-	Permanent
<b>Total Receipts</b>	<b>1,753</b>	<b>2,469</b>	<b>(716) U</b>	<b>(29)%</b>	
<b>Disbursements</b>					
Payroll	2,497	2,932	435 F	15%	Timing & Permanent
Vendors Payment	3,836	3,445	(391) U	(11)%	Timing & Permanent
Restructuring Fees	1,057	690	(367) U	(53)%	Timing & Permanent
Environmental Remediation Costs	683	716	33 F	5%	Timing
<b>Total Disbursements</b>	<b>8,073</b>	<b>7,783</b>	<b>(290) U</b>	<b>(4)%</b>	
<b>Senior Debts</b>					
CAT Financial	863	866	3 F	0%	Permanent
<b>Total Senior Debts</b>	<b>863</b>	<b>866</b>	<b>3 F</b>	<b>0%</b>	
<b>Net Cash Flow</b>	<b>(7,183)</b>	<b>(6,180)</b>	<b>(1,003)</b>	<b>16%</b>	
Beginning Cash (w/o cash held in-trust)	23,947	23,947	-	-	
<b>Ending Cash (w/o cash held in-trust)</b>	<b>16,764</b>	<b>17,767</b>	<b>(1,003) U</b>	<b>(6)%</b>	
<b>Cash held in-trust by the Monitor (Note 2 and 3)</b>	<b>4,709</b>	<b>1,500</b>	<b>3,209 F</b>	<b>214%</b>	
<b>Ending Cash (including cash held in-trust)</b>	<b>21,473</b>	<b>19,267</b>	<b>2,206 F</b>	<b>11%</b>	

*Note 1: The budget is based on the 20-Week Cash Flow that was submitted to the Court on September 25, 2025.*

*Note 2: As of January 18, 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 \$1.2M related to the sales of the Remaining Non-Core Assets and \$2.0M from the break fees, interest, and legal expenses paid by Winsome.*

*Note 3: 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 11-week period ending April 5, 2026**

**Stornoway  
Cash Flow Statement  
For the 11-Week Period Ending April 5, 2026**

Figures in 000's CAD

	Week 1 Forecast	Week 2 Forecast	Week 3 Forecast	Week 4 Forecast	Week 5 Forecast	Week 6 Forecast	Week 7 Forecast	Week 8 Forecast	Week 9 Forecast	Week 10 Forecast	Week 11 Forecast	Total Forecast
	19-Jan 25-Jan	26-Jan 1-Feb	2-Feb 8-Feb	9-Feb 15-Feb	16-Feb 22-Feb	23-Feb 1-Mar	2-Mar 8-Mar	9-Mar 15-Mar	16-Mar 22-Mar	23-Mar 29-Mar	30-Mar 5-Apr	19-Jan 5-Apr
<b>Receipts</b>												
Recoverable Taxes on Payables	-	-	158	-	-	123	-	-	113	-	-	394
<b>Total Receipts</b>	<b>-</b>	<b>-</b>	<b>158</b>	<b>-</b>	<b>-</b>	<b>123</b>	<b>-</b>	<b>-</b>	<b>113</b>	<b>-</b>	<b>-</b>	<b>394</b>
<b>Disbursements</b>												
Payroll	18	154	18	183	18	168	45	161	18	154	39	974
Vendors Payment	155	390	119	68	136	465	26	26	259	570	160	2,374
Restructuring Fees	45	-	105	-	100	-	-	-	100	-	-	350
Environmental Remediation Costs	-	77	-	-	177	-	162	-	-	57	-	473
<b>Total Disbursements</b>	<b>218</b>	<b>620</b>	<b>242</b>	<b>251</b>	<b>431</b>	<b>633</b>	<b>233</b>	<b>187</b>	<b>376</b>	<b>781</b>	<b>199</b>	<b>4,171</b>
<b>Net Cash Flow</b>	<b>(218)</b>	<b>(620)</b>	<b>(84)</b>	<b>(251)</b>	<b>(431)</b>	<b>(510)</b>	<b>(233)</b>	<b>(187)</b>	<b>(263)</b>	<b>(781)</b>	<b>(199)</b>	<b>(3,777)</b>
Beginning Cash (w/o cash held in-trust)	16,764	16,546	15,926	15,842	15,591	15,160	14,650	14,417	14,230	13,967	13,186	16,764
<b>Ending Cash (w/o cash held in-trust)</b>	<b>16,546</b>	<b>15,926</b>	<b>15,842</b>	<b>15,591</b>	<b>15,160</b>	<b>14,650</b>	<b>14,417</b>	<b>14,230</b>	<b>13,967</b>	<b>13,186</b>	<b>12,987</b>	<b>12,987</b>
<b>Cash Held in-trust by the Monitor</b>												
Mobile Camps Transaction (Note 1)	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 2)	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145
Winsome Break Fee (Note 3)	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037
Albion's Share (Note 4)	26	26	26	26	26	26	26	26	26	26	26	26
<b>Total Cash Held In-Trust</b>	<b>4,709</b>	<b>4,709</b>	<b>4,709</b>	<b>4,709</b>	<b>4,709</b>	<b>4,709</b>	<b>4,709</b>	<b>4,709</b>	<b>4,709</b>	<b>4,709</b>	<b>4,709</b>	<b>4,683</b>
<b>Ending Cash (including cash held in-trust)</b>	<b>21,255</b>	<b>20,635</b>	<b>20,551</b>	<b>20,300</b>	<b>19,869</b>	<b>19,359</b>	<b>19,126</b>	<b>18,939</b>	<b>18,676</b>	<b>17,895</b>	<b>17,696</b>	<b>17,670</b>

Note 1: As of January 19, 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 2: The Non-Core Assets proceeds totaling \$1.1M have been included in Stornoway's cash. However, the Non-Core Assets proceeds could be distributed in accordance with the instructions received by the Secured Creditors and, or by the Court.

Note 3: The Break Fee, interest and legal fees from Winsome totaling \$2.0M have been included in Stornoway's cash. However, those amounts could be distributed in accordance with the instructions received by the Secured Creditors and, or by the Court.

Note 4: 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 April 5, 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**

<b>Assumptions</b>	<b>Source</b>	<b>Probable Assumption</b>	<b>Hypothetical Assumption</b>
<b><u>Opening Cash Balance</u></b>	Based on current bank balances as at January 19, 2026.	x	
<b><u>Exchange Rate</u></b>	Exchange rate used by management is the following: US \$/Cnd \$ = 1.40	x	
<b><u>Forecast Cash Receipts:</u></b>			
Recoverable Taxes on Payables	Based on the notice of assessments received from the tax authorities and forecasted expenses	x	
<b><u>Forecast Cash Disbursements:</u></b>			
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	Estimated 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 finalize the updated environmental remediation plan	x	