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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

**TENTH 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) 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 approves the extension of Winsome's Call Option Agreement until August 31, 2025. The Court also rendered an Order Extending the Stay of Proceedings, which notably extended 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* (the "**AVO Application**").
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, notably in respect of the AVO Application.
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. 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 Initial Application, or the Application.
29. The purpose of this tenth report of the Monitor (the "**Tenth Report**") is to provide information to the Court with respect to:
- I. Update regarding the Debtor's communications and operations;
 - II. The Monitor's activities since the Ninth Report;
 - III. Update on construction legal hypothecs;
 - IV. 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. 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.
30. In preparing the Tenth 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 Tenth 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.
31. Future oriented financial information referred to in this Tenth 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.
32. Unless otherwise indicated, the Monitor’s understanding of factual matters expressed in this Tenth 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

33. Since the granting of the Order Extending the Stay of Proceedings dated February 24, 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**”).
34. 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.
35. 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) Monitor the diamond sales and collection of proceeds from the fifth milling campaign;
 - c) Optimize working capital and implement various cost reduction measures, such as the implementation of a cold care and maintenance;
 - d) Negotiate settlements with certain construction legal hypothec holders;
 - e) Communicate with New Gold Inc. (“**New Gold**”) to plan the removal logistics and scheduling for the mobile camps and the non-core equipment purchased in April 2025;

- f) Provide operational and financial information to Winsome for the completion of its due diligence process;
 - g) Assess the progress of the environmental rehabilitation; and,
 - h) Sell polished diamonds (the “**Excluded Diamonds**”) to its employees, as well as certain members of the First Nations’ partner of Stornoway, the board of directors and the Secured Creditors, excluding those from CDPQ and Diaquem. As of the date of this report, all Excluded Diamonds have been sold for approximately \$293K. Court approval was not required for these sales considering that each individual transaction is below the \$250,000 threshold or \$1,500,000 in the aggregate.
36. There has not been any environmental incident during the reporting period that has not been addressed by Stornoway and communicated to the environmental authorities in the normal course of business. As of the date of this Report, the Monitor has not been made aware of any issues that would necessitate immediate action.

Milling campaigns:

37. Stornoway remained careful and vigilant in managing its liquidities. As previously reported to the Court, Stornoway focused on limiting costs by placing the Renard mine in care and maintenance during the Restructuring Process. Since the beginning of March 2024, Stornoway also extracted and processed the remaining ore and completed diamond sales to absorb a portion of the costs associated with the mine during the Winsome Call Option Period. The milling campaigns can be summarized as follows:
- a) Campaigns #1 to #4: Stornoway has completed these campaigns and collected the diamond sale proceeds;
 - b) Campaign #5: Stornoway has completed the final diamond sales of campaign #5 on April 17, 2025, and has collected all associated proceeds; and,
 - c) The campaign #5 concludes all milling campaigns at the Renard mine. Stornoway finalized the dismantling and the closure of the underground mine, resulting in a lower employee headcount and care and maintenance costs. Stornoway also initiated the environmental rehabilitation plan.

Other:

38. Stornoway has been proactive in responding to inquiries of different stakeholders regarding the CCAA Proceedings and the Restructuring Process.
39. Stornoway continued to operate as a going concern under cold care and maintenance and continued to pay its current employees and suppliers in the normal course of business for services rendered since the beginning of the CCAA Proceedings.
40. Stornoway, with the assistance of the Monitor, continues to explore the possibility of further reducing the costs of its operations.
41. To the Monitor’s knowledge, Stornoway remained in compliance with the provisions of the Fourth ARIQ since their issuance and have acted in good faith and with due diligence.

II. THE MONITOR’S ACTIVITIES SINCE THE NINTH REPORT

42. Since the Ninth Report, the Monitor continued to respond to inquiries received from various stakeholders regarding the Restructuring Process and the CCAA Proceedings.

43. The Monitor posted a copy of the CCAA Proceedings' materials, the Ninth Report of the Monitor, the Approval and Vesting Order for the Mobile Camps Transaction and Non-Core Equipment Transaction, the Monitor's Certificate for the Mobile Camps Transaction and Non-Core Equipment Transaction, and the Application on the Monitor's Website which it updates on a regular and proactive basis.
44. 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 Ninth Report, including:
- a) Stornoway's main secured creditors and unaffected creditors, the Streamers and Diaquem, notably to review and assess the environmental rehabilitation plan should Winsome does not exercise its Call Option;
 - b) CAT Financial, to distribute the Non-Core Equipment proceeds following the transaction's closure with New Gold, and to discuss the liquidation of the remaining non-core assets considering the rights and security interests they hold over certain Core and Non-Core Assets;
 - c) An auctioneer, TCL, to discuss and review their proposal to liquidate the remaining Non-Core Assets ("**Remaining Non-Core Assets**");
 - d) Recently laid-off employees eligible to apply for the WEPP, in order to explain the various steps of the process, the maximum amount that they could receive, and to provide support in registering their individual claim;
 - e) Holders of alleged construction legal hypothecs; and,
 - f) Certain unsecured creditors, employees and other stakeholders.
45. The Monitor participated in meetings to understand New Gold's plan and logistics to remove the purchased assets from the mine site, following the Court's authorization of the transactions.
46. Following the February 2025 visit to the mine site with TCL, the Monitor continued to assist Stornoway in planning and initiating the sale of the remaining Non-Core Assets by auction or private negotiated sales, except for certain inventories, the approval of which is being sought in the context of the Application.
47. Since the Ninth Report, the Monitor continued to work with Stornoway to monitor the Company's activities in view of reporting to the Court.
48. The Monitor is also participating in regular discussions with the Company and its board members and is being kept apprised, on a weekly basis, in respect of:
- a) Stornoway's operations and environmental rehabilitation of the site; and,
 - b) Any other issues encountered by Stornoway.
49. The Monitor has continued a daily review of Stornoway bank accounts' receipts and disbursements. Since the Ninth 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.
50. 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 CONSTRUCTION LEGAL HYPOTHECS

51. As of the date of this report, Stornoway's legal counsel came to agreements with three (3) of the five (5) Construction Hypothecs holders. Three (3) settlement and release agreements have been fully executed. No settlement and release agreements have been executed by 9466-0339 Québec Inc. d.b.a. Services SC ("**Services SC**") and Gestion Houde Inc. ("**Gestion Houde**").
52. An agreement in-principle was reached in December 2024 with Services SC. However, Services SC is refusing to sign a settlement agreement reflecting such agreement in principle. Stornoway and the Monitor consider that the agreement in-principle must be honored and do not intend to renegotiate with Services SC. Stornoway and the Monitor are reviewing their options in terms of the homologation of the agreement in principle reached with Services SC.
53. Gestion Houde has registered a construction legal hypothec. Despite numerous discussions among Stornoway, the Monitor, Gestion Houde, and their respective legal counsels, no settlement agreement has been reached. Although Stornoway has received settlement offers from Gestion Houde, the proposals remain too far apart to reach an agreement at this stage.
54. The Monitor will continue to monitor the progress of the discussions and will report to the Court in due course.

IV. CASH FLOW RESULTS FOR THE 15-WEEK PERIOD ENDED MAY 25, 2025

55. The highlights of Stornoway's financial performance for the period commencing on February 10, 2025, and ending on May 25, 2025, are presented in the cash flow results annexed as **Appendix A (Under seal)**.
56. The table below provides an overview of the cash balances and the cash variances of Stornoway from February 10 to May 25, 2025:

Stornoway Cash Variation For the Period of February 10 to May 25, 2025 (In 000's CAD)	
Cash and Cash Equivalents - Beginning	13,542
Net Variation in Cash Balance	17,191
Cash and Cash Equivalents - Ending	30,733

57. 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 a favorable variance of approximately \$4,732K (approx. 16% vs budget) with respect to the cash inflows. The variance is primarily attributable to:
- i. Favorable variance of \$179K in gross diamond sales resulting from a higher than budgeted volume of carats sold;
 - ii. Unfavorable variance of \$535K in brokerage fees due to an underestimation by Management;
 - iii. Favorable variance of \$128K for camps facilities rental revenues which were not budgeted;

- iv. Favorable variance of \$4,777K relating to the proceeds of the second sale of non-core assets. The amount was used for the repayment of an outstanding loan with Caterpillar Financial Services Limited ("**CAT Financial**"), which held rights and security interests over some of the Core and Non-Core assets. The sale was budgeted the week ending June 1, 2025; and,
 - v. Favorable variance of \$227K in 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.
- b) Compared with the Eighth Cash Flow Statement, Stornoway experienced a favorable variance of \$1,907K (approx. 16% vs budget) in respect to the cash outflows. The variance is primarily attributable to:
- i. Favorable variance of \$437K in payroll costs mainly caused by retention bonuses and vacations which will be paid later than budgeted and over several periods;
 - ii. Favorable variance of \$71K for group insurance expenses due to the timing of payments; and,
 - iii. Favorable variance of \$1,403K for vendors payment, which is mainly explained by a conservative estimate of the consumption of goods and services during the care and maintenance period and due to the shorter than expected underground equipment dismantling period. The variance is also partially caused by the timing of payments.
- c) Compared with the Eighth Cash Flow Statement, Stornoway experienced an unfavorable variance of \$4,998K in senior debts repayment, mainly due to the payment to CAT Financial, which was budgeted at a later period.
- d) In summary, compared with the Eighth Cash Flow Statement, Stornoway experienced a net favorable variance of approximately \$1,641K.

58. As of the date of this Tenth Report, all post-filing expenses incurred by Stornoway have been or will be paid in the normal course of business.

V. CASH FLOW PROJECTIONS UNTIL OCTOBER 5, 2025

59. The Monitor confirms that there are no significant variances in the cash flow submitted in the Eighth Report. Therefore, the Monitor will continue to report on the Cash Flow Statement ending October 5, 2025.
60. As described in the Eighth Report, the Cash Flow Statement demonstrates that Stornoway should have sufficient liquidity to continue to meet its obligations during the proposed extension of the Stay Period expiring September 30, 2025.
61. Management has advised the Monitor that it believes that the forecast reflected in the Cash Flow Statement is still reasonable.

VI. KEY EMPLOYEE RETENTION PLAN

62. Stornoway has developed a KERP to encourage key employees and officers to remain employed by Stornoway. Stornoway and the Monitor believe that retaining certain key employees and officers is essential for successfully leading the remainder of Stornoway's restructuring, particularly in the context of the ongoing discussions with Winsome and other stakeholders.
63. The identified key employees are also critical for closing the contemplated transaction with Winsome or proceeding with an orderly liquidation of Stornoway's assets should Winsome does not exercise its Call Option.
64. Without a retention and incentive plan for these identified key employees and officers, they are likely to seek other employment opportunities.
65. Stornoway wishes to implement a KERP by increasing the amount allocated to the three (3) key employees and officers ("**KERP Amounts**").
66. The KERP Amounts have been approved by the Streamers and Diaquem, both of which are unaffected creditors.
67. The KERP Amounts will be transferred in the KERP Trust and are fully detailed in **Appendix B (Under seal)**.
68. The Monitor has reviewed the KERP Amounts and believes that it is necessary in the circumstances described above and that the milestones of the KERP are aligned with the remaining steps of the CCAA Proceedings.

VII. SALE OF CERTAIN NON-CORE ASSETS

69. The Winsome Call Option Agreement provides Stornoway the right to sell certain Non-Core Assets. The identified Non-Core Assets could be monetized by Stornoway, in consultation with the Monitor and the Secured Creditors.
70. On August 16, 2024, the Court authorized to sell certain Non-Core Assets to Accès Industriel Minier Inc. following a first liquidation sale.
71. On April 17, 2025, the Court authorized to sell certain Non-Core Assets, more specifically the Non-Core Mobile Camps and the Non-Core Equipment, to New Gold in a second liquidation sale.
72. On April 9, 2025, Stornoway received an unsolicited offer from New Gold to purchase certain spare parts (the "**Parts**"), which complement Non-Core Equipment New Gold previously acquired from Stornoway. These Parts are included in Non-Core Assets.
73. Following discussions and negotiations between New Gold, Stornoway and the Monitor, Stornoway submitted a counteroffer to New Gold for the acquisition of the Parts. The counteroffer was subsequently accepted on April 14, 2025, by New Gold (the "**Proposed Transaction**").

74. The Monitor believes the Proposed Transaction should be approved by the Court for the following reasons:

- a) The Proposed Transaction contemplates the sale of specific Parts that are complementary to the Non-Core Equipment purchased by New Gold in April 2025. It is highly unlikely that a third party, not owing to the Non-Core Equipment acquired by New Gold, would be interested in these Parts;
- b) The purchase price of the Proposed Transaction is considered fair and reasonable as it aligns with the recovery rates experienced by the Monitor in other liquidations;
- c) Stornoway and the Monitor presented the Proposed Transaction to the Secured Creditors and obtained their approval;
- d) The Proposed Transaction represents a significant portion of the inventory on hand, which is mainly consisting of spare parts, reducing the need to place into an auction of the Parts and to pay commission and other associated expenses; and,
- e) The Proposed Transaction would be more beneficial to the Secured Creditors than a disposition of the Parts under a bankruptcy scenario.

VIII. LIQUIDATION OF THE REMAINING NON-CORE ASSETS WITH TCL ASSETS GROUP INC. (TCL)

75. Stornoway, with the assistance of Deloitte, conducted two (2) non-core asset sales during the CCAA proceedings. The first and second sales occurred in June and December 2024, respectively.

76. Despite the significant efforts deployed by Stornoway and the Monitor to sell all the non-core assets, certain mobile and fixed equipment remain unsold after the first and second sales. Stornoway, with the assistance of the Monitor, analyzed strategic alternatives available to liquidate those Remaining Non-Core Assets.

77. Stornoway and the Monitor received liquidation proposals from three (3) auctioneers, including TCL.

78. After reviewing the liquidation proposals, Stornoway hired TCL for an on-site appraisal at the Renard Mine between February 24 and 26, 2025. This allowed Stornoway to get a more accurate valuation of the Remaining Non-Core Assets as well as determine the best liquidation strategy for each type of asset.

79. Stornoway, in consultation with the Monitor, retained TCL's proposal for the following reasons:

- a) TCL has conducted two (2) appraisals of Stornoway's equipment, one (1) of the appraisals required an on-site visit at the Renard Mine. Therefore, TCL is more knowledgeable about the assets to sell, both in terms of strategy and potential value;
- b) The selling and commission fees proposed by TCL are comparable to those of two (2) other auctioneers that submitted proposals to liquidate the assets; and,
- c) TCL has been involved in the sale of assets of other diamond mines, such as the Victor Mine and Snap Lake (DeBeers), as well as several other mines. Consequently, TCL has significant experience with mining equipment.

80. Stornoway and TCL proceeded to the negotiation of the terms of the commission agreement (the "**Commission Agreement**") which highlights the following:
- a) Stornoway appoints TCL on an exclusive basis to sell the Remaining Non-Core Assets through an online public auction or private negotiated sale;
 - b) The Commission Agreement shall commence on the execution date of the agreement and shall terminate on April 30, 2026;
 - c) TCL will provide Stornoway with the sales proceeds, less applicable deductions such as commission, buyer's premium, expenses, and taxes. TCL will also provide a sales reconciliation at the end of the process, when all the Remaining Non-Core Assets are removed from Stornoway's premises; and,
 - d) TCL will receive a commission of the gross proceeds from any and all sales of the Remaining Non-Core Assets. TCL will also charge and retain an industry standard buyer's premium of eighteen percent (18%) to the purchaser.
81. The Commission Agreement was presented to the Secured Creditors and CAT Financial, who holds a first-ranking hypothec on certain Assets. Stornoway received approval from the Secured Creditors and is awaiting approval from CAT Financial before the court hearing on June 10, 2025.
82. The Monitor supports the approval from the Court for the Liquidation Order namely because 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 saving this Court's repeated intervention to approve each and every sale of Remaining Non-Core Assets.

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

83. In light of the foregoing, the Monitor is of the view that in respect of the Application:
- (i) Based on the information presently available, the Monitor believes the Debtors' creditors will not be materially prejudiced given:
 - a. The benefits of the Proposed Transaction and those anticipated by the performance of the Commission Agreement; and,
 - b. The essential involvement of the Stornoway's key employees and officers in the remainder of the restructuring.
84. Accordingly, the Monitor supports the relief sought by the Debtors in the Application.
85. The Monitor confirms that there have been no further material developments to report on this matter, other than what is provided for in this Tenth Report.

86. The Monitor respectfully submits to the Court this, its Tenth Report.

DATED AT MONTREAL, this 7th day of June 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
(UNDER SEAL)

Appendix B
KERP Amount
(UNDER SEAL)