

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

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

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

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

**NINTH REPORT OF THE MONITOR**

**June 10, 2022**

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## INTRODUCTION

1. On October 15, 2020, Express Gold Refining Ltd. (“**EGR**” or the “**Applicant**”) filed for and obtained protection under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). Pursuant to the Order of this Court granted on October 15, 2020 (the “**Initial Order**”), Deloitte Restructuring Inc. was appointed as the Monitor in these proceedings (in such capacity, the “**Monitor**”). The Initial Order also provided for, among other things, a stay of proceedings with respect to the Applicant until and including October 19, 2020 (the “**Stay Period**”). In his endorsement, Justice Hainey scheduled the comeback hearing (the “**Comeback Hearing**”) for October 19, 2020.
2. At the Comeback Hearing, Justice McEwen amended the Initial Order (the “**Amended Initial Order**”) to, among other things, extend the Stay Period until and including October 27, 2020.
3. On October 27, 2020, the Amended Initial Order was amended a second time (the “**SARIO**”) to approve a monitoring protocol (the “**Monitoring Protocol**”) agreed to among the Applicant, Canada Revenue Agency (“**CRA**”) and the Monitor, and to extend the Stay Period until and including December 15, 2020.
4. On December 14, 2020, the Court granted an Order extending the Stay Period until and including March 15, 2021.
5. On March 8, 2021, the Court granted an Order approving an amendment to the Monitoring Protocol dated March 1, 2021, among the Applicant, CRA and the Monitor (the “**Amended Protocol**”) and extending the Stay Period until and including June 11, 2021.
6. On May 20, 2021, the Monitor filed a motion (the “**Production Motion**”) for an Order granting the Monitor unfettered access to the full and complete books and records of EGR and, in particular, all documents in EGR’s possession and control that had been provided to EGR or its tax counsel, Baker McKenzie LLP (“**EGR’s Tax Counsel**”), by CRA in connection with all GST/HST assessments and reassessments that had been issued or will be issued by CRA (the “**Tax Documents**”). The Production Motion was returnable on May 25, 2021 and was adjourned to be heard on June 8, 2021 at 11:00 a.m. CRA opposed the Production Motion.

7. On June 8, 2021, the Court granted an Order extending the Stay Period until and including September 10, 2021.
8. On June 9, 2021, the Court issued an endorsement (the “**June 9 Endorsement**”) in respect of the Production Motion. In summary, the June 9 Endorsement provided reasons supporting the Court’s jurisdiction to direct the delivery of the Tax Documents by EGR to the Monitor (notwithstanding CRA’s objections) and further directed an additional hearing, if necessary, to determine any restrictions to be imposed upon certain documents, as identified by CRA.
9. On August 17, 2021, the Court issued an Order, dated June 8, 2021, for EGR to produce and make available to the Monitor all Tax Documents.
10. On September 7, 2021, the Court granted an Order extending the Stay Period until and including December 10, 2021.
11. On December 8, 2021, the Court granted an Order extending the Stay Period until and including December 15, 2021.
12. On December 14, 2021, the Court granted an Order extending the Stay Period until and including March 15, 2022.
13. On December 15, 2021, EGR, CRA and the Monitor agreed to amend the Amended Protocol (the “**Second Amended Protocol**”) to account for current business volumes and reduce the costs associated with implementing the Amended Monitoring Protocol.
14. On January 18, 2022, the Court issued an Order, dated December 14, 2021, approving the Second Amended Protocol.
15. On March 11, 2022, the Court granted an Order extending the Stay Period until and including June 17, 2022.

## **PURPOSE**

16. The purpose of this ninth report of the Monitor (the “**Ninth Report**”) is to provide the Court with information and updates on the following:

- (a) the activities of EGR and the Monitor from March 10, 2022, the date of the Eighth Report of the Monitor (the “**Eighth Report**”), filed in connection with the previous motion to extend the Stay Period granted in these CCAA proceedings (the “**CCAA Proceedings**”), to the date of this Ninth Report; and
- (b) the status of the appeal commenced by EGR at the Tax Court of Canada (“**Tax Court**”) bearing Court File No. 2020-1214(GST)G (“**Tax Litigation**”) and the next steps in the CCAA Proceedings;
- (c) EGR’s cash flow results for the 15-week period from February 14, 2022 to May 27, 2022, with a comparison to forecast;
- (d) EGR’s revised cash flow forecast (the “**Revised Cash Flow Forecast**”) for the 16-week period from May 30, 2022 to September 16, 2022, and the Monitor’s comments thereon; and
- (e) the Monitor’s recommendation regarding the Applicant’s request to extend the Stay Period until September 16, 2022 (the “**Stay Extension Period**”).

17. This Ninth Report should be read in conjunction with the Affidavit of Atef Salama sworn June 8, 2022 in support of the Applicant’s motion for the extension of the Stay Period (the “**Salama Affidavit**”).

#### **TERMS OF REFERENCE AND DISCLAIMER**

18. In preparing this Ninth Report and making the comments herein, the Monitor has been provided with, and has relied upon the following information (collectively, the “**Information**”): unaudited financial information, books and records and financial information prepared by EGR, and discussions with management of the Applicant (“**Management**”).

19. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Generally Accepted Assurance Standards (“**Canadian GAAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the

Monitor expresses no opinion or other form of assurance contemplated under Canadian GAAS in respect of the Information.

20. Some of the information referred to in this Ninth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

21. Future oriented financial information referred to in this Ninth 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.

22. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

#### **ACTIVITIES OF EGR SINCE THE EIGHTH REPORT**

23. The activities of EGR since the Eighth Report are set out in paragraphs 21 to 26 of the Salama Affidavit, and such activities of EGR that are related to or arising out of these CCAA Proceedings include:

- (a) complying with the terms of the Second Amended Protocol;
- (b) continuing to manage its relationships with customers and suppliers to minimize business disruption;
- (c) continuing to provide regular updates and information to the Monitor with respect to the business and the Tax Litigation; and
- (d) continuing its efforts to advance the Tax Litigation. A status update of the Tax Litigation is provided in paragraphs 13 to 20 of the Salama Affidavit.

#### **ACTIVITIES OF THE MONITOR SINCE THE EIGHTH REPORT**

24. Since the Eighth Report, the Monitor has undertaken the following activities:

- (a) Monitored EGR's business in accordance with the Second Amended Protocol;
- (b) Reviewed EGR's GST/HST filings and communicated with CRA regarding the processing status. In this regard, CRA processed and released net tax refunds for GST/HST filings for the periods from October 16, 2020 to February 28, 2022. The GST/HST filing for the March 2022 and April 2022 periods are currently under review;
- (c) Communicated with EGR's restructuring counsel regarding developments in the CCAA Proceedings and EGR's Tax Counsel regarding the status of the Tax Litigation;
- (d) Communicated with CRA, including its CCAA counsel ("**CRA's CCAA Counsel**") and tax counsel ("**CRA's Tax Counsel**", and together with CRA's CCAA Counsel, "**CRA's Counsel**"), regarding developments in these CCAA Proceedings and the Tax Litigation;
- (e) Communicated with EGR, EGR's Tax Counsel and CRA's Counsel in relation to the Tax Litigation timeline and the disclosure of information in the Tax Litigation; and
- (f) Communicated with CRA's Counsel regarding the Reasons (as defined herein), and the Monitor's attendance at a case conference to be heard in the Tax Litigation, for monitoring purposes only.

## **CASH FLOW FORECAST AND RESULTS RELATIVE TO FORECAST**

25. Summarized in the following table are EGR's actual cash receipts and disbursements for the 15-week period ended May 27, 2022 (the "**Reporting Period**") as compared to the corresponding weeks in the cash flow forecast included in the Eighth Report.

<b>Express Gold Refining Ltd.</b>				
<b>Summary of Actual versus Forecast Cash Flows</b>				
<b>For the 15-week period from February 14, 2022 to May 27, 2022</b>				
<b>(\$CAD '000s)</b>				
<b>Unaudited</b>				
	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>	<b>Note</b>
<b>Receipts</b>				
Collection from Sales and Accounts Receivable	16,754	16,006	748	<b>A</b>
HST refunds	1,041	1,244	(203)	<b>B</b>
Interest, exchange gains / (losses), and other	17	1	16	
<b>Total Receipts</b>	<b>17,812</b>	<b>17,251</b>	<b>561</b>	
<b>Disbursements</b>				
Purchases	(16,213)	(15,365)	(848)	<b>C</b>
Customer accounts and hedging	(376)	-	(376)	<b>D</b>
Salaries and wages	(303)	(272)	(31)	<b>E</b>
Consulting and professional fees	(36)	(61)	25	<b>F</b>
General Administrative Expenses	(62)	(72)	10	<b>G</b>
Insurance	(12)	(11)	(1)	
Rent	(50)	(50)	-	
Advertising and promotion	(40)	(42)	2	
Vehicle	(6)	(6)	-	
Freight	(28)	(45)	17	<b>H</b>
Income Tax	-	-	-	
<b>Total Disbursements</b>	<b>(17,126)</b>	<b>(15,924)</b>	<b>(1,202)</b>	
Litigation Costs	(459)	(647)	188	<b>I</b>
Restructuring Costs	(612)	(445)	(167)	<b>J</b>
<b>Total Litigation and Restructuring Costs</b>	<b>(1,071)</b>	<b>(1,092)</b>	<b>21</b>	
Intercompany loan	150	-	150	<b>K</b>
<b>Total Intercompany loan</b>	<b>150</b>	<b>-</b>	<b>150</b>	
<b>Net Cash Flow</b>	<b>(235)</b>	<b>235</b>	<b>(470)</b>	
<b>Opening Cash</b>	<b>1,715</b>	<b>1,715</b>	<b>-</b>	
<b>Ending Cash</b>	<b>1,480</b>	<b>1,950</b>	<b>(470)</b>	

26. EGR's actual net cash outflow for the Reporting Period was negative \$235,000 compared to forecast net cash outflow of positive \$235,000, resulting in an unfavourable variance of \$470,000. The following are the reasons for the major variances, identified by the notes in the above table:



- A** A favourable variance of \$748,000 in sales receipts is a permanent difference due to increased customer traffic as a result of the increase in gold price during the Reporting Period;
- B** An unfavourable variance of \$203,000 in HST refunds is a timing difference due to the delay in receipt of March 2022 net tax refunds from CRA. This timing difference is expected to reverse in the future;
- C** An unfavourable variance of \$848,000 in purchases is a permanent difference due to increased customer traffic as a result of the increase in gold price during the Reporting Period;
- D** An unfavourable variance of \$376,000 in customer accounts and hedging is a permanent difference that relates to advances to customers against the customers' gold held at EGR;
- E** An unfavourable variance of \$31,000 in salaries and wages is due to a timing difference that will reverse in the future;
- F** A favourable variance of \$25,000 in consulting and professional expenses is primarily a permanent difference due to Management's efforts to conserve cash;
- G** A favourable variance of \$10,000 in general and administrative expenses is primarily a permanent difference due to Management's efforts to conserve cash;
- H** A favourable variance of \$17,000 in freight expenses is primarily a permanent difference due to Management's efforts to conserve cash;
- I** A favourable variance of \$188,000 in litigation costs is a permanent difference due to lower than expected activity in the Tax Litigation;
- J** An unfavourable variance of \$167,000 in restructuring costs is a reversal of a timing difference due to payment of prior period invoices during the Reporting Period; and

- K** A favourable variance of \$150,000 in intercompany loan is a timing difference due to borrowing funds from a related party for working capital needs. While EGR had sufficient funds in the company's bank account, EGR required additional physical cash on hand to settle in-store transactions. The funds borrowed are expected to be repaid during the week ending July 1, 2022.

### **APPLICANT'S REVISED CASH FLOW FORECAST**

27. The Applicant, with the assistance of the Monitor, has prepared the Revised Cash Flow Forecast, which covers the period from May 30, 2022 to September 16, 2022 (the "**Revised Cash Flow Period**") for the purposes of projecting the cash position of the Applicant's planned operations and other activities during the Revised Cash Flow Period. A copy of the Revised Cash Flow Forecast is attached hereto as **Appendix "A"**.

28. The Revised Cash Flow Forecast has been prepared by Management, using the probable and hypothetical assumptions set out in the notes to the Revised Cash Flow Forecast (the "**Assumptions**"), and is presented on a weekly basis during the Revised Cash Flow Period.

29. EGR's opening cash balance on May 30, 2022 was \$1.5 million. The forecast cash flow surplus for the Revised Cash Flow Period before litigation and restructuring costs is estimated to be approximately \$1.2 million. Litigation and restructuring costs in connection with the Tax Litigation and these CCAA proceedings are estimated to be approximately \$657,000 and \$585,000, respectively, over the Revised Cash Flow Period. The forecast cash flow deficit for the Revised Cash Flow Period after litigation and restructuring costs is estimated to be \$209,000, resulting in an estimated ending cash balance of \$1.3 million on September 16, 2022.

30. Accordingly, the Applicant is expected to have sufficient liquidity during the proposed Stay Extension Period.

31. The Monitor has reviewed the Revised Cash Flow Forecast to the standard required of a Court-appointed monitor by section 23(1)(b) of the CCAA. Section 23(1)(b) requires a monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the Court on the monitor's findings. The Canadian Association of Insolvency and Restructuring

Professionals' Standards of Professional Practice include a standard for monitors fulfilling their statutory responsibilities under the CCAA in respect of a monitor's report on a cash flow statement.

32. In accordance with the standard, the Monitor's review of the Revised Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to the Information. Since the Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Revised Cash Flow Forecast. The Monitor also reviewed the support provided by Management for the Assumptions and the preparation and presentation of the Revised Cash Flow Forecast.

33. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material aspects, that:

- (a) the Assumptions are not consistent with the purpose of the Revised Cash Flow Forecast;
- (b) as at the date of this Report, the Assumptions are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Revised Cash Flow Forecast, given the Assumptions; or
- (c) the Revised Cash Flow Forecast does not reflect the Assumptions.

34. Since the Revised Cash Flow Forecast is based on Assumptions regarding future events, actual results will vary from the information presented even if the Assumptions occur, and the variations could be material. Accordingly, the Monitor expresses no assurance as to whether the Revised Cash Flow Forecast will be achieved. In addition, the Monitor expresses no opinion or other form of assurance with respect to the accuracy of the financial information presented in the Revised Cash Flow Forecast or relied upon by the Monitor in preparing this Ninth Report.

35. The Revised Cash Flow Forecast has been prepared solely for the purposes described above, and readers are cautioned that it may not be appropriate for other purposes.

## **TAX LITIGATION UPDATE AND NEXT STEPS IN CCAA PROCEEDINGS**

### ***CRA's Additional Disclosure***

36. As described in the Eighth Report, the dispute between EGR and CRA regarding further documentary disclosure was heard before the Tax Court on December 17, 2021. On February 22, 2022, the Tax Court issued an Order, together with Reasons for Order (the “**Reasons**”), ordering CRA to prepare and serve on EGR within 30 days a further list of documents (the “**List of Documents**”) listing all documents not previously listed that are or were in CRA’s possession, control or power, relevant to any matter in question in the Tax Litigation.

37. EGR received the List of Documents and corresponding production from CRA on or about March 24, 2022. EGR’s Tax Counsel has informed the Monitor that it is still in the process of reviewing the production, but it appears to consist of approximately 32,387 additional documents, roughly half of which are expected to be substantive documents, including more than 2,000 emails, 1,400 CRA working papers and 900 CRA reports.

38. On May 16, 2022, CRA produced an additional 179 documents to EGR’s Tax Counsel.

39. The Monitor continues to communicate with EGR’s Tax Counsel and CRA’s Tax Counsel as to whether each side considers documentary disclosure to be complete or whether any further production motions are anticipated.

***Tax Litigation Timetable***

40. On March 23, 2022, Case Conference Judge issued an Order containing the following timetable for the Tax Litigation:

<b>Step</b>	<b>Deadline for Completion</b>
Examinations for Discovery	October 31, 2022
Fulfill undertakings	November 30, 2022
Follow-up questions arising from undertakings	December 19, 2022
Responses to follow up questions	January 27, 2023
Status update to court re: readiness for hearing	February 28, 2023

41. On May 12, 2022, EGR's Tax Counsel and CRA's Tax Counsel held a meeting to discuss logistics regarding the oral examinations for discovery. The Monitor did not participate in the meeting (as it was not invited) but is advised by EGR's Tax Counsel that the currently agreed plan is for EGR's representative (Atef Salama) to be examined in September 2022 and for CRA's representative to be examined in October 2022. The location of the examinations has not yet been determined.

42. The Monitor understands from discussions with its own counsel that the above timetable does not contemplate the requesting of a trial date until, at the earliest, February 2023, which means the actual trial date will be subject to the Tax Court's availability at the time of request. The Monitor further understands that there is no guarantee the trial, which is expected to be a multi-week trial, will take place in 2023. As such, the Monitor is concerned that EGR does not have the financial capability to fund the Tax Litigation to its conclusion and that other stakeholders are beholden solely to the uncertain litigation timetable. EGR has advised the Monitor that when appropriate, EGR is prepared to arrange for appropriate financial support to ensure the Tax Litigation will not fail due to the lack of funding. The Monitor will work with EGR to assess potential future funding requirements and the form and priority such funding may be made.

43. The Monitor will continue to consider strategies to assist with the progress of the Tax Litigation or the resolution thereof, the development of a strategy to emerge from the CCAA Proceedings, and any other forms of relief associated with the determination of claims as against EGR, all consistent with the purposes of the CCAA.

#### **STAY EXTENSION**

44. The current Stay Period expires on June 17, 2022. The Applicant is seeking an extension of the Stay Period up to and including September 16, 2022 in order to allow the Applicant, with the assistance of the Monitor, to:

- (a) preserve the *status quo* and continue to maintain the stability of operations;
- (b) work towards a resolution of the Tax Litigation with CRA; and

(c) determine next steps in respect of the CCAA Proceedings.

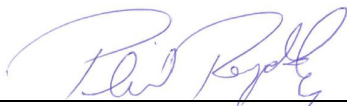
45. As described above, the Revised Cash Flow Statement indicates that the Applicant will have sufficient liquidity during the Stay Extension Period.

46. In the Monitor's view, the Applicant has acted and continues to act in good faith and with due diligence in these CCAA Proceedings.

47. The Monitor supports EGR's request for the extension of the Stay Period to September 16, 2022.

All of which is respectfully submitted this 10th day of June, 2022.

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



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Phil Reynolds, LIT  
Senior Vice-President



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Warren Leung, LIT  
Senior Vice-President

Appendix "A"  
to the Ninth Report of the Monitor

**Express Gold Refining Ltd.**  
**16-week cash flow forecast for the period May 30, 2022 to September 16, 2022**  
Amounts in CAD, unaudited

Notes	Week Ending	1 3-Jun	2 10-Jun	3 17-Jun	4 24-Jun	5 1-Jul	6 8-Jul	7 15-Jul	8 22-Jul	9 29-Jul	10 5-Aug	11 12-Aug	12 19-Aug	13 26-Aug	14 2-Sep	15 9-Sep	16 16-Sep	TOTAL
<b>Receipts</b>																		
1	Sales	1,110,522	1,110,522	1,110,522	1,110,522	888,417	1,110,522	1,110,522	1,110,522	1,110,522	888,417	1,110,522	1,110,522	1,110,522	1,110,522	888,417	1,110,522	17,102,032
2	HST refunds	292,130	-	-	271,697	-	-	-	172,418	-	-	172,418	-	-	-	-	172,418	1,081,080
3	Interest income	392	-	-	-	392	-	-	-	-	392	-	-	-	392	-	-	1,567
	<b>Total Receipts</b>	<b>1,403,043</b>	<b>1,110,522</b>	<b>1,110,522</b>	<b>1,382,218</b>	<b>888,809</b>	<b>1,110,522</b>	<b>1,110,522</b>	<b>1,282,939</b>	<b>1,110,522</b>	<b>888,809</b>	<b>1,110,522</b>	<b>1,282,939</b>	<b>1,110,522</b>	<b>1,110,913</b>	<b>888,417</b>	<b>1,282,939</b>	<b>18,184,679</b>
<b>Disbursements</b>																		
4	Purchases	(1,066,101)	(1,066,101)	(1,066,101)	(1,066,101)	(852,881)	(1,066,101)	(1,066,101)	(1,066,101)	(1,066,101)	(852,881)	(1,066,101)	(1,066,101)	(1,066,101)	(1,066,101)	(852,881)	(1,066,101)	(16,417,951)
5	Salaries and wages	-	(17,687)	(21,751)	(17,687)	(17,621)	(17,687)	(21,751)	(17,687)	(17,621)	(17,687)	(17,687)	(17,621)	(17,687)	(17,687)	(17,621)	(17,687)	(281,364)
6	Consulting and professional fees	-	-	(13,533)	-	-	(13,533)	-	-	-	-	(13,533)	-	-	-	-	-	(54,133)
7	General Administrative Expenses	(4,717)	(4,717)	(4,717)	(4,717)	(4,717)	(4,717)	(4,717)	(4,717)	(4,717)	(4,717)	(4,717)	(4,717)	(4,717)	(4,717)	(4,717)	(4,717)	(75,467)
8	Insurance	-	-	(3,819)	-	-	(3,819)	-	-	-	-	(3,819)	-	-	-	-	-	(15,278)
9	Rent	(16,653)	-	-	(16,653)	-	-	-	-	-	(16,653)	-	-	-	(16,653)	-	-	(66,614)
10	Advertising and promotion	(2,604)	(2,604)	(2,604)	(2,604)	(2,604)	(2,604)	(2,604)	(2,604)	(2,604)	(2,604)	(2,604)	(2,604)	(2,604)	(2,604)	(2,604)	(2,604)	(41,661)
11	Vehicle	(785)	-	-	(785)	-	-	-	-	(854)	(785)	-	-	(854)	(785)	-	-	(5,702)
12	Freight	-	-	(10,895)	-	-	-	(10,895)	-	-	-	(10,895)	-	-	-	-	-	(43,581)
13	Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total Disbursements</b>	<b>(1,090,860)</b>	<b>(1,094,928)</b>	<b>(1,119,600)</b>	<b>(1,091,962)</b>	<b>(895,241)</b>	<b>(1,091,108)</b>	<b>(1,123,420)</b>	<b>(1,091,108)</b>	<b>(1,091,897)</b>	<b>(895,327)</b>	<b>(1,077,241)</b>	<b>(1,137,288)</b>	<b>(1,091,897)</b>	<b>(1,108,547)</b>	<b>(860,201)</b>	<b>(1,141,107)</b>	<b>(17,001,750)</b>
	<b>Net Cash Flow Before Litigation and Restructuring Costs</b>	<b>312,183</b>	<b>15,594</b>	<b>(9,079)</b>	<b>290,256</b>	<b>(6,452)</b>	<b>19,413</b>	<b>(12,898)</b>	<b>191,831</b>	<b>18,625</b>	<b>(6,518)</b>	<b>33,281</b>	<b>145,652</b>	<b>18,625</b>	<b>2,367</b>	<b>28,216</b>	<b>141,832</b>	<b>1,182,928</b>
14	Litigation Costs	(152,523)	-	-	(199,670)	-	-	-	-	-	(152,523)	-	-	-	(152,523)	-	-	(657,240)
15	Restructuring Costs	(125,000)	-	(80,000)	-	(95,000)	-	(85,000)	-	(15,000)	(50,000)	(35,000)	-	(15,000)	(50,000)	(35,000)	-	(585,000)
	<b>Total Litigation and Restructuring Costs</b>	<b>(277,523)</b>	<b>-</b>	<b>(80,000)</b>	<b>-</b>	<b>(294,670)</b>	<b>-</b>	<b>(85,000)</b>	<b>-</b>	<b>(15,000)</b>	<b>(202,523)</b>	<b>(65,000)</b>	<b>-</b>	<b>(15,000)</b>	<b>(202,523)</b>	<b>(65,000)</b>	<b>-</b>	<b>(1,242,240)</b>
	<b>Intercompany loan</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(150,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(150,000)</b>
	<b>Total Intercompany Loan</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(150,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(150,000)</b>
	<b>Net Cash Flow</b>	<b>34,660</b>	<b>15,594</b>	<b>(89,079)</b>	<b>290,256</b>	<b>(451,122)</b>	<b>19,413</b>	<b>(97,898)</b>	<b>191,831</b>	<b>3,625</b>	<b>(209,041)</b>	<b>(1,719)</b>	<b>145,652</b>	<b>3,625</b>	<b>(200,157)</b>	<b>(6,784)</b>	<b>141,832</b>	<b>(209,312)</b>
17	Opening Cash	1,490,371	1,525,031	1,540,625	1,451,546	1,741,802	1,290,680	1,310,093	1,212,195	1,404,026	1,407,651	1,198,610	1,196,891	1,342,543	1,346,168	1,146,011	1,139,227	1,490,371
	<b>Ending Cash</b>	<b>1,525,031</b>	<b>1,540,625</b>	<b>1,451,546</b>	<b>1,741,802</b>	<b>1,290,680</b>	<b>1,310,093</b>	<b>1,212,195</b>	<b>1,404,026</b>	<b>1,407,651</b>	<b>1,198,610</b>	<b>1,196,891</b>	<b>1,342,543</b>	<b>1,346,168</b>	<b>1,146,011</b>	<b>1,139,227</b>	<b>1,281,059</b>	<b>1,281,059</b>

**Notes**

- General Receipts and disbursements denominated in U.S. Dollars have been converted into Canadian Dollars using an exchange rate of CDN\$1.29 = USD\$1.00. Receipts and disbursements denominated in Euro have been converted into Canadian Dollars using an exchange rate of CDN\$1.34 = EUR 1.00.
- Projected disbursements include GST and HST charged for purchases of goods and services.
- EGR is closed for statutory holidays on July 1, 2022, August 1, 2022, and September 5, 2022.
- Receipts from sales are estimated based on historical average monthly sales, collected weekly.
- The projected tax refunds are estimated based on input tax credits claimed on GST and HST paid to vendors.
- Receipts from interest income earned on deposits.
- These projected disbursements represent payments to suppliers of precious metals such as gold, silver, platinum and palladium bullion in the form of bars. The Company also purchases unrefined bars and scrap gold for refining.
- These projected disbursements include payroll costs for all salaried and hourly employees. The forecast amounts are based on historic run rates. Hourly employees are paid bi-weekly and salaried employees are paid monthly. Payroll disbursements include all employee source deductions, employee and employer portions of CPP and EI, and other payroll-related taxes.
- These projected disbursements include payments to EGR's advisors for corporate matters.
- These projected disbursements include payments related to office supplies, repair and maintenance, telephone and networking, bank charges, travel, software and utilities.
- These projected disbursements include premium payments for general, property and liability insurance, employee benefits, life insurance, and car insurance.
- These projected disbursements include rent payments to Farag Properties Inc., a related party.
- These projected disbursements relate to the various advertising and promotional initiatives.
- These projected disbursements represent vehicle lease and other vehicle-related expenses.
- These projected disbursements represent freight expenses to transport inventory for refining or for delivery to customers.
- These projected disbursements represent corporate income tax instalments.
- These projected disbursements include payments to legal advisors for litigation matters.
- These projected disbursements include payments to EGR's legal advisor for specialist restructuring advice and the fees and costs of the Monitor and its counsel.
- These projected receipts and disbursements include loans from and repayments to related parties for working capital purposes.
- The opening cash balance reflects the bank balance and cash on hand balance at the start of the cash flow forecast.





# Express Gold Refining Ltd.

Precious Metals Dealer • Refining • Assaying

June 1, 2022

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

Attention: Phil Reynolds

Dear Sirs:

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

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

EGR confirms that:

1. The Cash Flow Statement and the underlying assumptions are the responsibility of EGR;
2. All material information relevant to the Cash Flow Statement and to the underlying assumptions has been made available to Deloitte Restructuring Inc., in its capacity as Monitor of EGR;
3. Management has taken all actions that it considers necessary to ensure:
  - a. That the individual assumptions underlying the Cash Flow Statement are appropriate in the circumstances;
  - b. That the individual assumptions underlying the Cash Flow Statement, taken as a whole, are appropriate in the circumstances; and
  - c. That all relevant assumptions have been properly presented in the Cash Flow Statement or in the notes accompanying the Cash Flow Statement.
4. Management understands and agrees that the determination of what constitutes a material adverse change in the projected cash flow or financial circumstances, for the purposes of our monitoring the on-going activities of EGR, is ultimately at your sole discretion, notwithstanding that Management may disagree with such determination;

215 Victoria St., Suite 400, Toronto, Ontario M5B1T9

**Phone:** (416) 366-4000 **Fax:** (416) 363-9633 **Email:** [info@xau.ca](mailto:info@xau.ca) **Website:** <http://www.xau.ca>



## Express Gold Refining Ltd.

Precious Metals Dealer • Refining • Assaying

5. Management understands its duties and obligations under the CCAA and that a breach of these duties and obligations could make EGR's Management liable to fines and imprisonment in certain circumstances; and
6. The Cash Flow Statement and assumptions have been reviewed and approved by the EGR's board of directors or Management has been duly authorized by EGR's board of directors to prepare and approve the cash flow assumptions.

Yours truly,

Atef Salama  
Vice President

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

**ONTARIO**

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

PROCEEDING COMMENCED AT TORONTO

**NINTH REPORT OF THE MONITOR**

**DENTONS CANADA LLP**

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Toronto-Dominion Centre  
Toronto, ON M5K 0A1

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*Lawyers for Deloitte Restructuring Inc., the Monitor*