



Province of QUEBEC  
District of Quebec  
Division N°: 01-Montreal  
Court N°: 500-11-057716-199  
Estate N°: 0000455-2020-QC

SUPERIOR COURT  
“Commercial Division”

*“Companies Creditor’s Arrangement Act  
(R.S.C. 1985, c.-C-36)”*

**NEMASKA LITHIUM INC.**

-and-

**NEMASKA LITHIUM SHAWINIGAN  
TRANSFORMATION INC.**

-and-

**NEMASKA LITHIUM P1P INC.**

-and-

**NEMASKA LITHIUM WHABOUCHI MINE INC.**

-and-

**NEMASKA LITHIUM INNOVATION INC.**

ORIGINAL CCAA DEBTORS

-and-

**NMX RESIDUAL LIABILITIES INC.**

-and-

**NMX RESIDUAL ASSETS INC.**

DEBTORS

-and-

**PRICEWATERHOUSECOOPERS INC.**

MONITOR



## **THIRTEENTH MONITOR'S REPORT ON THE APPLICATION FOR THE ISSUANCE OF AN ORDER EXTENDING THE STAY PERIOD**

### **A. INTRODUCTION**

#### **Purpose of the report**

1. This report is filed with the Court in connection with the Debtors' *Application for the Issuance of an Order Extending the Stay Period* (the "**Stay Extension Application**").
2. PricewaterhouseCoopers Inc. ("**PwC**") in its capacity as Monitor (the "**Monitor**"), hereby submits this report to the Court in order to provide an update on cash flow projections ("**Cash Flow**"), as well as to outline the action plan of the Debtors in connection with the requested extension of the stay of proceedings (the "**Stay**").
3. This report will specifically inform the Court of the following:
  - i. Disclaimer and terms of reference (**Section B**);
  - ii. Monitoring of receipts and disbursements (**Section C**);
  - iii. Cash Flow forecast (**Section D**);
  - iv. Action Plan (**Section E**);
  - v. Conclusion and recommendations (**Section F**).
4. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Initial Order issued by the Court on December 23, 2019 (as amended and restated on January 7, 2020, February 13, 2020 and October 15, 2020, the "**Initial Order**") and the Stay Extension Application.

### **B. DISCLAIMER AND TERMS OF REFERENCE**

5. In preparing this and conducting its analysis, the Monitor has obtained and relied upon certain unaudited, draft and/or financial information of the Debtors, the Debtors' books and records, and discussions with various parties including the Debtors' employees and certain of its directors (collectively, the "**Information**").
6. Except as otherwise described in this report:
  - i. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with International Financial Reporting Standards;
  - ii. The Monitor has not conducted an examination or review of any financial forecast and projections in a manner that would comply with the procedures described in the International Financial Reporting Standards.



7. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

### C. MONITORING OF RECEIPTS AND DISBURSEMENTS

8. Since the Sixth Extension Order rendered on November 16, 2020, the Monitor has fulfilled its duty to oversee receipts and disbursements and compare actual cash flows to the cash flow forecast filed with the Court.
9. The following monitoring demonstrates variances starting from the closing of the transaction where the residual cash was wired to the Monitor's account:

Residual Co / Monitor's accounts				
Variance analysis of receipts and disbursements				
For the 5 weeks ending January 2, 2021				
	Cumulative			
	Forecast	Actual	Variance	PwC
Week #	1-5	1-5	Favorable /	Notes
Week ending	2021-01-02	2021-01-02	(Unfavorable)	
<b>Receipts</b>				
D&O trust release	2 231 634	-	(2 231 634)	i
Livent escrow release	9 100 000	9 205 185	105 185	ii
Sales tax receipt	-	-	-	
<b>Total receipts</b>	<b>11 331 634</b>	<b>9 205 185</b>	<b>(2 126 449)</b>	
<b>Disbursements</b>				
Due diligence, consultants, restructuring fees and committees expenses	875 000	172 873	702 127	iii
Sales tax payments	123 156	25 888	97 269	
<b>Total disbursements</b>	<b>998 156</b>	<b>198 760</b>	<b>799 396</b>	
<b>Net cash flow</b>	<b>10 333 478</b>	<b>9 006 425</b>	<b>(1 327 053)</b>	
<b>Opening cash</b>	<b>10 532 897</b>	<b>10 272 861</b>	<b>(260 036)</b>	iv
<b>Ending cash</b>	<b>20 866 375</b>	<b>19 279 286</b>	<b>(1 587 089)</b>	v

10. Notes to the variance analysis are as follows:
- The unfavorable variance is related to a misunderstanding between the Monitor and the beneficiaries of the D&O trust. The Monitor is currently in discussions with the beneficiaries of the D&O trust regarding the use of the D&O trust funds.
  - Permanent favorable variance related to accumulated interests on the escrow amount.
  - Temporary favorable variance related to professional fees of the Monitor and its counsel.



- iv. Permanent unfavorable variance in relation to higher disbursements than anticipated by the Original CCAA Debtors during the 3 weeks before the closing of the RVO transaction.
- v. The ending cash is comprised of \$6M currently held separately in trust in relation with the Cantore litigation.

#### **D. CASH FLOW FORECAST**

- 11. The Cash Flow was prepared by the Monitor for the purpose described in the Cash Flow's accompanying notes using probable and hypothetical assumptions as described in the notes presented below.
- 12. Since the Cash Flow 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, we express no assurance as to whether the projection will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report or relied upon by us in preparing this report.
- 13. The Cash Flow has been prepared solely for the purpose described in the notes accompanying the Cash Flow and readers are cautioned that it may not be appropriate for other purposes.
- 14. The Cash Flow is summarized as follows. The detailed Cash Flow is presented as Appendix A of this report.

<b>Residual Co / Monitor's accounts</b> <b>Cash Flow Projections</b> <b>For the 15 weeks ending April 17, 2021</b>				
<b>Week #</b>	<b>1-5</b>	<b>6-10</b>	<b>11-15</b>	<b>Total</b>
<b>Week ending</b>	<b>2021-02-06</b>	<b>2021-03-13</b>	<b>2021-04-17</b>	<b>2021-04-17</b>
<b>Receipts</b>				
Interest income and others	458 160	11 826	11 646	481 632
D&O trust release	1 127 000	-	-	1 127 000
Sales tax receipt	-	25 888	54 659	80 546
<b>Total receipts</b>	<b>1 585 160</b>	<b>37 713</b>	<b>66 305</b>	<b>1 689 178</b>
<b>Disbursements</b>				
Professional fees	440 000	375 000	375 000	1 190 000
Sales tax payments	65 890	56 156	56 156	178 203
<b>Total disbursements</b>	<b>505 890</b>	<b>431 156</b>	<b>431 156</b>	<b>1 368 203</b>
<b>Net cash flow</b>	<b>1 079 270</b>	<b>(393 443)</b>	<b>(364 851)</b>	<b>320 976</b>
<b>Opening cash</b>	<b>19 279 286</b>	<b>20 358 556</b>	<b>19 965 113</b>	<b>19 279 286</b>
<b>Ending cash</b>	<b>20 358 556</b>	<b>19 965 113</b>	<b>19 600 262</b>	<b>19 600 262</b>



15. The primary assumptions supporting the Cash Flow are as follows:
- i. **Interest income and others:** Interest income on amounts held in the Monitor's account. Week 2 is comprised of a \$439k receipt in relation to the proceeds from the sale of Vision Lithium shares, completed at the date of this report.
  - ii. **D&O trust release:** The receipt related to the D&O trust funds depends on the outcome of the discussions between the Monitor and the beneficiaries of the D&O trust.
  - iii. **Sales tax receipts:** Sales tax receipts forecasted with related taxable expenses. Collection of sales taxes is usually between 30-45 days after submission of the monthly sales tax filing.
  - iv. **Professional fees:** Professional fees of the Monitor and its legal counsel to proceed with the realization of assets, liquidation of unliquidated claims and performance of other work. Also includes costs for the administration of a plan of arrangement in Residual Co, if applicable, as well as the cost relating to the claims officer.
  - v. **Sales tax payments:** Calculated on weekly expenses subject to sales tax.
16. The requested extension of the Stay Period will allow the Monitor to advance in its work in connection with the adjudication of claims and other tasks required for an eventual distribution to creditors.

#### **E. ACTION PLAN**

17. The table below illustrates the next significant tasks to be performed by the Monitor and its legal counsel:

<b>ACTION</b>	<b>ESTIMATED TIMELINE</b>
Settlement or hearing in connection with the ABB claim	January 2021
Hearing in connection with the Thyssenkrupp claim	February 2021
File the Monitor's written submissions in connection with the SCC Leave Application (filed by Cantore)	January 28, 2021
Schedule hearing in connection with the Cantore Real Rights Application	January 2021
Schedule next steps, including a hearing, in connection with the proof of claims filed as against the Directors	January 2021
Finalize discussions with the D&O trust beneficiaries	January 2021



**F. CONCLUSION AND RECOMMENDATIONS**

18. The Monitor respectfully recommends that this Court extend the Stay Period to April 15, 2021.

DATED AT MONTRÉAL, this 12<sup>th</sup> day of January 2021.

**PRICEWATERHOUSECOOPERS INC.**

LICENSED INSOLVENCY TRUSTEE

Court-appointed Monitor to the business and financial affairs of  
Nemaska Residual Liabilities Inc.  
Nemaska Residual Assets Inc.

A handwritten signature in blue ink, appearing to read 'Christian Bourque'.

Christian Bourque, CPA, CA, CIRP, LIT

**APPENDIX A**  
*Cash flow projections for the  
15 weeks ending April 17, 2021*

Appendix A

<div>Residual Co / Monitor's account</div> <div>Cash Flow Projections</div> <div>For the 15 weeks ending April 17, 2021</div>																
Week #	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
Week ending	2021-01-09	2021-01-16	2021-01-23	2021-01-30	2021-02-06	2021-02-13	2021-02-20	2021-02-27	2021-03-06	2021-03-13	2021-03-20	2021-03-27	2021-04-03	2021-04-10	2021-04-17	2021-04-17
Receipts																
Interest income and others	7 935	438 862	-	-	11 363	-	-	-	11 826	-	-	-	11 646	-	-	481 632
D&O trust release	-	-	1 127 000	-	-	-	-	-	-	-	-	-	-	-	-	1 127 000
Sales tax receipt	-	-	-	-	-	-	-	25 888	-	-	-	54 659	-	-	-	80 546
Total receipts	7 935	438 862	1 127 000	-	11 363	-	-	25 888	11 826	-	-	54 659	11 646	-	-	1 689 178
Disbursements																
Professional fees	-	215 000	75 000	75 000	75 000	75 000	75 000	75 000	75 000	75 000	75 000	75 000	75 000	75 000	75 000	1 190 000
Sales tax payments	-	32 196	11 231	11 231	11 231	11 231	11 231	11 231	11 231	11 231	11 231	11 231	11 231	11 231	11 231	178 203
Total disbursements	-	247 196	86 231	86 231	86 231	86 231	86 231	86 231	86 231	86 231	86 231	86 231	86 231	86 231	86 231	1 368 203
Net cash flow	7 935	191 666	1 040 769	(86 231)	(74 869)	(86 231)	(86 231)	(60 344)	(74 406)	(86 231)	(86 231)	(31 573)	(74 585)	(86 231)	(86 231)	320 976
Opening cash	19 279 286	19 287 221	19 478 887	20 519 656	20 433 425	20 358 556	20 272 325	20 186 093	20 125 750	20 051 344	19 965 113	19 878 882	19 847 309	19 772 724	19 686 493	19 279 286
Ending cash	19 287 221	19 478 887	20 519 656	20 433 425	20 358 556	20 272 325	20 186 093	20 125 750	20 051 344	19 965 113	19 878 882	19 847 309	19 772 724	19 686 493	19 600 262	19 600 262