



No. S-227894
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

– AND –

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57, AS AMENDED

– AND –

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
GREAT PANTHER MINING LIMITED

PETITIONER

**FOURTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

December 15, 2022



ALVAREZ & MARSAL

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1.0 INTRODUCTION

- 1.1 On September 6, 2022, Great Panther Mining Limited (“**GPR**” or the “**Company**”) filed a Notice of Intention to Make a proposal (“**NOI**”) pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). Alvarez & Marsal Canada Inc. (“**A&M**”) consented to act as Trustee in the NOI proceedings (the “**NOI Proceedings**”).
- 1.1 On October 4, 2022 (the “**Filing Date**”), GPR was granted an initial order (the “**Initial Order**”) by this Honourable Court to commence proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“**CCAA**”). Among other things, the Initial Order stayed all proceedings against the Company from the Filing Date up to and including October 14, 2022 (the “**Stay Period**”) and appointed Alvarez & Marsal Canada Inc. (in such capacity, the “**Monitor**”) as monitor of GPR during the CCAA Proceedings.
- 1.2 On October 12, 2022, the Company filed an application (the “**Comeback Application**”) for an amended and restated initial order (the “**ARIO**”) which, among other things, sought: (a) to extend the Stay Period to November 3, 2022; (b) to increase the Administration Charge (as defined in the Initial Order) from CAD \$100,000 to CAD \$150,000; and (c) the grant of a charge (the “**Directors’ Charge**”) in favour of the Company’s directors and officers (the “**D&Os**”) as security for the Company’s obligations to indemnify the D&Os up to the maximum amount of CAD \$150,000. The Monitor filed the First Report of the Monitor with this Honourable Court on October 13, 2022.
- 1.3 On October 13, 2022, Asahi Refining Canada Ltd. (“**Asahi**”) filed an application (the “**Lift Stay Application**”) seeking, among other things, an order: (a) lifting the stay of proceedings granted in respect of the Company under the Initial Order; (b) authorizing it to file a bankruptcy petition against the Company (the “**Proposed Bankruptcy Petition**”); and (c) restricting certain of the Company’s business activities pending the hearing of the Proposed Bankruptcy Petition.
- 1.4 On October 14, 2022, this Honourable Court granted the ARIO, which, among other things: (a) provided for the grant of the Administration Charge and Directors’ Charge as sought by the Company; (b) extended the Stay Period to October 21, 2022; and (c) imposed certain cash flow restrictions on the Company during the Stay Period as sought by Asahi.
- 1.5 On October 19, 2022, the Company filed an application (the “**Amendment Application**”) which, among other things, sought to amend the ARIO to remove the certain cash flow restrictions imposed thereunder, and extend the Stay Period to November 3, 2022.
- 1.6 The Monitor filed the Second Report of the Monitor (the “**Second Monitor’s Report**”) with this Honourable Court on October 20, 2022, and the First and Second Supplemental Reports to the

Second Monitor's Report on October 25, 2022 (the "**First Supplemental Report**") and October 27, 2022 (the "**Second Supplemental Report**"), respectively.

- 1.7 On October 26, 2022, this Honourable Court granted an amendment to the ARIO, whereby: (a) certain cash flow restrictions under section 11(f) were varied; and (b) the Stay Period was extended to October 27, 2022.
- 1.8 On October 27, 2022, this Honourable Court granted a further amendment to the ARIO, whereby: (a) Asahi's Lift Stay Application and the Company's Amendment Application were adjourned to November 3, 2022; (b) the Stay Period was extended to November 3, 2022; and (c) the Company was granted short leave to bring an application for approval of a sales and investment solicitation process and other relief on that same date.
- 1.9 On November 2, 2022, the Company filed an application (the "**November 2 Application**") seeking, *inter alia*:
 - a) approval of (as it relates to GPR): (i) a Sales and Investment Solicitation Process (the "**CCAA SISP**") for GPR, Mina Tucano Ltda. ("**Mina Tucano**"), Beadell (Brazil) Pty Ltd. and Beadell (Brazil 2) Pty Ltd. (collectively with Mina Tucano, the "**Tucano Parties**", and collectively with GPR, the "**Group**"); and (ii) the engagement letter between, among others, the Company and RBC Dominion Securities Inc. ("**RBC**") dated October 5, 2022 (the "**Sales Advisor Agreement**"), in respect of the engagement of RBC as the sale advisor (in such capacity, the "**Sales Advisor**") for the CCAA SISP, and including payment by the Company of its portion of certain fees and expenses to the Sales Advisor to be secured by: (1) a charge on the Property (as defined in the ARIO) in relation to the Sales Advisor's work fee in the maximum amount of CAD \$75,000 (the "**Work Fee Charge**"); and (2) a charge on all proceeds from a Transaction (as defined in the Sales Advisor Agreement) payable to GPR, including, for certainty and without limitation, in respect of intercompany indebtedness owing to GPR which is to be repaid in connection with such transaction (the "**Proceeds Charge**", and together with the Work Fee Charge, the "**Sales Advisor Charges**"). The Sales Advisor Charges were proposed to be ranked *pari passu* with the Administration Charge;
 - b) approval of GPR's proposed Key Employee Retention Program ("**KERP**") and a corresponding charge of up to CAD \$117,500 (the "**KERP Charge**"), to rank behind the Administration Charge, the proposed Sales Advisor Charge, and the Directors' Charge;

- c) approval of the Share Purchase Agreement between GPR and Newrange Gold Corp. (“**Newrange**”) dated October 25, 2022 (the “**Coricancha SPA**”) in relation to the proposed sale of GPR’s Peruvian operations (the “**Coricancha Transaction**”);
 - d) this Honourable Court’s direction that GPR shall forthwith cause its Peruvian subsidiary, Great Panther Coricancha S.A.C. (“**Coricancha S.A.C.**”), to advise the relevant ministry or regulatory agency of the Government of Peru of: (i) the existence of the Coricancha SPA and the Coricancha Transaction; and (ii) that absent the closing of the Coricancha SPA on or before November 26, 2022, Coricancha S.A.C. may not have sufficient funds to continue care and maintenance at the Coricancha Mine after that date; and
 - e) an extension of the Stay Period from November 3, 2022, to December 16, 2022 (the “**Third Stay Extension**”).
- 1.10 The Monitor filed the Third Report of the Monitor (the “**Third Monitor’s Report**”) with this Honourable Court on November 3, 2022.
- 1.11 On November 3, 2022, this Honourable Court granted, among others:
- a) an order approving the Coricancha Transaction; and
 - b) an order (the “**SISP Approval Order**”), approving the CCAA SISP, the Sales Agent Agreement, the Sales Advisor Charges, and the KERP, as well as extending the Stay Period from November 3, 2022, to December 16, 2022 (the “**Third Stay Extension**”). The November 2 Application sought the KERP Charge, but the request for this relief was withdrawn by the Company upon confirmation from Asahi’s counsel that the KERP payment could be made in accordance with the terms and conditions of the KERP.
- 1.12 On December 15, 2022, the Company filed an application (the “**Termination Application**”) returnable December 16, 2022, seeking an order (the “**Termination Order**”), *inter alia*, that:
- a) GPR be authorized to make a voluntary assignment into bankruptcy pursuant to the BIA;
 - b) upon the Monitor filing the Monitor’s Termination Certificate (as defined in the Termination Application): (i) A&M be discharged as Monitor in these CCAA Proceedings; and (ii) these CCAA Proceedings be deemed to be terminated;
 - c) notwithstanding the discharge of the Monitor and the termination of these CCAA Proceedings, this Honourable Court shall remain seized of any matter arising from the CCAA Proceedings, and that A&M shall have the ability to apply to this Honourable Court to address matters ancillary or incidental to these CCAA Proceedings, notwithstanding their termination; and

- d) it be declared that nothing in the order sought shall prevent A&M from acting as trustee in bankruptcy of the Company.
- 1.13 The Monitor understands that Asahi has reset its Lift Stay Application to be heard on December 16, 2022.
- 1.14 Further information regarding the NOI Proceedings and the CCAA Proceedings, including the orders granted therein, the petition, affidavits, notices of application, reports of the proposal trustee and the Monitor, and all other court-filed documents and notices are available on the Monitor's website at www.alvarezandmarsal.com/GPR (the "**Monitor's Website**").

2.0 PURPOSE

- 2.1 This report (the "**Fourth Monitor's Report**") has been prepared by the Monitor to provide information to this Honourable Court in respect of the following:
 - a) the activities of the Monitor since the Third Monitor's Report;
 - b) the activities of the Company since the Third Monitor's Report;
 - c) a comparison of the actual receipts and disbursements of the Company as compared to the statement of projected cash flow (the "**Third CCAA Cash Flow Forecast**") for the period from October 29 to December 9, 2022;
 - d) payments made or to be made by the Company during the week ending December 16, 2022 (the "**December Payments**");
 - e) an update on the CCAA SISP;
 - f) an update on the Coricancha Transaction;
 - g) an update on the judicial reorganization proceedings (the "**JR Proceedings**") commenced in the judicial district of Rio de Janeiro, Brazil, by the Tucano Parties; and
 - h) the Termination Application.
- 2.2 The Fourth Monitor's Report should be read in conjunction with the Company's Termination Application and other materials filed in the CCAA Proceedings (collectively, the "**Filed Materials**"), as background information contained in the Filed Materials has not been included herein to avoid unnecessary duplication.

3.0 TERMS OF REFERENCE

- 3.1 In preparing this report, A&M has necessarily relied upon unaudited financial and other information supplied, and representations made to it, by certain senior management of GPR (“**Management**”). Although this information has been subject to review, A&M has not conducted an audit nor otherwise attempted to verify the accuracy or completeness of any of the information prepared by Management or otherwise provided by the Company. Accordingly, A&M expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this Fourth Monitor’s Report, or otherwise used to prepare this Fourth Monitor’s Report.
- 3.2 Certain of the information referred to in this report consists of financial forecasts and/or projections prepared by Management. An examination or review of financial forecasts and projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecasts and/or projected and the variations could be significant.
- 3.3 All monetary amounts contained in this report are expressed in United States dollars unless otherwise noted.

4.0 ACTIVITIES OF THE MONITOR

- 4.1 Since the Third Monitor’s Report and up to and including the date of this Fourth Monitor’s Report, the Monitor has, among other things:
- a) monitored disbursement approvals and cash flow reporting of the Company in accordance with the ARIO;
 - b) attended the November 3, 2022, court hearing in respect of the November 2 Application;
 - c) performed reviews of potential interested parties in respect of the CCAA SISP;
 - d) attended weekly meetings with the Sales Agent and reviewed reporting from the Sales Agent relating to the CCAA SISP;
 - e) attended weekly meetings with Asahi;
 - f) attended to updates in respect of the Coricancha Transaction;
 - g) engaged in various discussion with A&M Brazil, financial advisor to Mina Tucano, in respect of the JR Proceedings;

- h) communicated with and attended to various inquiries from trade creditors and other stakeholders; and
- i) prepared this Fourth Monitor's Report.

5.0 ACTIVITIES OF THE COMPANY

5.1 Since the Third Monitor's Report, the Company has taken steps to advance its restructuring under the CCAA, including, among other things, by:

- a) attending meetings with the Sales Advisor and the Monitor to advance the CCAA SISP;
- b) populating the data room and reviewing materials prepared by the Sales Advisor to support the CCAA SISP;
- c) working with the Tucano Parties to progress the JR Proceedings;
- d) engaging with Newrange to progress the Coricancha Transaction;
- e) holding weekly meetings with Mina Tucano's management to discuss the ongoing JR Proceedings and the CCAA SISP;
- f) preparing to vacate the Company's Vancouver office;
- g) holding weekly meetings with Asahi's Canadian management team to provide updates in respect of the SISP and the CCAA Proceedings;
- h) considering the treatment of GPR's residual assets (i.e. apart from the Tucano Mine), and advancing discussion with various parties;
- i) reviewing material contracts with their legal counsel and the Monitor, and on December 1, 2022, dispatching a notice of disclaimer in respect of the Company's Vancouver office; and
- j) overseeing local management and accounting functions of GPR and its foreign subsidiaries.

6.0 CASH FLOW VARIANCES FOR THE PERIOD ENDED DECEMBER 9, 2022

6.1 As part of the ongoing oversight and monitoring of the business and financial affairs of GPR, the Monitor has set up a weekly cash flow review protocol with the Company to compare actual cash flows against the Third CCAA Cash Flow Forecast. GPR's actual cash receipts and disbursements as compared to the Third CCAA Cash Flow Forecast for the period from October 29 to December 9, 2022, are summarized below:

Great Panther Mining Limited
Cash Flow Forecast Variance Analysis - Prepared by Management
For the six weeks ended December 9, 2022
US\$'000

	Actual	Forecast	(\$)
Receipts			
Gold sales	\$ 9,573	\$ 8,816	\$ 756
Coricancha sale proceeds	-	-	-
Other	41	-	41
Total Receipts	9,613	8,816	797
Disbursements			
Gold purchase	9,827	6,275	3,552
Advances to the Coricancha Mine	344	313	31
Payroll, benefits and payroll taxes	92	74	18
Key Employee Retention Plan	-	-	-
Payments to corporate suppliers	241	347	(107)
Professional fees - restructuring	354	333	22
Sales agent - work fee	88	56	32
Contingency	-	30	(30)
Total Disbursements	10,947	7,429	3,517
Net Cash Flow	(1,333)	1,387	(2,720)
Cash Position			
Opening Cash Available	1,674	1,674	-
Closing Cash Available	341	3,061	(2,720)
GIC	151	151	-
Total Cash and Cash Equivalents	492	3,212	(2,720)

6.2 The Company experienced an unfavourable cash flow variance of \$2.7 million over this period, driven by the following:

- a) collection of \$41,000 in deposit interest and GST refunds;
- b) unfavourable net variance (timing difference) from gold sales and purchases of \$2.8 million. Of the \$2.8 million, \$2.3 million is related to a temporary timing difference between gold purchases and the receipt of gold sales for one transaction. In the week ended December 9, 2022 the Company executed a gold purchase of \$2.3 million for which the corresponding gold sale receipt of \$2.2 million was not received until Monday, December 12, 2022. The Company is expecting additional gold sale receipts of approximately \$520,000 on final assay results and settlement with Asahi; and
- c) favourable net disbursement variances (other than gold purchases noted above) totaling \$34,000, which were primarily attributable to temporary timing differences in payments to

corporate suppliers, and the favourable effect of which was offset by the Coricancha Payment (defined below) and an additional Sales Advisor work fee payment made to account for the fact that the Sales Advisor was engaged effective October 5, 2022.

7.0 DECEMBER PAYMENTS

7.1 The Company has made/is intending to make the December Payments during the week ending December 16, 2022, in accordance with the Third CCAA Cash Flow Forecast, which covered the period from October 29, 2022 to January 6, 2023 (the “**Third Forecast Period**”). The December Payments are summarized below:

- a) Directors’ fees totaling \$58,100. Directors’ fees payable over the Third Forecast Period totaled \$70,100, and were due to be paid during the week ending December 30, 2022. On December 15, 2022, the Directors resigned. Accordingly, Directors’ fees were pro-rated and paid on about that date. Prior to paying these Directors’ fees, the Company provided written notice thereof to Asahi, pursuant to paragraph 11(c) of the ARIO;
- b) Payroll totaling \$36,200 for the period of December 16 to 31, 2022, was funded and paid to the Company’s third-party payroll processor. In light of the fact that all employees are expected to be terminated effective on the date of the Company’s prospective assignment into bankruptcy, the Company is intending to deduct any amounts over-paid for wages against the forecast KERP payments;
- c) Adjusted KERP payments totaling \$70,000. The Monitor notes that in addition to the KERP payments being included in the Third CCAA Cash Flow Forecast, payment of the KERP is consistent with the SISP Approval Order, which authorized and directed the Company to make KERP payments. The KERP is payable in accordance with its terms upon the termination of the CCAA Proceedings;
- d) Restructuring professional fees totaling \$63,400;
- e) Employment health taxes totaling \$18,400; and
- f) Payments to corporate suppliers totaling \$34,300.

8.0 UPDATE ON THE CORICANCHA TRANSACTION

8.1 As described in the Second Monitor’s Report, the First Supplemental Report, and the Third Monitor’s Report, as part of the Company’s restructuring efforts, since about September 9, 2022 GPR has been in negotiations with Newrange in respect of the Coricancha Transaction, which, generally, contemplates a share sale for net sale proceeds of \$750,000.

- 8.2 As noted in the Third Monitor's Report, on November 1, 2022, the Monitor held discussions with Mr. Robert Archer, President and CEO of Newrange, and was informed by Mr. Archer that:
- a) as of the date of the Third Monitor's Report, Newrange had engaged a broker to arrange financing for the Coricancha Transaction, and was in discussions with three other brokers who could also be engaged to arrange a portion or all of the required financing; and
 - b) Newrange noted that they had made all submissions required by the TSX Venture Exchange (the "**Exchange**") to obtain approval of the Coricancha Transaction and, pending receipt of any feedback on these submissions, no other diligence matters remained outstanding.
- 8.3 In light of the foregoing the Monitor noted in the Third Monitor's Report that obtaining financing now appeared to be the only step required to obtain Exchange approval and close the Coricancha Transaction. Mr. Archer could not provide the Monitor with a definitive timeline for Newrange to obtain financing, but provided assurances that Newrange remained focused on closing in the coming days or weeks.
- 8.4 On November 25, 2022, GPR and Newrange terminated the share purchase agreement due to Newrange's inability to obtain sufficient financing to close the Coricancha Transaction and support working capital needs post-closing.
- 8.5 As indicated in the Third CCAA Cash Flow Forecast, after November 25, 2022, no further funds were to be advanced by GPR to the Coricancha Mine. Given the potential environmental consequences that may transpire if operations at the Coricancha Mine were to cease due to lack of funding, Management sent a letter to the Peruvian authorities on November 25, 2022 advising that the Newrange Transaction had terminated and that it was unlikely an alternate sale would be completed. The letter concluded by advising the Peruvian authorities of the need for prompt action to ensure that the water treatment plant at the Coricancha Mine continues to operate, so as to avoid any environmental consequences of its shut down.
- 8.6 In order to protect the water treatment plant until the Peruvian authorities could take action to secure the Coricancha Mine, on December 1, 2022, Asahi provided written consent for GPR to make a \$30,000 one-time advance to the Coricancha Mine to fund one month of security and electricity costs for the water treatment plant. Security is needed to prevent the water treatment system from being pillaged before the Peruvian authorities are able to take control.
- 8.7 On December 5, 2022, GPR sent a further communication to the Peruvian authorities informing them that the water treatment plant is not being adequately maintained and requested immediate action from the Peruvian authorities to prevent the possibility of environmental contamination. At

the time of this Fourth Report, the Company has not received a response from the Peruvian authorities.

9.0 UPDATE ON THE CCAA SISP

- 9.1 The Sales Advisor commenced the CCAA SISP on November 4, 2022. During Phase I, the Sales Advisor contacted 160 parties, 12 of which executed the Confidentiality Agreement and were invited to the data room.
- 9.2 The CCAA SISP Phase I deadline for submission of non-binding Letters of Intent (“**LOIs**”) was December 9, 2022. After the Phase I deadline, the Sales Advisor informed the Company and the Monitor that no interested parties submitted an LOI.
- 9.3 At the time of writing this Fourth Report, the Sales Advisor had not received any LOIs and, accordingly, the CCAA SISP cannot proceed to Phase II.
- 9.4 Direct discussions are underway between RBC Dominion Securities Inc. (i.e. the Sales Advisor) and Mina Tucano’s management and its advisors regarding potential next steps in pursuit of a transaction in respect of the Tucano Mine.

10.0 BRAZIL JUDICIAL REORGANIZATION PROCEEDINGS

JR Proceedings First Plan

- 10.1 On November 18, 2022, the Tucano Parties filed the first judicial reorganization plan (the “**First Plan**”) in the JR Proceedings. The First Plan proposed various repayment provisions to creditors that may be amended through subsequent negotiations.
- 10.2 Filing the First Plan will allow the Tucano Parties (subject to creditor approval) to seek debtor-in-possession financing and to proceed with the sale of the Tucano Mine assets.
- 10.3 The terms of the First Plan are subject to amendments by the creditors and must still be voted on at the General Meeting of Creditors, which must be held prior to February 6, 2023, unless the meeting is adjourned with the creditors’ consent.

Other Matters

- 10.4 On November 30, 2022, Banco Bradesco S.A. (“**Bradesco**”) filed a motion, *inter alia*, contesting the Company’s request in the Chapter 15 proceedings (which recognized the JR Proceedings in the U.S.) to replace the cash collateral of approximately \$4.2 million with security over select assets of the Tucano Mine. On December 2, 2022, Bradesco filed a further motion in the JR Proceedings requesting that the Public Prosecutor’s Office be summoned to voice its opinion on the issues under

Bradesco's first motion. On December 6, 2022, the Tucano Parties filed a response to Bradesco's motions.

- 10.5 The hearing of Bradesco's motion commenced on about December 8, 2022 and was adjourned on December 12, 2022. A decision on the motion has not yet been released.

11.0 TERMINATION APPLICATION

- 11.1 As set forth above, the Company has filed the Termination Application to, among other things, bring an end to these CCAA Proceedings and allow it to file an assignment in bankruptcy, and Asahi has reset the Lift Stay Application. Each are returnable December 16, 2022.

- 11.2 Pursuant to the SISP Approval Order, the CCAA SISP terminated when no Qualified LOIs were received by the LOI Deadline (as defined therein). Further, it was understood as between the Company and Asahi that, absent extraordinary circumstances, the CCAA Proceedings would terminate and the Company would be bankrupted in the event that the CCAA SISP were to terminate without progressing to Phase II.

- 11.3 Accordingly, the Monitor is of the view that the relief sought by the Company under the Termination Application (which is effectively mirrored by the relief sought by Asahi in the Lift Stay Application) is appropriate in the circumstances.


- 11.4 The Monitor understands that the Company seeks to have A&M appointed as trustee in bankruptcy of the Company's estate, and A&M has consented to such an appointment.


12.0 RECOMMENDATIONS

- 12.1 The Monitor respectfully requests that this Honourable Court grant the Termination Order in substantially the form as sought by the Company on the Termination Application.

All of which is respectfully submitted to this Honourable Court this 15th day of December, 2022.

**Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of Great Panther Mining Limited
and not in its personal or corporate capacity**

Per: 
Anthony Tillman
Senior Vice President

Per: 
Pinky Law
Vice President