



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

SUPPLEMENTAL REPORT TO THE SECOND REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

October 25, 2022

1.0 PURPOSE

- 1.1 This supplemental report (the “**First Supplemental Report**”) has been prepared by the Monitor to provide this Honourable Court with additional information in respect of certain matters raised during the October 21, 2022 hearing of Great Panther Mining Limited’s (“**GPR’s**” or the “**Company’s**”) application for an extension of the Stay Period to November 3, 2022. Specifically, this First Supplemental Report provides additional information concerning GPR’s proposed sale of its Peruvian mine (the “**Coricancha Transaction**”) to Newrange Gold Corp. (“**Newrange**”), including the draft Share Purchase Agreement in respect of same (the “**Coricancha SPA**”), as well as an estimate of GPR’s weekly net cash outflows for the period ended January 6, 2023.
- 1.2 The First Supplemental Report should be read in conjunction with the Second Report of the Monitor dated October 20, 2022 (the “**Second Monitor’s Report**”), the Company’s application materials dated October 19, 2022, and other materials filed in the CCAA Proceedings (collectively, the “**Filed Materials**”). Background information, including capitalized terms not defined herein, are contained in the Filed Materials.
- 1.3 All monetary amounts contained in this First Supplemental Report are expressed in United States dollars unless otherwise noted.

2.0 CORICANCHA TRANSACTION

- 2.1 As described in the Second Monitor’s Report, as part of the Company’s restructuring efforts, 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.
- 2.2 Since September 5, 2022, the Monitor has been attending weekly update calls with GPR in respect of the Company’s corporate development activities, including those relating to the Coricancha Transaction.
- 2.3 Since the execution of the letter of intent with Newrange on September 12, 2022 (the “**Coricancha LOI**”), GPR has provided the Monitor with various drafts of the Coricancha SPA. On October 24, 2022, the Monitor received a draft of what it understands is proposed to be the substantially final draft of the Coricancha SPA.
- 2.4 The Monitor has reviewed the latest draft of the Coricancha SPA and notes that, apart from approval by this Honourable Court, the only noteworthy condition precedent to closing is the approval of the Coricancha Transaction by the TSX Venture Exchange (the “**Exchange**”), which the Monitor

understands requires, among other things, evidence satisfactory to the Exchange that Newrange has sufficient financing to operate the mine for a period of time post-closing.

- 2.5 The Monitor met with Management of Newrange on October 3, 2022 (after the Coricancha LOI was executed) and was advised by Newrange that it was actively sourcing \$10 million of capital to support the Coricancha Transaction. As part of those discussions, the Monitor was introduced to select parties who might be engaged to assist Newrange with securing the necessary financing once the Coricancha SPA was executed (execution being a requirement before financing could be sourced). Those parties indicated that they saw no reason that financing could not be secured in a timely manner once the SPA was executed.
- 2.6 The closing date under the latest draft of the Coricancha SPA is one business day after all conditions precedent are satisfied. There is no “drop dead date” under the Coricancha SPA, but it does provide that if the conditions precedent are not satisfied within 30 days following execution of the Coricancha SPA, GPR is thereafter entitled to terminate the agreement without further notice, provided that the failure to satisfy conditions precedent is not due to a breach of covenant by GPR.
- 2.7 The Monitor has asked that Newrange advise the Monitor once it engages one or more financiers and that it advise as to when it believes it will be in a position to close the Coricancha SPA and complete the Coricancha Transaction.
- 2.8 The Monitor will provide further updates regarding the Coricancha Transaction directly to this Honourable Court as and when they are available.

3.0 ESTIMATED NET CASH OUTFLOW

- 3.1 During the Hearing, it was apparent to the Monitor that there was some misapprehension on the part of Asahi Refining Canada Ltd. as to the estimated cash outflows of GPR after November 4, 2022, including because there was no cashflow forecast yet available for that period. The Company, with the assistance of the Monitor, has been working on the extended CCAA cash flow forecast for the period beyond November 4, 2022, however, as of the date of this First Supplemental Report, the cashflow forecast has not been finalized. It is anticipated to be filed concurrently with the Company’s application seeking approval of the CCAA SISP and related relief, including the extension of the Stay Period.
- 3.2 The Monitor has reviewed a preliminary draft of the aforementioned cashflow forecast, and, at a high level, the Monitor can report that, based on current projections:

- a) For the period from November 5 to 25, 2022, net cash outflows are estimated to be approximately \$220,000 per week; and
- b) For the period from November 26, 2022 to January 6, 2023, net cash outflows are estimated to be approximately \$100,000 per week. The cash outflows during this period (and after) are less than in the previous weeks as advances to fund the care and maintenance of the Coricancha Mine are expected to cease by the end of November 2022.

3.3 The Monitor notes that the foregoing cash outflows do not take into account the anticipated receipt of \$750,000, being the proceeds of sale of the Coricancha Mine.

All of which is respectfully submitted to this Honourable Court this 25th day of October, 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