



COURT FILE NUMBER 25-3009380

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PROCEEDING IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF ATHABASCA MINERALS INC, AMI SILICA INC., AMI AGGREGATES INC., AMI ROCKCHAIN INC., TERRASHIFT ENGINEERING LTD., 2140534 ALBERTA LTD., 2132561 ALBERTA LTD.

DOCUMENT THIRD REPORT OF THE PROPOSAL TRUSTEE FEBRUARY 29, 2024

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**PROPOSAL TRUSTEE**  
KSV Restructuring Inc.  
324-8<sup>th</sup> Avenue SW, Suite 1165  
Calgary, AB  
T2P 2Z2

Attention: Andrew Basi  
Telephone: (587) 287-2670  
Facsimile: (416) 932-6266  
Email: [abasi@ksvadvisory.com](mailto:abasi@ksvadvisory.com)

**PROPOSAL TRUSTEE'S COUNSEL**  
Bennett Jones LLP  
4500, 855 2<sup>nd</sup> Ave SW  
Calgary, AB  
T2P 4K7

Attention: Michael Selnes  
Telephone: (403) 298-3311  
Facsimile: (403) 265-7219  
E-Mail: [selnesm@bennettjones.com](mailto:selnesm@bennettjones.com)

NB  
C30004  
COM March 8, 2024

<b>Contents</b>	<b>Page</b>
1.0 Introduction .....	1
2.0 Activities of the Companies and Proposal Trustee.....	4
3.0 Cash Flow Statement .....	6
4.0 Sales and Investment Solicitation Process (SISP).....	9
5.0 The Transaction .....	12
6.0 The JMAC ROFR .....	24
7.0 Companies' Request for an Extension.....	25
8.0 Conclusion and Recommendation .....	25

<b>Appendix</b>	<b>Tab</b>
Second Extension Order pronounced January 26, 2024.....	A
Comparison of Third Cash Flow Forecast to Actual.....	B
Fourth Cash Flow Statement for the period February 19, and ending May 19, 2024 with the Companies' and the Proposal Trustee's Report on the Fourth Cash Flow Statement Dated February 27, 2024 .....	C

## 1.0 Introduction

1. This third report (“**Third Report**”) is filed by KSV Restructuring Inc. (“**KSV**”), in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) in connection with seven (7) Notices of Intention to Make a Proposal (“**NOIs**”) filed on November 13, 2023 (the “**Filing Date**”) by Athabasca Minerals Inc., 2132561 Alberta Ltd., 2140534 Alberta Ltd., AMI Aggregates Inc., AMI RockChain Inc., AMI Silica Inc., and TerraShift Engineering Ltd. (collectively, the “**Companies**” or “**AMI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) (the “**Proposal Proceedings**”).
2. The Proposal Trustee has filed two previous reports in conjunction with the various relief requested by the Companies as outlined in the Proposal Trustee’s First Report dated December 8, 2023 and the Proposal Trustee’s Second Report dated January 19, 2024.
3. On January 26, 2024, the parties appeared before Justice C.J. Feasby of the Court of King’s Bench of Alberta (the “**Court**”) who heard submissions from interested parties and pronounced an order (the “**Second Extension Order**”) that, among other things, extended the period in which the Companies can make a proposal to their creditors and further extended the stay of proceedings up to and including March 11, 2024.

A copy of the Second Extension Order is attached hereto as **Appendix “A”**.

### 1.1 Purpose of this Third Report

1. The purpose of this Third Report is to provide this Court with further information related to the relief sought by the Companies on their application filed on February 26, 2024 and scheduled for March 8<sup>th</sup>, 2024. This Third Report specifically provides information regarding:
  - a) the Proposal Trustee’s activities since the Second Report;
  - b) the Companies’ activities since the Second Report;
  - c) the Proposal Trustee’s comments on the Companies’ actual performance to date versus the Companies’ cash flow statement for the period January 8, 2024 to April 7, 2024 (the “**Third Cash Flow Statement**”) filed in the Proposal Proceedings pursuant to section 50.4(2)(a) of the BIA;

- d) the Proposal Trustee's comments and report on the Companies' amended and extended cash flow statement for the period February 19, 2024 to May 19, 2024 (the "**Fourth Cash Flow Statement**");
- e) a summary of the process and results of the SISP, including the Auction held on Friday, February 9, 2024;
- f) the Companies' application for an order that, amongst other things:
  - i. approves the transaction (the "**Transaction**") for the sale of substantially all of the Companies' Business and Property to Badger Mining Corporation ("**Badger**") pursuant to a subscription agreement between AMI and Badger dated February 9, 2024 (the "**Subscription Agreement**") and grants the proposed reverse vesting order ("**Transaction Approval and Reverse Vesting Order**") on substantially the same terms as those set out in the proposed form of order appended to the Companies' application;
  - ii. approves certain relief from this Court required for the Transaction to close, including, among other things, the addition of a newly incorporated private Alberta numbered company ("**ResidualCo**") as the debtor and Applicant to these Proposal Proceedings, and the appointment of the first director of ResidualCo;
  - iii. grants releases to the Released Parties (as defined herein);
  - iv. extends the period in which AMI can make a proposal to its creditors and the stay of proceedings up to and including April 25, 2024 (the "**Stay Extension**"); and
  - v. grants such further and other relief as the Companies may request and this Court may deem just.

## 1.2 Scope and Terms of Reference

1. In preparing this Third Report, the Proposal Trustee has relied upon the Companies' unaudited financial information, books and records, information available in the public domain and discussions with the Companies' management and legal counsel.

2. The Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Third Report in a manner that complies with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own due diligence.
3. An examination of the Fourth Cash Flow Statement as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Third Report is based upon the Companies’ assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Proposal Trustee expresses no opinion or other form of assurance on whether the Fourth Cash Flow Statement will be achieved.
4. This Third Report should be read in conjunction with the materials filed by the Companies, including the first affidavit of John David Churchill, the Chief Financial Officer of the Companies sworn on December 6, 2023 (the “**First Churchill Affidavit**”), the Supplemental Affidavit of John David Churchill sworn December 8, 2023, the second affidavit of John David Churchill, sworn on January 15, 2024 (the “**Second Churchill Affidavit**”) and the third affidavit of John David Churchill, sworn on February 26, 2024 (the “**Third Churchill Affidavit**” and collectively the “**Churchill Affidavits**”). Capitalized terms not defined in this Third Report have the meanings ascribed to them in the Churchill Affidavits or the documents attached as Exhibits in the Churchill Affidavits, as the case may be.

### 1.3 Currency

1. Unless otherwise noted, all currency references in this Third Report are in Canadian dollars.

### 1.4 Court Materials

Court materials filed in these Proposal Proceedings are available on the Proposal Trustee’s website at: [www.ksvadvisory.com/experience/case/athabasca-minerals](http://www.ksvadvisory.com/experience/case/athabasca-minerals) (the “**Case Website**”).

## 2.0 Activities of the Companies and Proposal Trustee

### 2.1 Activities of the Proposal Trustee

1. Since its Second Report, the Proposal Trustee has performed the following key activities:
  - a) attending on-going meetings with the Companies' management and/or the Sales Advisor, Canaccord Genuity Corp., to discuss the Proposal Proceedings and the ongoing sales process;
  - b) assisting the Companies with their communications to both internal and external stakeholders;
  - c) continuing to review and evaluate the state of the Companies' business and financial affairs in accordance with section 50.4(7)(b)(ii) of the BIA;
  - d) filing the necessary prescribed forms required pursuant to the BIA for the NOIs;
  - e) comparing the actual receipts and disbursements to the Third Cash Flow Statement and documenting reasons for variances, if any;
  - f) assisting the Companies in preparing the Fourth Cash Flow Statement;
  - g) corresponding and holding numerous discussions with management and AMI's restructuring counsel, Fasken Martineau DuMoulin LLP ("**Fasken**"), with respect to general filing matters and specific matters related to conducting the SISP, including providing assistance in developing the Auction Procedures, conducting the Auction, communicating the results of the Auction to interested parties, and working with the Companies to navigate the various complexities regarding the SISP and the Auction;
  - h) communicating with counsel for Badger and JMAC regarding the status of their Successful Bid and Back-up Bid following the Auction;
  - i) assisting the Companies' management regarding planning transition steps for accounting and tax compliance if the Transaction is approved;
  - j) preparing an analysis of potential employee severance claims as a result of the Transaction;
  - k) reviewing cash flow statements provided for AMIS LLC;

- l) responding to calls and emails from creditors, suppliers, customers, and other stakeholders;
- m) attending meetings with Badger and specific AMI employees, at the request of the Companies, to discuss potential terms of employment and go-forward intentions in the event Badger was designated the Successful Bidder;
- n) maintaining the Case Website for these Proposal Proceedings;
- o) corresponding with the Companies and JMAC's counsel regarding a potential claim related to an asserted right of first refusal by JMAC (the "**JMAC ROFR**"); and
- p) preparing this Third Report.

## **2.2 Activities of the Companies**

1. The Proposal Trustee has observed certain key activities of the Companies since filing its Second Report which include the following:
  - a) continuing their efforts to improve the operations of the business and manage day-to-day operations;
  - b) communicating with various stakeholders and creditors regarding the Proposal Proceedings, in consultation with the Proposal Trustee;
  - c) conducting the SISP in consultation with Fasken, the Proposal Trustee and the Sales Advisor, including:
    - i. working with the interested parties to submit a bid in accordance with the SISP requirements;
    - ii. responding to the bid submitted after the bid deadline by JMAC, including consultation with the Proposal Trustee;
    - iii. assessing the received bids and working with the respective bidders to understand key terms and negotiate certain terms and conditions to ensure, to the extent possible, the bids are comparable for the purposes of participating in the Auction; and
    - iv. attendance at the Auction and providing video link and transcription services;

- d) negotiating the final terms of the Transaction with Badger;
- e) corresponding with Fasken and the Proposal Trustee;
- f) communicating on an ongoing basis with certain creditors, stakeholders, and/or their advisors;
- g) reporting to the Proposal Trustee weekly cash receipts and disbursements;
- h) working with the Proposal Trustee in preparing the Fourth Cash Flow Statement; and
- i) working with Fasken and the Proposal Trustee to prepare materials for the Companies' application to be heard on March 8, 2024.

### **3.0 Cash Flow Statement**

#### **3.1 Performance Against the Third Cash Flow Statement**

1. In accordance with section 50.4(7)(b)(ii) of the BIA, the Proposal Trustee has continued to review and evaluate the state of the Companies' business and financial affairs since the Filing Date.
2. The Companies have remained current in respect of their obligations that have arisen since the Filing Date except for annual minimum royalty payments and professional fees. Royalty payments in the approximate amount of \$120,000 are related to the Prosvita Sand Project. The Proposal Trustee understands that the Companies have reached an agreement with the three royalty holders to defer payment of these outstanding royalties until closing of a transaction pursuant to the SISP. The Proposal Trustee supports this arrangement, as it aids the Companies in managing their liquidity position. Professional fees, incurred to advance these proceedings, are currently outstanding (not including unbilled work in process) and are largely related to the fees and costs of Fasken incurred in relation to advancing definitive documents in relation to the Transaction, preparing the Companies' application materials for the approval of same, and advancing securities matters that are a condition to closing the Transaction. It is estimated that approximately \$200,000 is outstanding, with a portion to be paid in accordance with the Fourth Cash Flow Statement and the remainder to be paid upon closing of the Transaction, subject to approval of this Court.



3. A review process has been established with the Companies to review weekly cash variances. A comparison of AMI's receipts and disbursements to the Third Cash Flow Statement for the period from January 8, 2024 to February 18, 2024 (the "Third Reporting Period") is attached hereto as **Appendix "B"**. A summary of the comparison is as follows:

Third Reporting Period	Actual	Second Cash Flow Statement	Favourable / (Unfavourable) Variance
Opening Cash	\$ 1,024,520	\$ 1,024,520	\$ -
Receipts	555,767	637,978	(82,211)
Operating Disbursements	265,944	334,268	68,324
Net Cashflow from Operations	289,823	303,710	(13,888)
Non-Operating Disbursements	154,881	400,900	246,019
Net Cashflow	134,941	(97,190)	232,131
Interim Financing Advances	-	-	-
Ending Cash Balance	\$ 1,159,462	\$ 927,331	\$ 232,131

#### Proposal Trustee's Comments

4. For the Third Reporting Period, total net cash flow was approximately \$232,000 greater than forecasted in the Third Cash Flow Statement representing a favourable variance.
5. Receipts for the Third Reporting Period were approximately \$82,000 less than forecasted in the Third Cash Flow Statement representing an unfavourable variance. The Proposal Trustee has reviewed the variances with the Companies and the variances are largely attributable to a timing difference on receipt of a cash deposit related to a cancelled letter of credit.
6. For the Third Reporting Period, operating disbursements were approximately \$68,000 less than forecasted in the Third Cash Flow Statement and non-operating disbursements were approximately \$246,000 less than forecasted in the Third Cash Flow Statement, both representing a favourable variance. The Proposal Trustee has reviewed the variances with the Companies and the variances are largely attributable to timing differences related to payment of professional fees and payments to contractors that were lower than forecasted.
7. Further details and comments on the variances are included in **Appendix "B"**.

### 3.2 The Fourth Cash Flow Statement

1. Pursuant to the BIA, the Companies are required to prepare a cash flow statement for the stay extension period. The Fourth Cash Flow Statement for the period starting on February 19, 2024 and ending May 19, 2024, together with Management's Report and Proposal Trustee's Report on the Cash-Flow Statement as required by subsection 50.4(2)(c) of the BIA, is collectively attached hereto as **Appendix "C"**.
2. The Fourth Cash Flow Statement was prepared by the Companies with the assistance of the Proposal Trustee using probable and hypothetical assumptions set out therein. The Companies' receipts during the proposed stay extension period are comprised largely of the collection of deposits related to previous dispositions, and management fees and expense reimbursements from AMIS LLC. Projected disbursements are primarily for funding AMIS LLC operations, payroll and benefits, insurance, contractor payments, utilities, and other operating expenses and professional fees.
3. The Proposal Trustee's review of the Fourth Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to the information supplied to it by the Companies. Since probable and hypothetical assumptions need not be supported, the Proposal Trustee's procedures were limited to evaluating whether they were consistent with the purpose of the Fourth Cash Flow Statement, and there are no material assumptions contained therein which seem unreasonable in the circumstances.
4. Based on the Proposal Trustee's review, as at the date of this Third Report, nothing has come to its attention that causes it to believe that, in all material respects:
  - a) the probable and hypothetical assumptions are not consistent with the purpose of the Fourth Cash Flow Statement; and
  - b) the probable and hypothetical assumptions developed by the Companies are not supported and consistent with the plan of the Companies or do not provide reasonable basis for the Fourth Cash Flow Statement. The Proposal Trustee's Report on the Companies Cash Flow Statement as required by subsection 50.4(2)(b) of the BIA is included in **Appendix "C"**.

5. The Fourth Cash Flow Statement is largely consistent with the Third Cash Flow Statement except for the period covered and revisions on the timing of payments. The Fourth Cash Flow Statement assumes that the Transaction will close by March 31, 2024 and therefore, does not include any transactions for the Companies after this period. Transactions related to ResidualCo post closing of the Transaction are also not reflected in the Fourth Cash Flow Statement. The Proposal Trustee anticipates that it will prepare updated cash flows once the process to distribute ResidualCo's assets is determined. Should the transaction not close as anticipated, the Companies will likely require additional interim financing to continue in these Proposal Proceedings.

#### **4.0 Sales and Investment Solicitation Process (SISP)**

1. An overall summary of the results of the SISP are as follows:
  - a) the SISP commenced on or about December 15, 2023, with a Bid Deadline of January 31, 2024;
  - b) Canaccord Genuity Corp. was engaged as the sales advisor ("**Sales Advisor**") and the SISP was the continuation of the Pre-Filing Strategic Process commenced in approximately mid-2023. The Pre-filing Strategic Process resulted in several interested parties and an Arrangement Agreement was entered into between the Companies and JMAC; however, a transaction was not completed with JMAC for reasons set out in the First Churchill Affidavit at paragraphs 36-40;
  - c) the Companies issued a press release on December 15, 2023, that provided notice of the SISP and invited interested parties to contact either the Proposal Trustee or the Sales Advisor;
  - d) an advertisement of the SISP was posted in the following publications:
    - i. in the BOE Report on December 15, 2023; and
    - ii. the Calgary Herald on December 19, 2023;

- e) the Sales Advisor established a virtual data room (“**VDR**”) on or about December 18, 2024 that provided detailed information on the Companies to allow Qualified Bidders to conduct due diligence. Additionally, the VDR contained two forms of template agreements:
    - i. a template agreement for an asset purchase agreement; and
    - ii. a template agreement for a share subscription agreement that included a reverse vesting order structure;
  - f) the Sales Advisor, in consultation with the Companies and the Proposal Trustee, prepared an updated teaser that was distributed to over 100 parties. Sixteen parties requested access to the VDR and were required to comply with the requirements of the SISP and sign a non-disclosure agreement prior to gaining access to the VDR;
  - g) additionally, the Sales Advisor was in regular dialogue with interested parties and posted updated information and responses to questions in the VDR; and
  - h) certain Qualified Bidders requested and were granted access to the Hixton mine, located in Hixton, Wisconsin and owned by AMIS LLC. In addition to representatives of the Companies, the Sales Advisor accompanied these parties on the site visits. Additionally, JMAC requested that a representative of JMAC also be present for the site visits to the Hixton mine, given its 50% interest in AMIS LLC, the owner of the property. This was agreed to by the Companies, following consultation with the Proposal Trustee and the Sales Advisor, and a JMAC representative was present for all site visits to the Hixton mine conducted by Qualified Bidders.
2. In order to develop its bid, Badger requested meetings with key employees to discuss the nature of their employment going forward if Badger was the Winning Bidder. At the request of the Companies, the Proposal Trustee participated in these meetings to ensure only matters related to the individual employees’ arrangements were discussed.
  3. At the Bid Deadline, the Sales Advisor provided the Companies and the Proposal Trustee with a copy of the Badger bid. The Sales Advisor advised the Companies and the Proposal Trustee that no other Superior Bids had been received. The Companies and the Proposal Trustee followed up with JMAC and its counsel to inquire on the status of the definitive documents as required pursuant to the terms of the SISP. After these discussions, JMAC

advised the Proposal Trustee that there was a misunderstanding regarding its requirement to submit definitive documents and that it would do so forthwith. JMAC's definitive documents were subsequently received on February 2, 2024. The Companies consulted with the Proposal Trustee and the Sales Advisor, and it was determined that strict compliance with the SISP bid requirements would be waived in relation to the definitive documents provided by JMAC as there was no apparent prejudice to any of the parties, the waiver was for a short period of time, and the waiver supported the overall goal of maximizing value for stakeholders with no unfairness to any party. Badger was advised of the waiver provided to JMAC in advance of the Auction and did not raise any objections to such waiver with the Proposal Trustee, the Sales Advisor, or the Companies.

4. The Companies, in consultation with the Sale Advisor and Proposal Trustee, determined that the offer from Badger constituted a Superior Offer. As a result, both Badger and JMAC as the Stalking Horse Bidder were invited to make further bids through an Auction process in accordance with the SISP. Both parties accepted the invitation to participate in the Auction. A summary of the Auction process is as follows:
  - a) the Companies, with the assistance of the Sales Advisor and the Proposal Trustee developed Auction rules ("**Auction Rules**") to facilitate the Auction in a fair and reasonable manner and to ensure that Auction participants understood the rules and procedures to be followed. Both Badger and JMAC agreed to participate in the Auction and abide by the terms and conditions set out in the SISP and the Auction Rules. Copies of these agreements are attached as Exhibit H and I to the Third Churchill Affidavit;
  - b) the Proposal Trustee commenced the Auction at 10:00am MST on February 9, 2024. In attendance at the Auction was the Proposal Trustee, the Proposal Trustee's legal counsel, representatives of the Sales Advisor, John McCreary as the designated authorized representative for JMAC and Christopher Keliher from Blake, Cassels & Graydon LLP as the designated authorized representative for Badger, representatives from the Companies, representatives from Badger, representatives from JMAC, legal counsel for JMAC, legal counsel for Badger and legal counsel for the Companies;

- c) bidding at the Auction began with the Starting Bid of \$13,100,000 and the Auction Rules specified that the bidding would continue in one or more rounds of bidding (“**Round**”) until the Proposal Trustee and the Companies determined an Auction Bid as the Winning Bid;
- d) the Proposal Trustee set the bid amount in each round, increasing by the amount of the Minimum Bid Increment of \$100,000 for each Round. The Proposal Trustee alternated between the Auction Bidders to confirm their participation first in each Round;
- e) the Auction resulted in 162 Rounds of bids. In Round 162, JMAC was the first bidder, and indicated they would not bid \$29,200,000. Badger was the second bidder in Round 162 and indicated they would bid \$29,200,000; and
- f) the Proposal Trustee closed the Auction after Round 162 with the last bid made by Badger for \$29,200,000. Shortly thereafter, the Proposal Trustee consulted with the Companies and the Sales Advisor and Badger was declared the Winning Bidder. JMAC’s last Auction bid in the amount of \$29,100,000 was the next highest bid and was designated as the Backup Bid in accordance with the SISF and Auction Rules. A copy of the correspondence delivered to both Badger and JMAC to confirm the Winning Bid and the Backup Bid is attached as Exhibit J to the Third Churchill Affidavit.

## 5.0 The Transaction<sup>1</sup>

1. A summary of the Transaction is as follows:
  - a) **Purchaser**: Badger Mining Corporation (the “**Purchaser**”).
  - b) **Purchased Assets**: 1,000 Common Shares subscribed by for the Purchaser in accordance with the Transaction Approval and Reverse Vesting Order and the Subscription Agreement (the “**Purchased Shares**”).

---

<sup>1</sup> This section provides an overview of the Transaction. Interested parties are strongly encouraged to read the Subscription Agreement and the proposed Transaction Approval and Reverse Vesting Order. Capitalized terms in this section have the meanings provided to them in the Subscription Agreement and/or the Transaction Approval and Reverse Vesting Order.

- c) **Purchase Price**: Aggregate consideration for the Purchased Shares which is the total of:
- i. \$29,200,000;
  - ii. the amount of the Expense Reimbursement (\$200,000);
  - iii. any amounts payable for Estimated Employee Claim Amounts, not to exceed the Bid Value Differential, as calculated in accordance with article 6.7 of the Subscription Agreement;
  - iv. any amounts payable pursuant to article 6.14 of the Subscription Agreement that are deemed to be a Disclaimer Liability. An Escrow Amount of \$500,000 will be paid by the Purchaser to be held by the Proposal Trustee for payment of the Disclaimer Liability, if any; and
  - v. the value of the Retained Liabilities.
- d) **ResidualCo Notes**: At Closing, all Transferred Liabilities shall be transferred to ResidualCo in consideration for the ResidualCo Notes (issued by AMI) and the Transferred Assets. The ResidualCo Notes will have a total principal amount equal to the Transferred Liabilities less the Transferred Assets, if any. The amounts owing under the ResidualCo Notes shall be satisfied by the Companies using the Purchase Price. If the aggregate principal amount of the ResidualCo Notes exceeds the Purchase Price, then the remaining principal amount of the ResidualCo Notes shall extinguish for nil consideration. If the aggregate principal amount of the ResidualCo notes is less than the Purchase Price, then any remaining Purchases Price shall vest in ResidualCo to be administered by the Proposal Trustee;
- e) **Deposit**: A deposit of \$1,320,000 was paid to and is presently held by the Proposal Trustee in accordance with the SISP requirements and article 2.4 of the Subscription Agreement.

- f) **Transferred Assets:** The Transferred Assets are those assets proposed to be transferred to ResidualCo through operation of the Transaction Approval and Reverse Vesting Order. To qualify as a Transferred Asset, the Purchaser must designate that the relevant asset is designated as such in writing to the Companies and the Proposal Trustee prior to the closing of the Transaction. As at the date of writing this Third Report, no asset has been designated as a Transferred Asset and Badger has confirmed its intention that there will be no Transferred Assets, and that all assets will remain with the Companies.
- g) **Transferred Liabilities:** The Transferred Liabilities are those liabilities proposed to be transferred to ResidualCo through operation of the Transaction Approval and Reverse Vesting Order. These include, unless otherwise designated by the Purchaser as a Retained Liability, all obligations or liabilities of any nature and kind owed by the Company or Companies, as applicable, including but not limited to all unsecured debt or secured debt wheresoever and howsoever arising, including by operation of the BIA, court order, or other Applicable Law. The Transaction Approval and Reverse Vesting Order lists specific Transferred Liabilities.
- h) **Excluded Contracts:** The Excluded Contracts are those contracts, leases or agreements to be disclaimed and/or otherwise terminated by a Company, or the Companies, as the case may be. These include any contract, agreement, lease, or commitment designated as an Excluded Contract by the Purchaser in writing. As at the date of writing this Third Report, no contract has been designated as an Excluded Contract and Badger has confirmed its intention that there will be no Excluded Contracts, and that all contracts will remain with the Companies.
- i) **Retained Assets:** The Retained Assets, being those assets proposed to be retained by the Purchaser, means, unless otherwise designated by the Purchaser, all assets of every nature and kind whatsoever owned, controlled, or beneficially held by the Company or the Companies, as applicable. The Transaction Approval and Reverse Vesting Order lists Retained Assets.
- j) **Retained Liabilities:** The Transaction Approval and Reverse Vesting Order lists the Retained Liabilities, being those liabilities proposed to be retained by the Company, from and after the Closing Time.



- k) **Retained Contracts**: The Retained Contracts include those contracts to be retained by the Companies through operation of the Transaction Approval and Reverse Vesting Order, including each and every contract, agreement, and commitment held by the Company, or Companies, as applicable, in force immediately prior to the date of the Subscription Agreement, unless otherwise designated by the Purchaser.
- l) **Representation and Warranties by the Companies**: Consistent with the standard terms of an insolvency transaction, the Companies are making limited representations and warranties, and the transaction is on an “as is, where is” basis.
- m) **Closing Date**: Will occur no later than 3 business days from the date on which all conditions set out in article 4 of the Subscription Agreement have been satisfied or waived by the parties. The Proposal Trustee understands that the Companies and Badger are targeting a Closing Date of March 12, 2024, in order for the Companies to fully satisfy the outstanding Interim Financing Facility owed to JMAC, which matures on March 12, 2024.
- n) **Material Conditions**: The Subscription Agreement includes the following material conditions, amongst other conditions:
- i. the Transaction Approval and Reverse Vesting Order shall have been granted and entered by the Court and shall not have been vacated, set aside, or stayed, and all conditions to the effectiveness of the Revers Vesting Order shall have been satisfied or waived in accordance with the terms thereof;
  - ii. ResidualCo shall be incorporated; and
  - iii. the Court shall not have granted or entered an order which confirms, orders, or otherwise states that JMAC is entitled to exercise its contractual right of first refusal in respect of the Company’s 50% interest in AMIS LLC, a limited liability company organized under the laws of the State of North Dakota.

2. A summary of certain key terms of the Transaction Approval and Reverse Vesting Order are as follows:

**Reorganization**

- a) the Purchaser shall deliver the Purchase Price and the Escrow Amount to the Proposal Trustee and the Purchase Price shall be dealt with in accordance with the closing sequence in the Subscription Agreement;
- b) the Terminated Employees shall be terminated by the Companies;
- c) all directors of AMI immediately prior to the Closing Date shall be deemed to resign and the new directors named in the Subscription Agreement shall be deemed to be appointed as the new directors of AMI;
- d) each issued and outstanding Common Share held by a Company Shareholder immediately prior to the Closing Date shall be exchanged without any further act or formality thereof for consideration in the form of one ResidualCo Share for each Common Share formerly held by each Company Shareholder immediately prior to the Closing Date;
- e) AMI shall, in consideration for the Purchase Price, issue the Purchased Shares to the Purchaser in accordance with the Subscription Agreement, free and clear of and from any and all Claims, Losses and Encumbrances;

**Vesting of Assets and Liabilities**

- f) all legal and beneficial right, title and interest of the Companies in and to the Transferred Assets (which, for certainty, does not include the Purchase Price) shall be transferred to ResidualCo and shall vest absolutely and exclusively with ResidualCo, and all Encumbrances attached to the Transferred Assets prior to the transfer shall continue to attach to the Transferred Assets following the transfer with the same nature and priority as they had immediately prior to their transfer;

- g) all Transferred Liabilities shall be transferred to, assumed by and vest absolutely and exclusively with ResidualCo in consideration for the ResidualCo Notes and the Transferred Assets, and the Transferred Liabilities shall be novated and become obligations of ResidualCo and shall no longer, under any circumstances, be or represent obligations of the Companies;
- h) the Retained Assets will be retained by AMI in each case free and clear of and from any and all Claims, Losses and Encumbrances. AMI shall satisfy the amounts owing under the ResidualCo Notes (including on behalf of the Subsidiaries, which in such case shall constitute a contribution of capital by AMI to the Subsidiaries) using the Purchase Price. If the aggregate principal amount of the ResidualCo Notes exceeds the Purchase Price, then any such remaining unpaid principal amount of the ResidualCo Notes shall be extinguished for nil consideration and AMI and its Subsidiaries shall have no further liability or obligation to ResidualCo. If the aggregate principal amount of the ResidualCo Notes is less than the Purchase Price then any remaining Purchase Price shall vest in ResidualCo to be administered by the Proposal Trustee (as trustee of ResidualCo) for the benefit of ResidualCo's creditors (which creditors arise from the assumption of the Transferred Liabilities);
- i) the Companies shall cease to be applicants in the Proposal Proceedings and the Companies shall be deemed to be released from the purview of the First Order and all other Orders of this Court granted in relation to the Proposal Proceedings;
- j) ResidualCo shall replace the Companies as applicants and debtor, as applicable, in the Proposal Proceedings and shall be subject to the terms of all Orders granted in the Proposal Proceedings; and
- k) AMI shall cease to be a reporting issuer by Order of the Alberta Securities Commission and the Ontario Securities Commission under the securities legislation of the jurisdictions in which AMI is a reporting issuer.

### **ResidualCo Matters**

- l) the First Director, John David Churchill, is authorized to act as director and officer of ResidualCo and, in such capacity, will be authorized to take such steps and perform such tasks as are necessary or desirable to facilitate the Transaction;

- m) notwithstanding Section 106 of the ABCA, the First Director shall be entitled to tender his resignation as a director and officer of ResidualCo upon the appointment of the Proposal Trustee in respect of ResidualCo in the Proposal Proceedings and the granting and issuance of the Transaction Approval and Reverse Vesting Order.
- n) ResidualCo shall be deemed to be the former employer of any former employees of AMI or the Companies who were terminated between the filing date, November 13, 2023, and the Effective Time, if any, whose claims against the Companies are transferred to ResidualCo pursuant to the Transaction Approval and Reverse Vesting Order, provided that such deeming: (i) shall be effective immediately after the Effective Time; and (ii) will solely be for the purposes of termination pay and severance pay pursuant to the Wage Earners Protection Program. For greater certainty, the Terminated Employee Claims shall be and constitute Transferred Liabilities which, pursuant to the Transaction Approval and Reverse Vesting Order and the Closing Sequence, shall be discharged as against AMI and transferred to ResidualCo.
- o) the administration of ResidualCo shall remain subject to the Proposal Trustee's appointment and oversight, and the Court's oversight and the Proposal Proceedings.

#### **Releases and Other Protections**

- p) From and after the Effective Time, all Persons shall be absolutely and forever barred, estopped, foreclosed and permanently enjoined from pursuing, asserting, exercising, enforcing, issuing or continuing any steps or proceedings, or relying on any rights, remedies, claims or benefits in respect of or against the Companies, the Purchaser, the Proposal Trustee, the First Director, or the Retained Assets, in any way relating to, arising from or in respect of:
  - i. the Transferred Assets;
  - ii. any and all Claims, Losses or Encumbrances other than the Retained Liabilities against or relating to the Companies, the Transferred Assets or the Retained Assets existing immediately prior to the Effective Time;
  - iii. the insolvency of the Companies prior to the Effective Time;

- iv. the commencement or existence of the notice of intention proceedings; or
  - v. the completion of the Transactions.
- q) From and after the Effective Time, the Purchaser and the Companies shall be released from all Claims, Losses and Encumbrances with respect to any Taxes of, in respect of, or that relate to, the Companies and that are not otherwise a Retained Liability, but noting that this does not release or discharge any Claims with respect to Taxes or obligations in respect thereof that are transferred to ResidualCo; and
- r) The parties listed below (the “**Released Parties**”) are released and discharged from any and all claims taking place on or prior to the Effective Time in any way relating to, arising out of, or in respect of, the Proposal Proceedings, the administration of Residual Co. or with respect to their respective conduct in these Proposal Proceedings. The Released Parties are:
- i. the Companies, and their respective current directors, officers, employees, legal counsel, representatives and advisors;
  - ii. the Proposal Trustee, and its employees and legal counsel;
  - iii. the Purchaser and its current directors, officers, employees, legal counsel, representatives and advisors; and
  - iv. the First Director.
3. The Proposal Trustee has reviewed the proposed releases and is of the view that the scope of the Released Claims is reasonable in the present circumstances as a result of, among other things,
- a) the proposed releases are fair and reasonable and are rationally connected to the Transaction;
  - b) the Released Parties were necessary to the Companies’ restructuring and contributed materially to the conduct of the SISP, which culminated in the Auction and the significant increase in value generated therefrom;

- c) as a result of the Released Parties' efforts during these Proposal Proceedings, the Companies obtained the highest and best value for their assets. The Proposal Trustee understands that if the releases are not granted, there is a risk that the Purchaser will not proceed to closing or reduce the Purchase Price; and
  - d) the Proposal Trustee is unaware of any claims against the Released Parties or their advisors in relation to these Proposal Proceedings. Moreover, due to the significant value generated from the Auction, there will likely be sufficient assets in ResidualCo to address any claims that could arise. In the Proposal Trustee's view, no stakeholder is therefore prejudiced by the granting of the proposed releases.
4. The Proposal Trustee supports the Companies' request for the Transaction Approval and Reverse Vesting Order approving the Transaction contemplated in the Subscription Agreement for the following reasons:
- a) the SISP was reasonable in the circumstances and was a continuation of the Pre-Filing Strategic Process. The SISP was conducted in accordance with the First Order, which provided for a sale process that allowed the market to be appropriately canvassed and allowed all interested parties time to perform their own due diligence;
  - b) the Proposal Trustee was involved in the development of the SISP and approved the process leading to the Transaction;
  - c) the SISP included a Sales Advisor experienced in sales of this nature under the supervision of the Proposal Trustee;
  - d) the SISP procedures were typical of insolvency proceedings involving a single phase bid deadline with a run-off auction;
  - e) sufficient effort was made to sell the Companies' assets and/or business by way of the Pre-filing Strategic Process and the SISP by the Companies and no party has acted improvidently;

- f) the SISP was conducted efficiently, with integrity, provided sufficient exposure of the Companies' assets and business to the marketplace, and the Proposal Trustee is of the view that further marketing efforts would not achieve a better result than the Transaction. Notably, only two parties were deemed to be Qualified Bidders (Badger and JMAC) and both continue to be involved in these Proposal Proceedings;
- g) overall, the sales process was fair and reasonable and took into account the interests of all stakeholders. Notably, strict compliance with the SISP requirements was waived in favour of JMAC in order to continue the competitive tension created in the SISP, and progress to the Auction, which ultimately enhanced value for all of the Companies' stakeholders;
- h) Court approval of the Transaction is beneficial for all stakeholders, and more beneficial than a disposition of the Companies' assets under a bankruptcy, as it will allow certain employees to retain employment, allow customers and contractual parties to continue business with the Companies on existing contractual arrangements, preserve corporate attributes of the Companies and preserve Land Agreements, Licenses, Mineral Claims and Permits, all of which enhance the value to a purchaser and realizations for creditors and shareholders. Overall, the Transaction will result in a net-positive outcome for the Companies' creditors and other interested parties;
- i) the consideration to be received from the Transaction is significantly greater than what would have been received in the Arrangement Agreement with JMAC in the Pre-Filing Strategic Process and well in excess of the market capitalization of the Companies (approximately \$10.6 million as of the Filing Date). The Proposal Trustee does not believe that spending further time and resources marketing the Companies' assets and business will result in a superior transaction. The Proposal Trustee believes the consideration to be received in the Transaction is fair and reasonable; and
- j) the first ranking secured creditor, JMAC, participated in the SISP as the Stalking Horse Bidder and as a participant in the Auction. Other creditors were either included on the Service List or had access to the SISP documents posted on the Case Website. The Proposal Trustee believes that creditors were appropriately consulted in the circumstances.

5. The Proposal Trustee, in consultation with its legal counsel, considered the recent guidance provided by the Canadian Courts in the context of other insolvency proceedings that utilized a reverse vesting order to facilitate a transaction. The Proposal Trustee understands this Court is responsible for making a determination on the appropriateness of the reverse vesting order structure. In order to assist the Court with its exercise of its discretion in this regard, the Proposal Trustee provides the following comments with respect to the guidance provided by the Canadian Courts:

**a) Why is the reverse vesting order necessary in this case?**

- i. Both the Purchaser and JMAC, as the Stalking Horse Bidder, presented their offers utilizing a reverse vesting order structure. It is presumed that both parties utilized this structure to preserve the Land Agreements, Licenses, Mineral Claims and Permits as outlined in the Third Churchill Affidavit. Additionally, the Proposal Trustee understands that the reverse vesting order structure will allow for the preservation of certain corporate attributes, including tax loss pools, that are considered valuable by both the Purchaser and JMAC as the Back-up Bidder.
- ii. As both the Purchaser and the Stalking Horse Bidder structured their offer with a share subscription, the only other alternative available to the parties to purchase the shares of the Companies would be pursuant to the Companies successfully filing a proposal that is approved not only by the requisite majority of creditors but also by the Court. However, neither JMAC nor Badger structured their offers in this manner and the Proposal Trustee acknowledges that a proposal process would have taken longer to complete and presented additional closing risk due to the requirement for a creditor vote. The Proposal Trustee notes that JMAC is the primary secured creditor of the Companies, and in order to complete a proposal, JMAC would either be in a secured creditor class or JMAC would have to be characterized as an unaffected creditor. In either scenario, it is possible that JMAC would have had the ability to operate outside of the statutory stay of proceedings and take enforcement actions against the Companies for its own benefits, thereby potentially compromising the effectiveness of a proposal.



**b) Does the reverse vesting order structure produce an economic result at least as favourable as any other viable process?**

- iii. The Purchaser and the Stalking Horse Bidder (which were the only two Qualified Bidders to participate in the Auction) have each sought a reverse vesting order structures in their proposed transaction documents. The Proposal Trustee believes that a transaction structured as a reverse vesting order structure provides the most value to purchasers and therefore the best economic result for the Companies and its stakeholders. As noted previously, the reverse vesting order structure allows for the preservation of the Land Agreements, Licenses, Mineral Claims and Permits and other corporate attributes for the benefit of the Purchaser.
- iv. The SISP process has resulted in a very favourable economic result for the Companies' creditors and shareholders, and it is unlikely that another proposed structure would achieve the same result. Both JMAC and Badger provided bids at the Auction that were based upon a reverse vesting order transaction structure and provided an increase in overall consideration of at least \$16,200,000, or approximately 124% greater value than what would otherwise be provided based upon the Stalking Horse Bid.

**c) Is any stakeholder worse off under the reverse vesting order structure than they would have been under any other viable alternative?**

- v. The Proposal Trustee does not believe any stakeholder is worse off under the reverse vesting order structure. The Companies' creditors are expected to receive a distribution that would see their duly proven creditor claims paid in full (subject to any applicable OSB levy, if any) and shareholders to receive a distribution with respect to their equity interests which is fairly uncommon in insolvency proceedings. As of the date of this Third Report, no stakeholders have expressed concerns to the Proposal Trustee regarding the reverse vesting order structure.

**d) Does the consideration being paid for the debtor’s business reflect the importance and value of the licenses and permits (or other intangible assets) being preserved under the reverse vesting order structure?**

vi. The consideration being paid for the Transaction is more than double the Stalking Horse Bid and more than double the potential Pre-Filing Strategic Process transaction amount involving JMAC. As both the Winning Bidder and the Backup Bidder sought to use the reverse vesting order structure, the Proposal Trustee understands that it is the preferred method of transaction for both parties, due in part to the preservation of the Land Agreements, Licenses, Mineral Claims, Permits and corporate attributes.

6. The Proposal Trustee supports the application to approve the Transaction Approval and Reverse Vesting Order contemplated in the Transaction and Subscription Agreement. There are key benefits to using the reverse vesting order structure which include preservation of the Land Agreements, Licenses, Mineral Claims, Permits and the corporate attributes of the Companies, and no identified prejudice to the Companies’ stakeholders. The closing of the Transaction will provide significant benefit to the creditors, shareholders and other stakeholders. Moreover, the Companies do not have sufficient capital to fund ongoing Proposal Proceedings should this Court not grant the relevant relief, which is particularly evident from the Companies’ outstanding accrued professional fees.

## **6.0 The JMAC ROFR**

1. JMAC’s counsel has advised the Proposal Trustee that it may seek to enforce its ROFR, both in these Proposal Proceedings and through separate proceedings in the State of North Dakota. On the afternoon of February 27, 2024, counsel for JMAC provided the Proposal Trustee with materials it filed in the United States District Court for the District of North Dakota on February 27, 2024 in relation to its ROFR rights. The Proposal Trustee is in the process of reviewing these materials with its counsel. As of the date of this Third Report, counsel for JMAC has not provided the Proposal Trustee with any materials in response to the March 8, 2024 Court application. The Proposal Trustee may file a supplemental report to further address the ROFR after it has an opportunity to review the North Dakota materials and JMAC’s reply materials in response to the Companies’ application.

## 7.0 Companies' Request for an Extension

1. The Companies are seeking an extension of the time required to file a proposal from March 11, 2024 to April 25, 2024. The Proposal Trustee supports the extension request for the following reasons:
  - a) the Companies are acting in good faith and with due diligence;
  - b) the extension will provide time to conclude the Transaction and implement the procedures outlined in the Transaction Approval and Reverse Vesting Order, subject to Court Approval;
  - c) the extension should not adversely affect or materially prejudice any group of creditors as the Companies are projected to have funding to pay post-filing services and suppliers in the amounts contemplated by the Fourth Cash Flow Forecast; and
  - d) the Transaction if approved will provide significant benefit to stakeholders that is anticipated to provide a payment in full to creditors and a distribution to equity claimants.

## 8.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court grant the relief sought by the Companies.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
in its capacity as trustee in the proposal of  
Athabasca Minerals Inc., 2132561 Alberta Ltd., 2140534 Alberta Ltd., AMI Aggregates Inc.,  
AMI RockChain Inc., AMI Silica Inc., TerraShift Engineering Ltd.,  
and not in its personal capacity**

## **Appendix “A”**

COURT FILE NUMBER &  
BANKRUPTCY ESTATE  
NUMBER  
COURT

**25-3009380**

JUDICIAL CENTRE

COURT OF KING'S BENCH OF ALBERTA, IN  
BANKRUPTCY AND INSOLVENCY  
Calgary

IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, C B-3 AS AMENDED

APPLICANTS

AND IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF ATHABASCA MINERALS  
INC., AMI SILICA INC., AMI AGGREGATES INC., AMI  
ROCKCHAIN INC., TERRASHIFT ENGINEERING LTD.,  
2132561 ALBERTA LTD., and 2140534 ALBERTA LTD.  
ATHABASCA MINERALS INC., AMI SILICA INC., AMI  
AGGREGATES INC., AMI ROCKCHAIN INC.,  
TERRASHIFT ENGINEERING LTD., 2132561 ALBERTA  
LTD., and 2140534 ALBERTA LTD.

DOCUMENT

**ORDER: Stay Extension**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF PARTY  
FILING THIS DOCUMENT

**Fasken Martineau DuMoulin LLP**

Attn: Robyn Gurofsky / Jessica Cameron

3400 First Canadian Centre

350-7 Avenue SW

Calgary, AB T2P 3N9

Telephone: (403) 261-9469/261-9468

Facsimile: (403) 261-5351

Email: [rgurofsky@fasken.com](mailto:rgurofsky@fasken.com) / [jcameron@fasken.com](mailto:jcameron@fasken.com)

File No. 318938.00024

---

**DATE ON WHICH ORDER WAS PRONOUNCED:** January 26, 2024

**LOCATION WHERE ORDER WAS PRONOUNCED:** Calgary, Alberta

**NAME OF JUSTICE WHO MADE THIS ORDER:** The Honourable Justice C.J. Feasby

---

**UPON HAVING READ** the application filed January 15, 2024 (the "**Application**") of Athabasca Minerals Inc. ("**AMI**"), AMI Silica Inc., AMI Aggregates Inc., AMI RockChain Inc., TerraShift Engineering Ltd., 2132561 Alberta Ltd., and 2140534 Alberta Ltd. (collectively, the "**Companies**"), for an order, among other things, extending the time for the Applicants to file a

proposal and the stay of proceedings pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, C B-3 (“**BIA**”);

**AND UPON HAVING READ** the Application, the Affidavit of John David Churchill, sworn January 15, 2024, and the Exhibits thereto (the “**Second Churchill Affidavit**”), the Second Report of KSV Restructuring Inc. in its capacity as proposal trustee of the Applicants (in such capacity, the “**Proposal Trustee**”), dated January 19, 2024 (the “**Second Report**”), and the Affidavit of Service of Kim Picard sworn January 16, 2024, and the pleadings previously filed in the within proposal proceedings, including the order of the Court granted on December 12, 2023 (the “**First Order**”);

**AND UPON HEARING** the submissions of counsel for the Applicants, the Proposal Trustee, and such other counsel in attendance at the hearing of the Application, which occurred via WebEx video conference;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

1. The time for service of the notice of application for this Order is hereby abridged and deemed good and sufficient and this Application is properly returnable today.

**EXTENSION AND STAY**

2. The Applicants are granted an extension of 45 days, to March 11, 2024, to file a joint proposal to their creditors, under section 50.4(9) of the BIA.
3. The stay of proceedings in the within matter is extended by 45 days to and including March 11, 2024 (the “**Proposal Extension Date**”).

**MISCELLANEOUS MATTERS**

4. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Order and to assist the Companies and the Proposal Trustee, as the case may be, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the

Proposal Trustee in any foreign proceeding, or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.

5. Service of this Order shall be deemed good and sufficient:
  - a. by serving same on the persons who were served with notice of this Application and any other parties attending or represented at the hearing of this Application; and
  - b. by posting a copy of this Order on the Proposal Trustee's website at: <https://www.ksvadvisory.com/experience/case/athabasca-minerals>.
6. Service of this Order on any other person is hereby dispensed with.
7. Service of this Order may be effected by facsimile, electronic mail, personal delivery, or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.



---

**Justice of the Court of King's Bench of Alberta**

## **Appendix “B”**



## Comparison of Third Cash Flow Statement to Actual

Third Reporting Period	Actual	Second Cash Flow Statement	Favourable / (Unfavourable) Variance	Notes
<b>Opening Cash</b>	\$ 1,024,520	\$ 1,024,520	\$ -	
<b>Receipts</b>				
Collection of Outstanding Receivables	555,767	637,978	(82,211)	1
<b>Total Receipts</b>	555,767	637,978	(82,211)	
<b>Operating Disbursements</b>				
Wages, Salaries, and Benefits	166,511	166,065	(447)	
Utilities	1,238	2,356	1,119	
Other Operating Expenses	83,242	150,987	67,745	2
Rent	14,953	14,860	(93)	
<b>Total Operating Disbursements</b>	265,944	334,268	68,324	
<b>Net Cashflow From Operations</b>	289,823	303,710	(13,888)	
<b>Non-Operating Disbursements</b>				
AMI Silica LLC - Funding	-	-	-	
Other Disbursements	13,207	-	(13,207)	3
Anticipated Capital Expenditure	75,886	70,000	(5,886)	4
Interest and Principal	99	-	(99)	
Legal Counsel Fees	-	175,200	175,200	5
Trustee Fees	65,689	115,700	50,011	6
Trustee's Legal Counsel Fees	-	40,000	40,000	7
<b>Total Non-Operating Disbursements</b>	154,881	400,900	246,019	
<b>Total Disbursements</b>	420,826	735,168	314,342	
<b>Net Cash Flow</b>	134,941	(97,190)	232,131	
<b>Interim Financing</b>				
Interim Financing Advances	-	-	-	
<b>Ending Cash Balance</b>	<b>\$ 1,159,462</b>	<b>\$ 927,331</b>	<b>\$ 232,131</b>	

**Notes:**

1. Unfavourable variance as a result of a delay in collection of a cash deposit related to a letter of credit. The Companies expect this amount to be collected in the upcoming weeks.
2. Favourable variance due to lower than forecasted contractor requirements.
3. Unfavourable variance due to unforecasted GST remittance for the month of November 2023.
4. Unfavorable due to the need to allocate additional funds to meet lease requirements.
5. Favourable variance as a result of timing differences due to timing of invoices received.
6. Favourable variance as a result of timing differences due to timing of invoices received.
7. Favourable variance as a result of timing differences due to timing of invoices received.

## **Appendix “C”**

Athabasca Minerals Inc., 2132561 Alberta Ltd., 2140534 Alberta Ltd.,  
 AMI Aggregates Inc., AMI RockChain Inc., AMI Silicia Inc., TerraShift Engineering Ltd.  
 Cash Flow Forecast  
 February 19, 2024 to May 19, 2024

For the week ending, In CAD	Notes	Forecast												Total		
		25-Feb-24 Week 1	3-Mar-24 Week 2	10-Mar-24 Week 3	17-Mar-24 Week 4	24-Mar-24 Week 5	31-Mar-24 Week 6	7-Apr-24 Week 7	14-Apr-24 Week 8	21-Apr-24 Week 9	28-Apr-24 Week 10	5-May-24 Week 11	12-May-24 Week 12		19-May-24 Week 13	
Opening cash balance	1	1,158,829	1,152,143	939,227	536,227	488,227	447,727	447,727	0	0	0	0	0	0	0	1,158,829
Cash Receipts	2	-	25,460	104,500	19,000	-	-	-	-	-	-	-	-	-	-	148,960
Cash Collections		-	25,460	104,500	19,000	-	-	-	-	-	-	-	-	-	-	148,960
Cash Disbursements		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	3	90	50,612	8,000	57,000	-	53,000	-	-	-	-	-	-	-	-	168,702
Wages, salaries, and benefits	4	947	-	500	-	1,500	-	-	-	-	-	-	-	-	-	2,947
Utilities	5	5,648	64,387	19,000	30,000	19,000	-	-	-	-	-	-	-	-	-	138,035
Other operating expenses	6	-	14,880	-	-	-	-	-	-	-	-	-	-	-	-	14,880
Rent		-	129,859	27,500	87,000	20,500	53,000	-	-	-	-	-	-	-	-	324,544
Other Disbursements		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AMI Silicia LLC - Funding	7	-	-	380,000	-	-	-	-	-	-	-	-	-	-	-	380,000
Total other disbursements	8	-	-	380,000	-	-	-	-	-	-	-	-	-	-	-	380,000
Anticipated capital expenditures		-	-	380,000	-	-	-	-	-	-	-	-	-	-	-	380,000
Debt Repayment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest & principal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements		-	6,685	129,859	407,500	87,000	20,500	53,000	-	-	-	-	-	-	-	704,544
Professional Costs	9	-	-	10,000	100,000	-	394,727	-	-	-	-	-	-	-	-	504,727
Company counsel legal fees		-	-	57,430	-	-	-	-	-	-	-	-	-	-	-	57,430
Trustee fees		-	-	41,087	-	-	-	-	-	-	-	-	-	-	-	41,087
Trustee's counsel fees		-	-	108,517	100,000	-	394,727	-	-	-	-	-	-	-	-	603,244
Total Professional Costs		-	-	108,517	100,000	-	394,727	-	-	-	-	-	-	-	-	603,244
Net cash flow		(6,685)	(212,916)	(403,000)	(68,000)	(20,500)	(447,727)	-	-	-	-	-	-	-	-	(1,158,828)
Interim financing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim financing advances / (repayments)	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing cash (operating line) balance		1,152,143	939,227	536,227	488,227	447,727	447,727	0	0	0	0	0	0	0	0	0

Management of Athabasca Minerals Inc., 2132561 Alberta Ltd., 2140534 Alberta Ltd., AMI Aggregates Inc., AMI RockChain Inc., AMI Silicia Inc., TerraShift Engineering Ltd. (collectively "AMI" or the "Companies") has prepared this forecasted cash-flow statement (the "Cash Flow Forecast") based on probable and hypothetical assumptions detailed in Notes 1 to 10. The Cash Flow Forecast has been prepared on a consolidated basis, as the Companies have been granted a consolidation order by the Court. The Cash Flow Forecast has been prepared solely for the purpose of supporting the Notice of Intention to Make a Proposal ("NOI") filed by each of the Companies on November 13, 2023. As such, readers are cautioned that it may not be appropriate for their purposes. The Cash Flow Forecast of the Companies is prepared in accordance with the provisions of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash-flow Statement.

Dated at the City of Calgary in the Province of Alberta, this 26th day of February 2024.

Athabasca Minerals Inc., 2132561 Alberta Ltd., 2140534 Alberta Ltd.,  
 AMI Aggregates Inc., AMI RockChain Inc., AMI Silicia Inc., TerraShift Engineering Ltd.  
 Per: 

David Churchill  
 Chief Financial Officer

KSV Restructuring Inc.

Per: 

Andrew Basti, CPA, CA, CFP, CIT  
 Managing Director

Athabasca Minerals Inc., 2132561 Alberta Ltd., 2140534 Alberta Ltd.,  
AMI Aggregates Inc., AMI RockChain Inc., AMI Silicia Inc., TerraShift Engineering Ltd.  
Notes to the Cash Flow Forecast  
February 19, 2024 to May 19, 2024

**Note 1**

Consolidated cash balance for all Athabasca entities. Please note only the following entities have bank accounts: Athabasca Minerals Inc., AMI RockChain Inc. (formerly Aggregates Marketing Inc.), AMI Silicia Inc., TerraShift Engineering Ltd. 2132561 Alberta Ltd. and 2140534 Alberta Ltd. The following entities do not have bank accounts: AMI Aggregates Inc. The Cash Flow Forecast assumes that the Transaction will close on March 31, 2024, however the actual closing date may be prior to or later than this forecasted date. The Cash Flow Forecast does not reflect any cash transactions related to ResidualCo.

**Note 2**

Athabasca Minerals Inc. owns a 50% interest in AMI Silicia LLC. The only cash flow for AMI is through monthly management fees and reimbursement of expenses from AMI Silicia LLC. Monthly management fees are not being paid due to insufficient working capital in the AMI Silicia LLC. AMI Silicia LLC is currently experiencing working capital shortfall that has been funded with a cash call by its two equity holders in December 2023. Cash is being very tightly managed in the LLC

**Note 3**

Athabasca Minerals Inc. has 9 employees. The other entities do not have employees. Payroll is mid month and month end. Employee benefits are through Equitable Life and are paid at month end.

**Note 4**

Utilities are for EPCOR and Direct Energy for the Edmonton office. Calgary office utilities are included in rent

**Note 5**

Other operating expenses are as follows: Third party IT support, office supplies, water for office, Xerox for photocopier in Edmonton office, Telus mobility, Shaw internet, Shaw phone, Website management, fuel for company vehicles, janitorial services for the Edmonton office.

**Note 6**

Rent for both office leases in Calgary and Edmonton. Property taxes are included in the monthly lease payments.

**Note 7**

Other disbursements include amounts for D&O run-off insurance that will need to be paid 7 days before closing. A Prosvita Land option payment of \$50,000 is required to be paid in March which is required to retain the asset.

**Note 8**

Capital expenditures are required to maintain the in-basin sand development project leases in Montney BC.

**Note 9**

Trustee fees to KSV Restructuring and their legal counsel, Bennett Jones and to Fasken as AMI counsel and its US counsel with respect to US legal matters.

**Note 10**

AMI has reached an agreement with JMAC Energy Services LLC to advance a DIP facility in the amount of \$2,850,000 less \$25,000 as a DIP facility fee. This was advanced in December 2023. This cash flow assumes no further DIP financing is required and that the current factoring arrangements between JMAC and AMIS LLC will continue in the normal course.

\_ FORM 29 \_  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
Athabasca Minerals Inc., 2132561 Alberta Ltd., 2140534  
Alberta Ltd., AMI Aggregates Inc., AMI RockChain Inc., AMI  
Silicia Inc., and TerraShift Engineering Ltd.  
of the City of Calgary, in the Province of Alberta

The attached statement of projected cash flow of Athabasca Minerals Inc., 2132561 Alberta Ltd., 2140534 Alberta Ltd., AMI Aggregates Inc., AMI RockChain Inc., AMI Silicia Inc., and TerraShift Engineering Ltd., as of the 27<sup>th</sup> day of February, 2024, consisting of a signed pdf copy of a weekly cash flow statement for the period ending May 19, 2024, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:  management or  the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection 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.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 27th day of February 2024.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



---

Andrew Basi - Licensed Insolvency Trustee

1165, 324-8th Avenue S.W.

Calgary AB T2P 2Z2

Phone: (416) 932-6262 Fax: (416) 932-6266

\_FORM 29\_ - Attachment  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
Athabasca Minerals Inc., 2132561 Alberta Ltd., 2140534  
Alberta Ltd., AMI Aggregates Inc., AMI RockChain Inc., AMI  
Silicia Inc., and TerraShift Engineering Ltd.  
of the City of Calgary, in the Province of Alberta

Purpose:

a signed pdf copy of a weekly cash flow statement for the period ending May 19, 2024

Projection Notes:

a signed pdf copy of a weekly cash flow statement for the period ending May 19, 2024

Assumptions:

a signed pdf copy of a weekly cash flow statement for the period ending May 19, 2024

Dated at the City of Calgary in the Province of Alberta, this 27<sup>th</sup> day of February 2024.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



---

Andrew Basi - Licensed Insolvency Trustee  
1165, 324-8th Avenue S.W.  
Calgary AB T2P 2Z2  
Phone: (416) 932-6262 Fax: (416) 932-6266

FORM 30

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
Athabasca Minerals Inc., 2132561 Alberta Ltd., 2140534 Alberta  
Ltd., AMI Aggregates Inc., AMI RockChain Inc., AMI Silicia Inc., and  
TerraShift Engineering Ltd.  
of the City of Calgary, in the Province of Alberta

The companies of Athabasca Minerals Inc., 2132561 Alberta Ltd., 2140534 Alberta Ltd., AMI Aggregates Inc., AMI RockChain Inc., AMI Silicia Inc., and TerraShift Engineering Ltd. have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 27th day of February 2024, consisting of a signed pdf copy of a weekly cash flow statement for the period ending May 19, 2024.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

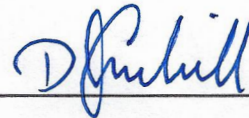
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 27<sup>th</sup> day of February 2024.

---

Athabasca Minerals  
Inc., 2132561 Alberta  
Ltd., 2140534  
Alberta Ltd., AMI  
Aggregates Inc., AMI  
RockChain Inc., AMI  
Silicia Inc., and  
TerraShift  
Engineering Ltd.  
Debtor



Name and title of signing officer

DAVID CHURCHILL, CFO

---

Name and title of signing officer

FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
Athabasca Minerals Inc., 2132561 Alberta Ltd., 2140534 Alberta  
Ltd., AMI Aggregates Inc., AMI RockChain Inc., AMI Silicia Inc., and  
TerraShift Engineering Ltd.  
of the City of Calgary, in the Province of Alberta

Purpose:

a signed pdf copy of a weekly cash flow statement for the period ending May 19, 2024

Projection Notes:

a signed pdf copy of a weekly cash flow statement for the period ending May 19, 2024

Assumptions:

a signed pdf copy of a weekly cash flow statement for the period ending May 19, 2024

Dated at the City of Calgary in the Province of Alberta, this 27th day of February 2024.

---

Athabasca Minerals Inc., 2132561 Alberta Ltd., 2140534 Alberta Ltd., AMI Aggregates Inc., AMI  
RockChain Inc., AMI Silicia Inc., and TerraShift Engineering Ltd.