

General BIA Proposal FAQs

What is the BIA?

The *Bankruptcy and Insolvency Act* or the “BIA” is a federal law that contains both options for the restructuring of the affairs of insolvent companies (referred to as “proposal proceedings”) and options for the orderly liquidation of bankrupt companies. In the Company’s case, it is seeking a restructuring in proposal proceedings.

As part of the proposal proceedings, the Company is granted a “stay of proceedings”, which prevents creditors and those having contracts with the Company from taking action against it. This gives the Company time and stability to allow it to restructure its affairs and to prepare a proposal to its creditors while continuing to operate.

Under proposal proceedings, a “proposal trustee” consents to act as the trustee over the proposal and is then confirmed by the creditors at a meeting of creditors. The proposal trustee oversees the restructuring process and the Company’s cash flows, and reports periodically to the Court.

Is the Company bankrupt?

No. Under Canadian insolvency and restructuring laws, “bankruptcy” is a specific type of proceeding under which an insolvent company’s operations are terminated and its assets are sold or “liquidated” by a trustee in bankruptcy. In contrast, proposal proceedings, among other things, prevent creditors from forcing the Company into bankruptcy.

Why did the Company file under the BIA?

The Company’s financial position has deteriorated significantly in 2022 as a result of, among other things, the operational challenges previously disclosed, inflationary pressures significantly impacting costs, unforeseen but necessary capital expenditures, and contractor mobilization delays because of equipment availability issues.

What happens in proposal proceedings under the BIA?

The Company is given time to develop and implement a strategy to restructure its business and financial affairs. The Company will be restructured through a “proposal” under which its financial and operational affairs are restructured through compromises with creditors (for example, creditors settle for something less than the amount they believe they are owed, but more than they would receive in the event the Company were to liquidate its assets in a bankruptcy).

The Company is granted a “stay of proceedings” to prevent creditors from taking actions that could destabilize the Company or force it into bankruptcy.

Subject to the oversight of the Court and the proposal trustee, the Company remains in control of its business and operations and can take steps to complete its financial and operational restructuring and improve its long-term viability.

Once a proposal has been developed, it is presented to the Company's creditors who are given the opportunity to vote on the proposal. If the proposal is approved by the creditors and the Court, the Company implements the proposal and "emerges" from the BIA as a continuing business, completing the restructuring process.

What is a proposal trustee?

The proposal trustee consents to serve as the proposal trustee and their appointment is later confirmed by the Company's creditors at a meeting of creditors. Its responsibilities are prescribed by the BIA and include monitoring the Company's restructuring initiatives and cash flows, liaising with stakeholders, and assisting the Company with the preparation of cash flow statements and the proposal to creditors. The proposal trustee is an officer of the Court and reports to the Court from time to time on the progress of the proposal proceedings.

In this case, Alvarez & Marsal Canada Inc. has consented to act as the proposal trustee and is maintaining a website with additional materials in respect of the proposal proceedings, including the Company's cash flows and reports prepared by the proposal trustee, at www.alvarezandmarsal.com/GPR.

If you have questions for the proposal trustee please contact them at GPR@alvarezandmarsal.com.

What is the Company's plan?

The Company intends to evaluate its options for the best restructuring of its assets.

What is happening at the Tucano Gold Mine?

Mina Tucano Ltda., a subsidiary of the Company, has filed for a judicial reorganization under Brazilian law in order to restructure the business at the Tucano Gold Mine and to address the subsidiary's ongoing liquidity concerns in Brazil. That proceeding is supervised by Brazilian courts and Mina Tucano Ltda. has engaged Brazilian professional advisors to assist it in the developing a restructuring in that country.

How long will the proposal proceedings take to complete?

At this time, it is not possible to determine how long the proceedings will take to complete.

After filing, the Company obtained an automatic stay of proceedings for 30 days to prepare and file a proposal to its creditors. The Company is entitled to request extensions of up to 45 days from time to time, for a maximum total stay period of six months. These extensions are generally granted by the court provided the Company continues to work in good faith and with due diligence and is making adequate progress towards a viable proposal.

Who is now in charge of the Company?

The Company's Board of Directors and management team remain in control of the day-to-day operations of the business, subject to the specific requirements of the BIA and orders by the Court in the proposal proceedings. However, management will operate under the supervision of the proposal trustee.

What does the filing mean for the Company's operations?

The Company will continue to operate in the normal course throughout the proposal proceedings, while working with management of Mina Tucano Ltda. in Brazil to affect an orderly proceeding in both jurisdictions.

We will provide additional details on the operational restructuring once plans have been finalized.

Does the Company have sufficient financing to continue operations?

Yes. The Company has sufficient financing to fund the Canadian operations through the current stay and will continue to manage its liquidity throughout the proposal proceedings.