



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

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

October 20, 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 A&M (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 (the “**First Monitor’s Report**”) 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 Also 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 which, *inter alia*, seeks to:
- a) amend the ARIO to remove paragraphs 11(b), 11(c) and 11(f) from the ARIO; and
 - b) extend the Stay Period to November 3, 2022 (the “**Second Stay Extension**”).

1.6 Further information regarding the NOI Proceedings and the CCAA Proceedings, including the Initial Order, 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 "**Second 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;
- b) the activities of the Company since the First Monitor's Report;
- c) a comparison of the actual receipts and disbursements of the Company as compared to the statement of projected cash flow for the period from October 8 to 14, 2022 (the "**Second CCAA Cash Flow Forecast**"), which was attached to the First Monitor's Report at Appendix B;
- d) an update in respect of the estimated creditor balances from the NOI filing to the CCAA filing;
- e) the Monitor's comments on: (i) the operations, funding, and pending sale of the Coricancha Mine under the Coricancha Transaction; (ii) the value of the Tucano Mine; (iii) the cash flow restrictions imposed under the ARIQ; and (iv) the Lift Stay Application and Proposed Bankruptcy Petition;
- f) clarification of certain matters discussed in the First Report of the Proposal Trustee;
- g) the Company's application for the Second Stay Extension; and
- h) the conclusions and recommendations of the Monitor in respect of the foregoing, as applicable.

2.2 Capitalized terms not otherwise defined in this Second Monitor's Report have the meanings ascribed to them in the First Report of the Proposal Trustee dated October 3, 2022 (the "**Proposal Trustee Report**") and the First Monitor's Report.

2.3 The Second Monitor's Report should be read in conjunction with the Company's application materials dated October 19, 2022, 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 Second Monitor’s Report, or otherwise used to prepare this Second 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 Second Monitor’s Report are expressed in United States dollars unless otherwise noted.

4.0 ACTIVITIES OF THE MONITOR

- 4.1 Since the date of the First Monitor’s Report and up to and including the date of this Second Monitor’s Report, the Monitor has, among other things:
- a) monitored disbursement approvals and cash flow reporting in accordance with the ARIO;
 - b) considered a potential Sales and Investment Solicitation Process (the “**CCAA SISP**”) for GPR and Mina Tucano Ltda. (“**Mina Tucano**”), and discussed the CCAA SISP with Management and the Company’s advisors;
 - c) reviewed the proposed sale of GPR’s Peruvian operations (the “**Coricancha Transaction**”) to Newrange Gold Corp. (“**Newrange**”), including review of the Share Purchase Agreement (the “**Coricancha SPA**”) in respect of the Coricancha Transaction, which is now in draft and has been exchanged for comments between parties;
 - d) communicated with and attended to various inquiries from trade creditors and other stakeholders; and
 - e) prepared this Second Monitor’s Report.

5.0 ACTIVITIES OF THE COMPANY

5.1 Since the First Monitor's Report, the Company has taken steps to continue advancing its restructuring under the CCAA. Those steps include, without limitation:

- a) in conjunction with the Monitor, working with the selected sales agent for the CCAA SISP (the "Sales Agent") to progress the CCAA SISP and the Sales Agent's proposed engagement;
- b) continuing to work with Mina Tucano to progress the Judicial Reorganization proceedings (the "JR Proceedings") in Brazil;
- c) engaging with Newrange to progress the Coricancha Transaction, including, in particular, by negotiating the Coricancha SPA;
- d) overseeing local management and accounting functions of GPR and its foreign subsidiaries;
- e) responding to the materials presented to this Honourable Court by Asahi, including the Lift Stay Application; and
- f) providing weekly cash flow reporting and disbursements requests to the Monitor, in accordance with the ARIO.

6.0 CCAA CREDITORS' LIST

6.1 GPR's creditors were estimated to be owed approximately CAD \$17.9 million as of the date of the Company's NOI filing on September 6, 2022. Upon the conversion of the NOI Proceedings into the CCAA Proceedings, Management, with the assistance of the Monitor, updated GPR's list of creditors on October 6, 2022 to reflect certain changes in the composition of the Company's creditors (the "CCAA Creditors' List"). A summary of the changes is tabled below:

Great Panther Mining Limited					
Creditors' List					
CAD\$'000					
	As of:	NOI Filing	%	CCAA Filing	%
Asahi	\$	17,123	95.5%	\$ 17,051	91.0%
Employees - severance		-	0.0%	719	3.8%
Other creditors		814	4.5%	976	5.2%
Total	\$	17,938	100.0%	\$ 18,746	100.0%

6.2 As presented above, total creditor claims per the books and records of the Company increased from CAD \$17.9 million as per the NOI dated September 6, 2022 to CAD \$18.7 million as of the CCAA

filing date (October 4, 2022). Changes to the creditor balance totaling approximately CAD \$800,000 include the following:

- a) there was a reduction of the claim from Asahi from CAD \$17.1 million to CAD \$17.05 million, which reduction includes both a reduction as a result of the set-off of proceeds from minerals held by Asahi at the NOI filing date and an increase due to the inclusion of interest accrued on debts due to Asahi that were not included in the initial NOI balance. Asahi's claim will be further reduced as Asahi applies the Pre-Filing Credit of 1.5% of the gold refined from each shipment of gold doré bars from GPR against its debt under the Post-Filing Asahi Agreement. Based on information available, the Pre-Filing Credit applicable as at October 14, 2022 totaled approximately \$115,000, and this adjustment has not been included in the table above;
- b) employees' severance of approximately CAD \$719,000 was included in the CCAA Creditors' List, and represents the estimated severance claims of four employees that were terminated effective September 30, 2022; and
- c) there was an increase in general trade creditors of approximately CAD \$162,000 to account for pre-filing claims that were identified by the Company subsequent to the NOI filing.

6.3 Final determination of creditor claims against the Company would be formalized in a claims process, which has not been advanced at this stage.

7.0 CASH FLOW VARIANCES FOR THE PERIOD ENDED OCTOBER 14, 2022

7.1 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 Second CCAA Cash Flow Forecast. GPR's actual cash receipts and disbursements as compared to the Second CCAA Cash Flow Forecast for the period October 8 to 14, 2022, are summarized below:

Great Panther Mining Limited
Cash Flow Forecast Variance Analysis - Prepared by Management
For the one week ended October 14, 2022
US\$'000

	<u>Actual</u>	<u>Forecast</u>	<u>(\$)</u>
Receipts			
Gold sales	\$ -	\$ -	\$ -
Coricancha sale proceeds	-	-	-
Other	-	-	-
Total Receipts	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements			
Gold purchase	-	-	-
Advances to the Coricancha Mine	90	90	-
Payroll, benefits and payroll taxes	65	71	(6)
Payments to corporate suppliers	75	85	(10)
Professional fees - restructuring	24	20	4
Contingency	-	10	(10)
Total Disbursements	<u>254</u>	<u>277</u>	<u>(23)</u>
Net Cash Flow	(254)	(277)	23
Cash Position			
Opening Cash Available	4,540	4,540	-
Closing Cash Available	<u>4,285</u>	<u>4,263</u>	<u>23</u>
GIC	151	151	-
Total Cash and Cash Equivalents	<u>4,437</u>	<u>4,414</u>	<u>23</u>

- 7.2 The Company experienced a favourable cash flow variance of \$23,000 during this period, mainly driven by lower payments to corporate suppliers than forecast due to temporary timing differences.
- 7.3 Excluded from the Second CCAA Cash Flow Forecast are the potential proceeds from the sale of the shares of Guanajuato Silver Company Ltd. (“**GSilver**”), which GPR received as part of the proceeds from the sale of GPR’s Mexican operations to GSilver. As of August 4, 2022 (the closing date of the transaction), the GSilver shares were worth approximately \$8.9 million. The GSilver shares are subject to specific hold periods: 50% are subject to a four-month hold period (expiring early December 2022); 25% are subject to an eight-month hold period; and the remaining 25% are subject to a 12-month hold period. Management is exploring opportunities for a structured sale of the GSilver shares as appropriate, and is aware that any shares sales exceeding the threshold as provided in the ARIO will be subject to the approval from this Honourable Court.

8.0 CASH FLOW RESTRICTIONS UNDER THE ARIO

- 8.1 Among other things, the ARIO as granted on October 14, 2022 prohibits GPR from making payments to non-arm's length or related parties, as defined in Subsection 251(2) of the *Income Tax Act*, provided that it may pay up to \$100,000 to Great Panther Peru Holdings Ltd. on or before October 21, 2022. Under the Second CCAA Cash Flow Forecast, the Company's anticipated related party disbursements included weekly advances to the Coricancha Mine and a payment to Mina Tucano for gold doré purchases.
- 8.2 Since the NOI filing, GPR has been providing funding to the Coricancha Mine in order to maintain its care and maintenance status while the Coricancha Transaction is being advanced.
- 8.3 As noted in GPR's Annual Information Form for the year ended December 31, 2021, the Coricancha Mine is located next to the Central Highway, 90 km east of the city of Lima, adjacent to the Rímac River in an area known as Tamboraque. The mine area is situated near the confluence of the Rímac River and its tributary, the Aruri River. The Rímac River is a source for Lima's water.
- 8.4 It is the Monitor's understanding that the advances to the Coricancha Mine were generally made: (a) to ensure the Coricancha Mine is being maintained under care and maintenance; (b) to prevent a significant environmental event from occurring at the mine and generally preserve its assets; and (c) for legal fees incurred in respect of the Coricancha Transaction.
- 8.5 Since the commencement of the NOI Proceedings, weekly cash calls have been requested by the Coricancha Mine to fund critical payments for care and maintenance operations. As of October 14, 2022, \$495,000 had been transferred from GPR to the Coricancha Mine. Tabled below is a summary of the purpose of the requests:

Great Panther Mining Limited							
Advances to the Coricancha Mine							
<i>US\$'000</i>							
Week ended:	9-Sep-22	16-Sep-22	23-Sep-22	30-Sep-22	7-Oct-22	14-Oct-22	Total
Environmental	\$ 47	\$ 26	\$ 72	\$ -	\$ 28	\$ 27	\$ 200
Payroll	-	60	4	-	50	60	174
Legal	-	-	36	-	8	-	44
Tax	-	15	-	-	15	-	30
Accommodation	-	-	-	-	20	-	20
Petty cash	2	2	2	-	3	2	11
Truck rental	3	-	-	-	7	-	10
Staff transport	-	-	-	-	2	-	2
Office rental	-	-	-	-	2	-	2
Other	0	0	1	-	0	1	3
Total	\$ 52	\$ 103	\$ 114	\$ -	\$ 136	\$ 90	\$ 495

- 8.6 Paragraph 11(f) of the ARIO permits GPR to make one payment of up to \$100,000 to the Coricancha Mine during the week ending October 21, 2022. Any further payments can only be made if authorized by this Honourable Court.
- 8.7 The Second CCAA Cash Flow Forecast provides for additional advances of \$200,000, being up to \$100,000 per week, to be made to the Coricancha Mine from October 22 to November 4, 2022. As noted above and as stipulated in the ARIO, such advances will not be made unless otherwise authorized by this Honourable Court.
- 8.8 It is the Monitor's understanding that GPR and Newrange are in the process of finalizing the Coricancha SPA, which could be concluded in the coming days. Prior to the granting of the ARIO, Management indicated that funding for the Coricancha Mine is expected to cease upon either (a) the closing of the Coricancha Transaction; or (b) termination of the Coricancha Transaction, whichever is earlier. Should critical funding at the Coricancha Mine not be provided, the Monitor understands that the Coricancha Mine will not be properly maintained, which would jeopardize the Coricancha Transaction.
- 8.9 Management is continuing to assess the ability and likelihood that the Coricancha Transaction will close, and is taking steps to neutralize the net cash impact for GPR (based on the estimated proceeds from the Coricancha Transaction) while maintaining the Coricancha Mine.
- 8.10 It appears to the Monitor that the Coricancha Transaction is advancing as intended, and a significant portion of the advances made since the NOI filing and up to closing, will be recouped by GPR if the transaction is closed in the near term.

- 8.11 The Monitor also notes that GPR buys gold doré from Mina Tucano that is sold to Asahi. Based on the current cash flow restrictions under the ARIO, GPR will not be able to purchase any gold from Mina Tucano, as Mina Tucano is considered a related party under the *Income Tax Act*. According to the Second CCAA Cash Flow Forecast, the next gold purchase from Mina Tucano was forecast to occur during the week ending October 28, 2022, wherein GPR was forecast to purchase \$2.7 million of gold from Mina Tucano. The Monitor understands that Mina Tucano needs to proceed with this proposed sale in the near term to maintain its liquidity and preserve its enterprise value as a going concern.
- 8.12 Paragraph 11(b) of the ARIO requires GPR to, before making payments to any creditor in an amount exceeding CAD \$5,000, obtain the written approval of the Monitor that such payment is “consistent with the objective of conserving cash”. The Monitor has been reviewing and approving weekly disbursement requests for all disbursements (i.e. no threshold) since the NOI filing date, which review would be considered in compliance with paragraph 11(b) of the ARIO. The Monitor will continue to review and approve disbursement requests regardless of amendments to the ARIO. Therefore, it is the Monitor’s view that paragraph 11(b) of the ARIO is not required and recommends that this provision be removed.
- 8.13 Paragraph 11(c) of the ARIO requires any payments to directors of GPR exceeding CAD \$5,000 to be approved by the Monitor with notice provided to Asahi. GPR has four directors in place who have been overseeing the overall restructuring strategy of the CCAA Proceedings and the development of the CCAA SISP. Payments to these directors are made quarterly, and the next such payment is scheduled to be made at the end of December 2022 for post-filing services rendered. If paragraph 11(c) of the ARIO were to be deleted, disbursement requests for directors would continue to be reviewed and approved by the Monitor in the same process as for all other disbursements. The Monitor notes that there would be an insignificant increase in administrative cost for Asahi to be notified of any pending director payments, accordingly, the Monitor takes no position on the removal of this provision.

9.0 VALUE OF THE TUCANO MINE

- 9.1 While the CCAA SISP is designed to market both GPR and Mina Tucano, the Monitor notes that the majority of the asset value of the GPR group of companies lies in Mina Tucano’s Tucano Mine. Mina Tucano is currently subject to the JR Proceedings in Brazil. It is the Monitor’s understanding that, for GPR to receive proceeds from the CCAA SISP, either: (a) the proceeds from the sale of the Tucano Mine assets will need to exceed the total claims or total compromised claims subject to the JR Proceedings, which would allow for intercompany debts to receive a recovery, and/or equity

be paid from Mina Tucano to GPR; or (b) a purchaser ascribes value to the shares of Beadell (Brazil) Pty Ltd. and Beadell (Brazil 2) Pty Ltd., parents of Mina Tucano who are also parties to the JR Proceeding (collectively, the “**Tucano Parent**”), or Mina Tucano, as part of a restructuring transaction. In the event an equity transaction is advanced, this could result in a recovery for Asahi in respect of its security over the shares of the Tucano Parent.

9.2 The Monitor notes the following in respect of Mina Tucano:

- a) According to GPR’s audited consolidated financial statements as of December 31, 2021, the total asset value of the Tucano Mine was reported at \$149.5 million and the total liabilities were \$78.7 million. Based on the audited statements, “net asset value” of the Tucano mine as of December 31, 2021 (in excess of reported liabilities) was approximately \$70.8 million. As a publicly listed company, GPR’s financial statements were audited by KPMG LLP and were subjected to periodic impairment testing under the International Financial Reporting Standards (“**IFRS**”). The Monitor also notes that the reported total asset and liabilities values as of June 30, 2022, pursuant to GPR’s unaudited interim consolidated financial statements, were \$184.1 million and \$101.8 million, respectively, yielding a “net asset value” of approximately \$82.3 million;
- b) The Sales Agent presented preliminary indications of value, which provided a range of potential value of Mina Tucano. A copy of the presentation by the Sales Agent was submitted to this Honourable Court under the Confidential Third Affidavit of Sandra Daycock made October 12, 2022. While the range varied, it appears that there may be scenarios where GPR could receive a recovery—and in some scenarios a significant recovery—for GPR’s stakeholders from a transaction involving Mina Tucano. The Sales Agent references the Company’s internal financial model, Bloomberg, S&P Capital IQ, and Company disclosure as various sources from which it obtained information used to determine this range of potential value. The Monitor did not perform a review of the assumptions made by the Sales Agent to arrive at the value presented, or of the financial models and other Company disclosure on which the Sales Agent relied, because such a review is outside of the Monitor’s scope. However, the Monitor notes that the Sales Agent is a reputable investment bank with global operations and extensive experience in mining transactions, and it would follow for the Sales Agent to analyze the information and financial models it was provided as part and parcel of its independent value assessment, particularly in light of the fact that, if selected, the Sales Agent stands to receive success and incentive fees in proportion to the eventual sale price of Mina Tucano;

- c) The Monitor notes that the Tucano Mine's valuation model, which served as one of the underlying sources for the Sales Agent's assessment, is prepared by GPR's Management, which consists of personnel that have extensive financial modeling, transaction and mining experience; and
- d) Regarding the potential for obtaining further valuations of the Tucano Mine beyond the Sales Agent's valuation, or the Monitor conducting a review of such valuation, the Monitor notes:
 - (a) that requiring such steps would increase administration costs, delay the implementation of the SISP, and may only marginally enhance the pre-market assessment of the value of the Tucano Mine; and
 - (b) any pre-market assessment of value would be speculative to some degree and would be of only marginal practical benefit vis-à-vis the determination of value that would result from undertaking a robust sale process on a definitive timeline.

9.3 The Monitor will report and provide further comments on the CCAA SISP, including the proposed timeframe and financial impact to the estate, when appropriate.

10.0 OTHER MATTERS

10.1 In section 7.5 (c) of the First Report of the Proposal Trustee, the Proposal Trustee stated that "According to the First Cash Flow Forecast and the CCAA Cash Flow Forecast, GPR expects total gold sales to Asahi during the post-filing period to be approximately \$12.6 million." As clarified by the (then) Proposal Trustee's counsel with this Honourable Court on October 4, 2022, this statement was imprecise. The estimated \$12.6 million figure included forecast gold sales beyond the end of the CCAA Cash Flow Forecast period of October 21, 2022.

10.2 While the current filed cash flow forecast (the Second CCAA Cash Flow Forecast) does not provide estimates of cash flow beyond November 4, 2022, the Monitor notes that for the period from September 6, 2022 (i.e. NOI filing date) to October 14, 2022, gold sales to Asahi totaled \$7.6 million, with additional gold sales of \$3.0 million being forecast to occur for the period from October 15 to November 4, 2022.

10.3 Based on information available to the Monitor, it is the Monitor's understanding that GPR is expecting additional gold deliveries from Mina Tucano after November 4, 2022. Forecast gold sales beyond the Second CCAA Cash Flow Forecast will be submitted to this Honourable Court in due course.

11.0 EXTENSION OF STAY OF PROCEEDINGS

11.1 Pursuant to the Initial Order, the Stay Period will expire on October 21, 2022. The Company is seeking an extension of the Stay Period to November 3, 2022.

- 11.2 The Monitor is aware of the Lift Stay Application filed by Asahi. It is the Monitor's understanding that, in the event an extension of the Stay Period is not granted, it is Asahi's intention to immediately file the Proposed Bankruptcy Petition.
- 11.3 The Monitor notes that, under a bankruptcy scenario, Management of GPR will be terminated. GPR's management acts as the central mind of the GPR group and oversees GPR's global operations, including Mina Tucano. Without GPR's management in place, it is unclear to the Monitor whether Mina Tucano can continue as a going concern. In the event Mina Tucano is unable to continue as a going concern in the RJ Proceedings, the Monitor believes that the value of Mina Tucano will be impacted, which may ultimately impact the potential recovery for creditors and stakeholders of GPR.
- 11.4 GPR is in the process of advancing the CCAA SISP and the Coricancha Transaction. In the event of a bankruptcy, these efforts will cease, which would affect outcomes for creditors and stakeholders of GPR, Mina Tucano, the Tucano Parents and the Coricancha Mine. In the Monitor's view, the benefits from continuing the CCAA Proceedings to advance the above noted transactions in the near term, which includes the opportunity for creditor and other stakeholder recoveries, and preserving care and maintenance efforts, would outweigh the potential (financial) risks that may be borne by creditors of GPR. As regards Asahi, it has the potential to receive a recovery on a transaction involving the assets of Mina Tucano and/or shares held by the Tucano Parents. Therefore, it is the Monitor's view that the potential prejudice from a stay extension to Asahi is more remote than other creditors of GPR, as Asahi may have multiple sources of recovery should a transaction be completed under the CCAA SISP.
- 11.5 Further, the Monitor is mindful of its duty under section 23(h) of the CCAA to, without delay, advise the court if it comes to the opinion in CCAA proceedings that it would be more beneficial to the Company's creditors if proceedings were taken under the BIA. At this time, the Monitor is not of the opinion that a BIA proceeding is more beneficial to the Company's creditors.
- 11.6 The Monitor supports the Second Stay Extension for the following reasons:
- a) the extension of the Stay Period to November 3, 2022, will ensure the Company continues to be afforded the benefits of the ARIO so that it can continue to advance its restructuring, including by developing the CCAA SISP;
 - b) the Company will require the extension of the Stay Period (and to be authorized to advance funding to the Coricancha Mine), in order to preserve the site in its current state and advance the Coricancha Transaction;

- c) as indicated in the Second CCAA Cash Flow Forecast, the Company has sufficient liquidity to continue operating in the ordinary course of business during the requested extension of the Stay Period;
- d) no creditor of GPR would be materially prejudiced by the extension of the Stay Period; and
- e) the Company has acted in good faith and with due diligence in these CCAA Proceedings since the date of the Initial Order.

12.0 RECOMMENDATIONS

12.1 The Monitor respectfully recommends that this Honourable Court:

- a) amend the ARIO to remove paragraphs 11(b) and (f). The Monitor takes no position on the Company's application to remove paragraph 11(c); and
- b) grant the extension of the Stay Period to November 3, 2022.

All of which is respectfully submitted to this Honourable Court this 20th 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