

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C.
1985, c. C-36 as amended

AND IN THE MATTER OF a Plan of Compromise or Arrangement of
Crystallex International Corporation

CRYSTALLEX INTERNATIONAL CORPORATION

Applicant

**SUPPLEMENTARY MOTION RECORD OF
CRYSTALLEX INTERNATIONAL CORPORATION
(Re: Motion for Protective Order)**

September 3, 2021

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Court File No.: CV-11-9532-00CL

**ONTARIO
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IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended

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Crystallex Examinations

Scott Reid
on Friday, August 6, 2021



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Court File No. CV-11-9532-00CL
ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CRYSTALLEX INTERNATIONAL
CORPORATION RESPONDING AND CROSS-MOTION RECORD
OF COMPUTERSHARE TRUST COMPANY OF CANADA IN ITS
CAPACITY AS TRUSTEE FOR THE HOLDERS OF
CRYSTALLEX SENIOR 9.375% SENIOR NOTES DUE
DECEMBER 23, 2011 AND THE AD HOC COMMITTEE OF
BENEFICIAL OWNERS OF THE SENIOR NOTES

--- This is the CONFIDENTIAL TRANSCRIPT of the
Cross-Examination of SCOTT REID, on his
affidavits sworn May 28th, 2021 and July 29,
2021, taken by Neesons Reporting, via Zoom
Videoconferencing, with all participants
attending remotely, on the 6th day of August,
2021.

REPORTED BY: Helen Martineau, CSR

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Trust Company of
Canada, in its capacity
as Trustee for the
holders of 9.375%
Senior Unsecured Notes
of Crystallex
International
Corporation

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and refusals is meant as a guide only for the
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1 --- Upon commencing at 10:01 a.m.

2 SCOTT REID: AFFIRMED.

3 CROSS-EXAMINATION BY MS. LITTLEJOHN:

4 1 Q. Good morning, Mr. Reid.

5 A. Good morning.

6 2 Q. As you know, sir, my name is
7 Maureen Littlejohn, I am counsel for Crystallex.
8 You have been sworn to tell the truth today,
9 sir?

10 A. Yes, I have.

11 3 Q. And you are being cross-examined
12 today in connection with a motion by Crystallex
13 to seal certain financial information in the
14 Monitor's 35th, and 36th reports, correct?

15 A. Correct.

16 4 Q. As well as a cross-motion by the
17 Ad Hoc Committee to disclose certain other
18 information of Crystallex, correct?

19 A. That is correct.

20 5 Q. And you have sworn two affidavits
21 in connection with those motions?

22 A. That is correct.

23 6 Q. Your affidavit sworn May 28th,
24 2021, which is found in your responding and
25 cross-motion record?

1 A. Yes.

2 7 Q. And your affidavit sworn
3 July 19th, 2021, which is found in your reply
4 cross-motion record?

5 A. Correct.

6 8 Q. Do you have copies of both of
7 those affidavits with you today, sir?

8 A. Yes, I do.

9 9 Q. You reviewed those affidavits
10 carefully before you swore them?

11 A. Yes, I did.

12 10 Q. And you were comfortable that
13 they were accurate at the time they were sworn?

14 A. Yes, I am.

15 11 Q. Do you have any corrections to
16 make to either of those affidavits before we
17 begin?

18 A. No, I don't.

19 12 Q. Thank you. Sir, because this
20 cross-examination is being done by video
21 conference I'm going to ask you a few additional
22 questions. Is there anyone in the room with
23 you, today, sir?

24 A. No, there is not.

25 13 Q. Do you have any phones, tablets,

1 communication devices, other than the device on
2 which you're operating the Zoom platform today
3 either visible or accessible to you?

4 A. No.

5 14 Q. And will you confirm, please,
6 that you have no email or messaging platform
7 open or accessible to you on the device on which
8 you're operating Zoom today?

9 A. I will close -- I opened it for
10 the link but just one second. It is closed.

11 15 Q. Thank you. And you will not
12 communicate with anybody about the subject
13 matter of this examination until your
14 cross-examination today is completed?

15 A. Correct, yes.

16 16 Q. Thank you. I'm going to be
17 asking you a number of questions today, sir,
18 regarding the matters raised in your affidavits,
19 as well as matters that are relevant to the
20 issues in the company's motion and the Ad Hoc
21 Committee's cross-motion.

22 If you don't understand a question
23 that I've asked please ask me for clarification.
24 And if you don't understand -- if you don't ask
25 for clarification I'm going to assume that you

1 understand my questions, is that fair?

2 A. That's fair.

3 17 Q. And finally, for the sake of our
4 court reporter, especially with the delays
5 caused by the video conferencing technology, I
6 ask that we both do our best not to speak over
7 each other, fair enough?

8 A. Agreed.

9 18 Q. Mr. Reid, would you please start
10 by stating your full name for the record?

11 A. My name is Scott Richard Reid.

12 19 Q. I'd like to start, Mr. Reid, with
13 some very brief questions about your background.
14 You hold an Honours Bachelor of Commerce degree
15 from the University of Manitoba?

16 A. Yes.

17 20 Q. You are also a CFA Charterholder?

18 A. Correct.

19 21 Q. And that's a designation for
20 which you successfully completed three levels of
21 examinations?

22 A. Yes, I did.

23 22 Q. And those examinations tested the
24 fundamentals of investment tools, valuing
25 assets, portfolio management and wealth

1 planning?

2 A. Amongst other things, yes.

3 23 Q. Mr. Reid, you don't have a law
4 degree, correct?

5 A. That is correct.

6 24 Q. You've never attended law school
7 in any jurisdiction?

8 A. No, I have not.

9 25 Q. You've never been called to the
10 bar of any jurisdiction?

11 A. No, I have not.

12 26 Q. You are the President and Chief
13 Investment Officer of Stornoway Portfolio
14 Management Inc.?

15 A. That is correct.

16 27 Q. And Stornoway Portfolio
17 Management manages two investment funds?

18 A. Correct.

19 28 Q. One of those is the Stornoway
20 recovery fund?

21 A. Yes.

22 29 Q. Stornoway is also the investment
23 manager for the Ravensource funds?

24 A. That is correct.

25 30 Q. Stornoway is a participant on an

1 Ad Hoc Committee of beneficial holders of the
2 one hundred million principal amount of senior
3 9.375 percent notes due December 2011, issued by
4 Crystallex, correct?

5 A. Correct.

6 31 Q. And you refer to that committee
7 in your May 28th affidavit as the "Noteholder
8 Committee", I will sometimes refer to that
9 committee as the Ad Hoc Committee.

10 A. That's fair.

11 32 Q. You have personally participated,
12 Mr. Reid, in the Ad Hoc Committee since very
13 early on in these CCAA proceedings, correct?

14 A. Correct.

15 33 Q. And you say in your affidavit
16 that:

17 "Participants in the Ad Hoc
18 Committee beneficially own in excess
19 of sixty-six and two thirds percent of
20 the principal amount of the Crystallex
21 senior notes."

22 Correct?

23 A. Correct.

24 34 Q. And the current participants in
25 the Ad Hoc Committee have beneficially owned in

1 excess of sixty-six and two thirds percent of
2 the principal amounts of the notes since at
3 least 2011?

4 A. That's correct.

5 35 Q. As of November 23rd, 2017, the
6 other members of the Ad Hoc Committee were Carlo
7 Mattoni of QVT, correct?

8 A. Correct.

9 36 Q. And Adriene Wasberg of Greywolf
10 Capital Management, correct?

11 A. Correct.

12 37 Q. And those individuals are still
13 the other members of the Ad Hoc Committee?

14 A. No, there's been an addition.
15 Nick Broom.

16 38 Q. And who is Mr. Broom?

17 A. Mr. Broom is associated with QVT,
18 and Carlo Mattoni is no longer at QVT he's at
19 another entity, CM Squared it's called.

20 39 Q. Sir, Greywolf Capital Management
21 is a U.S. based investment fund?

22 A. I don't know where they're
23 domiciled but their offices are -- they have
24 offices in New York State, yeah.

25 40 Q. Well, let me see if I can help

1 with that. I'm just going to pull up a capture
2 of their website. You will see this is the
3 website for Greywolf Capital?

4 A. Yes.

5 41 Q. And if we scroll down to the
6 bottom, all the way to the bottom please, you'll
7 see that they have offices in Purchase, New York
8 and San Francisco, California, do you see that?

9 A. Yes, I do.

10 42 Q. No reason to disagree that that's
11 the case?

12 A. No reason to disagree.

13 43 Q. And Greywolf has a significant
14 portfolio of distressed or event-driven assets?

15 A. Yes, I believe that is their
16 investment, or one of their investment focuses.

17 44 Q. And let me help you with that as
18 well. I am going to pull up another page of the
19 Greywolf Capital website, this is from their
20 strategy section under "distressed/event
21 driven." If you look down at the second
22 paragraph you will see:

23 "The Greywolf event driven
24 strategy has approximately 480 million
25 in assets allocated across

1 approximately 10 to 20 of our best
2 ideas."

3 Do you see that?

4 A. Yes, I do.

5 45 Q. No reason to disagree with any of
6 that, sir?

7 A. No reason to disagree.

8 46 Q. And I'll ask that we mark that,
9 Mr. Ruby.

10 MR. RUBY: No, I'm not content with
11 that, the way you've done it.

12 BY MS. LITTLEJOHN:

13 47 Q. Mr. Reid, have you seen the
14 Greywolf Capital website before?

15 A. No, I've not.

16 48 Q. Okay. So can we mark it for
17 identification, Mr. Ruby?

18 MR. RUBY: Yes.

19 BY MS. LITTLEJOHN:

20 49 Q. So we'll call it A for
21 identification please.

22 EXHIBIT NO. A: Marked for
23 identification; Greywolf Capital
24 website page.

25

1 BY MS. LITTLEJOHN:

2 50 Q. Mr. Reid, QVT is a family office
3 based out of New York City, is that correct?

4 A. I believe so, yes.

5 51 Q. And QVT makes investments on
6 behalf of the principles of QVT and a handful of
7 private investors?

8 A. That is my understanding.

9 52 Q. Safe to say that both of these,
10 both QVT and Greywolf are highly sophisticated
11 investors?

12 A. Yes, I would.

13 53 Q. Mr. Reid, between the Stornoway
14 fund and Ravensource fund, what is the face
15 value of Crystallex bonds that you currently
16 hold?

17 A. It's approximately 14.3 million
18 of the hundred million face value.

19 54 Q. And 3.959 million of those are
20 held by the Ravensource fund?

21 A. That is correct.

22 55 Q. What are the current holdings of
23 the other members of the Ad Hoc Committee in
24 Crystallex?

25 A. I don't know. Off hand I don't

1 know.

2 56 Q. I would like an undertaking,
3 please, to advise of the holdings of the other
4 members of the Ad Hoc Committee and the
5 Crystallex senior notes.

6 U/A MR. RUBY: I'll take it under
7 advisement.

8 BY MS. LITTLEJOHN:

9 57 Q. Thank you, Mr. Ruby. Mr. Reid,
10 between the Stornoway recovery fund and the
11 Ravensource fund, what holdings do you have in
12 competing creditors of Venezuela?

13 A. What is the definition of
14 "competing creditors" of Venezuela?

15 58 Q. Well, to name a few off the top
16 of my head, Mr. Reid, Gold Reserve would be a
17 competing creditor of Venezuela --

18 A. No, we don't have.

19 59 Q. Sorry, please go ahead, you don't
20 have a holding in Gold Reserve?

21 A. No, we do not.

22 60 Q. Do you have a holding in
23 Resoro [ph].

24 A. No, we do not.

25 61 Q. Do you have a holding in

1 ConocoPhillips?

2 A. No, we do not.

3 62 Q. Are you aware of the holdings of
4 the other members of the Ad Hoc Committee in
5 those competing creditors of Venezuela?

6 A. No, I'm not.

7 63 Q. Mr. Reid, I'm going to show you
8 the management information circular of Gold
9 Reserve as of July 2020.

10 A. Okay.

11 64 Q. And this is a circular filed
12 August 17th, 2020.

13 A. Okay.

14 65 Q. Have you seen this document
15 before?

16 A. I've seen various documents of
17 Gold Reserve. I don't know if this specific
18 notice of AGM -- I don't know.

19 66 Q. Okay.

20 A. I cannot confirm it. I may have
21 but I cannot confirm it.

22 67 Q. Shall we call this B for
23 identification, Mr. Ruby?

24 MR. RUBY: Sure.

25 EXHIBIT NO. B: Marked for

1 identification; management information
2 circular of Gold Reserve as of
3 July 2020.

4 BY MS. LITTLEJOHN:

5 68 Q. Could we go to page 4 of this
6 document please? Do you see, sir, there is a
7 table in the middle of the page?

8 A. Yes, I do.

9 69 Q. Do you see that the table
10 includes the name "Greywolf Capital Management
11 LP"?

12 A. Yes, I do.

13 70 Q. Do you see there is a number
14 beside Greywolf Capital Management LP for the
15 percentage of class A shares issued?

16 A. Yes, I do.

17 71 Q. And do you see that that number
18 is 26.6 percent in this table?

19 A. Yes.

20 72 Q. Do you have any reason, sitting
21 here today, to disagree that as of the date of
22 this circular Greywolf Capital Management held
23 26.6 percent interest in the class A shares of
24 Gold Reserve?

25 A. I have no reason not to believe

1 it.

2 73 Q. And Gold Reserve holds an
3 approximately U.S. \$740 million judgment against
4 Venezuela, correct?

5 A. I don't know the exact amount
6 but, yes, they have a significant judgment, yes.

7 74 Q. Well I think I can help you with
8 that. You swore an affidavit, sir, in
9 November 2017, do you recall that?

10 A. Yes, I do.

11 75 Q. Okay. I'm going to take you to
12 that affidavit. And, specifically, I'm going to
13 take you to paragraph 35 of that affidavit. Do
14 you see at paragraph 35:

15 "On August 8th, 2016, Gold
16 Reserve Inc. a TSX listed company that
17 is a recording issuer under Ontario
18 law [as Crystallex was and still is]
19 announced it had concluded a
20 Settlement Agreement with Venezuela in
21 respect of its own exit arbitration
22 award, pursuant to which Venezuela had
23 agreed to pay approximately
24 \$770 million payable in two tranches
25 as follows [...]."

1 Do you see that, sir?

2 A. Yes, I do.

3 76 Q. And that was correct as of the
4 time you swore this affidavit?

5 A. Yes, it was.

6 77 Q. Mr. Reid, you have also invested
7 your personal funds in the Ravensource fund,
8 correct?

9 A. Correct.

10 78 Q. What percentage of Ravensource's
11 outstanding units do you currently own?

12 A. Approximately 9.9 percent.

13 79 Q. Mr. Reid, I want to focus my
14 questions now for a few minutes on the
15 Ravensource fund.

16 A. Okay.

17 80 Q. The Ravensource fund is a
18 publicly-traded fund?

19 A. It is a publicly-traded fund.

20 81 Q. And it is listed on the TSX?

21 A. Yes, it is.

22 82 Q. Because it is a publicly-traded
23 fund Ravensource makes regular disclosures to
24 the market concerning its activities?

25 A. Yes, it does.

1 83 Q. And it also makes regular
2 disclosures to the market concerning the
3 performance of its investments?

4 A. Yes, it does.

5 84 Q. And you, sir, are personally
6 involved in preparing some of those disclosures?

7 A. Yes, I am.

8 85 Q. For example, Ravensource's
9 management's letter to unitholders is personally
10 signed by you?

11 A. Yes, it is.

12 86 Q. And, of course, you understand
13 that it's important to be accurate in your
14 public disclosures in respect of the Ravensource
15 fund?

16 A. Of course.

17 87 Q. Ravensource invests in distressed
18 securities, alternative credit and special
19 situation equities, correct?

20 A. That is correct.

21 88 Q. One of the ways in which
22 Ravensource seeks to generate value for its unit
23 holders is through what it calls "deep value
24 investments", correct?

25 A. Yes.

89 Q. And Ravensource capitalizes on
that value through extensive due diligence and
active involvement by the manager, Stornoway
Portfolio Management, correct?

A. Yes, we have different
involvement on each one of our investments.

90 Q. Well let me pull up the
Ravensource website. If we scroll down a little
bit under "Overview" in the second paragraph in
the second sentence:

"Ravensource focuses on capturing
value from the turnaround and recovery
of financially distressed securities,
and from other deep value investments
through extensive due diligence and
active involvement by the manager
Stornoway Portfolio Management."?

A. That is correct, yes.

91 Q. And that's a correct statement?

A. That is correct, yeah.

92 Q. Mr. Reid, you're familiar with
the Ravensource website?

A. Yes, I am.

93 Q. You've seen this page before?

A. Yes, I have.

1 94 Q. Mr. Ruby, can we mark this as
2 Exhibit 1 please?

3 MR. RUBY: So, yes, but I'll just
4 voice a concern that's a function of Zoom. When
5 you show the witness bits and pieces of websites
6 obviously, you know, websites aren't confined to
7 one page, they are infinite in some way.

8 So I would appreciate it if you sort
9 of scroll through the website, if you're going
10 to ask for it to be marked, so that the witness
11 can see the whole thing for a moment and ask any
12 questions, or make sure it's complete, et
13 cetera.

14 BY MS. LITTLEJOHN:

15 95 Q. I'm happy do that. And for your
16 benefit, Mr. Reid, there is a capture time stamp
17 in the bottom left-hand corner of each of these
18 pages. So these were captured Tuesday,
19 August 3rd at about 7:54 p.m. And I'll ask
20 Ms. Barbiero to just scroll through and make
21 sure you're comfortable that you're looking at
22 the Ravensource website?

23 A. If you go slower, it's just a
24 whole bunch of words on a page.

25 96 Q. And, Mr. Reid, I'm not asking you

1 to adopt every word on the page, I'm just going
2 to put a few propositions to you. In
3 particular, I just want to make sure you're
4 comfortable that this is, in fact, the
5 Ravensource website since Mr. Ruby would like us
6 to do that before we mark it.

7 A. Okay. Just to be clear though, I
8 have -- you're asking me to review this document
9 to see -- and to say that that is the
10 Ravensource website, and it looks like the
11 Ravensource website, but anyways.

12 97 Q. Well, this isn't intended to be a
13 gotcha, Mr. Reid.

14 Why don't we do it this way, Mr. Ruby,
15 I'm telling you this is the version of the
16 Ravensource website that was captured as of the
17 bottom, left-hand corner time stamp in this
18 document. If you -- if you look at the
19 Ravensource website after this examination and
20 you think we played a trick of some sort you can
21 let me know?

22 MR. RUBY: I'm sure it's not a trick,
23 but it's things like, if you look in the bottom
24 right-hand corner of what is on the screen it
25 says "page 2 of 5".

1 MS. LITTLEJOHN: Yes.

2 MR. RUBY: I don't know what this
3 means. It is clearly not the whole website, it
4 is a page on the website. So I'm just reacting
5 to the question and what you're displaying.

6 I don't know if Mr. Reid saw it, but
7 moments before the examination began you sent us
8 electronic copies in a folder structure.

9 MS. LITTLEJOHN: Yes.

10 MR. RUBY: For at least websites we
11 might want to make sure he has access to those
12 so he can look at things like long documents and
13 make sure that he's comfortable identifying with
14 them.

15 MS. LITTLEJOHN: So the Ravensource
16 website capture that is displayed on the screen
17 is in the folder that was sent to you.

18 MR. RUBY: I just don't know if
19 Mr. Reid got it, because I forwarded the link to
20 him immediately and then you had him turn off
21 his email.

22 BY MS. LITTLEJOHN:

23 98 Q. So would you like to take a pause
24 and have him download?

25 MR. RUBY: I think that is a good

1 idea, among other things it is a good back-up.

2 THE WITNESS: I actually did download
3 something but I don't know if the download was
4 complete, but I did hit the "download" button.

5 MR. RUBY: So, Ms. Littlejohn, it is
6 your examination but my suggestion is that we
7 take a couple of minutes break, Mr. Reid will
8 download and make accessible that folder so if
9 at any point he wants to see the whole document
10 and not just what is on the screen he can.

11 MS. LITTLEJOHN: Yeah, that's fine
12 with me.

13 -- RECESSED AT 10:22 A.M. --

14 -- RESUMED AT 10:23 A.M. --

15 BY MS. LITTLEJOHN:

16 99 Q. So, Mr. Reid, this is found in
17 folder H, "Ravensource".

18 A. Okay.

19 100 Q. And it is the bottom document
20 labelled "www.ravensource.ca, 2021-08-03"?

21 A. Yes.

22 101 Q. Would you like to take a look
23 through, under your own scrolling power, and
24 confirm that this is the document that I'm
25 suggesting to you that it is?

1 A. [Witness reading the document.]

2 Yeah, I'm not sure -- this is
3 Ravensource material. This is our material. I
4 don't know if this is our home page. This looks
5 like there's some selected pages from the --

6 102 Q. How would you like me to do this,
7 Mr. Ruby? Would you like me to pull up the
8 actual website of Ravensource rather than the
9 PDF?

10 MR. RUBY: I have no view, it's really
11 between you and the witness. If he says he
12 can't tell you that it is what you have
13 identified to him or describe it then --

14 THE WITNESS: I can tell you that is
15 not our home page because it doesn't have that
16 wonderful raven, but in any event, I'm happy to
17 answer questions on this.

18 BY MS. LITTLEJOHN:

19 103 Q. Well, why don't we do this,
20 Mr. Ruby, why don't we call it -- why don't we
21 call it C for identification, if the witness
22 isn't sure that this is the Ravensource website?

23 A. As I said, I think these are
24 selected -- there are some selections on the
25 Ravensource website but it is not the complete

1 website.

2 104 Q. Let's pull it up. Let's go to
3 www ravensource.ca, please.

4 A. Okay.

5 105 Q. And let's go to the "Fund"
6 section please?

7 MR. RUBY: There's the raven.

8 BY MS. LITTLEJOHN:

9 106 Q. There's the raven.

10 A. There you go, that makes more
11 sense now.

12 107 Q. Can we go to the top and we will
13 just scroll through it this way?

14 A. That's fine.

15 108 Q. You see there is an "Overview"
16 section?

17 A. Yes.

18 109 Q. And then "Investment Philosophy"
19 and then "Investment Strategies", do you see
20 that?

21 A. Yes, I do.

22 110 Q. So if we go back to the screen
23 capture now, are you situated in the website?

24 A. Yes.

25 111 Q. Mr. Ruby, may we mark this as

1 Exhibit 1?

2 MR. RUBY: Yes.

3 BY MS. LITTLEJOHN:

4 112 Q. Thank you.

5 EXHIBIT NO. 1: Printout of a page

6 from the Ravensource website,

7 www.ravensource.ca.

8 BY MS. LITTLEJOHN:

9 113 Q. So I want to take you down on the
10 captured website, Mr. Reid, to the heading,
11 "Investment Strategies"?

12 A. Yes.

13 114 Q. And focus on the second paragraph
14 of that section.

15 A. Yes. It says:

16 "We conduct deep analysis and
17 diligence at the outset to determine
18 if these 'diamonds in the rough' merit
19 investment of financial and
20 intellectual capital. Our low
21 purchase price for these unwanted
22 assets both decreases risk and
23 increases returns. After an
24 investment is made we take an active
25 approach to effect change joining

1 Boards, creditor committees, and
2 engaging with key stakeholders."

3 Do you see that?

4 A. Yes, I do.

5 115 Q. So that's how you describe your
6 approach to Ravensource investors?

7 A. Yes.

8 116 Q. And that description is accurate
9 today?

10 A. Yes.

11 117 Q. Mr. Reid, as an investment
12 manager of the Ravensource fund, Stornoway is
13 responsible for all of Ravensource investments,
14 correct?

15 A. Correct.

16 118 Q. And Stornoway has been
17 responsible for all of Ravensource's investments
18 since July 1st, 2008, when it was appointed
19 investment manager?

20 A. Yes.

21 119 Q. And that includes being
22 responsible for Ravensource's investments in the
23 senior notes of Crystallex?

24 A. Yes.

25 120 Q. As manager of the Ravensource

1 funds, sir, Stornoway has certain obligations to
2 Ravensource, correct?

3 A. Yes.

4 121 Q. And some of those obligations are
5 set out in a Portfolio Management Agreement
6 between Stornoway Portfolio Management Inc. and
7 Computershare Trust Company of Canada, dated
8 July 1, 2008?

9 A. Yes.

10 122 Q. Let's pull up that document
11 please. Sir, you are looking at a Portfolio
12 Management Agreement dated as of the 1st day of
13 July 2008?

14 A. Yes, I am.

15 123 Q. Can we scroll down to the
16 signature page of this agreement please? Do you
17 see your signature on page 11 of the PDF, sir?

18 A. Yes, I do.

19 124 Q. Are you comfortable that this is
20 the Portfolio Management Agreement between
21 Stornoway and Computershare dated July 1, 2008,
22 in respect of the Ravensource fund?

23 A. Again, I have not been able to
24 look at every page in this document, but the
25 signature page looks right, yes.

1 125 Q. Mr. Ruby, can we mark this as
2 Exhibit 2 please?

3 MR. RUBY: Yes.

4 EXHIBIT NO. 2: Portfolio Management
5 Agreement dated July 1st, 2008.

6 BY MS. LITTLEJOHN:

7 126 Q. Now, over the years since
8 Stornoway became investment manager of
9 Ravensource the senior notes of Crystallex have
10 become Ravensource's single-largest investment
11 correct?

12 A. I don't believe they are right
13 now but at times they were, at times they were
14 not.

15 127 Q. Well, why don't we take that one
16 step at a time. Let's go to Ravensource's top
17 25 investment positions as of December 31, 2011.
18 And maybe while that is being pulled up, you're
19 aware that Ravensource makes its top 25
20 investment positions available on its website?

21 A. Yes.

22 128 Q. And you review those at or around
23 the time they are made available to the public?

24 A. Yes.

25 129 Q. So I'm showing you, sir,

1 Ravensource fund top 25 investment positions as
2 of December 31, 2011. Do you see that?

3 A. Yes.

4 130 Q. And you're comfortable that this
5 is the document that Ravensource put out as its
6 top 25 investment positions as of December 31,
7 2011?

8 A. We definitely put out a document
9 like this, whether it's the same one I'm not
10 sure of but, yes, we do put out this. And that
11 looks to be the right document, yes.

12 131 Q. Thank you, Mr. Ruby, can we mark
13 this as Exhibit 3 please?

14 MR. RUBY: Yes.

15 EXHIBIT NO. 3: Document of
16 Ravensource's top 25 investment
17 positions as of December 31, 2011.

18 BY MS. LITTLEJOHN:

19 132 Q. So we can see from looking at
20 this document, sir, if you look about a quarter
21 of the way down the list you'll see "Crystallex
22 international 9.375 percent due December 11,
23 senior bonds". And then the percentage of net
24 assets associated with that is 4.99 percent, do
25 you see that?

1 A. Yes, I do.

2 133 Q. So as of December 31, 2011, the
3 senior notes accounted for 4.99 percent of net
4 assets of Ravensource funds?

5 A. Yes, that's what it says, yes.

6 134 Q. And just to situate that in time
7 for you, sir, December 31, 2011, was about 8
8 days after Crystallex entered CCAA protection?

9 A. That's correct.

10 135 Q. Moving ahead in time, let's pull
11 up Ravensource's top 25 investment positions as
12 of December 31, 2014.

13 Have you seen this document before,
14 sir?

15 A. Again, it looks like the document
16 that we would produce on a quarterly basis.

17 136 Q. So can we mark this, Mr. Ruby, as
18 Exhibit 4?

19 MR. RUBY: Yes.

20 EXHIBIT NO. 4: Document listing
21 Ravensource's top 25 invest positions
22 as of December 31, 2014.

23 BY MS. LITTLEJOHN:

24 137 Q. So if we look at this list, sir,
25 we see "Crystallex international 9.375 percent

1 due December 11th, senior bonds" is third on the
2 list?

3 A. Yes.

4 138 Q. And it's now 9.43 percent of net
5 asset as a of December 31, 2014, do you see
6 that?

7 A. Yes, I do.

8 139 Q. And that listing, that number is
9 accurate?

10 A. It would have been accurate if we
11 published it, yes.

12 140 Q. And if we fast forward, sir, to
13 September 30th, 2020, and look at Ravensource's
14 top 25 investment positions as of
15 September 30th, 2020?

16 A. Uhm-hmm.

17 141 Q. We see that as of that date
18 Crystallex's 9.375 percent senior notes were
19 Ravensource's number one investment position,
20 occupying 26.75 percent of net assets, do you
21 see that?

22 A. Yeah.

23 142 Q. Sir, have you seen this listing
24 before?

25 A. Again, it looks like what we

1 post, yes.

2 143 Q. Mr. Ruby, can we mark this as
3 Exhibit 5 please?

4 MR. RUBY: Yes.

5 EXHIBIT NO. 5: Document of
6 Ravensource's top 25 investment
7 positions as of September 30th, 2020.

8 BY MS. LITTLEJOHN:

9 144 Q. Now, Mr. Reid, you said a moment
10 okay ago that you didn't think the senior notes
11 of Crystallex were Ravensource's number one
12 investment anymore?

13 A. No, that's not what it I said. I
14 said it fluctuated over time, I believe. You
15 asked me a broad statement without a specific
16 date.

17 145 Q. Thank you, sir, that's fair
18 enough. Do you accept that the Crystallex
19 senior notes are Ravensource's number one
20 investment position as of this time?

21 A. As of which date?

22 146 Q. As of today's date.

23 A. I would have go and check. There
24 is another investment that is of very similar
25 value.

1 147 Q. Would you undertake to advise me
2 please sir, of whether Crystallex senior notes
3 are still Ravensource's number one investment as
4 of today's date?

5 U/A MR. RUBY: Take it under advisement.

6 BY MS. LITTLEJOHN:

7 148 Q. And if so I would like to know
8 the percentage of net assets that that
9 investment comprises?

10 U/A MR. RUBY: I'll take it under
11 advisement.

12 BY MS. LITTLEJOHN:

13 149 Q. So, Mr. Reid, between the date
14 when Crystallex entered CCAA protection and
15 September of last year, Ravensource's holdings
16 in Crystallex increased from 4.99 percent of its
17 net asset value to 26.75 percent of its net
18 asset value, is that fair enough?

19 A. Sounds right, yes.

20 150 Q. I take it we can agree, sir, that
21 Crystallex's senior notes now constitute a
22 significant proportion of Ravensource's
23 investment portfolio?

24 A. That is correct.

25 151 Q. And anything that significantly

1 impacts to value of Crystallex's senior notes
2 also impacts the asset value of the Ravensource
3 fund?

4 A. Yes.

5 152 Q. So this is, of course, an
6 important investment for Ravensource?

7 A. Yes, it is.

8 153 Q. And it's one that Stornoway, as
9 investment manager, follows closely?

10 A. Yes, it does.

11 154 Q. And it's one that you, as
12 president and founder of Stornoway, follow
13 closely?

14 A. Yes.

15 155 Q. Including by reading the publicly
16 filed versions of materials that are made
17 available to you through both the CCAA
18 proceeding and the U.S. enforcement proceedings?

19 A. Yes.

20 156 Q. Sir, you say in your May 28th,
21 2021, affidavit at paragraph 12, if you'd like
22 to pull it up, that you estimate that you have
23 personally been involved in more than 20
24 Canadian restructuring cases over the --

25 A. Sorry, excuse me, what paragraph,

1 sorry?

2 157 Q. Paragraph 12.

3 A. 12, okay. Yes.

4 158 Q. You estimate, sir, that you have
5 personally been involved in more than 20
6 Canadian restructuring cases over the course of
7 the past 20 years?

8 A. Yes.

9 159 Q. Can you tell us which
10 restructuring proceedings those were?

11 A. I'm not following you. You mean
12 the actual underlying debtor?

13 160 Q. Yes.

14 A. I would -- I don't have them
15 handy, each one of them. It's been --
16 Stornoway's been involved since 2004 and I've
17 been in the investment market much before then.

18 161 Q. Can you give us as many as you
19 remember sitting here today?

20 A. Sure. We recently did
21 Distinction Energy, Air Canada, Stelco, Laidlaw,
22 I'm not understanding the -- I will send you a
23 list, how's that?

24 162 Q. That would be great. And if you
25 could include, as part of that list, the role

1 that you played in each restructuring
2 proceeding? For example, a member of the Ad Hoc
3 Committee?

4 U/A MR. RUBY: We'll take that under
5 advisement.

6 BY MS. LITTLEJOHN:

7 163 Q. Thank you.

8 Mr. Reid, have any of those other
9 restructuring cases that you reference at
10 paragraph 12 of your affidavit centre around the
11 enforcement of a foreign judgment against a
12 sovereign nation?

13 A. No.

14 164 Q. And separate and apart from
15 Canadian restructuring proceedings, have you
16 ever been involved in the enforcement of a
17 significant foreign judgment against a sovereign
18 nation?

19 A. No.

20 165 Q. Mr. Reid, the two motions that
21 are scheduled to proceed before the CCAA court
22 in October of this year both relate to
23 disclosure by Crystallex, correct?

24 A. Correct.

25 166 Q. And you understand, sir, that the

1 company is prepared to make certain information
2 available to you on a confidential basis?

3 A. Yes.

4 167 Q. And just to show you some
5 examples let's pull up the public version of
6 Mr. Fung's affidavit sworn May 21st, 2021.
7 Let's go to paragraph 18 of that affidavit,
8 please. Do you see, Mr. Reid, there is a
9 redaction in the middle of that paragraph?

10 A. Yes.

11 168 Q. And I'm happy to have you read
12 the whole thing, sir.

13 A. You want me to read the
14 redaction? I don't know what you want me to
15 read.

16 169 Q. You can read paragraph 18, sir,
17 to make sure that you understand the context?

18 A. Sorry, I thought you meant out
19 loud. I understand.

20 170 Q. Do you see after the black
21 redaction in the middle of paragraph 18, you see
22 the words "and Crystallex"?

23 A. Yes.

24 171 Q. And it says:

25 "[...] and Crystallex has offered

1 and remains prepared to share all of
2 its current financial information with
3 any stakeholder, including the Ad Hoc
4 Committee, in a manner that will not
5 risk it falling into the hands of
6 Venezuela or other competing parties
7 that could use it to harm Crystallex."

8 Do you see that?

9 A. Yes, I do.

10 172 Q. Do you understand that Mr. Fung
11 has taken that position on behalf of the
12 company?

13 A. I recognize he's -- he's the
14 director of the company and I believe he's the
15 CEO, but --

16 173 Q. Sorry, my question --

17 A. I don't understand the question.

18 174 Q. My question is, you understand
19 that Crystallex has offered and remains prepared
20 to share all of its current financial
21 information with any stakeholder, including the
22 Ad Hoc Committee, in a manner that will not risk
23 it falling into the hands of Venezuela, or other
24 competing parties that will use it to harm
25 Crystallex?

1 A. Yes, that's what it says.

2 175 Q. And let's scroll down to
3 paragraphs 123 and 124 of the same affidavit.
4 Do you want to just take a moment and read the
5 paragraphs?

6 A. [Witness reading the document.]
7 Yes.

8 176 Q. So starting, sir, after the black
9 redaction in paragraph 123 it says:

10 "In fact Crystallex has offered
11 to provide the Ad Hoc Committee with
12 all of its financial information but
13 on a confidential basis so that
14 Venezuela cannot use it to harm
15 Crystallex and its stakeholders."
16 Going on to paragraph 124:

17 "I do not believe the company's
18 stakeholders will be prejudiced by the
19 financial information being sealed
20 because the information has been and
21 continues to be fully available to any
22 stakeholder of Crystallex who executes
23 a Nondisclosure Agreement or otherwise
24 agrees to maintain the information in
25 confidence."

1 You're aware, sir, that that is the
2 company's position?

3 A. That is what is written in front
4 of me, yes.

5 177 Q. Do you understand the company's
6 position to be different than what is written in
7 front of you?

8 A. Well, as I understand it that
9 the -- there is -- to say that it's all the
10 financial information, from my understanding
11 that's incorrect.

12 178 Q. Well, Mr. Fung has said in this
13 affidavit, We've offered to provide the Ad Hoc
14 Committee with all of the financial information?

15 A. I mean, again, "all the financial
16 information", all I know is that -- as I
17 understand it all the information that you get
18 for the financial -- is not a complete "all the
19 information". Let's say all the details on all
20 the securities, all the other stuff.

21 It is not a complete -- it is perhaps
22 summarized but I don't believe, in the past at
23 least when people that have signed an NDA have
24 got all the information that otherwise is
25 available, let's say, to the DIP lender of that.

1 I don't believe so.

2 179 Q. Okay. Thank you, sir. Well,
3 let's take that statement -- I think we'll come
4 to that in a minute.

5 Mr. Reid you are not willing to sign a
6 confidentiality agreement, correct?

7 A. I am willing to sign
8 confidentiality agreement which has a cleansing
9 mechanism that's typical to what people in the
10 investment community would sign. For a
11 perpetual one in nature, no, we would not sign
12 that.

13 180 Q. And you have explained why you
14 are not willing to sign that kind of
15 confidentiality agreement in paragraphs 77 to 82
16 of your May 28 affidavit?

17 A. Let me pull that up.

18 181 Q. Please do.

19 A. Yes.

20 182 Q. And in paragraph --

21 MR. RUBY: I take it, counsel that
22 you're not asking him to confirm this is the
23 only place in his two affidavits where he
24 discusses confidentiality?

25

1 BY MS. LITTLEJOHN:

2 183 Q. I'm asking him to confirm that
3 these are the reasons he has given for being
4 unwilling to sign a confidentiality agreement?

5 MR. RUBY: That's a different
6 question. Go ahead, Mr. Reid.

7 THE WITNESS: Well, again, I would say
8 that I do sign confidentiality agreements, I'm
9 not willing to sign an open ended up. That's
10 the difference.

11 You're not asking fair -- I can repeat
12 what I said five minutes ago, but you're not
13 accurate in characterizing my reluctance to sign
14 a confidentiality agreement.

15 BY MS. LITTLEJOHN:

16 184 Q. Well, that's a helpful
17 clarification, Mr. Reid, and my intention was
18 not to be unfair. So I'll just -- I will go
19 through and try to summarize what I understand
20 to be your reasons for refusing to sign the type
21 of confidentiality agreement that you have
22 concerns about and we'll see if we can reach
23 agreement?

24 A. That's fine.

25 185 Q. You say at paragraph 78 to 80 you

1 are concerned that you would still not receive
2 adequate disclosure, is that correct?

3 A. Can you repeat? Paragraph which?

4 186 Q. 78 to 80. And you say you're
5 still concerned you would still not receive
6 adequate disclosure?

7 A. Yes.

8 187 Q. And in paragraph 81 you discuss
9 the fact in your experience the proposed form is
10 not market?

11 A. That is correct.

12 188 Q. And in paragraph 82 you say it
13 would not be workable for Stornoway because you
14 need to be able to share information with
15 investors and you may be restricted in your
16 ability to trade the notes?

17 A. Well, it's -- it is even more
18 than that. It's not about, and this is
19 important to understand, is that it's not about
20 trading securities for opportunity, it is that
21 we are a portfolio manager. We have
22 responsibilities to our investors. We need to
23 make redemption requests.

24 We have -- for the -- for some funds
25 we have restrictions on concentration levels.

1 We have -- there's implications as well to
2 whether or not you're a closed in fund, if you
3 own so much of your, what they call "Canadian
4 property".

5 And so the implications of entering
6 into a confidentiality agreement is that you are
7 restricted from being able to adjust your
8 investment, which could cause us to either not
9 be able to meet the redemption requirements; or,
10 two, it could cause us to go off side on our
11 being able to maintain, to be a closed-in mutual
12 fund trust.

13 And there's all the other -- there is
14 other regulatory issues as well.

15 189 Q. Thank you for that explanation,
16 Mr. Reid. The proposition that I put to you
17 was, the second piece, the suggestion paragraph
18 of 82, is that you may be restricted in your
19 ability to trade the notes. And I didn't put to
20 you that that was for opportunistic purposes,
21 redemption purposes, any other purposes. The
22 concern is that you would be restricted in your
23 ability to trade the notes, for whatever reason?

24 A. I would expand it to say to
25 properly manage the fund, but yes. And I don't

1 think it's a "may". If we receive material,
2 nonpublic information in Canada we would be
3 restricted, I don't think it as a question.

4 The only question, I guess, is if the
5 information we would receive would constitute
6 that, which I believe it would.

7 190 Q. So, Mr. Reid, those are the
8 reasons you've provided in your affidavit for
9 being unwilling to sign a confidentiality
10 agreement, and I thank you for that elaboration.

11 Let's take them one at a time,
12 starting with the issue of adequate disclosure.
13 Are you aware, sir that there's a court order
14 that requires Crystallex to provide certain
15 information to you upon execution of a
16 confidentiality agreement?

17 A. Can you repeat the question
18 please?

19 191 Q. Are you aware that there is a
20 court order that requires Crystallex to provide
21 certain information to you upon execution of a
22 confidentiality agreement?

23 A. Yes.

24 192 Q. Let's pull that up. This is an
25 approval order dated December 18th, 2014. Have

1 you seen this document before, sir?

2 A. I only can see the -- can you
3 just scroll down please? All I can see
4 "Approval Order". Keep going please, all
5 through the document please. Yes, I have seen
6 that document.

7 193 Q. I think we're at Exhibit 6,
8 Mr. Ruby, may we mark this?

9 MR. RUBY: Yes.

10 EXHIBIT NO. 6: Court Approval Order
11 dated December 18th, 2014.

12 BY MS. LITTLEJOHN:

13 194 Q. So if we go back to paragraph 9
14 of this order --

15 A. It's hard for me to see the whole
16 document at once.

17 MR. RUBY: So, Mr. Reid, you have all
18 these documents in the folder structure that was
19 forwarded to you by counsel for Crystallex this
20 morning.

21 THE WITNESS: Yes.

22 MR. RUBY: So if it's easier for you
23 to pull it up on your own I'm sure
24 Ms. Littlejohn would agree, whatever is the
25 easiest method for you to see what she's asking

1 you to look at.

2 BY MS. LITTLEJOHN:

3 195 Q. I certainly want Mr. Reid to be
4 able to see the document. So, Mr. Reid, this is
5 found in folder C, which is titled "Orders and
6 Endorsements"?

7 A. One moment please, let me get
8 there. Can I close the Ravensource website now?

9 196 Q. Yes, thank you. And it
10 2014-12-Approval Order.

11 A. Yes.

12 197 Q. I'm taking you to paragraph 9 of
13 that order.

14 A. Okay. This is much easier for me
15 to read, thank you.

16 [Witness reading the document.]

17 Yes.

18 198 Q. And paragraph 9 says:

19 "THIS COURT ORDERS that, subject
20 to the execution of an appropriate
21 confidentiality agreement, the form of
22 which is to be settled between the
23 Monitor and counsel to the Trustee and
24 Ad Hoc Committee, each acting
25 reasonably, or by court order, and

1 subject to any order made on any
2 application of the Applicant or
3 Monitor to prevent the release of any
4 particular information or
5 documentation, the Applicant or
6 Monitor shall provide to counsel to
7 the Trustee and the Ad Hoc Committee
8 and to any other stakeholder that
9 executes such a confidentiality
10 agreement, access to the Applicant's
11 information and documents, including
12 [...]"

13 And then there is a list that follows
14 in the romanette phrases. Do you see that?

15 A. Yes.

16 199 Q. So you have a mechanism, sir, by
17 which you can raise an issue if you viewed the
18 confidential disclosure you received following
19 the execution of a confidentiality agreement as
20 inadequate.

21 MR. RUBY: Sorry, you're asking him to
22 interpret the court order?

23 BY MS. LITTLEJOHN:

24 200 Q. I'm asking if he agrees that he
25 has a mechanism by which to raise a complaint if

1 he believes he receive tad inadequate
2 disclosure?

3 A. You mean if we had signed the
4 confidentiality agreement we would have a
5 mechanism to which to complain about the
6 material we received under the confidentiality
7 agreement?

8 201 Q. Yes.

9 A. Yes. That's my understanding of
10 this paragraph.

11 202 Q. Thank you. Sir, with respect to
12 whether the form of the confidentiality
13 agreement is market, I take it you've now read
14 the form of confidentiality agreement that you
15 say you're not willing to sign?

16 A. I haven't seen a recent
17 confidentiality agreement so I'm not sure which
18 one you're referring to. We've had discussions
19 as to which terms we would sign but I'm not sure
20 which confidentiality agreement you're referring
21 to. I'm sure it's evolved since 2014.

22 203 Q. Let me see if I can help. You
23 say -- you were cross-examined, sir, on
24 November 23rd, 2017 in respect of a prior
25 affidavit that you swore. Do you remember that?

1 A. Yes.

2 204 Q. And do you recall if the
3 cross-examination was transcribed by a court
4 reporter?

5 A. Yes, it was.

6 205 Q. I'm going to pull up that
7 transcript. And this is a rough draft
8 transcript, Mr. Reid, of your examination on
9 Thursday, November 23rd, 2017.

10 MR. RUBY: Counsel, where can we find
11 this in the file structure you sent this
12 morning.

13 BY MS. LITTLEJOHN:

14 206 Q. You can find this in prior
15 evidence of Scott Reid, which is folder B?

16 MR. RUBY: Okay.

17 BY MS. LITTLEJOHN:

18 207 Q. Have you seen this transcript
19 before, sir?

20 A. I have seen a transcript. I
21 don't know if it's this one or not but I have
22 seen a transcript, yes, I have.

23 208 Q. I'm going to take you to some of
24 it in particular, and maybe once we've refreshed
25 your memory you can let me know whether you've

1 seen this one and we can decide how to mark it?

2 A. To be clear, it's not a memory
3 issue. It's not me memorizing if I have seen
4 this document, it says "Confidential Rough
5 Draft, Not a Certify Transcript". I don't know
6 if the version I have seen is the same. It's
7 not a memory issue.

8 209 Q. That's fair enough. Let's turn
9 to page 8 of the transcript. Starting at line
10 18 I'm going to read it to you. And the
11 question is.

12 "QUESTION: And I take it, sir, that
13 you have refused to sign a court
14 approved confidentiality agreement to
15 date?

16 "ANSWER: I'm not sure I have refused.
17 I think that's a strong word.

18 "QUESTION: You have declined to?

19 "ANSWER: I have not signed a
20 confidentiality agreement."

21 A. That is correct.

22 210 Q. And it goes on:

23 "QUESTION: But it's been open to you
24 to sign one, correct?

25 "ANSWER: I'm not sure I would

1 characterize it as that, I mean, a
2 confidentiality agreement. What has
3 not been told to us is -- I have not
4 seen the confidentiality agreement.

5 "QUESTION: You have never seen it?

6 "ANSWER: No.

7 "QUESTION: So you've never asked to
8 see it, correct?

9 "ANSWER: Um, in terms of the last --
10 this week no, I have not asked to see
11 it.

12 "QUESTION: Okay. But you're aware
13 that the company is prepared to make
14 certain information available to you
15 if you sign a confidentiality
16 agreement, you are aware of that?

17 "ANSWER: Um, yes.

18 "QUESTION: And you're not prepared to
19 sign such an agreement?

20 "ANSWER: Well the difficulty of
21 signing something that we do not know
22 what we are going to get on the other
23 side of that agreement is one of the
24 issues.

25 "QUESTION: But you haven't actually

1 seen the agreement that you are being
2 asked to sign?

3 "ANSWER: Correct. I have not seen
4 any agreement that we have been asked
5 to sign."

6 Do you recall being asked those
7 questions, sir?

8 A. Yes, I do recall that.

9 211 Q. And you gave those answers?

10 A. And I gave those answers? Yes.

11 212 Q. And those answers were accurate
12 at the time you gave them?

13 A. Yes, that's what I believed at
14 the time, yes.

15 213 Q. So my question for you, sir, is,
16 is updating the evidence that you gave in
17 November of 2017, have you now reviewed a form
18 of confidentiality or nondisclosure agreement
19 that you discuss in your May 28 affidavit? You
20 say at paragraph 1:

21 "I am advised by Goodmans that
22 the form of confidentiality agreement
23 that Crystallex has proposed [...]."

24 My question is, have you seen that?

25 A. I'm not sure which

1 confidentiality agreement -- I'll be -- I am not
2 sure which confidentiality agreement you are
3 referring to. There is -- you know, it is --
4 because there's key clauses that we require that
5 we've been told that is not in this, and we have
6 had these discussions with Crystallex and the
7 DIP lender of what we require to enter into the
8 confidentiality agreement, and it's been
9 confirmed to us they're not willing to provide
10 that type of confidentiality agreement.

11 So the terms I'm -- what I'm saying to
12 you is that I understand the terms to which
13 the -- the form of which the confidentiality
14 agreement that Crystallex is willing to enter
15 into and it just does not meet our standards.

16 So there's no point going through the
17 whole confidentiality agreement if it's a
18 nonstarter.

19 214 Q. So you haven't -- you haven't
20 reviewed something physical that you're talking
21 about in your paragraph 81 when you say "the
22 form of confidentiality agreement"?

23 A. I have had these discussions with
24 Goodman about the confidentiality agreement
25 that's been offered. We have talked about that.

1 I may have seen it, I just don't
2 recall it. It's the terms to which I am focused
3 on.

4 215 Q. Okay. So it is the terms that
5 you are aware of in the agreement that you may
6 or may not have seen that you say are not
7 market, is that your evidence?

8 A. That is correct. In particular
9 the issue of the lack of a cleansing clause,
10 yes.

11 216 Q. Sir, let's go back to the
12 approval order dated December 2014, which we
13 marked as Exhibit 6, and specifically paragraph
14 9. I think you have that open on your screen,
15 if you'd rather review it there please do so.
16 I'm taking you back to paragraph 9?

17 A. This is the one dated December
18 18, 2014? Is that what you're referring to.

19 217 Q. Yes.

20 A. Yes, I have it.

21 218 Q. So, sir, are you aware that the
22 court's order on December 2014 provided for the
23 form of confidentiality agreement to be
24 negotiated by your counsel?

25 A. Yes.

1 219 Q. And are you aware that the courts
2 order on December 2014 also provided that the
3 form of order could be settled by the court?
4 I'll just take to you to the --

5 A. I have not seen that. I don't
6 see that in this paragraph.

7 220 Q. "THIS COURT ORDERS that, subject
8 to the execution of an appropriate
9 confidentiality agreement, the form of
10 which is to be settled between the
11 Monitor and counsel to the Trustee and
12 Ad Hoc Committee, each acting
13 reasonably, or by court order [...]."
14 Do you see that?

15 A. I don't see the -- yes, I do,
16 excuse me. Yes. I see that.

17 221 Q. Sir, has the Ad Hoc Committee
18 ever put forward, to your knowledge, a form of
19 confidentiality agreement that you would be
20 willing to sign?

21 A. We have definitely told the terms
22 of a confidentiality agreement that we would
23 sign.

24 222 Q. So there's been a discussion of
25 terms but you haven't put forward a form, to

1 your knowledge?

2 A. To my memory I don't remember
3 sending one over -- we have discussed the key
4 terms, that's the way this stuff -- the way most
5 of these business arrangements are dealt with.
6 This is a key issue for us.

7 223 Q. Has the Ad Hoc Committee ever
8 gone to the CCAA court to seek its assistance in
9 settling an acceptable form of confidentiality
10 agreement?

11 A. Not to my memory.

12 224 Q. Mr. Ruby, would you undertake to
13 advise me if Mr. Reid's memory is not correct in
14 that regard? In other words, if your position
15 is that the Ad Hoc Committee has gone to the
16 CCAA court to seek assistance in settling an
17 acceptable form of confidentiality agreement,
18 will you undertake to advise me of that?

19 R/F MR. RUBY: No, I think you can go
20 through the court record just as well as we
21 could.

22 BY MS. LITTLEJOHN:

23 225 Q. I want to make sure that our
24 position is consistent with yours, that there's
25 been so much motion.

1 U/T MR. RUBY: After this if Mr. Reid
2 comes to the conclusion that his answer was
3 wrong in any respect we'll obviously let you
4 know.

5 BY MS. LITTLEJOHN:

6 226 Q. Thank you.

7 Are you aware, Mr. Reid, that
8 Crystallex has offered to make certain
9 information available to you without the need
10 for a formal confidentiality agreement provided
11 that the information is treated confidentially?

12 MR. RUBY: Sorry, I have to admit that
13 I didn't follow the question.

14 THE WITNESS: I'm confused.

15 BY MS. LITTLEJOHN:

16 227 Q. Let me try it again. Are you
17 aware that Crystallex has offered to make
18 certain information available to you without the
19 need for a formal confidentiality agreement?
20 Are you aware of that?

21 A. I don't recall that. And that --
22 yes, I do not recall that.

23 228 Q. Well, let me try to help you.

24 We're going to pull up a letter from Ms. Renner
25 of Davies dated July 9, 2021, the public version

1 of that letter.

2 A. Okay.

3 229 Q. Mr. Reid, you've seen this letter
4 before?

5 A. If you keep scrolling please.

6 MR. RUBY: Mr. Reid, you're welcome to
7 use the folder versions you have if you'd like
8 to do the scrolling yourself.

9 THE WITNESS: What is the document
10 please?

11 BY MS. LITTLEJOHN:

12 230 Q. The document is found in folder
13 F, "Correspondence".

14 A. Yes.

15 231 Q. And it is a letter dated
16 July 9th, 2021, it's the last document in that
17 folder, "Public Letter re. Disclosures"?

18 A. Okay, I have it open.

19 [Witness reading the document.]

20 Yes.

21 232 Q. You've seen this before?

22 A. Yes.

23 233 Q. Let's just call this Exhibit 7
24 please.

25 EXHIBIT NO. 7: Letter from Ms. Renner

1 of Davies dated July 9, 2021.

2 BY MS. LITTLEJOHN:

3 234 Q. Is that acceptable, Mr. Ruby?

4 MR. RUBY: Yes.

5 BY MS. LITTLEJOHN:

6 235 Q. And, Mr. Reid, I'll take you to a
7 few paragraphs specifically on the second page
8 of this, obviously if you want to peruse the
9 first page for a moment and refamiliarize
10 yourself feel free.

11 A. [Witness reading the document.]

12 Yes.

13 236 Q. So the last sentence of paragraph
14 C on the second page of the document, which
15 deals with the net arbitration proceeds transfer
16 agreement?

17 A. Yes.

18 237 Q. You see the last sentence of that
19 paragraph says:

20 "The redacted information may be
21 provided to your clients on a
22 confidential basis."?

23 A. Yes, I see that.

24 238 Q. And if you go to paragraph (d)
25 relating to the advisors engaged in connection

1 with the sales process?

2 A. Yes.

3 239 Q. Again, the last sentence says:

4 "The redacted monthly fee
5 information may be provided to your
6 clients on a confidential basis."?

7 A. Yes.

8 240 Q. Do you see that?

9 A. Yes.

10 241 Q. Paragraph (f), the engagement
11 terms of the independent advisor?

12 A. Yes.

13 242 Q. Again the last sentence of that
14 paragraph:

15 "The redacted monthly fee
16 information may be provided to your
17 clients on a confidential basis."

18 Do you see that?

19 A. Yes, I do.

20 243 Q. Can we agree, sir, that this
21 letter mentions nothing about the need for a
22 formal confidentiality agreement in respect of
23 those pieces of information?

24 A. Yes, but it's not dealing with
25 the underlying issue, but yes.

1 244 Q. Let me take you to another
2 example, which is a covering email from
3 Ms. Renner to counsel for the Monitor, dated
4 June 17, 2021?

5 A. Let me just pull that one up.

6 245 Q. And we've only provided the
7 covering email.

8 A. Okay. Yes.

9 246 Q. Have you seen this email before?

10 A. If I could read it, one second.

11 [Witness reading the document.]

12 If I've received it -- it has no -- if
13 I've read it it doesn't -- I don't recall. It
14 doesn't -- nothing in here stands out to me.

15 247 Q. Mr. Ruby, can we call this -- I
16 think we're at C for information? Is that
17 right?

18 MR. RUBY: Yes.

19 EXHIBIT NO. C: Marked for
20 identification; email from Ms. Renner
21 to counsel for the Monitor, dated
22 June 17, 2021.

23 BY MS. LITTLEJOHN:

24 248 Q. It says:
25 "Please find attached the Case

1 Conference Brief of the Company. The
2 attached is being provided to the
3 Monitor on a strictly confidential
4 basis to be forwarded directly to
5 Justice Hainey. This brief is
6 confidential and should not form part
7 of the public record.

8 Please provide our brief to
9 Goodmans and Cassels on the same
10 confidential basis, and to their
11 clients on the basis that each of
12 their clients confirm first in writing
13 to their counsel that it will treat
14 the brief as strictly confidential and
15 not disclose or disseminate it, or
16 discuss it outside of counsel and
17 those members of the Ad Hoc Committee
18 who have provided the same
19 confirmation."

20 Do you see that? Do you see that,
21 Mr. Reid?

22 A. Oh, sorry, I thought you were
23 addressing Peter. Yes, I see it.

24 249 Q. Were you aware that the company
25 had offered to make its June 23rd, 2021, case

1 conference brief available to you on this basis?

2 A. I may have been aware. Again, it
3 doesn't stick out because, again, it's not
4 dealing with our central issue at hand.

5 250 Q. But we can agree at least that
6 there's nothing in this email that requires the
7 execution of a formal confidentiality agreement?

8 A. Yes.

9 251 Q. Sorry, Mr. Ruby, a housekeeping
10 matter. Ms. Barbiero has kindly reminded me
11 that we never marked Mr. Reid's
12 cross-examination transcript, recognizing it's
13 not the document on the screen, Mr. Reid, having
14 gone through those questions I think you told me
15 you were satisfied that you had received those
16 questions and given those answers in November of
17 2017?

18 A. The specific questions, yes, that
19 you asked me to confirm, yes, not the whole
20 document.

21 252 Q. Okay. Well, I -- I think that's
22 good enough for me and I don't think we need
23 to --

24 A. Okay. I'm not trying to be
25 difficult I am just -- you know, you called out

two paragraphs in a multi-page document.

253 Q. I appreciate that, Mr. Reid, I think we're getting along just fine.

A. Okay.

254 Q. To your knowledge, sir, has any member of the Ad Hoc Committee signed a confidentiality agreement in respect of this proceeding?

A. I don't know. I don't know if they have or have not. I did not join from the onset. They may have signed one before I joined the Ad Hoc Committee, so I can't -- I can't attest to what other people.

255 Q. Okay. Well, I will ask for an undertaking to confirm whether or not any member of the Ad Hoc Committee has signed a confidentiality agreement in respect of this proceeding?

U/A MR. RUBY: We'll take it under advisement, although I'd note your client would certainly know.

BY MS. LITTLEJOHN:

256 Q. I'd like to know that we're not met by any sort of surprise. When we argue the motion I'd like to make sure we're all on the

1 same page here.

2 And with respect to your concerns
3 regarding your ability to trade we're going to
4 come back to those a little bit later.

5 Mr. Reid, your counsel at Goodmans has
6 signed a confidentiality agreement in respect of
7 this proceeding, correct?

8 A. Yes, I believe back in 2016.

9 257 Q. So Goodmans is able to review
10 redacted information designated by the company
11 as confidential?

12 A. I believe so, yes.

13 258 Q. And you're aware that other
14 stakeholders of Crystallex have signed
15 confidentiality agreements in order to receive
16 the company's confidential information?

17 A. I'm not aware that other parties
18 outside of the DIP lenders have signed that.

19 259 Q. You're not aware of that?

20 A. I don't recall. I don't have
21 that knowledge.

22 260 Q. Now, because you have not signed
23 a confidentiality agreement you are, of course,
24 very careful to ensure that you don't review any
25 information designated by the company as

1 "confidential"?

2 A. That is correct.

3 261 Q. And your counsel at Goodmans is
4 also very careful to ensure that you don't
5 review any information designated by the company
6 as "confidential"?

7 A. Yes.

8 262 Q. To the best of your knowledge
9 you've never reviewed any information designated
10 by the company as "confidential"?

11 A. To the best of my knowledge, no.

12 263 Q. And to the best of your knowledge
13 no information designated by the company as
14 "confidential" has been disclosed to you by
15 another source?

16 A. That's correct.

17 264 Q. Mr. Reid, I want to take you now
18 briefly to your reply affidavit dated July 19th,
19 2021?

20 A. Yup.

21 265 Q. And specifically I want to take
22 you to paragraph 19 of that affidavit?

23 A. Just one moment. What paragraph
24 please?

25 266 Q. Paragraph 19 please.

1 A. Yes.

2 267 Q. And I'll just flag, for the
3 purposes of the record, this may be an issue
4 that the company considers to be confidential.
5 Mr. Ruby I know we have a disagreement about
6 that, I'm just flagging it for the record.

7 MR. RUBY: You might have to elaborate
8 a little bit.

9 BY MS. LITTLEJOHN:

10 268 Q. Well, I know we've had an email
11 back-and-forth on this, but why don't I put my
12 questions to the witness and we'll go from
13 there.

14 MR. RUBY: Sure.

15 BY MS. LITTLEJOHN:

16 269 Q. You say at paragraph 19 that:
17 "[...] it is very challenging to
18 reply to Mr. Fung's evidence on the
19 Initial Payment Securities in specific
20 detail given the extensive redactions
21 to his affidavit [...]."

22 Do you see that?

23 A. Yes.

24 270 Q. And just pause there for a
25 second, I take it you have only ever reviewed

1 the redacted version of Mr. Fung's evidence in
2 respect of the Ad Hoc Committee's cross-motion?

3 A. Yes.

4 271 Q. You go on to say at paragraph 19:

5 "[...] I gather, from what has
6 not been redacted, that Mr. Fung is
7 concerned disclosure of the limited
8 details of the Initial Payment
9 Securities the Noteholders seek to
10 have unsealed (being solely the
11 issuer(s) and the market value of the
12 Initial Payment Securities at their
13 time of receipt) Could prejudice
14 Crystallex as: [...]."

15 And I would like you to read, not into
16 the record, but read the sentence that follows
17 romanette 1.

18 A. [Witness reading the document.]

19 Yes. Do you see that?

20 A. Yeah.

21 272 Q. Sir, I would like you to point
22 out please which unredacted portions of
23 Mr. Fung's affidavit led you to reach the
24 conclusion in romanette 1, that that is a
25 concern of Crystallex?

1 A. Yes. In -- I don't know which
2 paragraph off-hand, but they talk in the
3 affidavit about that Venezuela uses all means to
4 which to bring -- you know, to frustrate the
5 ability to enforce the award, including those
6 which are spurious of nature. Something to that
7 effect.

8 And I think there is a lot of things
9 throughout the affidavit that do talk about the
10 use of these type of arguments in the U.S. court
11 proceedings.

12 273 Q. Well, Mr. Reid, I'm happy to take
13 ten minutes and have you go through, but I'd you
14 to point out which paragraphs in Mr. Fung's
15 redacted affidavit led you to that conclusion in
16 romanette (i)?

17 MR. RUBY: You're asking "affidavits"
18 plural?

19 BY MS. LITTLEJOHN:

20 274 Q. Well, he says:

21 "[...] it is very challenging to
22 reply to Mr. Fung's evidence on the
23 Initial Payment Securities [...]."

24 This is a reply affidavit to
25 Mr. Fung's response concerning the Noteholders

1 cross-motion. So I took from that that he was
2 dealing with Mr. Fung's responding affidavit
3 specifically.

4 MR. RUBY: I just want to make sure
5 that the witness understands your question. If
6 you are asking him to review only the
7 July 9th affidavits for Mr. Fung, we can ask him
8 to do that. But that means that he is not going
9 to review the two prior ones that relate to this
10 motion. If you want him to review all three he
11 can do all three, it's your choice.

12 BY MS. LITTLEJOHN:

13 275 Q. Well, the two prior ones should
14 not be being dealt with in the context of a
15 reply affidavit anyway, Mr. Ruby, correct.

16 MR. RUBY: I don't look at it that
17 way. You're asking him what information he took
18 to arrive at the sentence you've directed him to
19 in paragraph 19.

20 If you want him to confine his answer
21 to two affidavits he can do that, but that's the
22 answer you're going to get. And if it turns out
23 that he also took into account things he'd
24 learned before from other affidavits of
25 Mr. Fung, then you won't hear that. So it's

1 your choice but I just want to make sure that
2 the question to the witness is clear.

3 BY MS. LITTLEJOHN:

4 276 Q. Thank you for that, Mr. Ruby, I'm
5 going to look back at what is Mr. Reid's
6 affidavit at paragraph 19 which says:

7 "Although it is very challenging
8 to reply to Mr. Fung's evidence on the
9 Initial Payment Securities in specific
10 detail given the extensive redactions
11 to his affidavit, I gather from what
12 has not been redacted that [...]."

13 This is the reply affidavit I'm asking
14 him to look at, the July 9 --

15 MR. RUBY: The two July 9th --

16 BY MS. LITTLEJOHN:

17 277 Q. The two July 9th. I mean, again,
18 it might mean that the reply should only be in
19 response --

20 MR. RUBY: So, Ms. Littlejohn, I'm not
21 trying to argue with you, I'm just trying to
22 clarify for the witness because I didn't hear
23 it. Do you want him to do just July 9th? Those
24 two or all of them? It's your choice.

1 BY MS. LITTLEJOHN:

2 278 Q. I want to know what he meant when
3 he said:

4 "[...] I gather from what has not
5 been redacted [...]."

6 What was he looking at that had not
7 been redacted when he made that statement in his
8 affidavit?

9 MR. RUBY: Okay. So then, Mr. Reid,
10 based on that question I think you're being
11 asked, and Ms. Littlejohn will correct me if I'm
12 wrong, to look at all the Fung affidavits filed
13 in the notice -- this motion and cross-motion.

14 THE WITNESS: Let me be clear, this is
15 May 21st, 2021, this is the reply affidavit of
16 July 9th and the responding affidavit of
17 July 9th?

18 BY MS. LITTLEJOHN:

19 279 Q. Yes.

20 A. Okay.

21 280 Q. So how long do you want to take?

22 A. Well, there's -- there's a lot of
23 pages here.

24 281 Q. Let's take 20 minutes.

25 -- RECESSED AT 11:22 A.M. --

1 -- RESUMED AT 11:47 A.M. --

2 BY MS. LITTLEJOHN:

3 282 Q. Mr. Reid, have you had an
4 opportunity to review the affidavits that we
5 directed you to before the break?

6 A. Yes, I did, and I have an
7 embarrassing question to ask. What paragraph
8 were you asking me from my affidavit? I lost
9 it. I had it at the front and then I lost it.
10 I just didn't have enough time to go back to it.

11 283 Q. It's paragraph 19 of your
12 affidavit, sworn July 19, 2021?

13 A. Perfect. That's -- I was looking
14 through the wrong one that's why. Good. Yes.

15 284 Q. So, Mr. Reid, can you provide me
16 the paragraph references in Mr. Fung's public
17 affidavit that led you to draw the inference in
18 paragraph 19, romanette 1 of your July 19, 2021,
19 affidavit please?

20 A. Yes. And just to give some
21 background, when I filed the May 28th affidavit
22 I had not had the May 21st of Mr. Fung. And so
23 I -- perhaps I should have been more accurate in
24 putting some "affidavits" rather than the
25 singular.

1 Like I said, when I received -- I did
2 not -- when I filed mine the -- Bob's affidavit
3 was not given to me because it was considered
4 confidential in its entirety.

5 285 Q. And I will ask you some questions
6 about that later on.

7 A. This' fine. I'm just telling you
8 that -- to give you context of how that is.

9 286 Q. I appreciate that, thank you.

10 A. So there are a lot references in
11 the 21st to the -- on the 21st to the
12 July 9th reply, and on the July 9th responding
13 about the sensitivity of the IPS and how that
14 can be used by Guiadó, and that many times
15 throughout these affidavits they refer to
16 Mr. Gaustad's regime does not know that -- what
17 Crystallex received in the Amended Settlement
18 Agreement. That is the overall concept.

19 But if we can go to -- so I literally
20 probably have twenty of these, but let's stick
21 with one that was, in particular, top of mind
22 when I made that statement about the gather.

23 287 Q. Okay.

24 A. So if you go to -- so this is the
25 responding affidavit.

288 Q. The responding affidavit of
Mr. Fung dated July 9, 2021?

A. That's correct. So paragraph --
I guess we can start on page 11 just above
paragraph 18. It talks about:

"Public Disclosure of the Details
of the Initial Payment Securities Will
Irreparably Harm Crystallex's
Enforcement and Collection Efforts and
Undermine its Court-Protected Rights."
And paragraph 18 starts right off:

"Public disclosure of the details
of the Initial Payment Securities at
this time: (i) would seriously harm
[...]."

And it just goes through the harm,
including obviously the Citgo litigation.

It then goes to the next heading on
just above paragraph 19:

"Public Disclosure of the Details
of the Initial Payment Securities
Would Endanger the Company's
Enforcement Efforts."

And then it goes on about the type of
harm that:

1 "Guiadó's government is not aware
2 of the details of any payments made to
3 Crystallex by the Maduro government,
4 including the Initial Payment made
5 under the Amended Settlement
6 [Agreement]."

7 And then on paragraph 22:

8 "[...] Venezuela has urged the
9 Delaware Court to order Crystallex
10 to divulge this information [...]."
11 Including the amounts under the IPS.

12 289 Q. When you say "IPS" can you just
13 explain for the record what that is?

14 A. The Initial Payment Securities.

15 290 Q. Thank you.

16 A. And then it talks on paragraph
17 24:

18 "The Court has almost no
19 information about the circumstances of
20 this extraordinarily generous
21 settlement, or about whether Maduro
22 insiders who made the deal are getting
23 a cut."

24 Apparently without releasing its
25 claim.

1 So all of those, just in those would
2 lead me, I gather, to believe the concern is,
3 what did -- Guiadó apparently did not know the
4 information in the Amended Settlement Agreement.
5 And that that information can be used to harm
6 Crystallex, I think that is absolutely what it
7 has said.

8 And, you know, I'm not sure, what I
9 said was the Guiadó regime could somehow use
10 that information to tax the amounts owing to
11 Crystallex under its regime.

12 291 Q. And that was the conclusion that
13 you drew from those paragraphs?

14 A. Yeah, and I could go on. The
15 May 29th, it goes throughout that concern about
16 the -- how the information about the IPS could
17 harm Crystallex.

18 The July 9th reply has various things
19 that would lead me to believe that. And I read
20 these, to be fair, all together. I received
21 them all roughly around the same time, I think
22 within -- I don't know if I received them all
23 within the same day or a couple of days, but I
24 received them all in a couple of days.

25 I didn't even turn my mind to whether

1 it was a responding affidavit, the reply
2 affidavit, the affidavit -- initial one. I got
3 them all at once. I reviewed it and that's what
4 I would gather.

5 I'm a person that gets involved in
6 distressed situations, claims, to claim big
7 issues in Crystallex, as you know. And that
8 would be the way that I would, you know, that I
9 would have had -- when I wrote paragraph 19.

10 292 Q. Thank you for that, Mr. Reid.

11 A. Yeah.

12 293 Q. I'd like to turn now, Mr. Reid,
13 to Crystallex's sealing of information in this
14 proceeding, just to see if we can find common
15 ground on the timeline.

16 Mr. Reid, on June 5th, 2013, Justice
17 Newbould issued a Standstill Order, do you
18 recall that?

19 A. Can you repeat?

20 294 Q. On June 5th, 2013, Justice
21 Newbould issued a Standstill Order.

22 A. I recall the standstill order, I
23 don't recall the exact date that it was entered
24 into but, yes, I recall the Standstill Order.

25 295 Q. Well, let me see if I can help

1 you. We're going to pull up the June 5th, 2013,
2 extension and Standstill Order of Justice
3 Newbould. Do you see that?

4 A. Yes.

5 296 Q. And if you want to take a moment
6 to have us flip through it, just like to confirm
7 that we're in agreement that this is the
8 extension of the Standstill Order of Justice
9 Newbould dated June 5th, 2013?

10 A. I trust you that this is this
11 document. I know at that time there was a
12 Standstill Agreement, yes.

13 297 Q. And counsel, can we mark this as
14 Exhibit 8 please?

15 MR. RUBY: Yes.

16 EXHIBIT NO. 8: Extension and
17 Standstill Agreement issued by Justice
18 Newbould, dated June 5th, 2013.

19 BY MS. LITTLEJOHN:

20 298 Q. Mr. Reid, this order prevented
21 the Ad Hoc Committee from filing a plan of
22 compromise and arrangement under the CCAA for a
23 period of time, correct?

24 A. Yes.

25 299 Q. Mr. Reid, this order also

1 provided that no motions could be brought,
2 without leave of the court, except for certain
3 specified motions, do you recall that?

4 A. I don't recall the specifics. I
5 understand the standstill and the stay extension
6 but each specific part of it I don't recall.

7 300 Q. Well, I'll take you down to
8 paragraph 7 of the order.

9 A. Okay.

10 301 Q. Not trying to have this turn into
11 a memory test.

12 A. Yeah.

13 302 Q. Do you want to take a moment to
14 read that?

15 A. Yup.

16 [Witness reading the document.]

17 Okay.

18 303 Q. Does that refresh your memory as
19 to what the Standstill Order provided for in
20 terms of motions?

21 A. Yes.

22 304 Q. And as part of the same order the
23 senior notes earned an increased rate of
24 interest during the standstill period?

25 A. Correct.

1 305 Q. And I know in the past you have
2 estimated the additional entitlement earned on
3 the notes pursuant to the Standstill Order as
4 being upwards of \$35 million, is that correct?

5 A. I don't have the number off the
6 top of my head but that sounds reasonable, yes.

7 306 Q. Let me see if I can help you.
8 You swore an affidavit, sir, on April 26th,
9 2019?

10 A. Yes.

11 307 Q. So we're going to pull that up
12 for you. Can you see that?

13 A. I have it in front of me. It
14 says affidavit sworn by me on April 26th, yes.

15 308 Q. And I'm not going to ask to mark
16 it, I'm just going to take you to the paragraph
17 and see if we're in agreement.

18 A. Yes.

19 309 Q. It's paragraph 38 please. You
20 say:

21 "I note that had the Notes
22 accrued interest at the contractual
23 rate of 9.375% per annum (compounded
24 semi-annually) from the commencement
25 of the case, the total claim in

1 respect of the Notes as at December
2 31, 2015, would have been
3 \$150,569,708.17."

4 A. Correct.

5 310 Q. "Accordingly, the additional
6 entitlements earned on the Notes
7 pursuant to the Standstill
8 Order totalled \$37,628,505.71."
9 Do you see that?

10 A. Yes, but I thought you said the
11 additional interest? This is all entitlement.

12 311 Q. Oh, so the additional
13 entitlements that were earned, pardon me,
14 totalled 37 million plus, correct?

15 A. Yes.

16 312 Q. You're comfortable that this
17 calculation in your affidavit was accurate as of
18 the date you swore it?

19 A. Yes.

20 313 Q. Mr. Reid, the Standstill Order
21 was extensively negotiated amongst Crystallex,
22 Tenor, the Ad Hoc Committee and the Monitor,
23 correct?

24 A. Yes.

25 314 Q. And it was issued on a consent

1 basis?

2 A. I don't know what that means.

3 315 Q. Let me take you to your
4 November 23rd, 2017, affidavit?

5 A. Okay.

6 316 Q. Do you remember swearing an
7 affidavit on November 23rd, 2017?

8 A. Yes.

9 317 Q. Let's go to -- sorry, it's on the
10 screen before you. Do you see that?

11 A. Yes, I do.

12 318 Q. And so let's just go down to
13 paragraph 33 of the affidavit.

14 A. You just passed it.

15 319 Q. Yeah. So paragraph 33 says:
16 "These provisions of the
17 Standstill Order (which was
18 extensively negotiated amongst
19 Crystallex, Tenor, the Ad Hoc
20 Committee and the Monitor and issued
21 on a consent basis) [...]."

22 A. Yes.

23 320 Q. Do you see that?

24 A. Yes.

25 321 Q. And do you agree that that was

1 accurate as of the time you swore this
2 affidavit?

3 A. Yes. My question was just the
4 vernacular associated with "consent basis", that
5 was my only issue but, yes.

6 322 Q. I just took the vernacular from
7 your affidavit?

8 A. I understand.

9 323 Q. So once the standstill period
10 started there was no litigation between the Ad
11 Hoc Committee and the company until the
12 standstill period came to an end, is that
13 correct?

14 A. That's my recollection.

15 324 Q. And the standstill period came to
16 an end --

17 A. Litigation, yes, that's right.

18 325 Q. And the standstill period came to
19 an end on December 31, 2015?

20 A. Yes.

21 326 Q. Now, in December 2014 Crystallex
22 requested, for the first time, that its cash
23 flows in the Monitor's 13th report be sealed,
24 correct?

25 A. Can you repeat the question?

1 327 Q. In December 2014 Crystallex
2 requested, for the first time, that its cash
3 flows in the Monitor's 13th report be sealed?

4 A. Yes.

5 328 Q. And just to assist with the
6 timing, I'll pull up the Monitor's 13th, report.
7 Do you see that, sir?

8 A. Yes, I can.

9 329 Q. And you've seen this document
10 before? You've read it before?

11 A. Yes.

12 330 Q. So can we mark that please,
13 Mr. Ruby, as Exhibit 9?

14 MR. RUBY: Yes.

15 EXHIBIT NO. 9: Monitor's 13th report.

16 BY MS. LITTLEJOHN:

17 331 Q. So I'll take you to paragraph 8,
18 and the paragraph says:

19 "Attached is confidential
20 Appendix 'B' a summary of the
21 Applicant's actual receipts and
22 disbursements during the Reporting
23 Period. While this type of
24 information was not treated as
25 confidential in earlier Monitor

1 Reports [redacted part] it has been
2 filed with the Court in a sealed
3 envelope at the request of the
4 Applicant."

5 Do you see that?

6 A. Yes.

7 332 Q. So I take it we're in agreement,
8 December 2014 was the first time that Crystallex
9 sought to seal its cash flow and cash balance
10 information?

11 A. That is my recollection, yes.

12 333 Q. And on twelve separate occasions
13 after December 2014 Crystallex sought additional
14 orders of the court sealing its cash flow
15 information?

16 A. Okay. I'll take your word that
17 there's fourteen.

18 334 Q. You don't have a different
19 recollection sitting here today?

20 A. I don't have -- I could not
21 enumerate that there's been fourteen times
22 they've sealed it.

23 335 Q. And in fairness, sir, the
24 proposition that I put to you is that there was
25 13. There was the first time in the Monitor's

1 13th report and twelve subsequent occasions?

2 A. Okay, thirteen then.

3 336 Q. And until the May 2020 stay
4 extension motion, which was the 14th, I believe,
5 all of those sealing orders were granted, to
6 your knowledge?

7 A. Yes.

8 337 Q. And as a result the cash flow
9 information of the company was not made publicly
10 available between December 2014 and
11 February 2021?

12 A. Yes, the cash flow statement was
13 not made public.

14 338 Q. In the meantime, in August 2015
15 Computershare Trust Company of Canada applied to
16 the Ontario Securities Commission to vary the
17 cease trade order that had been in effect in
18 respect of the Crystallex senior notes since
19 April 2012, do you recall that?

20 A. Yes, I do.

21 339 Q. Let's pull up the OSC order dated
22 August 2015, August 13, 2015, is the date. It's
23 found in your "Orders and Endorsements" folder.

24 A. Yes.

25 340 Q. Have you seen this order before?

1 A. Yes, I have.

2 341 Q. Mr. Ruby, can we mark this as
3 Exhibit 10 please?

4 A. Yes.

5 EXHIBIT NO. 10: Ontario Securities
6 Commission order dated August 13,
7 2015.

8 BY MS. LITTLEJOHN:

9 342 Q. So, Mr. Reid, the variation to
10 the cease trade order that was granted at this
11 time was to allow the senior notes to Crystallex
12 to trade when certain conditions were satisfied,
13 is that correct?

14 A. That is correct.

15 343 Q. And Computershare sought that
16 order in its capacity as trustee under the trust
17 indenture dated as of December 23rd, 2004, as
18 supplemented by a first supplemental trust
19 debenture?

20 A. Yes, it was.

21 344 Q. And it sought that order as the
22 direction of the Ad Hoc Committee?

23 A. Yes, it did.

24 345 Q. And it did so in accordance with
25 the terms of the trust indenture that I just

1 referenced, dated December 23rd, 2004?

2 A. Yes. If I might add, this is --
3 there was at least two other CTOs along the same
4 lines that were done, except with specific -- to
5 allow specific people to do this. There was at
6 least two in 2014 probably.

7 346 Q. Okay. Thank you for that.

8 Do you recall who the specific people
9 were?

10 A. Yes, I do. I think one was West
11 Face Capital, and I believe the other one was
12 Albright, as in Madeline Albright, so Albright
13 Capital.

14 There may have been more too but those
15 were the two specific ones. It was felt that
16 given -- it didn't make sense to do on a one-off
17 basis. It's better to do a blanket one for
18 obviously efficiencies.

19 347 Q. Understood. Mr. Reid, you are
20 aware, of course, of the arbitration award that
21 Crystallex obtained in 2016 against the
22 government of Venezuela?

23 A. Yes.

24 348 Q. And you're aware that Crystallex
25 is engaged in significant efforts enforce that

1 award?

2 A. Yes, I am.

3 349 Q. And you'd agree with me that
4 Crystallex has been highly successful in
5 pursuing its enforcement strategy to date?

6 A. I think they made significant
7 success in various different legal strategies --
8 legal proceedings. Yes, I do. I think they've
9 done a tremendous job.

10 350 Q. And let me take you to a couple
11 of documents to emphasize the points.

12 Mr. Reid, as Investment Manager of the
13 Ravensource fund you issue letters to
14 Ravensource's unitholders approximately twice
15 annually, correct?

16 A. That is correct.

17 351 Q. And those letters go out under
18 your signature.

19 A. Yes, they do.

20 352 Q. And Ravensource makes those
21 letters publicly available on SEDAR?

22 A. Yes, they do, as well as on our
23 website I believe.

24 353 Q. I'm going to take you to some of
25 those now.

1 A. Sure.

2 354 Q. So let's start with Ravensource
3 management's letter to unitholders dated
4 December 31st, 2020.

5 A. Okay.

6 355 Q. Do you have that on the screen in
7 front of you?

8 A. Yes, I do.

9 356 Q. Do you recognize that letter?

10 A. One second. My screen just went
11 down. One second. Yes, there's the raven.

12 357 Q. You recognize this as
13 Ravensource's management's letter to unitholders
14 for the year ending December 31, 2020?

15 A. We publish one for sure, yes.

16 358 Q. Let's just go down to the
17 signature page, which is probably about 15 pages
18 into the PDF.

19 A. Yeah.

20 359 Q. Sorry, page 16 of the PDF. Do
21 you see your signature on that page?

22 A. Yes, I do.

23 360 Q. And maybe just pause there for a
24 second. This is management's letter to
25 unitholders for the year ended December 31,

1 2020, correct?

2 A. Yes, but if there is a subsequent
3 development that merits commentary we will
4 provide it.

5 So between December 31st and
6 April 21st -- April 2021, rather, if there is a
7 material amount we would -- or material
8 development we may include it in this document
9 as well.

10 361 Q. So when I see that April 2021
11 date on page 16 of --

12 A. Yes.

13 362 Q. December 31, 2020, letter to
14 unitholders that date is the effective date of
15 the letter?

16 A. It is the day I signed it. But
17 we are report -- to be clear, it was a report
18 for the period ending December 31st, 2021.

19 If there is something significant,
20 like in our financial statements for what we
21 call a "subsequent event" then it may be
22 addressed in this letter as well.

23 363 Q. Okay. But the statements in this
24 letter would be accurate to this April 2021 date
25 rather than the December 31, 2020, date?

1 A. Well, it's always going to be
2 accurate. What we were reporting on was the
3 period ending December 31st, 2021.

4 364 Q. Okay.

5 MR. RUBY: Sorry, Mr. Reid, you keep
6 saying "December 31st, 2021".

7 THE WITNESS: I apologize,
8 December 31st, 2020. I apologize.

9 BY MS. LITTLEJOHN:

10 365 Q. So let's go please to page 7 of
11 the PDF here under the heading "Crystallex
12 International Corp."?

13 A. Yes.

14 366 Q. "Crystallex is the proverbial
15 little engine that could. In its
16 efforts to collect a USD\$1.5 billion
17 damages award against Venezuela,
18 Crystallex has won ground-breaking
19 legal judgments [...]."

20 Do you see that?

21 A. Yes, I do.

22 367 Q. If we just scroll down to page 8,
23 the first full paragraph on that page:

24 "Over 2020, our conviction grew
25 as Crystallex notched key legal wins,

1 moving it much closer to selling CITGO
2 and Ravensource closer to capturing
3 significant gains on our investment."

4 Do you see that?

5 A. Yes.

6 368 Q. You made those statements to
7 Ravensource's unitholders?

8 A. Yes, I did.

9 369 Q. And those statements accurately
10 represented your views at the time they were
11 made?

12 A. Yes, they did.

13 370 Q. Let's go now to Ravensource's
14 management letter to unitholders dated
15 June 30th, 2019. You should have on the screen
16 in front of you, "Ravensource's Management's
17 Letter to Unitholders for the Six Months Ended
18 June 30th, 2019".

19 A. Yes.

20 371 Q. Do you see that?

21 A. Uhm-hmm, yes, I do.

22 372 Q. And you're comfortable that this
23 is in fact the management letter to unitholders
24 for the six months ended June 30, 2019, that
25 went out under your signature?

1 A. I will make the same comment as I
2 made before. I trust you pulled up the right
3 one, but looking at the cover page I can't tell
4 you if between the cover page and everything
5 else, but I take your point. If I see something
6 that I disagree with then I will call it out.

7 373 Q. Thank you. And really this is in
8 part for your counsel because I'd like,
9 Mr. Ruby, to mark this as Exhibit 12 please?

10 MR. RUBY: Yes, on the basis that
11 Mr. Reid just expressed.

12 EXHIBIT NO. 12: Ravensource
13 management's Letter to Unitholders,
14 dated June 30th, 2019.

15 BY MS. LITTLEJOHN:

16 374 Q. In other words, if Mr. Reid
17 believes at some point in the future that this
18 is not actually the letter that he signed and
19 put out into the public that he will come back
20 to us and correct it?

21 U/T MR. RUBY: Yes, so you don't have to
22 take him through it page by page.

23 THE WITNESS: Exactly.

24 BY MS. LITTLEJOHN:

25 375 Q. Okay. Thank you.

1 So let's go to page 4 of this PDF
2 please.

3 A. Yes.

4 376 Q. We'll just scroll down. You can
5 start from the beginning of that section, if you
6 want. But what I'm going to take you to the
7 sentence that starts at the very bottom of this
8 page?

9 A. It says:

10 "In late 2018, Crystallex won a
11 momentous legal battle in the United
12 States that paved the way for
13 Crystallex to sell Venezuela's shares
14 of PDV Holding Inc., a Delaware
15 corporation that indirectly owns
16 Venezuela's largest international
17 asset, CITGO Petroleum ('CITGO') in
18 order to collect on the ICSID Award.
19 No question, it was a game changer
20 that significantly increased the value
21 of our investment: kudos to
22 Crystallex's legal and management team
23 for achieving this result."

24 A. Absolutely, yes.

25 377 Q. You made that statement to

1 Ravensource's unitholders?

2 A. I did.

3 378 Q. And that accurately represented
4 your views at the time it was made?

5 A. Yes, it does. And it still does,
6 yes.

7 379 Q. You're also aware, Mr. Reid, that
8 Crystallex's efforts to monetize the award are
9 not guaranteed to be successful?

10 A. Of course.

11 380 Q. And if I can take you back to
12 Exhibit 11, which is the management letter to
13 unitholders of Ravensource for the year ended
14 December 31st, 2020?

15 A. Yes.

16 381 Q. And I'll direct your attention to
17 the second full paragraph on page 8 of the PDF.

18 A. Yes.

19 382 Q. Where you say:

20 "Why? Simply put, Crystallex is
21 not home free. Due to U.S. sanctions
22 surrounding Venezuela, Crystallex must
23 obtain a license before completing the
24 CITGO sale, which so far, it has yet
25 to do. We also know Venezuela will

1 continue to obstruct the sale of
2 CITGO, prolonging the battle over
3 this valuable asset."

4 Do you see that?

5 A. Yes, I do.

6 383 Q. So those are the representations
7 you made to Ravensource's unit holders in this
8 letter?

9 A. Yes.

10 384 Q. And they were true at the time
11 you made them?

12 A. Yes.

13 385 Q. Mr. Reid, you say in your
14 May 28th affidavit, and I'm referring
15 specifically to paragraph 33, if you would like
16 to pull it up?

17 A. Yes.

18 386 Q. You say that:

19 "[...] to my knowledge there has
20 been no public disclosure regarding
21 the liquid securities Crystallex
22 received from Venezuela, including the
23 issuer(s), type of security (i.e.,
24 debt or equity), or their market value
25 at time of receipt."

1 Do you see that?

2 A. Yes.

3 387 Q. Can you flip to paragraph 61 of
4 your affidavit? I just want to go -- just
5 trying to ground you in your evidence before we
6 go here.

7 A. Yes.

8 388 Q. You also say at paragraph 61
9 that:

10 "[...] the liquid securities
11 represent a material asset of
12 Crystallex that will be a part of any
13 resolution or material transaction in
14 this case."

15 A. Yes.

16 389 Q. And that:

17 "They also represent a potential
18 source of liquidity for Crystallex."

19 A. Yes.

20 390 Q. You were aware, sir, when you
21 swore that affidavit that Crystallex has
22 disclosed repeatedly that because of the U.S.
23 sanctions that Initial Payment Securities cannot
24 be providently monetized without the company
25 first receiving a license from the U.S.

1 government?

2 A. Yes, I read that.

3 391 Q. And just so we have it, let's
4 pull up the May 4th, 2020, motion record of the
5 company, which contains the April 26, 2020, Fung
6 affidavit. Do you have that on the screen in
7 front of you, sir?

8 A. Yes, I do.

9 392 Q. I think we have the wrong
10 document up. We're just switching.

11 And let's go down the affidavit of
12 Mr. Fung sworn April 26th, 2021, at paragraph
13 23. And Mr. Fung says:

14 "I am advised that the Sanctions
15 have rendered it effectively
16 impossible, at this time, to
17 providently monetize the Initial
18 Payment Securities and the company is
19 currently unable to execute on the
20 PDVH shares subject to the Writ of
21 Attachment without First obtaining a
22 license from the U.S. Government."
23 Do you see that?

24 A. Yes, I do.

25 393 Q. And you were aware that Mr. Fung

1 had made that statement in his April 2020
2 affidavit?

3 A. I probably did at the time, but
4 if you ask me I would not be able to tell you
5 now, but I read his affidavits.

6 394 Q. You have no reason to believe
7 that you didn't read this at the time it was
8 served?

9 A. That's correct.

10 395 Q. And I'll take you to the
11 October 28, 2020, Fung affidavit.

12 A. Sorry, which affidavit now?

13 396 Q. October 28th, 2020.

14 A. Okay.

15 397 Q. And can we go to paragraph 33
16 please? And Mr. Fung says at paragraph 33 of
17 his October 28th, 2020, affidavit:

18 "As previously disclosed to this
19 court, the United States Department of
20 Treasury and the Office of Foreign
21 Assets Control (OFAC) have imposed
22 sanctions against Venezuela, which the
23 U.S. Government and Venezuela allege
24 make it impossible for the Company to
25 providently monetize the Initial

1 Payment Securities or execute on the
2 PDVH shares subject to the Writ of
3 Attachment, without first obtaining a
4 license from the U.S. Government."

5 Do you see that, Mr. Reid?

6 A. Yes, I see it.

7 398 Q. Did you read that statement at
8 the time this was made available?

9 A. Yes.

10 399 Q. So you knew the company had taken
11 that position?

12 A. Yes.

13 400 Q. Mr. Reid, you have also confirmed
14 to Ravensource's unitholders that some of
15 Crystallex's assets are subject to restrictions
16 by the U.S. government?

17 A. Yes.

18 401 Q. And I'll take you to a couple of
19 those. Let's go to your management letter to
20 unitholders dated June 30th, 2019, which we
21 marked as Exhibit 12. And I'll take you down to
22 page 5 of the PDF, and specifically the
23 paragraph that is the second paragraph on the
24 page beginning with, "The road ahead".

25 A. Uhm-hmm.

1 402 Q. If you start at the second
2 sentence of that paragraph you say:

3 "We are confident that the value
4 of Crystallex is sufficient to pay our
5 Senior Note claim in full and generate
6 a significant return on our
7 investment. However, the challenge is
8 in the 'when' as some of Crystallex's
9 - and Venezuela's - assets are subject
10 to restrictions by the US Government
11 and the company is currently more
12 focused on collecting the remaining
13 amounts it is owed than paying us
14 off."

15 A. Yes.

16 403 Q. Do you see that?

17 A. Yeah.

18 404 Q. And that was an accurate
19 reflection of your understanding as of the date
20 of this letter?

21 A. Yes.

22 405 Q. Let's turn now Ravensource's
23 management letter to unitholders dated December
24 31, 2019, which we haven't turned up before. Do
25 you have that on the screen, sir?

1 A. Yes.

2 406 Q. And do you recognize this as the
3 letter to unitholders for the year ended
4 December 31, 2019?

5 A. I'll just repeat what I have
6 said. You're showing me a cover page. I trust
7 that this is the document that we filed. We did
8 file a document. I trust you have brought the
9 right one in front of us.

10 407 Q. Thank you, Mr. Reid. Can we mark
11 that as Exhibit 13 on the same basis as the
12 other?

13 MR. RUBY: Yes.

14 EXHIBIT NO. 13: Ravensource's
15 management letter to unitholders dated
16 December 31, 2019.

17 BY MS. LITTLEJOHN:

18 408 Q. So I'll just take you down to
19 page 7 of this document. The first full
20 paragraph:

21 "However, in November 2019, as
22 part of its bid to oust Venezuelan
23 President Nicolás Maduro, the U.S.
24 expanded its sanctions that directly
25 impede Crystallex's ability to sell

1 CITGO – or other Venezuelan securities
2 it may own – anytime soon.

3 Admittedly the U.S. government's
4 recent actions will delay our final
5 reward."

6 Do you see that?

7 A. Yes.

8 409 Q. And that was an accurate
9 statement of your view as of the date of this
10 letter?

11 A. Yes, it is.

12 410 Q. Now, going back to first
13 principles, Mr. Reid, as I understand it the
14 liquidity of an asset refers to the ease with
15 which it can be converted to cash.
16 Understanding that that's my sort of lay
17 person's view rather than an expert view, do I
18 have that broadly correct? Is that consistent
19 with your understanding?

20 A. It is. It is broadly correct,
21 ease and probably any price concession, that's
22 what you probably mean by "ease". It is
23 multi-tiered but you have captured it otherwise
24 well.

25 411 Q. Thank you. And can with agree,

1 sir, that a security that cannot legally be
2 converted to cash is not liquid?

3 A. Can you repeat the question?

4 412 Q. If it cannot legally be converted
5 to cash it's not liquid?

6 A. I'm having trouble with
7 "converted into cash". You mean to be sold? I
8 think it's in connection with selling something
9 and you receive cash for it. But it's not like
10 it's a -- a convertible bond that gets converted
11 into cash, it is through a transaction.

12 413 Q. Let me just try to clarify,
13 Mr. Reid, because I understand that you're much
14 more deeply steeped in financial matters than I
15 am.

16 A. No, I think this is a basic
17 issue. Go ahead.

18 414 Q. So what I put to you before was,
19 broadly speaking the liquidity of an asset
20 refers to the ease with which it can be
21 converted to cash, which is kind of a rough and
22 ready, not CFA level definition.

23 A. Yeah. That's fine.

24 415 Q. And so I put to you, sir, that a
25 security that cannot legally be converted to

1 cash isn't liquid?

2 A. Sold for cash but, yes.

3 416 Q. Do you agree with that?

4 A. Yes, I would agree with that.

5 417 Q. I'd like to shift gears slightly
6 now, Mr. Reid, and talk about the information of
7 Crystallex that has been made available to you.

8 You are aware, sir, that the company
9 has collected approximately 500 million in cash
10 and securities from Venezuela?

11 A. Yes.

12 418 Q. And you understand that Venezuela
13 has made no further payments under the Amended
14 Settlement Agreement?

15 A. I'm not aware that they have made
16 any other payments.

17 419 Q. And you understand that Venezuela
18 is the source of all or substantially all of
19 Crystallex's current assets?

20 A. Well, last -- as of, I guess,
21 March 2020 it had 116 million of cash.

22 420 Q. And sorry, just to be fair to
23 you, sir, if you go to paragraph 89(c) of your
24 May 28 affidavit?

25 A. Sorry, what paragraph?

1 421 Q. 89(c)?

2 A. Yes.

3 422 Q. In the second sentence of that
4 paragraph you say:

5 "Given Crystallex had no material
6 liquid assets at the outset of this
7 case and its litigation efforts have
8 been financed by the Tenor DIP, it
9 follows that Venezuela is the source
10 of all or substantially all of
11 Crystallex's current assets."

12 Do you see that?

13 A. Yes.

14 423 Q. And that is an accurate summary
15 of your understanding as of this affidavit?

16 A. Yes, I would say that -- make
17 sure you read the sentence before where it says:

18 "[...] Venezuela has paid
19 approximately \$500 million of cash and
20 liquid securities [...]."

21 424 Q. And I did put that to you a
22 moment ago. I'm trying to go piece by piece to
23 make sure we're in agreement the full way
24 through?

25 A. Okay.

1 425 Q. You know as well that the U.S.
2 sanctions prevent Crystallex from selling Citgo
3 or other Venezuelan securities that it may own
4 without a license?

5 And that's really just the point that
6 I just took you to in this management letter to
7 unitholders.

8 A. It says "impede", "impede"
9 Crystallex's ability to -- yes.

10 426 Q. So "impede" rather than
11 "prevent"? That is what you're saying?

12 A. Yes.

13 427 Q. Mr. Reid, you're aware of the
14 court approved payment waterfall that was
15 established pursuant to the stay extension and
16 Standstill Order of the CCAA court dated June 5,
17 2013?

18 A. Yes.

19 428 Q. You described that waterfall in
20 an affidavit that you swore on April 26th, 2019?

21 MR. RUBY: Counsel, where can we find
22 that in the folder structure?

23 BY MS. LITTLEJOHN:

24 429 Q. It's in the "Prior Evidence of
25 Scott Reid" folder, which is folder B. It's his

1 affidavit sworn April 26, 2019?

2 MR. RUBY: Thank you.

3 BY MS. LITTLEJOHN:

4 430 Q. Do you have that on the screen in
5 front of you, sir?

6 A. Yes.

7 431 Q. And do you recognize that as your
8 April 26, 2019, affidavit?

9 A. I know I signed one on that date.
10 If this is it I will take your word for it
11 again.

12 432 Q. Mr. Ruby, can we mark that as
13 Exhibit 14 please?

14 MR. RUBY: Yes.

15 EXHIBIT NO. 14: Affidavit of Scott
16 Reid, dated April 26, 2019.

17 BY MS. LITTLEJOHN:

18 433 Q. I'm going to take you to
19 paragraph 25 under the heading "The Waterfall".
20 Do you see that?

21 A. Yes, I do.

22 434 Q. And over onto the next page,
23 which is page 10 of the PDF, it says:

24 "A summary description of the
25 payments provided for in the waterfall

1		is as follows [...]."
2		Do you see that?
3		A. Yes, I did.
4	435	Q. "First - Accrued and unpaid
5		post-filing expenses reasonably
6		incurred by Crystallex."
7		Do you see that?
8		A. Yes, I see it.
9	436	Q. "Second - Any tax payable or
10		required to be withheld by Crystallex
11		or any government in respect of the
12		Award -- as defined below --."
13		A. Yes.
14	437	Q. "Third - Principal amount owing
15		under the debt credit agreement."
16		A. Yes.
17	438	Q. "Fourth - Accrued and unpaid
18		interest owing under the debt credit
19		agreement."
20		A. Yes.
21	439	Q. "Fifth - Claims of pre-filing
22		creditors, including on account of the
23		notes."
24		A. Yes.
25	440	Q. So your understanding of the

1 Waterfall as of April 26, 2019, was that your
2 claims in respect of the senior notes of
3 Crystallex are not entitled to be paid until the
4 fifth level of the waterfall, as you describe
5 it?

6 A. It doesn't speak -- that's the
7 priority. It doesn't necessarily speak to
8 the -- when the payments are being made, so the
9 actual cash flow dates, but in terms of the
10 priority to the estate, yes.

11 441 Q. Thank you. And I wasn't trying
12 to put dates to you. I just want to make sure
13 that we're on the same page regarding the
14 priority?

15 A. Yes.

16 442 Q. And your claims in respect of the
17 senior notes of Crystallex are not entitled to
18 be paid in terms of priority until after the
19 principle and interest on the DIP is paid,
20 correct?

21 A. Correct.

22 443 Q. Does that remain your
23 understanding today?

24 A. Yes, it does. Yes, it is.

25 444 Q. Mr. Reid, you're aware of how

1 much Crystallex owed its secured lenders as of
2 December 31st, 2019, correct?

3 A. I don't believe so. I believe
4 the last one was a number of years ago.

5 445 Q. Well, let me see if I can help
6 you. I'm going to take you to management's
7 letter to unitholders dated December 31st, 2019.

8 A. Yeah.

9 446 Q. Which was marked as Exhibit 13,
10 at page 6.

11 A. Yes.

12 447 Q. If you scroll down under the
13 "Crystallex" heading to the second paragraph?

14 A. Yes.

15 448 Q. And the third sentence in that
16 paragraph:

17 "In turn Crystallex owes its
18 secured lenders, USD \$140 million."

19 A. Yes.

20 449 Q. You see that?

21 A. That was my calculation as of
22 that date.

23 450 Q. And the DIP lender is the only
24 secured lender?

25 A. Yes.

1 451 Q. And you provided that number to
2 your unitholders roughly 19 months ago?

3 A. Yes. But it was a calculation we
4 made, to be clear.

5 452 Q. Thank you. Mr. Reid, you're
6 aware of the company's cash position as of
7 March 31, 2020?

8 A. Yes.

9 453 Q. And you can estimate Crystallex's
10 current cash balance, correct?

11 A. No. I know what it was at that
12 date. I have no idea what it is as of today.

13 454 Q. Let me take you to your
14 May 28th affidavit at paragraph 46. One second.
15 I recognize it's a lot of paper, Mr. Reid.

16 A. That's fine. Sorry, what
17 paragraph?

18 455 Q. Paragraph 46

19 A. Yes. Seems consistent with what
20 I just said.

21 456 Q. So you say:

22 "Although I can estimate
23 Crystallex's current cash balance by
24 assuming the same burn rate disclosed
25 in the April 2020 cash flow forecast,

1 I have no way of knowing if this
2 estimate is at all accurate."

3 A. That is correct.

4 457 Q. But you can estimate?

5 A. Although I can estimate I have no
6 way of knowing if this estimate is accurate;
7 same thing with the DIP balance. I would take
8 the same position as that.

9 458 Q. But with that caveat, as set out
10 in your affidavit, that you don't know if it's
11 accurate, you can estimate it?

12 A. I can make an estimate, yes.

13 459 Q. So with the benefit of all of
14 that backdrop, sir -- with the benefit of that
15 backdrop, sir, and your knowledge and experience
16 that back up your CFA charter designation, I
17 take it you understand that Crystallex is not
18 currently in a position even to pay off the
19 balance owed to the DIP lender?

20 A. No, I don't know that.

21 460 Q. You'll agree with me, sir that
22 the number of 140 million that you disclosed to
23 Ravensource's unitholders --

24 A. Yes.

25 461 Q. -- eighteen months ago is larger

1 than the company's current cash balance?

2 A. Yes. That's not what you asked.
3 You asked is it no position. What I would say
4 to that, the more complete answer is, they would
5 not be able to pay it all off with the cash on
6 the -- the cash they have in the bank.

7 462 Q. Thank you. Mr. Reid, you're also
8 aware that if Crystallex successfully collects
9 from Venezuela Crystallex can fully repay the
10 senior notes, correct?

11 A. Sorry, repeat the question.

12 463 Q. If Crystallex successfully
13 collects from Venezuela the balance of the
14 judgment that is owing Crystallex can fully
15 repay the senior notes?

16 A. Well, I guess that is a -- that
17 depends on when that collection occurs. Because
18 our interest continues to accrue, so if this is
19 in ten or fifteen years that may not be true.

20 464 Q. Well, let's take it at a few
21 points in time. I'm going to take you back to
22 your management letter to unitholders dated
23 December 31, 2020, which we marked as Exhibit
24 11?

25 A. Yes.

1 465 Q. And I'm going to put to you that
2 that's exactly what you've told Ravensource's
3 unitholders needs to happen before you'll be
4 repaid on the notes?

5 A. No, you said there would be
6 sufficient enough to fully repay the notes. And
7 what I said was, that will depend upon the time
8 that this collection would occur.

9 So if anything what I'm saying is,
10 Ms. Littlejohn, is that you have -- our interest
11 continues to accrue, which increases the amount
12 owed to the Noteholders.

13 Whereas the Citgo may not -- you know,
14 on the sale of the Citgo in -- let's say this
15 doesn't happen for five or ten years I'm not
16 confident of what that would be. So it's at a
17 point of time.

18 People make estimates and people --
19 all that but, yes. If it was sold today I would
20 agree with that but -- and collected today, but
21 that's not -- you know -- there is a nuanced
22 answer to this.

23 466 Q. I appreciate that, sir, and I
24 don't think we're necessarily on different
25 pages.

1 Let me just show you what you said to
2 your unitholders at December 2020 and at a
3 couple of other points in time.

4 A. Yes.

5 467 Q. So I'll take you to page 7 of
6 Exhibit 11.

7 A. Yes.

8 468 Q. And I'm pointing you, in
9 particular, to the paragraph at the bottom of
10 that and the sentence that begins on the fourth
11 line of the paragraph.

12 A. Yes.

13 469 Q. You say:

14 "If Crystallex successfully
15 collects from Venezuela, Crystallex
16 can fully repay the senior notes and
17 we stand to generate more than a
18 170 percent return over December 31st,
19 2020's market price of \$110."

20 Do you see that?

21 A. Yes.

22 470 Q. And that was a true statement at
23 the time it was made?

24 A. Absolutely.

25 471 Q. I'm going to take you to your

1 letter to unitholders, dated December 31, 2019,
2 which we marked as Exhibit 13, and specifically
3 to page 6 of that letter. And the paragraph
4 second from the bottom of the page that starts
5 with:

6 "As a reminder [...]."

7 Do you see that?

8 A. No, where is it? Sorry.

9 472 Q. The second to the bottom

10 A. Yes.

11 473 Q. "As a reminder, Crystallex was
12 awarded approximately USD \$1.4 billion
13 by the World Bank which the Bolivarian
14 Republic of Venezuela ('Venezuela') is
15 required to pay. If it fails to do
16 so, Crystallex can seize its assets.
17 In turn, Crystallex owes its secured
18 lenders USD \$140 million and its
19 Senior Noteholders more than USD \$270
20 million, which continues to accrue
21 interest, as of December 31st 2019.
22 If (and when) Crystallex collects from
23 Venezuela, we will be repaid with the
24 proceeds generating more than a 100%
25 return on our investment from today's

1 price."

2 Do you see that?

3 A. Yes.

4 474 Q. And that statement accurately
5 represented your views at the time it was made?

6 A. It does. Just understand that
7 the claim will increase over time.

8 Your statement that I was responding
9 to was that when they collect on Citgo it would
10 more than recover the principal and interest
11 that it's owed.

12 And what I said to you is that, the
13 principal and interest -- the interest will grow
14 over time until it's repaid. So even if our
15 amount of recovery goes up it may not be
16 sufficient to pay all the amount we're owed at
17 that time. That was all I was referring to.

18 475 Q. Okay. And I appreciate that,
19 sir. I really just put to you what you -- what
20 you said to your unitholders in December 2020,
21 which, to be f air, didn't have that
22 qualification?

23 A. Well, it does say that more than
24 the 270 it owes, and that it continues to accrue
25 interest, so I do speak to that.

1 476 Q. Sorry, I'm actually talking about
2 the letter that I took you to, the one before
3 this?

4 A. They all kind of say that.

5 477 Q. We can go back to it. The words
6 are:

7 "If Crystallex successfully
8 collects from Venezuela Crystallex can
9 fully repay the senior notes and we
10 stand to generate a more than
11 170 percent return over December 31,
12 2020's market price."

13 A. Yes.

14 478 Q. That is not to fight with you,
15 Mr. Reid.

16 A. What I'm saying to you is that is
17 at that moment of time. I think what we're
18 doing is we are debating on what we're owed.
19 And as time goes on the amount that we were owed
20 increases, and that may not be the case that the
21 value of Citgo also goes up.

22 So what I'm doing is reporting that at
23 a point in time, but that is what it was at a
24 point in time. But in ten years there is going
25 to be more interest owed to the senior note

1 holders and Citgo may or may not be worth more
2 than it is today, that is my point.

3 479 Q. I appreciate all of that,
4 Mr. Reid, and I thank you for the clarification.
5 And, in fairness, all I've been asking you to do
6 with these is accept that they were accurate as
7 of the date they were written.

8 A. That's fine.

9 480 Q. So just to take you to one more,
10 which is your June 30th, 2018, letter to
11 unitholders, which is another new one, do you
12 have that on your screen, Mr. Reid?

13 A. Yes, I do.

14 481 Q. Do you have any issue with the
15 proposition that this is your letter to
16 unitholders for the six months ended June 30th,
17 2018, for the Ravensource funds?

18 A. With the same proviso that I said
19 on the previous one.

20 482 Q. Can we mark that as Exhibit 15
21 with the same provisos?

22 MR. RUBY: Yes.

23 EXHIBIT NO. 15: Ravensource's letter
24 to unitholders, dated June 30th, 2018.
25

1 BY MS. LITTLEJOHN:

2 483 Q. And I'll take you down to page 6,
3 and I'm looking at the second paragraph on the
4 page.

5 A. Yes.

6 484 Q. "The magic of an ICSID Award is
7 its enforceability outside of
8 Venezuela with the right to seize
9 assets in the event of non-payment.
10 Venezuela has significant assets in
11 the U.S. and other jurisdictions that
12 recognize ICSID judgments. Citgo
13 Petroleum Corporation ('CITGO') –
14 Venezuela's U.S.- Based refiner,
15 transporter and marketer of
16 transportation fuels, petrochemicals
17 and other industrial products – alone
18 should be more than sufficient to
19 fully repay the Senior Notes with
20 plenty of leftovers."

21 Do you see that?

22 A. Correct.

23 485 Q. And that statement accurately
24 represented your views as at the time it was
25 made?

1 A. Yes.

2 486 Q. Can we agree, Mr. Reid, that if
3 Crystallex is unable to recover any further
4 proceeds from Venezuela that increases the risk
5 to your unitholders' investment in Crystallex?

6 A. Yes.

7 487 Q. Mr. Ruby, I'm getting into
8 another section now that may take more than ten
9 minutes. Is this an appropriate time perhaps to
10 take the lunch break.

11 MR. RUBY: It's fine with me. I just
12 ask the same question our reporter asked
13 yesterday so we can figure out how long the
14 lunch break should be. Do you have any idea of
15 when you expect to be done today?

16 MS. LITTLEJOHN: I expect I could
17 finish in an hour and a half to two hours, but I
18 believe Mr. Pinos has some questions on behalf
19 of the DIP lender.

20 MR. RUBY: So, Mr. Pinos, can you
21 guess how much you will be?

22 MR. PINOS: it is very much a guess,
23 I would guess another hour and a half, maybe a
24 little more. Things have been proceeding apace
25 but there are points at which they have slowed

1 down too so it's hard to estimate.

2 -- RECESSED AT 12:50 P.M. --

3 -- RESUMED AT 1:36 P.M. --

4 BY MS. LITTLEJOHN:

5 488 Q. Mr. Reid, welcome back.

6 Mr. Reid, you say in your affidavit and I'll
7 maybe just ask you to turn up paragraph 64 in
8 your May 28th affidavit. You say that
9 Stornoway's ability to monitor and fully assess
10 the status of your investments in the senior
11 notes of Crystallex has been impaired by the
12 lack of information provided by the company,
13 correct?

14 A. Correct.

15 489 Q. And you make a similar statement
16 at paragraph 64(b) regarding your lack of
17 ability to address Crystallex's situation?

18 A. Yes.

19 490 Q. Mr. Reid, you have continued to
20 make purchases of the senior notes of Crystallex
21 since December of 2014, correct?

22 A. We've made probably -- we've
23 probably bought three or four times over that
24 period of time, and we recently had to sell a
25 small piece as well.

1 491 Q. So let's take the purchase piece
2 first. Those purchases that you just mentioned
3 included purchases on behalf of the Ravensource
4 fund?

5 A. Yes.

6 492 Q. You made purchases on behalf of
7 the Ravensource fund in 2015, do you recall
8 that?

9 A. I believe so, yes.

10 493 Q. And let me help you, what I'm
11 going to do is I'm going to pull up
12 Ravensource's audited financial statements for
13 2014?

14 A. Yes.

15 494 Q. And also Ravensource's audited
16 annual financial statements for 2015?

17 A. Yes.

18 495 Q. So that you can see the two
19 different amounts?

20 A. Sure.

21 496 Q. And it may take a moment because
22 two documents at once I gather is complicated on
23 the Zoom platform.

24 So, Mr. Reid, you should have before
25 you the audited financial statements of the

1 Ravensource fund for the years ended 2014, and
2 the years ended 2015, do you see those?

3 A. Yes.

4 497 Q. And you've seen these financial
5 statements before?

6 A. I've definitely seen the
7 Ravensource funds as I sign them, yes.

8 498 Q. So, Mr. Ruby, can we call the
9 2014 annual financial statements Exhibit 16?

10 A. Yeah, with the same -- you know,
11 leader as we've been saying with all of these.
12 You're showing me the title page and so I trust
13 they're true. But I am just going to keep on
14 repeating myself.

15 499 Q. You will let me know if it's not?

16 MR. RUBY: Yes, with the same caveat
17 we've been using for these kind of documents.

18 EXHIBIT NO. 16: Ravensource's 2014
19 annual financial statements.

20 BY MS. LITTLEJOHN:

21 500 Q. And I just want to make sure we
22 have the numbers for the record. The 2014
23 annual financial statements will be Exhibit 16.
24 And the annual 2015 financial statements Exhibit
25 17.

1 EXHIBIT NO. 17: Ravensource's 2015
2 annual financial statements.

3 BY MS. LITTLEJOHN:

4 501 Q. And I'll take you to page 9 of
5 the 2014 statement in the PDF.

6 A. Yes.

7 502 Q. Can you scroll down a little bit,
8 please? And I'll take you at the same time to
9 page 8 in the 2015 financial statements. And
10 we'll scroll down a little bit.

11 So, Mr. Reid, if you look down at the
12 PDF on the left-hand side of your screen, which
13 is the 2014 annual financial statements of
14 Ravensource, you'll see "Number of shares/units"
15 of Crystallex International Corp., 9.375 percent
16 due December 30, 2011. Do you see that?

17 A. Yes.

18 503 Q. And the number of shares/units is
19 3,350,000?

20 A. Face value, yes.

21 504 Q. Face value. And in the 2015
22 financial statements toward the bottom of the
23 page, looking again at the Crystallex
24 International Corp. 9.375 percent due
25 December 30, 2011, you'll see that it's now at

1 3,650,000. Do you see that?

2 A. Yes, I do.

3 505 Q. So in 2015 that was a purchase of
4 an additional \$300,000 in par value of notes,
5 correct?

6 A. That is the net change of the
7 amount we owned. We may have bought and sold as
8 well during the year but the net change that's
9 correct.

10 506 Q. And a net additional \$300,000 in
11 value?

12 A. No, in face value.

13 507 Q. In face value, thank you for
14 that.

15 So you made, Mr. Reid, more purchases
16 on behalf of the Ravensource fund in 2018, do
17 you recall that?

18 A. Yes.

19 508 Q. And we'll pull up the Ravensource
20 audited annual financial statements for 2017,
21 along, with the Ravensource audited annual
22 financial statements for 2018.

23 Mr. Reid, you should have the
24 Ravensource audited annual financial audits
25 statements for 2017 on the left-hand side of

1 your screen, and the Ravensource audited annual
2 financial statements for 2018 on the right-hand
3 side of your screen. Do you see that?

4 A. Yes.

5 509 Q. And you recognize both of these
6 documents?

7 A. With the same proviso as we've
8 been saying.

9 510 Q. The same proviso I hear you. So
10 I will ask Mr. Ruby that we call the 2017 annual
11 audited financial statements of Ravensource
12 Exhibit 18?

13 MR. RUBY: Okay, same caveat.

14 EXHIBIT NO. 18: Ravensource's 2017
15 annual audited financial statements.

16 BY MS. LITTLEJOHN:

17 511 Q. And the audited, annual financial
18 statements of the Ravensource fund for 2018
19 we'll call Exhibit 19.

20 EXHIBIT NO. 19: Ravensource's 2018
21 annual financial statements.

22 MR. RUBY: Okay, with the same caveat.

23 BY MS. LITTLEJOHN:

24 512 Q. Just to make it complicated in
25 terms of the numbering there.

1 And we'll scroll down to page 10 of
2 the 2017 financials and to page 11 of the 2018
3 financials.

4 And at the top of the page in the
5 2017 financials you'll see 3,650,000 in par
6 value of Crystallex 9.375 percent notes?

7 A. Uhm-hmm. Yes, I do.

8 513 Q. And in the 2018 financial
9 statements for the bottom 3,721,000 in
10 Crystallex 9.735 percent notes. Do you see
11 that?

12 A. Yes, I do.

13 514 Q. Which was to a net change for
14 that year of an additional \$71,000?

15 A. Face value.

16 515 Q. Face value, thank you?

17 A. Yes.

18 516 Q. Keeping me honest, I like it.

19 And we'll keep up the 2018 audited
20 financial statements but move them to the
21 left-hand side of your screen to pull up the
22 2019 Ravensource audited financial statements.

23 Mr. Reid, do you recall you made more
24 purchases on behalf of the Ravensource funds for
25 Crystallex on 2019?

1 A. My screen just went blank. Why
2 don't we just go to that page?

3 517 Q. You should have the 2018
4 financial statements on the left-hand side of
5 your screen, which is Exhibit 19; and then on
6 the right-hand side of your screen you should
7 have the 2019 Ravensource audited annual
8 financial statements. Do you see that?

9 A. Yes.

10 518 Q. And with the same proviso as
11 before, do you recognize that 2019 Ravensource
12 audited annual financial statements?

13 A. Yes.

14 519 Q. Mr. Ruby, I'll ask that we mark
15 that as Exhibit 20, with the same provisos.

16 MR. RUBY: Yes.

17 EXHIBIT NO. 20: Ravensource's 2019
18 annual audited financial statements.

19 BY MS. LITTLEJOHN:

20 520 Q. And we'll go to page 11 of both
21 documents this time. And, Mr. Reid, you saw
22 before 3,721,000 face value of Crystallex
23 9.375 percent notes was the balance as of
24 December 31, 2018?

25 A. Yes.

521 Q. And if you direct your attention
to the 2019 audited annual financial statements
at the bottom of your screen, you will see that
that number has changed to 3,959,000 in face
value of Crystallex 9.375 percent notes. Do you
see that?

A. Yes, that's correct.

522 Q. So that was an additional 238,000
in par value of or -- face value of Crystallex
notes net?

A. Correct.

523 Q. So just to sum up, there was a
net increase of \$300,000 in face value of
Crystallex notes held by Ravensource in 2015; a
net increase of Crystallex notes held by the
Ravensource fund of \$71,000, face value in 2018;
and there was a net increase of \$238,000 in face
value of Crystallex notes in 2019? Are you with
me?

A. Yes.

524 Q. For a total between December 2014
and the end of 2020 of an increase of \$609,000
in face value, is that correct?

A. Yes.

525 Q. Or about 18 percent, relative to

1 your 2014 holdings?

2 A. I'll take your word for it.

3 526 Q. I took out my calculator and
4 everything. You will let me know if I have that
5 incorrect?

6 U/T A. Yes.

7 527 Q. So I'd like an undertaking
8 please, Mr. Reid, to detail the purchases that
9 you made of Crystallex senior notes on behalf of
10 the Stornoway recovery fund between
11 December 2014 and the present day. And I'd like
12 those details to be provided in terms of the
13 face value of Crystallex senior notes please.

14 U/A MR. RUBY: We'll take that under
15 advisement. Can you help me with the relevance
16 of the details?

17 THE WITNESS: You're also missing 2020
18 where we had a reduction in the -- so in 2021 we
19 had a reduction as well, but in any event.

20 BY MS. LITTLEJOHN:

21 528 Q. That I have not been able to view
22 yet, Mr. Reid, in your public disclosures.

23 A. Right.

24 529 Q. So I don't have that to put to
25 you.

1 A. Okay.

2 530 Q. And, Mr. Ruby, I'm happy to help
3 with the relevance but not with the witness on
4 the call.

5 U/A MR. RUBY: We'll take it under
6 advisement.

7 BY MS. LITTLEJOHN:

8 531 Q. I do think it will become
9 apparent. I'd also like an undertaking to
10 provide the Stornoway recovery funds holdings of
11 Crystallex senior notes as of December 2014 in
12 terms of face value please?

13 MR. RUBY: I'll ask for the same help
14 about the relevance of those details.

15 BY MS. LITTLEJOHN:

16 532 Q. Well, I'd like to be able to
17 perform the same calculation with respect to the
18 Stornoway recovery fund that I just performed
19 with respect to the Ravensource fund in terms of
20 the purchases that were made by Stornoway
21 during the same time period.

22 U/A MR. RUBY: So I'll take it under
23 advisement and ask that you let me know its
24 relevance.

25

1 BY MS. LITTLEJOHN:

2 533 Q. I'm happy to do that, again, with
3 the witness not on the call.

4 MR. RUBY: All right.

5 BY MS. LITTLEJOHN:

6 534 Q. So I think we can take both of
7 those documents down now. Thank you.

8 Mr. Reid, as manager of Ravensource
9 funds, investment manager of Ravensource funds
10 Stornoway's strategy is to concentrate capital
11 in positions that you know the best and where
12 you hold the strongest convictions, correct?

13 A. Correct.

14 535 Q. And just to show that to you, I'm
15 going to take you back to your management letter
16 to unitholders dated December 31, 2019, which
17 was marked as Exhibit 13 earlier today. Do you
18 see that?

19 A. Yes.

20 536 Q. And I'll take you down to pages
21 13 and 14?

22 A. Yes.

23 537 Q. If we can scroll down a bit, I'm
24 looking under the heading "Concentration"?

25 A. Yes.

1 538 Q. And you say:

2 "We believe that the most
3 effective method to reduce/manage risk
4 is to know your investments inside and
5 out, be actively involved and have
6 sufficient influence on them to help
7 effect change."

8 Do you see that?

9 A. Yes.

10 539 Q. You say:

11 "This will often lead to
12 Ravensource having a more concentrated
13 portfolio than other investment
14 funds."

15 Do you see that?

16 A. Yes.

17 540 Q. And if you continue down the next
18 page to the bottom of the paragraph that
19 precedes the following heading?

20 A. Yes.

21 541 Q. You say:

22 "We expect that the fund will
23 continue to concentrate our capital in
24 positions that we know the best and
25 where we hold the strongest

1 convictions."

2 A. Yes.

3 542 Q. And that statement was true at
4 the time it was made?

5 A. Yes.

6 543 Q. And you've made that statement in
7 other letters as well to Ravensource's
8 unitholders?

9 A. Yes.

10 544 Q. So, for example, the June 30,
11 2019, letter to unitholders, which is Exhibit
12 12, page 14:

13 "We expect that the fund will
14 continue to concentrate our capital in
15 positions that we know the best and
16 where we hold the strongest
17 convictions."

18 A. Correct.

19 545 Q. And again that statement was true
20 at the time it was made?

21 A. Yes.

22 546 Q. I'll take you, finally, to the
23 December 31, 2018, management letter to
24 unitholders, which I've not taken you to yet.

25 A. Yes.

1 547 Q. And I'll start, once it's up, by
2 having you take a look at it and asking if you
3 recognize it, subject to our usual provisos.

4 A. Yes.

5 548 Q. So, Mr. Ruby, can we mark that
6 please as Exhibit 21, subject to the usual
7 provisos?

8 MR. RUBY: Yes.

9 EXHIBIT NO. 21: Ravensource
10 management's letter to unitholders,
11 dated December 31, 2018.

12 BY MS. LITTLEJOHN:

13 549 Q. So if we go down to page 13,
14 toward the bottom?

15 A. Yes.

16 550 Q. Sorry, one moment. Let me make
17 sure I have the right part of the document. So
18 page 14 of the document, again we see the same
19 statement leading onto the beginning of page 15?

20 A. Yes.

21 551 Q. And can we scroll up please?
22 Under the heading "Investment Portfolio by
23 Industrial Group"?

24 A. Yes.

25 552 Q. The second sentence:

1 "We like to invest in companies
2 in which we understand the
3 products/services they offer and more
4 importantly have a strong grasp of the
5 business model and its tangible asset
6 value."

7 Do you see that?

8 A. Yes.

9 553 Q. And both of those statements were
10 correct as of the time they were made?

11 A. Yes.

12 554 Q. So against that background,
13 Mr. Reid, I'm going to suggest to you that at no
14 point have you disclosed to Ravensource
15 unitholders that you were unable to assess the
16 status of your investment in Crystallex, is that
17 correct?

18 A. Well, I think you're taking it
19 out of context. I mean, what it has to do, the
20 statement in the affidavit was in terms of
21 understanding the assets of, let's say, the
22 composition of IPS, the composition of cash, of
23 the DIP balance.

24 When you are talking from an
25 investment perspective it is relative to the

1 price we pay for our -- the investment we make.

2 555 Q. Sorry what is relative to the
3 price that you pay?

4 A. Well, the investment we make, the
5 dollars that we have invested we have conviction
6 that we're going to make a return over and above
7 that. And so it's not necessarily about the
8 conviction in each line item of a balance sheet,
9 it is the conviction that the price we have paid
10 for the securities will -- is lower than what we
11 believe we will receive when we sell the asset.
12 That's what the conviction is. It's a
13 conviction on the investment not necessarily the
14 conviction of the company.

15 556 Q. I thank you for that, Mr. Reid.

16 I'm going to go back to the question
17 that I asked you, which is -- I put to you that
18 at no point have you disclosed to Ravensource's
19 unitholders that you are unable to assess the
20 status of your investment in Crystallex. You
21 haven't made that statement to them, is that
22 correct?

23 A. I haven't made that statement to
24 them.

25 557 Q. And at no point sir, have you

1 disclosed to Ravensource's unitholders that you
2 are unable to accurately assess Crystallex's
3 situation, correct?

4 A. Correct. Now, keep in mind we're
5 talking on the matters that this affidavit is
6 speaking to, right?

7 558 Q. Thank you. Now I promised you
8 earlier, Mr. Reid that we'd come back to the
9 issue of Stornoway's desire to trade in the
10 notes. And when we were talking a moment ago
11 you said that what you were disclosing was an
12 assessment relative to what you had paid for the
13 investment?

14 A. Yes.

15 559 Q. As of August 31, 2020, Mr. Reid
16 Ravensource had paid an average of \$47 each for
17 its notes, is that correct?

18 A. That sounds reasonable.

19 560 Q. And let me -- this isn't meant to
20 be a memory game. I understand that was eleven
21 years ago so I'm going to take you to the
22 Management Report of Fund Performance of
23 Ravensource dated August 30th, 2010.

24 I'm being told it's actually
25 June 30th, 2010. Okay. Mr. Reid, you should

1 have before you the Ravensource Fund Management
2 Report on Financial Performance June 30th, 2020.
3 Do you see that?

4 A. Yes.

5 561 Q. And do you recognize that
6 document, subject to our usual provisos?

7 A. Yes.

8 562 Q. Mr. Ruby, can we mark that as
9 Exhibit 22 please? Subject to the usual
10 provisos?

11 A. Yes.

12 563 Q. Thank you.

13 EXHIBIT NO. 22: Ravensource Fund
14 Management Report on Financial
15 Performance, dated June 30th, 2020.

16 BY MS. LITTLEJOHN:

17 564 Q. I'll take you down to pages 4 and
18 5 under the heading "Crystallex". I'm just
19 going the read this to you:

20 "First of all: No, Pat and I have
21 not partnered up with Hugo Chavez to
22 exploit a gold mine in Venezuela.
23 However, we do own Crystallex' senior
24 bonds which pay a 9.375% coupon for
25 which we paid \$47 on average. Shunned

1 by the market - like many of our
2 investments - Crystallex's bonds fell
3 to a deep discount to par in the all
4 too well documented drama that has
5 plagued this company over the past 5
6 years. The margin of safety provided
7 by the sole claim on Crystallex'
8 tangible assets (cash + mining
9 equipment stored in the port of
10 Houston) all held outside of Venezuela
11 gave us great comfort while the
12 political storm raged. Regardless of
13 whether Crystallex could actually
14 develop the mine, extract profits from
15 the operation and keep it away from
16 Chavez' Expropriating hands, we
17 believed the recovery value on the
18 bonds would exceed our cost. In
19 December 2009, the drama escalated and
20 Crystallex's bonds fell to a low of
21 \$30 - at which point we said, thank
22 you sir, may we have another and
23 bought more bonds in the open market."
24 Do you see that?
25 A. Yes, I do.

1 565 Q. And that statement was true as of
2 the time that it was made?

3 A. Yes.

4 566 Q. To your knowledge, Mr. Reid did
5 the Crystallex senior note have a face value of
6 a thousand dollars per note?

7 A. The bond prices trade as a -- as
8 a per hundred dollar bond, that's the bond
9 market's convention. So on the certificate it
10 might have a thousand dollar face value, but
11 bonds trade as a function of \$100.

12 567 Q. Okay. So what you were referring
13 to in this paragraph was prices relative to
14 \$100?

15 A. Correct.

16 568 Q. Now, as of December 31, 2020, the
17 Ad Hoc Committee members owned more than
18 90 percent of the outstanding senior notes of
19 Crystallex. Do I have that right?

20 A. Sorry, say that again.

21 569 Q. As of December 31, 2020, the Ad
22 Hoc Committee members owned more than 90 percent
23 of the outstanding notes of Crystallex?

24 A. No. That included a former Ad
25 Hoc Committee member who sold his position to an

1 investor out in London.

2 570 Q. So let me take you back to your
3 management letter to unitholders dated
4 December 31, 2020, which is Exhibit 11.

5 A. Okay.

6 571 Q. And I'll take you to page 8, if
7 you look at the third paragraph down?

8 A. Yes.

9 572 Q. Starting at the third sentence:
10 "In addition, four sophisticated
11 investors happily own more than
12 90 percent of the senior notes
13 outstanding, leaving little
14 opportunity for outside investors to
15 buy. With no incentive to follow this
16 complex opportunity the market pays
17 very little heed to its developments."
18 Do you see that?

19 A. Yes.

20 573 Q. And those statements were true at
21 the time they were made?

22 A. Yes.

23 574 Q. And just so I have it clear for
24 the record, who are the four sophisticated
25 investors?

1 A. That was, as I said before, that
2 would be the three investors that are in the Ad
3 Hoc Committee, plus somebody who is not in the
4 committee.

5 575 Q. And is that Mr. Mattoni or is
6 that Nick Broom?

7 A. Sorry, who?

8 576 Q. The person is no longer in to Ad
9 Hoc Committee?

10 A. No, it's neither of those.

11 Let me explain. I believe it was in
12 2016 there was a member on the Ad Hoc Committee
13 who owned, you know, I believe around 24,
14 25 million face value of these, somewhere around
15 there, face value of the Crystallex notes, he
16 was a member of the Ad Hoc Committee. He sold
17 his investment in 2016 to a member who was not
18 in the Ad Hoc Committee.

19 577 Q. So 90 percent is Stornoway
20 through both Stornoway and Ravensource, plus
21 QVT, plus Greywolf?

22 A. Yes.

23 578 Q. Plus a fourth unnamed person?

24 A. Correct.

25 579 Q. Can you tell me the name of the

1 person or the fund?

2 A. I don't know if they still own
3 it.

4 580 Q. Okay. What was your
5 understanding of who owned it at the time?

6 A. I would only be able to
7 speculate. I don't know for certainty who the
8 owner is.

9 581 Q. Oh, I'm sorry --

10 A. The bond market was -- the bond
11 market is, you know, not the most transparent
12 market in the world. And we don't know -- we
13 have a belief of who owns it but it's not
14 100 percent knowledge.

15 582 Q. So when you said a fourth
16 investor who lives in London that was --

17 A. That's who we think is the owner,
18 yes.

19 583 Q. And you reported it to your
20 unitholders in your management letter as a
21 "fourth person"?

22 A. Yes, but we didn't say who that
23 person was.

24 584 Q. But you had a strong enough
25 conviction about who it was, or that it was a

1 single person to put it in your letter to
2 unitholders?

3 A. We understand it traded to one
4 party, hence the one investor.

5 585 Q. Now, Mr. Reid, you have advised
6 Ravensource unitholders that you have no
7 intention of selling your position in the
8 market, correct?

9 A. At the current market prices,
10 yes.

11 586 Q. And instead what you want to do
12 is make a deal with Crystallex?

13 A. What do you mean "make a deal
14 with Crystallex"?

15 587 Q. Well, --

16 A. I'm not understanding.

17 588 Q. And I not trying to trick you
18 with this, Mr. Reid, so let me take you back to
19 elsewhere in this same management letter to
20 unitholders dated December 31, 2020.

21 A. Yeah.

22 589 Q. Paragraph 4. You say:

23 "However, we are not looking to
24 exit through the market. Consistent
25 with most of our investments our exit

1 will likely come from a strategic
2 transaction or cash distribution
3 directly from Crystallex. If this
4 takes two more years we can earn a
5 compelling 65 percent plus annualized
6 return on our investment with current
7 prices. However, given political head
8 winds it could take significantly
9 longer."

10 Do you see that?

11 A. Yes, but that strategic
12 transaction could be somebody who's not
13 Crystallex. So I'm not --

14 590 Q. Thank you for that clarification.
15 Those statements, sir, were true at the time
16 they were made?

17 A. Yes.

18 591 Q. So let's try then the
19 December 31, 2019, management letter to
20 unitholders, which we've marked as Exhibit 13.
21 And I'll take you to page 7 of that document,
22 sir. At the paragraph beginning "Admittedly"
23 you say:

24 "Admittedly, the U.S.
25 Government's recent actions will delay

1 our final reward. However, we believe
2 that ultimately Crystallex will pay us
3 off and we will earn a very attractive
4 return on our investment. If it takes
5 us a further two years, we stand to
6 earn more than a 45% annualized return
7 on our investment from current
8 prices."

9 A. Yes.

10 592 Q. And that statement was also true
11 at the time it was made?

12 A. Yes.

13 593 Q. Going back to the December 31,
14 2020, management letter to unitholders, with
15 apologies, Mr. Reid, for skipping around a
16 little bit --

17 A. A lot but --

18 594 Q. It as a lot, I know. I'm going
19 to take you to page 14 of that document.

20 A. Yes.

21 595 Q. You see there's a table on that
22 page?

23 A. Yes.

24 596 Q. You've advised Ravensource
25 Unitholders that your estimated time line to

1 realize value from Crystallex is two to four
2 years?

3 A. Yes.

4 597 Q. And that statement was true at
5 the time it was made?

6 A. Yes, I mean, it is an
7 analytical -- you know, if -- with all the --
8 there's a whole bunch of caveats and other
9 things at the disclaimer side and the Notice to
10 Reader, but at the time, yes, that's what we
11 believed, two to four years.

12 598 Q. Mr. Reid, you also say, and I'm
13 referring now to your May 28th affidavit, if you
14 want to -- if you want to pull it back up. You
15 don't have to do so, I can just put the
16 statement to you and you can decide

17 A. What paragraph, please?

18 599 Q. Paragraph 82.

19 A. Yes.

20 600 Q. You say that:

21 "Trading may be necessary if
22 Stornoway need[ed]to sell notes to
23 fund investor redemptions."

24 A. Yes.

25 601 Q. I'm going to point you back to

1 this December 31, 2020, management letter to
2 unitholders, which is Exhibit 11, and I'll just
3 take you to page 10 of that.

4 A. Yes.

5 602 Q. And I think it's up the page a
6 little bit please. All the way to the top
7 please. Thank you. It's under the heading
8 "Fund Liquidity and Investment Activity", do you
9 see that?

10 A. Yes.

11 603 Q. You say:

12 "We started 2020 with
13 20.4 percent of the funds opening net
14 assets in net cash. In the midst of
15 the COVID pandemic and related market
16 disruption Ravensource experienced its
17 largest unit redemption to date. The
18 fund had ample liquidity to
19 comfortably meet this redemption and
20 make significant opportunistic
21 investment purchases throughout the
22 year. All together our net cash
23 decreased to 14.6 percent of net
24 assets by December 31, 2020."

25 Yes.

1 604 Q. And those statements were true at
2 the time they were made?

3 A. Yes.

4 605 Q. Mr. Reid, you've also kept
5 Ravensource's unitholders apprised, from time to
6 time, of your involvement in the Ad Hoc
7 Committee?

8 A. Yes.

9 606 Q. Take you to a few examples. In
10 the same document, the December 31, 2020, letter
11 to unitholders that's been marked as Exhibit 11,
12 at page 8. Give me one moment, Mr. Reid, I want
13 to make sure I have the right reference to put
14 to you.

15 There it is. We're at the bottom of
16 page 7 and the top of page 8 of the PDF, just so
17 you have it.

18 A. Uhm-hmm.

19 607 Q. And the last sentence of the
20 paragraph that breaks across the page says:

21 "Stornoway is a member of the Ad
22 Hoc Senior Note Holder Committee and
23 is actively engaged to protect and
24 maximize the value of our investment."
25 Do you see that?

1 A. Yes.

2 608 Q. And that statement was true at
3 the time it was made?

4 A. Yes.

5 609 Q. Moving on, please, to the
6 December 31, 2019, Ravensource management letter
7 to unitholders, which has been marked as Exhibit
8 13; I will take you to page 7 of that. And then
9 the paragraph that begins "Admittedly", I'll
10 turn you attention to the sentence that begins,
11 "As one of three", do you see that?

12 A. Sorry, say that again?

13 610 Q. In the paragraph that begins
14 "Admittedly"?

15 A. Yes.

16 611 Q. Could you look at the sentence
17 that begins, "As one of three"?

18 A. Yes.

19 612 Q. You say:

20 "As one of three members of the
21 Ad Hoc Committee of Senior
22 Noteholders, we have been very
23 actively involved in protecting our
24 investment and achieving a successful
25 outcome."

1 Do you see that?

2 A. Yes.

3 613 Q. Sorry, was that a "yes"?

4 A. Yes. I should actually clarify
5 that for the record. There are four members of
6 the Ad Hoc Committee, one is -- two of them are
7 associated with QVT. So I really should have
8 said there's four members, three investors, like
9 it's -- I just wanted to clarify that.

10 614 Q. Okay. I appreciate that, thank
11 you.

12 But, again, that statement was true at
13 the time it was made, other than the
14 clarification you've just provided?

15 A. Yes.

16 615 Q. I'll take you now to the
17 December 31, 2018, Ravensource management letter
18 to unitholders, which is marked as Exhibit 21.
19 And I'll take you to page 6 of this PDF. Do you
20 see it?

21 A. Yes.

22 616 Q. I'm directing your attention to
23 the second paragraph on the page that begins,
24 "Any amounts".

25 A. Yes.

617 Q. And I'll just read to you the
third sentence:

"We are very active members of
the Ad Hoc Senior Noteholder Committee
with two other financially savvy
institutional investors with
significant skin in the game and deep
with relevant expertise and
experience. We are well advised by
the restructuring team at Goodmans
LLP, who we believe is Canada's number
one law firm on such matters. We have
resolve, conviction that the law is on
our side, and are very well prepared."
Do you see that?

A. Yes.

618 Q. And again those statements were
all true at the time they were made?

A. Yes, I have a great law firm.

619 Q. No doubt about it.

And, Mr. Reid, you have never
suggested, I'll put to you, to Ravensource's
unitholders that Crystallex's disclosure
practices have impeded your ability to
participate in the CCAA proceeding?

1 A. That is true. I would say, if I
2 could, one, we're going from December 2018 to
3 today and a lot has -- that was a big change
4 between what happened at the end of 2018 between
5 where we are today.

6 I would say that's -- of course over
7 the entire investment there's different times
8 where you have -- are more confident about your
9 influence on times and -- but, yes.

10 So I'm just trying to say you're
11 picking letters at different times and there
12 is -- you know, at different times you have --
13 you know, during the whole Standstill Agreement,
14 for example, we were refrained from doing.

15 I would also say over the past couple
16 of years we've been in mediation as well. But I
17 have -- to answer your question, I have not made
18 that statement that you are referring to.

19 620 Q. To the Ravensource unitholders?

20 A. Correct.

21 621 Q. Mr. Reid, just to move on from
22 that, you say in your May 28th affidavit at
23 paragraph 87, if you want to take a moment to
24 turn it up?

25 A. Yes.

622

Q. You say:

"Stornoway [...] entirely rejects Mr. Fung's view that disclosure of the type of information discussed in this affidavit could somehow imperil Crystallex's enforcement efforts or it's competitive position vis-a-vis Venezuela or competing creditors."

You go on to say, it simply does not agree that -- and I'm skipping some portions that I don't feel are material to the point that I'm taking you to, Mr. Reid, but you can of course feel free to read the whole paragraph.

It simply does not agree that:

"[...] the type of information the Trustee and Noteholders Committee seek public disclosure of could jeopardize Crystallex's effort or the Noteholders' resulting recoveries."

A. Yes.

623

Q. You go on to say:

"This is a judgment call that Stornoway and other creditors should be able to make, balancing staying informed with advancing recovery

1 efforts."

2 A. Yes.

3 624 Q. I just want to unpack that a
4 little bit, Mr. Reid. You'll agree with me
5 that Crystallex's enforcement activities are
6 centred in the United States?

7 A. Yes.

8 625 Q. And the Ad Hoc Committee has not
9 retained U.S. enforcement counsel to advise on
10 Crystallex's enforcement activities?

11 A. No.

12 626 Q. And Goodmans has not done so on
13 behalf of the Ad Hoc Committee?

14 A. They currently -- they may have
15 from time-to-time in the past on an issue but,
16 no, we don't have -- to my knowledge, no, they
17 have not engaged U.S. counsel.

18 627 Q. Mr. Ruby, to the extent that
19 Goodmans -- someone is going to tell me that
20 Goodmans has retained U.S. enforcement counsel
21 to advise on Crystallex's enforcement
22 activities, I would like an undertaking to
23 confirm that.

24 U/A MR. RUBY: I'll take that under
25 advisement.

1 BY MS. LITTLEJOHN:

2 628 Q. Mr. Reid, the Ad Hoc Committee
3 has not retained OFAC counsel to advise on the
4 impact of the U.S. sanctions on Crystallex's
5 enforcement activity?

6 A. No, we have not.

7 629 Q. And Goodmans has not done so on
8 behalf of the Ad Hoc Committee?

9 A. No, we have not. We did hire
10 counsel to advise us during the international
11 arbitration phase though.

12 630 Q. And which counsel was that?

13 A. I think it was Quinn Emanuel, and
14 then there was another one as well, I forget the
15 name of it but a well-known, international
16 arbitration firm.

17 631 Q. And is either of those firms
18 still engaged by the Ad Hoc Committee?

19 A. Not to my knowledge, no.

20 632 Q. Do you know when those
21 engagements came to an end?

22 A. Not off-hand I don't.

23 633 Q. Would you agree, given that they
24 were retained in connection with an arbitration,
25 that the retainers came to an end around the end

1 of the arbitration?

2 A. No, because they did talk us
3 quite a bit through enforcement and that
4 process.

5 634 Q. I would like an undertaking,
6 Mr. Reid, to confirm when those engagements came
7 to an end.

8 U/A MR. RUBY: We'll take it under
9 advisement.

10 BY MS. LITTLEJOHN:

11 635 Q. And as part of the same
12 advisement will you advise please whether those
13 counsel were engaged with Crystallex's U.S.
14 enforcement counsel on these matters?

15 U/A MR. RUBY: If we answer the former
16 question -- I'll just take it all under
17 advisement.

18 BY MS. LITTLEJOHN:

19 636 Q. Mr. Reid, the Ad Hoc Committee
20 has not retained advisors to provide advice
21 concerning the Venezuelan political situation
22 and it's impact on Crystallex's enforcement
23 efforts?

24 A. No.

25 637 Q. And Goodmans has not done so on

1 behalf of the Ad Hoc Committee?

2 A. No.

3 638 Q. And, of course, no member of the
4 Ad Hoc Committee has reviewed an unredacted
5 version of Mr. Fung's explanations concerning
6 why the company believes that disclosure of this
7 information could imperil its enforcement
8 efforts?

9 A. No.

10 639 Q. Mr. Reid, you've gained access to
11 the company's March 2020 cash balance and cash
12 flow information in February 2021, correct?

13 A. Correct.

14 640 Q. And it was at that time that the
15 information became publicly available by virtue
16 of the Court of Appeal's decision?

17 A. Correct, it was a period of time
18 after that until we received it, yes, but, yes,
19 it followed the Court of Appeal's decision.

20 641 Q. Mr. Reid, because that
21 information is now public you are able to view
22 it without being asked to sign a confidentiality
23 agreement?

24 A. Correct.

25 642 Q. And you are free to trade the

1 senior notes of Crystallex on the basis of that
2 information?

3 A. Yes.

4 643 Q. You're aware, Mr. Reid, in light
5 of the position that the company has taken on
6 its current motion, that Crystallex still views
7 the release of its cash balance and cash flow
8 information as posing a real and substantial
9 risk to the company's enforcement efforts?

10 A. Yes. I believe it -- sure
11 because it's obviously trying to seal reporting
12 its cash in the future, yes.

13 644 Q. Mr. Reid, you have repeated the
14 number associated where the company's March 2020
15 cash balance in multiple places in your
16 materials filed in respect of this motion,
17 correct?

18 A. Yes, correct.

19 645 Q. And I'm going to walk you through
20 those. If you'll turn up -- do you have the
21 entire responding and cross-motion record,
22 Mr. Reid, or just your affidavit?

23 A. I have the affidavits, I also
24 have an electronic version of everything.

25 646 Q. Okay. So I'll -- what we'll do?

1 A. It might take me a little longer
2 to get it but I do have everything. It may be
3 better just to put it up on the screen.

4 647 Q. We're happy to do that. So I'll
5 take you to your Notice of Cross-Motion dated
6 May 28th, 2021. And at paragraph 11 of your
7 Notice of Cross-Motion you repeat the company's
8 cash balance as of March 31, 2020. Do you see
9 that?

10 A. Yes, I do.

11 648 Q. And if we go to paragraphs 23 of
12 your affidavit.

13 A. Yes.

14 649 Q. You repeat it again?

15 A. Uhm-hmm.

16 650 Q. In paragraph 89 --

17 A. Yes.

18 651 Q. -- sub (a) you repeat it again?

19 A. Yes.

20 652 Q. Are you aware, Mr. Reid, that on
21 June 28th, 2021, the company asked your counsel
22 to voluntarily redact that information?

23 A. Yes.

24 653 Q. Mr. Reid, I'm going to show you a
25 letter with a covering email from Ms. Renner of

1 Davies to your counsel, Mr. Ruby and
2 Mr. Armstrong, dated June 28, 2021. And I'll
3 just ask that we scroll down so you can see the
4 accompanying letter. You see that, Mr. Reid?

5 A. Yes.

6 654 Q. Have you seen that letter before?

7 A. I believe -- can you scroll down
8 a little more. I'm only getting the front part
9 of it.

10 655 Q. Of course.

11 A. Okay. Keep on scrolling please.
12 I'm certainly aware of this letter and the
13 content overs this letter. I can't remember if
14 I was told the contents of the letter or I read
15 the letter, but I definitely know the contents
16 of the letter, yes.

17 656 Q. Mr. Ruby, I would like to mark it
18 as Exhibit 23. Can we do that?

19 MR. RUBY: I think it would have to be
20 for identification.

21 BY MS. LITTLEJOHN:

22 657 Q. Okay. So are we at "D" for
23 identification? We'll mark that as D for
24 identification.

25 EXHIBIT NO. D: Marked for

1 identification; letter and covering
2 email from Natalie Renner to Peter
3 Ruby and Christopher Armstrong, dated
4 June 28, 2021.

5 BY MS. LITTLEJOHN:

6 658 Q. So let me take you through the
7 letter, if I could:

8 "Dear Sirs: In accordance with
9 the endorsement of Justice Newbould
10 made June 7, 2016, we write to provide
11 you with the position of the Company
12 on the unfiled 'cross-motion' of the
13 Ad Hoc Committee of Unsecured
14 Noteholders.

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REDACTED



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Do you see that, sir?

21

A. Yes.

22

659

Q. And I'll show you now your

23

counsel, Mr. Armstrong's, answer to that request

24

on July 6, 2021. I take it, Mr. Reid, you were

25

asked for your instructions on how to proceed

1 with this matter?

2 A. Yes.

3 660 Q. So I'm showing you an email from
4 Chris Armstrong sent July 6, 2021, at 10:59
5 a.m..

6 A. Yes.

7 661 Q. And there is a header at the top
8 of this document, Mr. Reid, that I acknowledge
9 you would not have seen. So reading just from
10 the "From" line "Armstrong, Christopher", have
11 you seen that email before?

12 A. Unless it was in the motion
13 material, no, but I participated in the
14 conversations that led to this.

15 662 Q. Mr. Ruby, I'd like to mark this.

16 MR. RUBY: Since the witness didn't
17 identify it I think we're going to have to do it
18 for identification.

19 BY MS. LITTLEJOHN:

20 663 Q. Okay. So it's "E" for
21 identification.

22 EXHIBIT NO. E: Marked for
23 identification; email from Chris
24 Armstrong, dated July 6, 2021, at
25 10:59 a.m..

1 BY MS. LITTLEJOHN:

2 664 Q. It's a very brief email,
3 Mr. Reid, but Mr. Armstrong refuses to
4 voluntarily redact the requested information.
5 Do you see that?

6 A. Yes.

7 665 Q. And he took that position with
8 your knowledge?

9 A. Yes, he did.

10 666 Q. And he took that position with
11 your instruction?

12 A. Yes, he did.

13 667 Q. And just to finish the story, you
14 once again disclose the company's March 2020
15 cash balance at paragraph 17 of your affidavit,
16 sworn thirteen days later on July 19th, 2021,
17 correct?

18 A. Correct.

19 668 Q. Mr. Reid, if you go to paragraph
20 89(d) of your May 28th affidavit?

21 A. Yes.

22 669 Q. You say that:

23 "Following the disclosure of the
24 historical financial information, to
25 the best of [your] knowledge there

1 have been no negative consequences for
2 Crystallex as a result of this
3 disclosure and no change in the
4 tactics of Venezuela on competing
5 creditors."

6 Do you see that?

7 A. Yes.

8 670 Q. And that knowledge is based on
9 your review of the U.S. and CCAA court filings,
10 involving Crystallex?

11 A. Yes.

12 671 Q. If you scroll down to paragraph
13 92 of your May 28th affidavit you say:

14 "I am not aware of any prejudice
15 that has come to Crystallex as a
16 result of the recent public disclosure
17 of the May 2020 cash flow information,
18 and do not believe any prejudice will
19 arise from public disclosure of the
20 information to which the Trustee and
21 Noteholder Committee seek access."

22 A. Yes.

23 672 Q. Mr. Reid, are you in contact with
24 representatives of the government of Venezuela?

25 A. No.

1 673 Q. The Venezuelan government doesn't
2 consult with you regarding its strategy
3 concerning Crystallex?

4 A. No.

5 674 Q. Are you in contact with
6 Crystallex's competing creditors?

7 A. No.

8 675 Q. And they likewise do not consult
9 with you regarding their strategy against
10 Crystallex?

11 A. No.

12 676 Q. Are you in contact with
13 representatives of OFAC?

14 A. No.

15 677 Q. And you're not aware, sitting
16 here today, of all of the lobbying efforts in
17 relation to Crystallex's request for an OFAC
18 license that may be ongoing?

19 A. From time-to-time we get an
20 update from members of the Board about their
21 engagement on OFAC, and that's been going on for
22 the last couple of years, but aside from that
23 no, not recently.

24 678 Q. And my question was broader than
25 that, sir. I'm putting to you, you're not aware

1 of all of the lobbying efforts in relation to
2 Crystallex, including potentially lobbying
3 efforts by the government of Venezuela or
4 competing creditors of Crystallex, is that fair?

5 A. That is fair.

6 679 Q. And you'd agree with me, sir,
7 that Venezuela and competing creditors could be
8 preparing court materials or submissions to the
9 Special Master right now and you would not be
10 aware of them unless and until they end up in a
11 public court file?

12 A. Especially in the U.S., yes.
13 Canada we probably would not but in the U.S. we
14 would.

15 680 Q. Switching gears again, Mr. Reid,
16 I want to take you to paragraph 87 of your
17 May 28, 2021, affidavit.

18 A. Uhm-hmm.

19 681 Q. You say:

20 "[...] Stornoway fully supports
21 Crystallex's efforts to recover on its
22 judgment against Venezuela so that
23 Crystallex can repay the amounts owing
24 to the Noteholders in full, and its
25 only interest in this case is to

1 ensure that Crystallex does just
2 that."

3 A. Yes. Repay the amounts owing to
4 the Noteholders.

5 682 Q. In fact, sir, you believe that
6 the notes should be paid more than a hundred
7 cents on the dollar, correct?

8 A. Yes.

9 683 Q. And I'll take you in that regard,
10 sir, to your management letter to unitholders
11 dated December 31, 2018, which is Exhibit 21.

12 A. Uhm-hmm.

13 684 Q. I'll take you to page 6 of that
14 letter.

15 A. Yes.

16 685 Q. You say:

17 "Crystallex contractually owes
18 its senior Noteholders principal and
19 interest, compounded at the 9.375
20 percent coupon since it last made an
21 interest payment, in addition to the
22 extra consideration provided to us in
23 the Standstill Agreement. Based on
24 our math those amounts greatly exceed
25 the December 31, 2018, market price.

1 However, we believe we are
2 entitled to more than simply our
3 9.375 percent coupon as creditors have
4 been exposed to far greater risks and
5 over a much longer time than
6 originally bargained for when the
7 notes were issued."?

8 A. Yes.

9 686 Q. You also confirm in this letter
10 your understanding in the following paragraph,
11 that:

12 "Any amounts paid to us represent
13 a zero-sum game. What we gain the
14 other stakeholders stand to lose and
15 as much will almost certainly
16 challenge the amount we are due."

17 Do you see that?

18 A. Yes.

19 687 Q. Those statements represent your
20 honestly-held view at the time they were made?

21 A. Yes.

22 688 Q. Mr. Reid, going all the way back
23 to paragraph 5 of your May 28, 2021, affidavit
24 please?

25 A. Yes.

689

Q. You say:

"I understand that Crystallex has delivered two affidavits sworn by Robert Fung in support of its sealing request for the cash flow information. I have not read them as I understand Crystallex has purported to deliver those affidavits on an entirely confidential basis. As a result, I'm making this affidavit, which is partly in response to Crystallex's motion without having had the opportunity to review the evidence to which I am responding. The secretive nature of Crystallex's proposed process on this motion which, to be clear, is not agreed to, is unfair to me as a responding affiant and to the Trustee and Noteholder Committee and is typical of Crystallex's approach to these proceedings."

Do you see that?

A. Yes.

690

Q. Mr. Reid, the two affidavits to which you're referring to in this paragraph are

1 Mr. Fung's October 28, 2020, affidavit and his
2 May 21, 2021, affidavit, is that correct?

3 A. Yes, I believe so. That's right.

4 691 Q. The so you didn't review either
5 of those affidavits before swearing your
6 May 28th, 2021, affidavit?

7 A. I definitely did not the May 21
8 because it was received -- I believe that's true
9 on both of them, yes.

10 692 Q. Are you aware, sir, that a public
11 version of Mr. Fung's October 28, 2020,
12 affidavit was served on your counsel on
13 October 29th, 2020?

14 A. You're going back in time. I
15 don't have the recollection for that.

16 693 Q. You don't recall that? Let me
17 see if I can help you. I'm going to show you an
18 email from Ms. Prosa of Davies to a number of
19 individuals, including your counsel at Goodmans
20 dated October 29, 2020.

21 A. Okay.

22 694 Q. Have you seen this email before,
23 sir?

24 A. I may have, I may not have.

25 695 Q. Let's call it Exhibit F for

1 identification please?

2 MR. RUBY: Yes.

3 EXHIBIT NO. F: Marked for
4 identification; email from Sandy Prosa
5 to a number of individuals, including
6 Peter Ruby, dated October 29, 2020.

7 BY MS. LITTLEJOHN:

8 696 Q. And Ms. Prosa says:

9 "Please find attached the Public
10 Motion Record of Crystallex
11 International Corp. for the stay
12 extension motion returnable
13 November 3rd, 2020, at 9:30 a.m.
14 served upon you in accordance with the
15 Rules of Civil Procedure."

16 You will agree with me, Mr. Reid, that
17 there was nothing to prevent you from reviewing
18 the public version of Mr. Fung's affidavit that
19 was attached to this email at any time between
20 October 29, 2020, and approximately seven months
21 later when your affidavit was sworn?

22 A. If it was served publicly then I
23 would agree with you, yes, and I may have. I
24 mean, there's a lot of affidavits and a lot of
25 documents. I don't have perfect recollection on

1 each one of them. I have read -- so if it was
2 made public then I've likely read it.

3 697 Q. Okay. So that may be an error in
4 your May 28th affidavit?

5 A. It may or may not have. I'm
6 just --

7 698 Q. And I'm trying to catch you,
8 Mr. --

9 A. I'm not trying to be defensive.
10 I'm just telling you I received three affidavits
11 between, you know, May 21 and July 19th. I
12 didn't get the May 21 until the first week in
13 July. The first one was definitely confidential
14 so 5 is 100 percent correct in here.

15 And I'm not truly -- I don't recollect
16 the second affidavit issue so I'm not exactly
17 sure about that one.

18 699 Q. And by the "second affidavit
19 issue" you mean the October 28th, 2020,
20 affidavit that's attached to this email that
21 I've shown you?

22 A. No, I'm not saying that. What I
23 am saying is that this line says:

24 "I understand Crystallex has
25 delivered two affidavits sworn [...]."

1 Because they've been entirely
2 confidential I can't tell you if that second --
3 I know the first one is the May 21st one,
4 affidavit. I can't be precise in confirming
5 which one represented in second one.

6 700 Q. So, Mr. Reid, here is what I'm
7 going to suggest.

8 A. Yes.

9 701 Q. I'm going to put to you that the
10 second affidavit you're talking about, or the
11 second affidavit that you're talking about in
12 your affidavit is Mr. Fung's October 28th, 2020,
13 affidavit. And I'm going to ask you to advise
14 me if that turns out to be incorrect.

15 U/A MR. RUBY: Take it under advisement.

16 BY MS. LITTLEJOHN:

17 702 Q. Sorry, just going back to the
18 October 28, 2020, affidavit that was served in
19 public form on October 29, 2020. You'll agree
20 with me, sir, that to the extent you had an
21 issue with the redactions in the document, or
22 the manner in which it was delivered, there were
23 many months during which your counsel could
24 have attempted to address those issues with
25 Crystallex's counsel?

1 A. That is correct. A lot of the
2 conversations we also have is with the Monitor
3 himself. So we continuously have -- let the
4 monitor know the lack of information that we
5 receive pretty much since the company has filed.
6 The cash that we received as of March 2020 we
7 hadn't received a cash number in seven years,
8 which preceded this whole Citgo enforcement
9 matter.

10 So I think to say that the only part
11 of contact with the company is company counsel
12 and our counsel is incorrect.

13 We also spoke to the Independent
14 Director, during that period of time, the new
15 one, Sergio. And we would have at that time
16 would have voiced our strong displeasure of the
17 lack of information that we're being given by a
18 company in CCAA.

19 I would also note that while you are
20 talking about my redactions or wanting to redact
21 my affidavit in terms of the cash number, it's
22 still in the Monitor's report.

23 I don't, you know, it -- this thing
24 was -- was reviewed by Justice Hainey and then
25 it went to the Court of Appeal, so it's run its

1 process. I don't -- I'm a little -- I can be,
2 as a businessman, disagree with the potential
3 impact that can occur, because the number that
4 came out is all of a sudden then supposed to be
5 redacted in the future. It's like, I'm not sure
6 how you unscramble that egg. It's in the public
7 court material. I'm really confused as to the
8 desire to redact it when it's already out there
9 and there's other documents that are well out
10 there? I thought this was a settled matter.

11 703 Q. I think that the company's
12 position on that is pretty clear, Mr. Reid, and
13 I certainly don't want to debate the point with
14 you during your cross-examination.

15 A. That's fine.

16 704 Q. And I put a much narrower
17 proposition to you, which is, to the extent that
18 you had issues with the redactions in Mr. Fung's
19 October 28th, 2020, document or the manner in
20 which it was delivered, there was time for you
21 to engage with those various points of contact
22 that you just mentioned --

23 A. And we did. And we did with the
24 Monitor for sure, and we likely did it -- we did
25 it holistically for sure with the independent

1 director.

2 705 Q. With respect to Mr. Fung's
3 October 28th, 2020, sir, that's your evidence?

4 A. With the disclosure of
5 information to us, yes. The affidavit itself we
6 probably didn't speak to the exact affidavit, we
7 wouldn't do that. We would do it in terms of
8 the actual data points that were not being
9 provide to us that we believe is important in a
10 CCAA.

11 706 Q. Thank you, sir. I have one more
12 document to put to you and then I'd like a few
13 minutes to just check my notes and make sure I
14 haven't missed anything, and then I think I'll
15 probably be ready to hand the baton to
16 Mr. Pinos. If everyone doesn't mind going just
17 a couple more minutes and then perhaps we can
18 take the afternoon break?

19 A. That's fine.

20 707 Q. With respect to Mr. Fung's
21 May 21, 2021 affidavit, sir, are you aware that
22 Crystallex offered to allow you to either
23 supplement or replace this affidavit, being your
24 May 28th, 2021, affidavit after you received a
25 public version of Mr. Fung's April 28th, 2021,

1 affidavit?

2 A. Yes.

3 708 Q. I'm going to show you now an
4 email exchange between Mr. Ruby and I dated
5 June 25th, 2021. And I'll ask maybe that we
6 just scroll a few emails down the chain so you
7 have the context.

8 And I think we can start here, which
9 is page 2 of the chain, but you do have the
10 document in your folder under the
11 correspondence.

12 A. I'm fine reading it on the
13 screen.

14 709 Q. Let's start at the bottom of the
15 chain because I don't want to have the witness
16 responding to incomplete information. I'll just
17 let you read that quietly.

18 A. [Witness reading the document.]
19 I've read it.

20 710 Q. Can we scroll up please?

21 A. [Witness reading the document.]
22 Okay. I read it.

23 711 Q. Mr. Reid, were you aware that
24 this offer was made?

25 A. Yes.

1 712 Q. And Mr. Ruby declined the offer
2 on your instructions?

3 A. Yes.

4 713 Q. Have you seen this particular
5 email exchange before, sir?

6 A. Not to my recollection. I was
7 well -- I was well briefed on the contents of
8 it. Whether I also read the email I don't know.
9 I don't remember. It doesn't stick out.

10 714 Q. On that basis, Mr. Ruby, I'll
11 suggest that we mark this June 25th, 2021, email
12 exchange between you, me, Ms. Konyukhova and
13 Mr. Pinos as G for identification. Is that
14 acceptable?

15 MR. RUBY: Yes.

16 EXHIBIT NO. G: Marked for
17 identification; email exchange between
18 Ms. Littlejohn, Ms. Konyukhova and
19 Mr. Pinos, dated June 25th, 2021.

20 BY MS. LITTLEJOHN:

21 715 Q. I'm going to take a few minutes
22 to go through my notes, perhaps we can
23 reconvene?

24 A. Would it be useful to take the
25 afternoon break now?

1 716 Q. That's what I was thinking. I
2 gather given the length of this it's going to be
3 a while which is fine. I'm available.

4 I would rather not spend too much time
5 on a break. I would like to push on and just
6 take a quick bathroom break. Subject to
7 everybody else, I'm just responding by myself.

8 MR. PINOS: I have a personal call I
9 absolutely have to make before the end of
10 business today so 15 minutes is my vote.

11 -- RECESSED AT 2:57 P.M. --

12 -- RESUMED AT 3:10 P.M. --

13 BY MS. LITTLEJOHN:

14 717 Q. Just a couple of clean-up
15 questions from me before I pass the microphone
16 to Mr. Pinos.

17 I took you earlier today to your
18 December 31, 2020, management letter to
19 unitholders. Do you recall that?

20 A. Yes.

21 718 Q. And I'll just pull it up so you
22 have it, with a promise that this is the last
23 document for the day from me. We'll just go
24 down to page 8 of the document. And, for the
25 record, this is Exhibit 11. And on the second

1 full paragraph on this page, sir, is the
2 sentence:

3 "In addition, four sophisticated
4 investors happily own more than
5 90 percent of the senior notes leaving
6 little opportunity for outside
7 investors to buy."

8 Do you recall?

9 A. Yes.

10 719 Q. So I'd like to know, sir, who the
11 fourth investor was that you were talking about
12 when you wrote this note?

13 A. And I told you I could not
14 confirm their identity, it's just speculation.

15 720 Q. I would like to know who you were
16 speculating about when you wrote this letter to
17 your unitholders?

18 U/A MR. RUBY: We'll take that under
19 advisement.

20 BY MS. LITTLEJOHN:

21 721 Q. And, Mr. Reid, you mentioned
22 during this same series of questions that there
23 was a member of the Ad Hoc Committee that had
24 sold its position in 2016, do you recall that?

25 A. Yes.

1 722 Q. I'd like to know who that was
2 please?

3 A. Sure. He's no longer on the
4 committee, it's Steve Hope of a company called
5 Outrider.

6 723 Q. Sorry, can you give me the name
7 of the company again please?

8 A. Sure, Outrider. O-U-T-R-I-D-E-R,
9 I think it's Capital Management, and his name is
10 Stephen Hope and he was a member of the
11 committee since inception, before my time.

12 724 Q. And do you know, Mr. Reid,
13 whether it's Stephen with a "v" or a "p-h"?

14 A. I believes it's "p-h".

15 725 Q. Mr. Reid, subject to the
16 advisement and undertakings, if there were any
17 given today, those are my questions and I thank
18 you for your time.

19 CROSS-EXAMINATION BY MR. PINOS:

20 726 Q. Hello, Mr. Reid, my name is Tim
21 Pinos. I believe we've encountered each other
22 before this matter.

23 A. Once, yes.

24 727 Q. Fair enough. Good afternoon.

25 A. Good afternoon.

1 728 Q. Just a quick follow-up question
2 to the last couple of additional questions that
3 Ms. Littlejohn posed to you.

4 You referred to "Outrider" as the
5 former member of the Ad Hoc Committee who had
6 sold out, to your knowledge?

7 A. Yes.

8 729 Q. And I'd just like to check on one
9 other name to find out either who they're
10 related to or what happened to them. Do you
11 recall that there was a member of the committee
12 under the name of Quintessence?

13 A. I think that is a -- I'd be
14 guessing, I really would. It's associated to
15 either Greywolf or to QVT.

16 730 Q. Okay, that's fine. Because I
17 noticed on some of the earlier CCAA orders there
18 was a listing of "Quintessence" as a member of
19 the Ad Hoc Committee?

20 A. I think that's a fund. I think
21 that's like us and Stornoway Recovery Fund and
22 Ravensource.

23 731 Q. But in terms of decision makers
24 they weren't, to the best of your knowledge,
25 they weren't a separate individual or a company?

1 A. No, they were not.

2 732 Q. Okay. Thanks for clarifying
3 that. Most of the questions, but not all of the
4 questions I'm going to be asking you relate to
5 the cross-motion that you've brought in this
6 proceeding in respect of your request for
7 certain additional financial information to be
8 disclosed and unsealed. And I'd like to start
9 by putting -- showing you -- taking you to your
10 responding and cross-motion record. Do you see
11 it there on the screen, sir?

12 A. Yes.

13 733 Q. Okay. And I'd like to take you
14 to the request to the Notice of Motion. Do you
15 see the Notice of Motion there at page 5?

16 A. Yes.

17 734 Q. And I'm going to turn to the
18 second page of the Notice of Motion. Can you
19 see that okay, sir? Do you want me to enlarge
20 it?

21 A. No, that's fine.

22 735 Q. And you can see in paragraph 1
23 that those are the pieces of information that
24 the Ad Hoc Committee is requesting be unsealed
25 our publicly disclosed?

1 A. Yes.

2 736 Q. And that's the list?

3 A. Yes.

4 737 Q. And in terms of how you would
5 characterize them in terms of the importance to
6 Ad Hoc Committee, I'd like to go through each
7 one and understand that characterization.

8 With respect to 1(a), the reference to
9 contingent value rights held by Tenor, do you
10 see that?

11 A. Yes.

12 738 Q. Is that important because it's
13 material financial information?

14 A. Well, it's already been disclosed
15 but you still want me to answer the question?

16 739 Q. Yes, yes.

17 A. So I'm understanding. Okay.
18 Sorry, repeat your question.

19 740 Q. Is it -- you know, when you
20 brought this motion and, before it had been
21 disclosed, was it important to you as a member
22 of the Ad Hoc Committee because you considered
23 it to be material financial information?

24 A. Yes.

25 741 Q. And with respect to (b) is the

1 answer the same for that?

2 A. Yes, yes, it is.

3 742 Q. And I'll deal with (c) and (d)
4 together because they relate to the balance of
5 the Tenor DIP facility. Would you regard that
6 as material financial information?

7 A. Yes.

8 743 Q. And likewise with respect to (e),
9 the issuer types and market value of the
10 securities received by Crystallex?

11 A. Yes.

12 744 Q. What about (f), the identity of
13 any advisors?

14 A. Well, I think it says the
15 identity and the terms of their respective
16 engagement. Yes.

17 745 Q. Would you classify that as
18 material financial information?

19 A. It potentially can be, yes.

20 746 Q. Okay.

21 A. It also might not be at all. You
22 don't know until you know, right?

23 747 Q. Exactly. And last but not least,
24 (g), the engagement terms of Sergio Marchi and
25 his financial advisor. Would that be

1 potentially material financial information?

2 A. Yes. I perhaps should just
3 qualify this. There's some information, like,
4 for example, how much that comes in front of our
5 waterfall, that is obviously critical to our
6 recovery. There's other pieces of information,
7 it's not that they necessarily in itself are
8 material to that recovery, but it's material to
9 us to understand the conflicts of interest, as
10 I'm sure as you are a lawyer you know conflicts
11 of interests at Boards, et cetera, are very,
12 very important.

13 And as it -- as well, something is
14 going on my screen.

15 748 Q. Sorry, mine flickered.

16 A. And then in terms of the other it
17 had to do with -- yes, you know, the potential
18 drain on cash, et cetera.

19 749 Q. Okay. Thanks.

20 A. Just to give you a little bit
21 more context. Because I didn't just want to say
22 that they all have the same dollar value or the
23 same materialness impact, but they are very
24 important and material from the importance
25 perspective. But they may be different in, you

1 know, in -- less on a recovery and more on
2 understanding the process.

3 750 Q. Yeah, so some of it is -- so what
4 I take from your answer, and that you address
5 with respect to the individual categories, is
6 that some of them are clearly material financial
7 information, others are important for other
8 reasons, others may be material financial
9 information?

10 A. That's fair.

11 751 Q. Fair enough?

12 A. Yeah.

13 752 Q. Is that a fair summary?

14 A. Yes.

15 753 Q. So what I'd like to take you to
16 now is your reply cross-motion record in this
17 matter, which I'll show you here, dated
18 July 19th, 2021. Do you see that?

19 A. Yes.

20 754 Q. And I'd like to take you to
21 paragraph 33. And on July 19th you swore in the
22 middle --

23 A. You're on paragraph 28 I think?

24 755 Q. Let's go back, 33.

25 A. 33 okay, yes.

1 756 Q. Sorry, the number didn't appear
2 on the page so 33 is a long paragraph.

3 A. Uhm-hmm.

4 757 Q. So if we go down 33(a) to the
5 second page on page 19, in the middle paragraph
6 you say:

7 "More to the point, Crystallex
8 never voluntarily discloses any
9 material financial information to its
10 stakeholders in the CCAA proceedings."
11 Do you see that?

12 A. Yes.

13 758 Q. And those words, starting with
14 "Crystallex" and ending with "proceedings" are
15 underlined for emphasis?

16 A. Okay.

17 759 Q. And when you -- and I take it you
18 intended those words to be emphasized for the
19 reader?

20 A. Yes.

21 760 Q. And when you swore this affidavit
22 those words were true at the time you swore
23 them?

24 A. Yes.

25 761 Q. So Ms. Littlejohn took you to a

1 letter from Davies dated July 9th, 2021, which I
2 believe is Exhibit number 7. Do you recall
3 that?

4 A. No. Not the Exhibit -- you want
5 me to remember what the --

6 762 Q. No, no --

7 A. Were you on today's call? Okay.
8 Go ahead. Just please bring it to me.

9 763 Q. I'm showing you this letter dated
10 July 9th, 2021, that I believe Ms. Littlejohn
11 showed to you.

12 A. Yes.

13 764 Q. And that was also marked as an
14 exhibit. And this is a public version of a
15 letter sent to Goodmans in relation to
16 information which Crystallex is prepared to
17 disclose to the members of to Ad Hoc Committee?

18 A. As I understand it, yes.

19 765 Q. And I take it you were given a
20 copy of this letter by Goodmans shortly after it
21 was received by Goodmans?

22 A. Yes.

23 766 Q. And Goodmans made a point of
24 telling you that the version they were sending
25 you was an explicitly public version?

1 A. They are always very clear about
2 that. They have very, very strong instructions
3 "do not give us MNPI", very, very important.

4 767 Q. And you'll agree with me, as I
5 think you referred to in passing in an answer to
6 one of my previous questions, that in this
7 letter there is certain information that is
8 provided on a public, nonconfidential basis to
9 both Goodmans and to the Ad Hoc Committee?

10 A. Yes.

11 768 Q. And one of those pieces of
12 information, if you look at (a) at the top of
13 the screen, is the total amount of CVR that
14 Tenor has received?

15 A. Yes.

16 769 Q. And the second one that's
17 provided on a "in the future" basis is an
18 agreement to provide the outstanding DIP balance
19 with respect to each company's stay extension?

20 A. I must admit I am very confused
21 by that position.

22 770 Q. Okay. We'll come back to that.

23 A. But that's what it say, yes.

24 771 Q. And then in (c) you were provided
25 with a nonconfidential copy of the net

1 arbitration proceeds transfer agreement, with
2 the only redaction being the percentage provided
3 to Mr. Fung and Mr. Oppenheimer, is that
4 correct?

5 A. That is correct.

6 772 Q. And then with respect to (d), (e)
7 and (f) you were provided with certain
8 information in respect of the advisors for the
9 sales process, the independent director and the
10 advisor to the independent director with some
11 financial information redacted?

12 A. I think all financial redacted.

13 773 Q. Well, we'll come back to the
14 individual items, but you received some
15 information about the terms of their engagement?

16 A. I agree, that's fair.

17 774 Q. And you had that information in
18 your hand when you swore your July 19th
19 affidavit, didn't you, sir?

20 A. Was it -- yes, July 19th, excuse
21 me. Yes.

22 775 Q. So you'll agree with me that when
23 you said, and I'll go back to that sentence I
24 put to you, when you said on July 19th,
25 Crystallex never voluntarily discloses any

1 material financial information to its
2 stakeholders in the CCAA proceedings, as of
3 July 19th, that was not true?

4 A. I would say the nuance there,
5 Tim, is that we had to bring a motion to get
6 that. So this information has been asked for
7 before. So, yes, I would say Crystallex has
8 delivered. It wasn't compelled to deliver
9 certain pieces of financial information so
10 that's true, but they certainly have never
11 volunteered it. I mean, we may be -- we may be
12 debated words but, you know, we had to bring a
13 motion.

14 And I would also say, you know, what
15 you're not really -- I guess the "never
16 voluntarily" fine but, you know, it was seven
17 years -- we were seven years without a cash
18 number that we had to go through, you know, two
19 rounds of court to get it.

20 776 Q. But you would agree with me --

21 A. I would agree with you with the
22 "never" part of it, I think that's fair.

23 777 Q. That's an overstatement?

24 A. It all depends on how much you
25 want to lean it to "voluntarily". But, yes, I

1 would agree with you, it's probably -- it's not
2 even fair that there was a delivery of some
3 information. But I would say, the reason why I
4 use that word "voluntarily" is that we did bring
5 motions and this came out. This is what I
6 consider the fruit of these motions. Do I think
7 if we had not brought forward these motions
8 would this information come to us? No. We've
9 asked for this information for years.

10 778 Q. Well, you've asked the Monitor
11 for this information, but I take it before you
12 served this Notice of Cross-Motion you didn't
13 send the same list to the company and say, We
14 want this information or we're going to bring a
15 cross-motion, did you?

16 A. I want to be very careful on how
17 I respect the mediation process. I'm not a
18 lawyer. I do know we've been mediating over
19 information and governance and that's been going
20 on for more than two years. And I think it's a
21 fair statement to say that Tenor and the company
22 knew that we wanted this information for years.

23 779 Q. But outside of the mediation, and
24 we have to be careful not to disclose what went
25 on within the mediation.

1 A. I understand.

2 780 Q. I think you agree with that?

3 A. Yes.

4 781 Q. That before you decided to go
5 "public" with your Notice of Cross-Motion about
6 this information, you didn't write a letter
7 outside the mediation saying, Now hear this, we
8 want this information or we're going to bring a
9 motion?

10 A. I know there's been a lot of
11 letters going back-and-forth about our
12 information requests for a long period of time.

13 782 Q. But I'm talking in 2021?

14 A. I can't answer your -- I'm not
15 trying to shirk the question, I just don't have
16 specific data points for that.

17 783 Q. Can we agree that you don't
18 recall -- at present you don't recall there
19 being a letter in 2021 sending this list of asks
20 to company?

21 And will you give me an undertaking
22 that if you review your records and there in
23 fact was such a letter you'll produce it?

24 A. Yeah, I think that's a reasonable
25 request.

1 MR. RUBY: Just to be clear, so I can
2 make sure we can act on the undertaking, it's,
3 is there a single letter that provides a list of
4 all the information sought in the cross-motion
5 notice of Motion request for relief?

6 MR. PINOS: Yes, in 2021.

7 U/T MR. RUBY: Yes, we can do that.

8 THE WITNESS: That's how I understood
9 it.

10 BY MR. PINOS:

11 784 Q. Thank you.

12 Mr. Reid, I take it you were part of
13 the decision making with respect to the
14 instructions given by to Ad Hoc Committee to
15 Goodmans to bring the cross-motion for this list
16 of information?

17 A. Yes.

18 785 Q. And when did to Ad Hoc Committee
19 decide to bring the cross-motion? Do you know
20 that?

21 A. I don't know the exact date. I
22 don't know the exact dates. We've been talking
23 about this for quite a long time.

24 786 Q. You mean in the Ad Hoc Committee?

25 A. Yes.

1 787 Q. Well maybe I can refer to some
2 other dates that are well-known here, and maybe
3 you can try and situate the decision making in
4 relation to some of those dates.

5 You'll agree with me that in respect
6 of the financial information of the company that
7 the company -- the DIP lender, the Monitor, and
8 to Ad Hoc Committee agreed there would be a
9 motion respecting that sealing request initially
10 on June 23rd, 2021?

11 A. Yes.

12 788 Q. And my understanding is that a
13 litigation timetable was agreed to among counsel
14 on April 20th, 2021?

15 A. I can't confirm those dates.

16 789 Q. And do you recall whether the
17 decision to bring the cross-motion was made
18 before or after the initial motion material of
19 Crystallex was received?

20 A. I don't know. I can't give you
21 with any certainty.

22 790 Q. Can you undertake to check your
23 internal correspondence with the other members
24 of the committee, and if necessary your counsel,
25 and try to ascertain the date at which the

1 committee decided to initiate the cross-motion?

2 U/A MR. RUBY: We'll take it under
3 advisement. I have to think about how that
4 treads into solicitor-client privilege.

5 BY MR. PINOS:

6 791 Q. I'm just asking about the
7 committees decision to bring the cross-motion.

8 MR. RUBY: I understand.

9 BY MR. PINOS:

10 792 Q. And I'm interested in the timing
11 not any of the substance behind it, just to make
12 it clear.

13 And I take it that you made that
14 decision long enough before the due date for
15 your responding material that you could
16 incorporate the cross-motion into your
17 responding material to the company's sealing
18 motion, correct?

19 A. Our cross-motion has been
20 discussed to some degree, I don't mean as a
21 cross-motion but as a motion itself to get the
22 information we sought. That's been ongoing for
23 a couple of years.

24 793 Q. Right.

25 A. So when it actually turned

1 from -- you know, we're in a committee, Ad Hoc
2 Committee of business people and we debate these
3 things and discuss these things but, yes, so in
4 terms of -- if you're asking were we thoughtful
5 about this motion? That answer is absolutely,
6 yes.

7 In terms of when did we turn it into
8 an action moment, that's the part of it that I
9 don't have a specific date of memory.

10 794 Q. But we all know that the
11 cross-motion was served as part of your
12 responding motion record to the company's
13 sealing motion, correct?

14 A. Yes.

15 795 Q. And so you had to have decided
16 early enough to be able to include it in that
17 one package of documents?

18 A. Yes.

19 796 Q. Now, the responding and
20 cross-motion record is described as the
21 responding and cross-motion record of both
22 Computershare Trust Company and the Ad Hoc
23 Committee of Beneficial Owners of the Senior
24 Notes. I take it that the sole decision maker
25 are the cross-motion was in fact the Ad Hoc

1 Committee?

2 A. Can you repeat your question?

3 797 Q. Well, let me illustrate my
4 question by going back to the front cover of
5 your responding and cross-motion record.

6 You'll see that the title of this
7 document says "Responding and Cross-motion
8 Record of Computershare Trust Company of Canada,
9 in its Capacity as Trustee to the Holder of
10 Crystallex's Senior 9.375 Senior Notes Due
11 December 23rd, 2021, and the Ad Hoc Committee of
12 Beneficial Owners of the Senior Notes"?

13 A. Yes.

14 798 Q. It's brought on behalf of two --

15 A. Yes, I understand.

16 799 Q. -- entities?

17 But I take it the sole decision making
18 with respect to whether this cross-motion was
19 brought was actually the Ad Hoc Committee?

20 A. I can speak to -- this may be a
21 little inside baseball, Tim, but we speak to
22 Goodmans and Goodmans speaks to Computershare.
23 My engagement with Computershare is pretty much
24 nonexistent.

25 On occasion we have to sign an

1 extraordinary resolution, and what have you.
2 But that is -- Goodmans are the ones to speak to
3 Computershare. So I can't speak to you what
4 were those conversations between Goodmans and
5 Computershare and how that manifests itself in
6 any of these documents. I'm honestly don't
7 know. I'm not trying to evade. I don't evade.

8 800 Q. Let me try and understand how I
9 infer the things worked. You are discussing at
10 the Ad Hoc Committee your desire to bring a
11 cross-motion to seek the disclosure of certain
12 information, correct?

13 A. Correct.

14 801 Q. You decide, we want the motion to
15 go forward, is that correct?

16 A. Correct.

17 802 Q. And then you give instructions to
18 Goodmen saying, we want this motion to go
19 forward?

20 A. Correct.

21 803 Q. And then to the extent that they
22 need to engage with Computershare you leave it
23 to them?

24 A. Well, it's just not that linear.
25 And what I mean by that is, Goodmans will give

1 us advice on, you know, the timing, the content,
2 all that, and we take that into consideration.
3 And that could be a product of those
4 conversations of Computershare. Again, I'm not
5 party to that conversation. I don't know how
6 that informs Goodmans or not. I'm just telling
7 you I can't speak to it.

8 I can speak to what we do. And I can
9 guarantee you we have very good counsel, as you
10 guys are, and we get input from them and they
11 give us -- you know, they give us various
12 different forms of advice.

13 804 Q. Yeah. And my understanding,
14 based upon your answers that you gave to
15 Ms. Littlejohn earlier today, was that the
16 members of the Ad Hoc Committee collectively
17 hold more than two thirds of the outstanding
18 notes?

19 A. Yes.

20 805 Q. And my understanding is, under
21 your indenture for the notes that would give you
22 the power to direct Computershare to act in
23 certain ways?

24 A. Yes.

25 806 Q. And that would give you the power

1 to direct Computershare to act, say, as being a
2 co-applicant on a motion like this?

3 A. Generally, yeah, I would agree
4 with you.

5 807 Q. And do you know whether you gave
6 a direction to Computershare to act as
7 co-applicant on this particular cross-motion?

8 A. Again, I will just say that that
9 is what Goodmans is -- deals with Computershare
10 not us.

11 808 Q. And would it be fair to say that
12 with respect to decisions in the course of the
13 CCAA proceeding, while you've been a member of
14 the Ad Hoc Committee, that those decisions are
15 primarily initiated by the Ad Hoc Committee?

16 A. Correct.

17 809 Q. Right. And with the same caveat,
18 that to the extent to which Computershare needs
19 to be told you leave that to Goodmans?

20 A. Yeah, and the degree to which if
21 they are getting any input from Computershare
22 it's going to them. Whether they provide input
23 I have no idea.

24 810 Q. I don't know either.

25 A. Yeah.

1 811 Q. But, for example, this motion, an
2 example of a positive step being taken by the Ad
3 Hoc Committee, it started with the Ad Hoc
4 Committee and your decision to bring the motion?

5 A. Absolutely.

6 812 Q. I would like to take you back to
7 the list of information sought on the
8 cross-motion and ask you some questions about
9 each item.

10 A. Sure, okay.

11 813 Q. And I'm showing you, again, the
12 same page of the Notice of Motion that we looked
13 at before. And so with respect to (a) I think
14 you said earlier that's -- that amount has been
15 disclosed so I take it that's no longer on the
16 table?

17 A. That is correct. I do have a
18 question for it but it's not part of this formal
19 part. I don't have to ask it.

20 814 Q. I'm neither here to answer
21 questions nor qualified to answer questions
22 about those things.

23 A. Fair enough.

24 815 Q. So you have to ask them on some
25 other occasion of someone else.

1 A. That's fine. But I agree with
2 it, I believe 1(a) is met, yes.

3 816 Q. And with respect to (b) you'll
4 agree that the form of the med-arbitration
5 proceeds transfer agreement that was approved by
6 the court has been -- was provided as an
7 attachment to the letter that was sent to
8 Goodmans and available to you?

9 A. Yes. I would say though, to be
10 clear, when you were asking about the
11 materiality, the amount of the CVRs is very,
12 very important to this amount.

13 817 Q. You will agree with me that when
14 you reviewed the transfer agreement, that was
15 provided to you on a nonconfidential basis, that
16 that made it clear that the CVR being
17 transferred was being transferred out of Tenor's
18 share and not from the company?

19 A. Tim, that was going to be my
20 question and whether 88 was in that number or
21 not.

22 818 Q. Well, have you had a chance to
23 read the transfer agreement?

24 A. Yes, I did. Yes, to answer your
25 question it did come -- I am satisfied that it

1 came from Tenor, yes.

2 819 Q. Okay. So it's in the
3 88.242 percent bucket of Tenor's CVR, fair
4 enough? Okay.

5 So there's no real need for you to
6 know the individual percentages allocated to
7 Mr. Fung and Mr. Oppenheimer because they're
8 just taking a piece of Tenor's CVR, isn't that
9 correct?

10 A. No, that is not correct.

11 820 Q. And the extent to which they have
12 CVR is, you know -- I suggest to you that from
13 the standpoint of any allegation of conflict of
14 interest it's the fact of holding CVR that's
15 important and not the precise percentage?

16 A. I could not disagree with you
17 more. In a management information circular
18 where they disclose everybody's ownerships who
19 are directors and officers, et cetera, they
20 don't have an amount of your economic interest
21 as a "yes" or "no".

22 I mean I think it's pretty settled in
23 the investment committee it's not sufficient to
24 just say somebody has a stake. Because, as I'm
25 sure you'll agree with me, owning one share of a

1 company is very different than owning a million
2 shares of a company.

3 And it is to do with the materialness
4 whether it comes in to conflict -- if it is a
5 conflict or not and the materialness of the
6 conflict.

7 I think that's pretty settled in
8 Canada. I didn't think this was -- I hope we do
9 not go back to a "yes" or "no" world where
10 directors and officers are not reporting their
11 holdings.

12 821 Q. Well, I'm showing you the letter
13 dated July 9th that went from Davies to Goodmans
14 that was public, for your benefit. And you'll
15 agree with me that the CVR amounts transferred
16 to Mr. Fung and Mr. Oppenheimer were offered to
17 you on a confidential basis?

18 A. CVRs were offered to -- sorry.

19 822 Q. Well, let's look at -- okay,
20 let's look at --

21 A. You mean the information?

22 823 Q. Yeah.

23 A. Yes.

24 824 Q. Let's look at sub (c) where it
25 says, "Net Arbitration Proceeds Transfer

1 Agreement".

2 A. Yes.

3 825 Q. And I'll read it:

4 "Attached as Schedule 'A' to this
5 letter is a copy of the Net
6 Arbitration Proceeds Transfer
7 Agreement that was approved by the
8 Court and attached to the confidential
9 Affidavit of Harry Near sworn December
10 15, 2014. This information is being
11 provided on a non-confidential basis,
12 with the sole exception of the CVR
13 amounts transferred under the
14 agreement which have been redacted.
15 The redacted information may be
16 provided to your clients on a
17 confidential basis."

18 Do you see that?

19 A. Yes, I do.

20 826 Q. So Goodmans was told that they
21 could provide you with the percentage amounts
22 being transferred to Mr. Fung and
23 Mr. Oppenheimer on a confidential basis?

24 A. Yes.

25 827 Q. And that would give you the

1 disclosure you need to understand and to provide
2 you with the rest of the information with
3 respect to that matter, is that correct?

4 A. Correct. With the potential
5 exposure of receiving material, nonpublic
6 information.

7 828 Q. Well, you bandy about the phrase
8 material --

9 A. It's not bandying about. That is
10 disrespectful.

11 829 Q. Have you obtained an opinion from
12 your compliance officer, or whoever does your
13 compliance work, that disclosing the percent of
14 the CVR transferred from Tenor to
15 Mr. Oppenheimer and Mr. Fung would in fact be
16 material, nonpublic information?

17 A. I did talk to my counsel and they
18 said it could. I spoke to them last night
19 again.

20 830 Q. So you're not willing to receive
21 that information on a confidential basis because
22 it could be material, nonpublic information?

23 A. Correct, and that can interfere
24 with my ability to manage my fund, meet my
25 responsibilities to regulators, do all those

1 things, as you would know the implications of
2 it.

3 831 Q. And those were all the things
4 that Ms. Littlejohn asked you about earlier
5 today?

6 A. Correct.

7 832 Q. Let's go on to the question of
8 the outstanding balance of the Tenor DIP loan
9 facility. And in (b) --

10 MR. RUBY: Mr. Pinos, I didn't want to
11 interrupt when you were dealing with that
12 subject, but obviously the Ad Hoc Committee is
13 not waiving any privilege.

14 MR. PINOS: I am not expecting it to
15 waive any privilege.

16 MR. RUBY: I wanted to be clear.

17 BY MR. PINOS:

18 833 Q. I will treat it as Mr. Reid's
19 understanding of what it should be rather than
20 what the advice was.

21 MR. RUBY: Perfect. As I expected you
22 would, that's why I didn't want to interrupt
23 while you were in mid-flow on that subject.

24 MR. PINOS: Fair enough.
25

1 BY MR. PINOS:

2 834 Q. Let's go to sub (b) on the
3 Davies' letter to Goodmans providing responses
4 to the information request in the Notice of
5 Motion. And with respect to the outstanding DIP
6 balance it says:

7 "While the outstanding DIP
8 balance has been publicly disclosed
9 previously, Crystallex and the DIP
10 Lender consent to the continuing
11 public disclosure of this information.
12 Crystallex will disclose the
13 outstanding DIP balance in its
14 materials filed in connection with
15 each of the Company's stay extension
16 motions."

17 Do you see that?

18 A. Yes, I do.

19 835 Q. And I understand that that
20 satisfies at least one of the two requests in
21 the Notice of Motion, doesn't it?

22 A. Well, it doesn't as of today it
23 doesn't.

24 836 Q. Well, no --

25 A. In the future it will but not as

1 of today, no. If you compare it to the -- if
2 you compare it, let's say, vis-a-vis the
3 disclosure of the CVRs, the company has elected
4 not to do the delivery today at some time, to
5 promise of a case in the future.

6 837 Q. Okay. So let's go back to the
7 Notice of Motion and what your actual asks are
8 from the court. You see the list again, sir?

9 A. No.

10 838 Q. Now do you see it?

11 A. Yes, I do.

12 839 Q. So will you agree with me that
13 your request with respect to the DIP loan, or
14 the DIP facility are contained in subparagraph
15 (c) and (d) here?

16 A. Yes.

17 840 Q. And if we look at (d) first:

18 "The balance of the Tenor DIP
19 facility as of the date of each future
20 stay extension sought by Crystallex,
21 including these proceedings."

22 You'll agree with me that the letter
23 of July 9th answers that?

24 A. It certainly addresses it. I
25 have to go back and check the wording but it

1 addresses that, yes.

2 841 Q. Let's go back and check it to
3 make sure there is no doubt between us.

4 A. Yes.

5 842 Q. So if we look at (b)?

6 A. Unfortunately -- okay, now I can
7 see it.

8 [Witness reading the document.]

9 Yes, I would agree with that.

10 843 Q. So (b) in the Davies' letter
11 addresses sub (d) in the Notice of Motion, is
12 that correct?

13 A. That is correct.

14 844 Q. And my understanding is that the
15 next stay extension expires in the first week in
16 November 2021. Are you familiar with that as
17 the date?

18 A. That sounds about right.

19 845 Q. And in connection with the stay
20 extension your understanding is that the company
21 has to serve materials in support of the stay
22 extension at some point prior to that stay
23 extension motion date?

24 A. Yes.

25 846 Q. And that's often, you know, a

1 week or ten days before the stay extension
2 motion date?

3 A. Sounds about right. I'm not a
4 lawyer here but that's my understanding of the
5 process.

6 847 Q. So that if the stay extension
7 motion is sometime in the first week in November
8 2021, and the stay extension motion material
9 gets served the week before, you will at that
10 point in time have disclosed in that stay
11 extension motion material the current DIP
12 balance?

13 A. You still don't get out of the --
14 yes, we've agreed that you satisfy (d). The
15 question is, are you satisfying (c)? And that
16 answer is, no. You know, it's -- and that is
17 well we've -- quite frankly I'm surprised you
18 have not just done that.

19 It seems to be a very easy -- when you
20 want to know and you're hearing from an Ad Hoc
21 Committee member, when we address our
22 frustrations these are the type of things -- why
23 hold that back?

24 I must admit, and maybe I shouldn't be
25 saying this in a cross-examination, but it is

1 frustrating. It is something if you think that
2 you can -- I could put it the other way. If
3 you're going to deliver it by November why can't
4 you just deliver it just now?

5 848 Q. Well, you'll agree with me that
6 the company would have an interest in timing its
7 information disclosures that it will do
8 routinely on a regular basis?

9 A. That should not conflict or --
10 that should not run against the grain of being
11 able to deliver today.

12 849 Q. So it's not sufficient to know
13 that you're going to get the balance of the DIP
14 facility towards the end of October when we have
15 a motion date in October 14th?

16 A. The question is, there was --
17 that started this was, does it satisfy (c).?
18 I've acknowledged it satisfies (d) but you have
19 not satisfied (c). You can --

20 850 Q. I agree, it doesn't satisfy --

21 A. So then let's just agree it
22 doesn't satisfy (c).

23 851 Q. I'm not going to ask you about
24 that. I'm going to ask you about the fact that
25 if you're seeking an order for now you're not

1 going to get that order until sometime on or
2 after October 14th anyway. Or it doesn't really
3 matter to you?

4 A. Well, to be fair, we put the
5 order, the cross-motion rather, and we got the
6 DIP balance disclosed to us.

7 So yes, I mean, you know, yes. To
8 answer your question, yes, you can withhold this
9 until that period of time or you could have
10 delivered it alongside with the DIP and some of
11 the other deliverables that you did. Just
12 calling it the way it is.

13 852 Q. Okay. Now let's talk about the
14 information relating to the advisors,
15 independent director and independent advisors,
16 (d), (e) and (f).

17 A. Can you put it back up on your
18 screen?

19 853 Q. Yes.

20 A. [Witness reading the document.]

21 Yes.

22 854 Q. So let's start with (d). The
23 advisors engaged in connection with the sales
24 process. You'll see a reference there to
25 schedule B:

"[...] to this letter is a summary of the identity and terms of engagement of each advisor that the Company has engaged in connection with the sale process for the PDVH Shares that is currently pending before the [...] Delaware Court."

Do you see that?

A. Yes, I do.

855 Q. And:

"This information [regarding those advisors] is provided on a non-confidential basis, with the sole exception of the monthly fee information for the Company's financial advisor, Moelis & Co., which has been redacted."

Do you see that?

A. Yes, I do.

856 Q. And it further say that:

"The redacted monthly fee information may be provided to your clients on a confidential basis."

A. Yes.

857 Q. And I take it you're not prepared

1 to accept the monthly fee information from
2 Moelis on a confidential basis?

3 A. That's correct.

4 858 Q. And you'll agree with me that you
5 can understand how a financial advisor would not
6 wish its fee information in a particular case to
7 be published on a public court file?

8 A. I would -- I would agree that the
9 service provider doesn't want to disclose --
10 yes, I would agree with that.

11 859 Q. Yes. And you'll agree with me
12 that whether it's in CCAA proceeding or other
13 environments, that advisors of those types
14 usually have a confidentiality provision
15 relating to their charges and fees?

16 A. Well, I've seen many situations
17 where, you know, the financial advisor's
18 business terms are released.

19 860 Q. But you can understand why in
20 certain circumstances a financial advisor would
21 not want their financial terms released?

22 A. I would agree with you. I don't
23 think they would ever want them released, and it
24 is just a matter of the deal that they -- you
25 know, just like any business arrangement, you

1 know, it's sometimes that the client needs that
2 information and, therefore, if they want to do
3 the business with the client they have to
4 disclose it.

5 861 Q. And you indicated to
6 Ms. Littlejohn, in her questioning of you, that
7 you had been involved in a number of CCAA
8 proceedings?

9 A. Yes.

10 862 Q. Can I take it that in those
11 proceedings you've seen the financial terms of
12 advisors sealed from time-to-time?

13 A. I don't know -- I'm not trying to
14 be cute. I don't know if they've been sealed or
15 they haven't been disclosed.

16 863 Q. Whether they've been sealed or
17 disclosed you're familiar with one or the other?

18 A. At times, yes.

19 864 Q. And I take it you understand that
20 to be a reflection of their sensitivity over
21 having their financial terms be made public?

22 A. Yes.

23 865 Q. Let's look at number (e), the
24 engagement terms of the independent director.

25 A. Yes.

1 866 Q. Is there anything left
2 outstanding with respect to this?

3 A. Only questions.

4 867 Q. But you've been provided -- his
5 honorarium has been disclosed on a
6 nonconfidential basis?

7 A. Yes.

8 868 Q. And the -- and the fact that
9 there's no formal engagement letter to be
10 summarized or provided?

11 A. Yeah, I mean, that's the part of
12 it that surprises me. So I read that but I am
13 surprised, especially with Mr. Marchi's expanded
14 or special role as being the independent
15 director, that there were no governing documents
16 and special indemnities, like, anything else. I
17 am surprised by that.

18 But I -- if there is no agreement then
19 there's no agreement.

20 869 Q. Okay. But you are aware that
21 the -- there are terms of reference for the
22 independent director in the DIP credit
23 agreement?

24 A. Yes, I am.

25 870 Q. So their appointment, as far as

1 you're concerned, would be subject to those
2 terms of reference?

3 A. Correct.

4 871 Q. Okay. So it's not that there are
5 no terms there are no new terms?

6 A. That is very fair, Tim. I would
7 agree with that.

8 872 Q. Fair enough. Let's then go to
9 (f), which is the terms of engagement of
10 Pirinate Consulting Group as independent advisor
11 to the independent director, and there's a
12 reference there to schedule C as a summary of
13 the terms of this engagement. Do you see that?

14 A. Yes, I do.

15 873 Q. And I take it the redaction of
16 the monthly fee information, that would fall
17 under the same category as the Moelis
18 information?

19 A. That's correct.

20 874 Q. You can understand why Pirinate
21 would not want to have that information
22 disclosed?

23 A. Correct.

24 875 Q. And depending upon the
25 circumstances it may or may not be disclosed in

1 a particular proceeding?

2 A. I would agree with that.

3 876 Q. Okay. And I'll just flip forward
4 to schedule C just to look at that. So these
5 are the summary of the terms of engagement of
6 the independent advisor that were attached to
7 schedule C?

8 A. Yes.

9 877 Q. And these are the types of terms
10 of engagement that you would expect to see of an
11 independent advisor, aren't they?

12 A. Yes.

13 878 Q. Let's now go back to the letter
14 dated -- are we back at page 2 of the Davies
15 letter?

16 A. Yes.

17 879 Q. Now, with respect to the details
18 of the Initial Payment Securities, I take it you
19 understand that that information request relates
20 to the securities that Crystallex received from
21 the Maduro regime under the United Settlement
22 Agreement?

23 A. Yes, it was received via the
24 Amended Settlement Agreement, I would agree with
25 that.

1 880 Q. And it was at a time when the
2 only government in Venezuela was the Maduro
3 government.

4 A. Correct.

5 881 Q. And you're aware that the
6 information relating to the split between cash
7 and the Initial Payment Securities, received as
8 part of the initial payment, is -- has never
9 been -- is redacted in the Monitor's reports?

10 A. Correct.

11 882 Q. And are you aware that the -- in
12 fact the issuers of the securities has never
13 been disclosed, not even in the Monitor's
14 report?

15 A. I certainly have not seen it in
16 a -- I can only speak, Tim, to the unredacted --
17 sorry, the redacted -- and I've never seen it
18 unredacted in the Monitor's report.

19 883 Q. No, but I take it you're aware
20 that -- I take it your counsel can tell you that
21 the -- one of the items of information that's
22 redacted in the Monitor's report is the relative
23 amounts of cash and securities received as part
24 of the initial payment?

25 A. I don't know all the information

1 that is -- that Goodmans receives on terms of
2 the amended settlement agreement. I just know
3 what we don't get from the redacted version.

4 884 Q. Okay, fair enough. And you're
5 aware that that information, whatever
6 information has been redacted from the Monitor's
7 report about the Initial Payment Securities has
8 been redacted since the Amended Settlement
9 Agreement was entered into?

10 A. Sorry, my mathematical mind looks
11 at it differently. We learned about the
12 settlement agreement not through the Monitor's
13 report, we learned it through PACER. And the
14 first time that we saw the -- you know, that
15 there was an Amended Settlement Agreement I
16 don't even think -- I don't think anything was
17 disclosed in it, whether it was cash or
18 securities. We didn't know details until we saw
19 it on PACER.

20 885 Q. Well, you are aware that
21 initially when the Amended Settlement Agreement
22 was approved by the Ontario Court it was sealed?

23 A. Yes.

24 886 Q. And then when it was filed in the
25 U.S. proceedings the Canadian court unsealed it.

1 A. I don't understand the logic of
2 that. It was public when it was made -- when it
3 was distributed through the Public Access at
4 Court electronic Records, PACER. I don't know
5 if they unsealed it or not. I think it was
6 already out.

7 887 Q. But until it was filed in the
8 Delaware proceedings under PACER it wasn't
9 available either in Canada or the United States?

10 A. That is correct.

11 888 Q. You knew that it existed but you
12 just couldn't see it?

13 A. Correct.

14 889 Q. And then when it was filed in the
15 United States -- you say you don't recall that
16 shortly after it was unsealed in Canada?

17 A. It was irrelevant. We didn't pay
18 any attention to it. We already had it so it
19 doesn't -- I can't tell you if it was shortly
20 thereafter, a long time after. It was
21 irrelevant to us because we already had the
22 delivery of it.

23 890 Q. Right. But you'll agree with me
24 that the Amended Settlement Agreement itself
25 does not disclose the division between cash and

1 securities for the initial payment?

2 A. Correct, I agree with that.

3 891 Q. And as far as you are aware that
4 has never been disclosed publicly either in
5 Canada or the United States?

6 A. I have no idea of the
7 distribution.

8 892 Q. And you indicated to me -- well,
9 you indicated to Ms. Littlejohn earlier, and
10 you've been -- you just indicated to me that you
11 access the U.S. filings through PACER?

12 A. Yes, amongst other -- call it --
13 in like "Law 360" and other kinds of
14 periodicals.

15 893 Q. But PACER gives you on-line
16 access to actual court filings of the court
17 itself?

18 A. Yes. And iTunes actually
19 sometimes broadcasts. I watched the Third
20 Circuit appeal on iTunes.

21 894 Q. That's interesting.

22 A. Brilliant.

23 895 Q. iTunes?

24 A. Yes.

25 896 Q. You mean YouTube?

1 A. No, I know it was on iTunes.

2 I've never seen a one-off on iTunes but that's
3 my recollection on how I received it.

4 897 Q. Fair enough. And you're aware
5 currently that in the last couple of months one
6 of the issues that Judge Stark in Delaware has
7 had to deal with is the question of
8 confidentiality as it relates to information
9 provided to the Special Master?

10 A. Yes.

11 898 Q. And you're aware that Judge Stark
12 gave reasons in a confidentiality order that --
13 recently that would allow Crystallex to file
14 information under "Confidential" and "Highly
15 Confidential" designations?

16 A. Yes. I don't want to speak like
17 I'm an expert following it every moment but,
18 yes, I'm aware that that occurred. The details
19 and all the other stuff I'm -- I'm not aware of
20 that.

21 899 Q. If I could just put the
22 memorandum and order in front of you for a
23 minute? It's Exhibit I to your affidavit sworn
24 July 19th, 2021. So this is Exhibit I. Do you
25 recognize this document, sir?

1 A. Yes.

2 900 Q. And I'm not trying to test your
3 legal knowledge, but is it your understanding
4 that the order that arises from this memorandum
5 order provides a mechanism for parties to the
6 U.S. proceedings to file information with
7 "Confidential" and "Highly Confidential"
8 designations?

9 A. Yes.

10 901 Q. And also provides a process for
11 the disputation of the confidentiality or highly
12 confidentiality (sic) of any of those documents?

13 A. Yes.

14 902 Q. And as far as you understand,
15 this order doesn't actually rule as to whether
16 any particular documents are confidential or
17 not?

18 A. That's my understanding.

19 903 Q. So we'll have to see in the
20 future what the attitude of a U.S. court is
21 towards confidential documents and their sealing
22 or not in the circumstances.

23 A. Yeah, and probably what documents
24 are considered confidential and which ones are
25 not. But, yes, I would agree.

1 904 Q. Right. And one of the documents
2 you attach to your affidavit is a briefing
3 letter from Crystallex's Delaware counsel,
4 Richards, Layton & Finger. And I'm showing you
5 Exhibit H from your affidavit dated June 23rd,
6 2021. Do you see that?

7 A. Yes.

8 905 Q. And I take it your understanding
9 that these were submissions of Crystallex with
10 respect to a proposed confidentiality order?

11 A. Yes.

12 906 Q. And the issue being addressed, to
13 your knowledge, in this letter was Crystallex's
14 request for the same right to designate
15 documents as confidential that Venezuela was
16 going to have?

17 A. That's my understanding.

18 907 Q. And in the course of making its
19 arguments, and I'd like to take you to the
20 bottom of page 2, top of page 3 of that
21 document, you'll see -- if you can look at the
22 fifth last line on page 2, and I don't know
23 whether my cursor, my mouse hand shows up on
24 your screen or not.

25 A. It does. A little too much.

1 908 Q. Fair enough. And if we go -- I'd
2 just like to put it to you, if -- and I'd like
3 to start with the last sentence that starts at
4 the bottom of that page:

5 "Until such time as Crystallex's
6 judgment is fully satisfied,
7 Crystallex remains in active
8 competition with other creditors of
9 Venezuela [...]."

10 Do you see that?

11 A. Yes.

12 909 Q. And you don't have any issue with
13 the accuracy of that statement, do you sir?

14 A. With the last part of that
15 sentence, no, I would agree with that.

16 910 Q. And then it says -- it goes on to
17 say:

18 "While it remains unknown what
19 information the Special Master will
20 ultimately seek in order to determine
21 the amount of Crystallex's judgment
22 still outstanding, the documents
23 supporting the calculation of that
24 amount may include financial
25 information and highly sensitive

1 documents, including materials sealed
2 by the Ontario Court overseeing the
3 Crystallex insolvency proceeding in
4 Canada, the disclosure of which could
5 harm Crystallex."

6 Do you see that, sir?

7 A. Yes, I see it.

8 911 Q. And I take it you wouldn't
9 disagree that documents which might be necessary
10 to be filed in the United States to calculate
11 what Crystallex is owed under the judgment could
12 include information relating to the Initial
13 Payment Securities?

14 A. Yes.

15 912 Q. And currently information
16 regarding Initial Payment Securities are being
17 sealed in Canada?

18 A. Sorry, repeat the second half of
19 the sentence.

20 913 Q. Well, with -- and you'll agree
21 with me that currently information respecting
22 the Initial Payment Securities are being
23 currently sealed in Ontario?

24 A. Yes, hence our cross-motion.

25 914 Q. So in terms of its statement to

1 the -- to the Delaware court, that was an
2 accurate statement?

3 A. I believe so, yes.

4 915 Q. Okay. And with respect to the
5 process for the designation of confidentiality
6 and the challenging of confidentiality, in broad
7 strokes, you know, that's similar to what we
8 have here in Ontario in terms of the company
9 designating information as confidential and then
10 seeking a court order confirming that
11 confidentiality?

12 A. I don't know how the U.S. system
13 works. It's -- from what I've read here and
14 understood it seems a similar process.

15 916 Q. Okay. Fair enough. So it's not
16 dissimilar?

17 A. No, I don't think so.

18 917 Q. Each court will consider whether
19 documents are sufficiently sensitive or
20 confidential to be sealed, and if you can prove
21 that they are in that category you can get a
22 Sealing Order. Is that your understanding?

23 A. I would say generally I'm more
24 understanding of the Canadian court system, but
25 there's obviously a lot of jurisprudence and

1 everything else that comes into play but, yes, I
2 would agree with you.

3 918 Q. I'm talking about the processes
4 and what the court can do, not how they do it or
5 the tests they apply?

6 A. Right, then I agree with you.

7 919 Q. Thank you. Just to change gears
8 and move away from the U.S. proceedings for a
9 while. We've referred to, in a couple of my
10 questions, to the DIP credit agreement. I take
11 it you've looked at the DIP credit agreement?

12 A. Yes.

13 920 Q. And you're aware that under the
14 DIP financing provided by the Tenor entities in
15 this proceeding that the original term of the
16 DIP financing was five years?

17 A. Yes.

18 921 Q. And that expired at the end of
19 2016?

20 A. Yes.

21 922 Q. And that since then, as part of
22 the process, since the end of 2016, there have
23 been a variety of DIP extension agreements
24 between the Tenor entities involved and the
25 company?

1 A. Yes.

2 923 Q. And I take it you're aware that
3 under the terms of the DIP credit agreement that
4 if the DIP matures and is not extended then
5 Tenor has certain potential enforcement rights
6 against the company?

7 A. I want to be cautious on how I
8 understand it because I do believe there's also
9 some state issues as well. So I am not
10 100 percent confident that yes, that Tenor may
11 have -- take a position and Crystallex may take
12 another position as to their enforcement
13 abilities.

14 924 Q. Well, if an extension is granted
15 there is no issue.

16 A. Yes, I would agree with that,
17 yes.

18 925 Q. And if there's no extension and
19 the DIP credit -- DIP loan matures and becomes
20 due, there's an issue of what remedies may be
21 available to Crystallex in those circumstances?

22 A. Yes, I would agree.

23 926 Q. And the first time in this case
24 when that occurred was in December 2016 when the
25 five year initial term of the DIP loan matured?

1 A. I'm not positive about that. I
2 seem to have a recollection there may have been
3 an alleged default under it but I may be wrong.
4 Certainly at that maturity date, yes. But I
5 seem to have a recollection, Tim, and I may be
6 wrong, but there may have been an alleged
7 default under it, in which case these issues
8 might have been accelerated. But I may be
9 wrong.

10 927 Q. Even before December of 2016?

11 A. Yes, correct. There is a part of
12 me that has that in the back of my mind but I
13 can't be confident.

14 928 Q. Fair enough. But the question of
15 DIP maturity and the possible remedies of tenure
16 is not a new issue in this case?

17 A. True.

18 929 Q. Mr. Ruby, I'd like to a take a
19 ten minute break.

20 -- RECESSED AT 4:20 P.M. --

21 -- RESUMED AT 4:30 P.M. --

22 BY MR. PINOS:

23 930 Q. I would like to take you back to
24 your July 19th affidavit for a minute and put
25 one paragraph to you and ask you a couple of

1 questions about it.

2 A. Sure.

3 931 Q. And we're at page 5, it's
4 paragraph 10(e). And this paragraph relates to
5 the engagement of Mr. Marchi and the financial
6 advisor Pirinate. Do you see that?

7 A. Yes.

8 932 Q. And I'm not going to read the
9 first sentence, you know, but I'll start with
10 the second sentence. It says:

11 "In addition, I am advised by
12 counsel to the Noteholders that during
13 a telephone conference held with
14 counsel to Crystallex on July 30th,
15 2020, to discuss the then recent
16 engagement of Pirinate by Crystallex's
17 former independent director, counsel
18 requested particulars of Pirinate's
19 engagement and was advised that
20 Crystallex's counsel would seek
21 instructions on sharing them."

22 And then it says:

23 "The engagement particulars were
24 never subsequently provided."

25 You'll agree with me that as of July

1 19th, when you swore the affidavit, that last
2 statement was not correct because the Pirinate
3 particulars had been provided in the letter of
4 July 9th?

5 A. Certain of them are and certain
6 of them are not. To be fair, there is -- a lot
7 of particulars are in there, but the -- but
8 the -- I think it's the base fee, if I remember
9 correctly, and, like the monthly retainer plus
10 the others.

11 933 Q. Right. But it is not correct to
12 say the engagement particulars were never
13 subsequently provided?

14 A. Yeah, I think you can parse it
15 and say certain of the particulars, or the
16 specific one that was not provided and some of
17 them were.

18 934 Q. Right. But that sentence isn't
19 that subtle or nuanced it's -- you just say,
20 Were not subsequently provided. And that's not
21 right?

22 A. I would agree with that.

23 935 Q. Those are all my questions,
24 Mr. Reid, thank you for your time today.

25 MR. RUBY: I have no questions in

1 re-examination.

2 --- Whereupon the examination was
3 completed at 4:33 p.m.

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REPORTER'S CERTIFICATE

I, HELEN MARTINEAU, CSR, Certified
Shorthand Reporter, certify;

That the foregoing proceedings were
taken before me at the time and date therein set
forth at which time the witness was put under
oath by me;

That the testimony of the witness and
all objections made at the time of the
examination were recorded stenographically by me
and were thereafter transcribed;

That the foregoing is a true and
accurate transcript of my shorthand notes so
taken. Dated this 12th day of August, 2021.



PER: HELEN MARTINEAU

CERTIFIED SHORTHAND REPORTER

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EXHIBIT 1 TO THE CROSS- EXAMINATION OF S. REID

FUND

OVERVIEW

The Ravensource Fund is a publicly listed, closed-end investment fund. The principal objective of Ravensource is to achieve absolute annual returns, with an emphasis on capital gains, through investments in selected North American securities. Ravensource invests in distressed securities, alternative credit and special situation equity securities.

Ravensource is unique in its approach, seeking attractive investment opportunities from situations that are overlooked by traditional investors. Ravensource focuses on capturing value from the turnaround and recovery of financially distressed securities and from other deep-value investments, through extensive due diligence and active involvement by the manager, Stornoway Portfolio Management,

As of December 31, 2019, Ravensource had \$10.8mm of unused capital losses and \$0.8mm of unused non-capital losses representing 39% of the NAV of the Fund. As such, Ravensource is unlikely to generate taxable capital gains for the foreseeable future.

INVESTMENT PHILOSOPHY

INVESTMENT PHILOSOPHY

We believe the most attractive opportunities arise from situations that are overlooked, misunderstood or underfollowed:

- Companies in or near financial distress
- Companies with hidden assets or misunderstood liabilities
- Shares of companies lacking or losing institutional research coverage

However, uncovering opportunities is not sufficient to produce results. Our approach demands the following:

- Ability to see beyond current corporate and financial challenges;
- Patience and an investment horizon long enough for the markets to recognize the intrinsic value;
- Ability and experience to assess the viability of an operational turnaround;
- Ability to recognize and encourage catalysts to unlock value;
- Willingness to become actively involved to protect and increase the value of our investments; and
- Investing only when there is sufficient margin of safety / significant discount to the underlying and realizable asset values to provide protection when we are wrong.

INVESTMENT STRATEGIES

The Stornoway Edge allows us to invest in companies and situations that other investors can't or won't.

We conduct deep analysis and diligence at the outset to determine if these "diamonds in the rough" merit investment of financial and intellectual capital. Our low purchase price for these unwanted assets both decreases risk and increases returns. After an investment is made we take an active approach to effect change – joining boards, creditor committees, and engaging with key stakeholders. Our creativity in providing solutions and ability to partner with others are key ingredients in our success.

RavenSource employs this approach across three strategies to create value for its unitholders:

DISTRESSED SECURITIES

Investing in corporate debt, creditor claims and/or equity securities of companies, which are in, or perceived to be in financial distress or insolvency

ALTERNATIVE CREDIT

Investing in corporate debt, on either a primary or secondary basis to earn a yield that we believe is attractive given the underlying credit risk.

SPECIAL SITUATIONS EQUITIES

Investing primarily in Canadian and U.S. small- and mid-cap equities that have catalysts to bridge the gap between market price and intrinsic value



Investment Summary

- **Status:** Crystallized
- **Investment:** Convertible Secured Debenture
- **Investment Period:** June 2006 to October 2018
- **Average Purchase Price:** \$80 per \$100 bond
- **Effective Realized Value + Residual Unrealized Value:** \$603 per \$100 bond
- **Total Return:** 654.2% (Gross)
- **Annualized Return:** 24.7% (Gross)



Investment Summary

- **Status:** Crystallized
- **Investment:** Senior Secured Notes
- **Investment Period:** Dec 2017 to July 2018
- **Average Purchase Price:** \$90 per \$100 Bond
- **Effective Realized Value:** \$100 per \$100 Bond
- **Total Return:** 14.7% (Gross)
- **Annualized Return:** 28.2% (Gross)

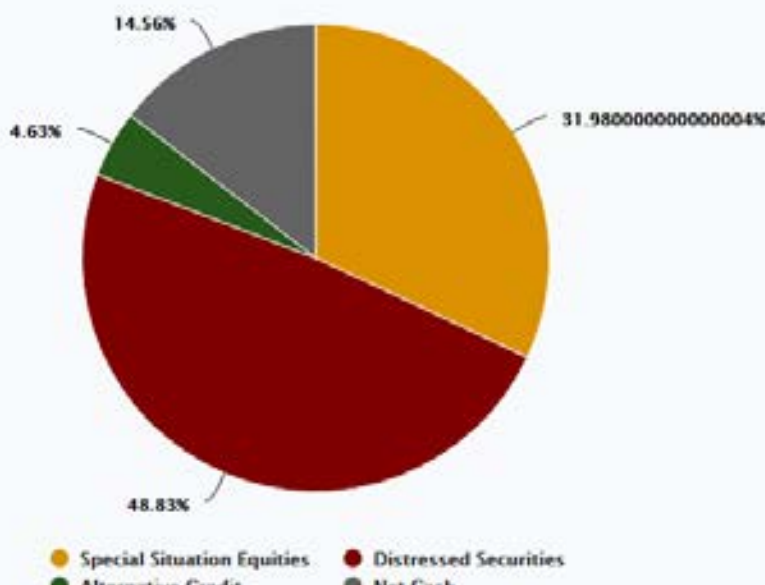


Investment Summary

- **Status:** Crystallized
- **Investment:** Public Common Equity
- **Investment Period:** Nov 2013 to Dec 2017
- **Average Purchase Price:** \$0.84 per share
- **Effective Realized Value:** \$1.94 per share
- **Total Return:** 130.1% (Gross)
- **Annualized Return:** 28.0% (Gross)

PORTFOLIO SUMMARY

By Investment Strategy - As of December 31, 2020



Investments By Industry	% of Net Assets
Metals & Mining	24.6%
Financial	25.5%
Media & Publishing	15.1%
Real Estate	7.8%
Retail	0.3%
Oil & Gas	6.3%
Technology	3.7%



0.1% 0.0%

Technology 3.7%

Food & Beverage 2.2%

RISK

At the time of investment and throughout the period which we own a security, we do consider its risk and the impact that it has on the overall risk of the portfolio. However, despite our thorough analysis and good intentions, sometimes we are wrong in our investment decision or have not found the proverbial snake that lurks under the rock resulting in a fall in the market value of the investment and net asset value of the Fund. In addition to the risks specific to a particular investment, the Fund is exposed to changes in foreign exchange rates, interest rates, credit conditions and other macro economic factors as described in the Annual Information Form and in the notes to our financial statements. Investors are encouraged to carefully read the Fund's financial statements, including the additional disclosure contained in the notes to the financial statements, just as we do prior to making an investment.

An investment in the Fund is suitable for those investors seeking long-term capital growth, have a long-term investment horizon and possess a medium to high risk tolerance to withstand the ups and downs that go along with investing in out-of-favor securities.

DISTRIBUTION POLICY

RavenSource Fund's dividend policy is to make semi-annual distributions to unitholders of record in June and December, which in aggregate allows for the fund to not incur any tax liability for the fiscal year due to the generation of income and/or capital gains.

Annual Distributions per Unit



Annual Distributions per Unit



Year	Date	Per Unit Distribution
2021	23-Jun-21	0.15
2020	18-Dec-20	0.15
2020	23-Jun-20	0.15
2019	20-Dec-19	0.15
2019	20-Jun-19	0.15

ANNUAL REDEMPTION RIGHT

RavenSource Fund offers an annual redemption privilege that allows unitholders to redeem 100% of their units for cash at Net Asset Value - adjusted to reflect expenses incurred to effect the redemption - as calculated as of the Annual Redemption Date.

In parallel, RavenSource has the right to re-sell units tendered for redemption as opposed to cancelling the units by entering into a Recirculation Agreement with one or more investment dealers to use commercially reasonable efforts to find purchasers of the units surrendered for redemption.

For further details, please refer to the Declaration of Trust which can be found in the "Investor Resources - Key Documents" section of the RavenSource Website or on SEDAR.


[Latest IRC Report](#)
[Latest MRFP](#)
[Latest Financial Statements](#)
[Policy](#) [Legal](#)
[Conflicts of Interest Disclosure](#)
[Privacy](#)

EXHIBIT 2 TO THE
CROSS-
EXAMINATION
OF S. REID

EXECUTION COPY

PORTFOLIO MANAGEMENT AGREEMENT

THIS AGREEMENT dated as of the 1st day of July, 2008.

BETWEEN:

COMPUTERSHARE TRUST COMPANY OF CANADA,
in its capacity as trustee of Ravensource Fund, a trust existing
under the laws of the Province of Ontario

hereinafter referred to as the "**Fund**",

- and -

STORNOWAY PORTFOLIO MANAGEMENT INC.,
a corporation existing under the laws of Ontario

hereinafter referred to as "**Stornoway**".

WHEREAS:

- A. The Fund is a trust existing under the laws of Ontario pursuant to an amended and restated declaration of trust dated the 1st day of July, 2008 (as it may be further amended or supplemented from time to time, the "**Declaration of Trust**"), and Computershare Trust Company of Canada is the trustee of the Fund (in such capacity, the "**Trustee**");
- B. The Fund's investment objective is to achieve absolute annual returns, with an emphasis on capital gains, through investment in selected North American securities;
- C. The Declaration of Trust authorizes the appointment of an investment manager to provide portfolio management services to the Fund, subject to the overall supervision of the Trustee, and Stornoway is willing to provide such services to the Fund;
- D. Pursuant to a portfolio management agreement made effective as of the 1st day of November, 2007 between Cinnamon Investments Limited and Stornoway, Stornoway currently acts as the investment advisor to the Fund;
- E. The Fund and EquitiLink International Management limited ("**EquitiLink**") entered into a portfolio management agreement dated as of April 28, 1997 (the "**Original Agreement**");

- F. Aberdeen Asset Managers (C.I.) Limited, the successor to EquitiLink, with the prior written consent of the Trustee and the prior approval of Unitholders by Extraordinary Resolution passed at the special meeting of Unitholders held on August 22, 2003 assigned the Original Agreement to Cinnamon Investments Ltd. as of September 30, 2003;
- G. At a special meeting of Unitholders held on June 10, 2008 (the "**2008 Special Meeting**"). Unitholders, by way of Extraordinary Resolution, approved the termination of the Original Agreement;
- H. At the 2008 Special Meeting, by way of Ordinary Resolution, Unitholders also approved the appointment of Stornoway as the new investment manager to provide portfolio management services to the Fund; and
- I. The Fund and Stornoway desire to enter into this Agreement to evidence the appointment of Stornoway as investment manager to the Fund and the terms and conditions under which such appointment is made.

NOW THEREFORE, the parties agree as follows:

1. Portfolio Management Services

1.1 The Trustee hereby appoints Stornoway to perform the duties of the Investment Manager set out herein and in the Declaration of Trust and to provide portfolio management services to the Fund, in accordance with the Fund's Investment Objective and Investment Restrictions. Subject to the general control and supervision of the Trustee, Stornoway is authorized to invest and reinvest the Fund's assets and make investment decisions on behalf of the Fund.

1.2 Stornoway hereby accepts its appointment as Investment Manager and agrees to be bound by the terms of the Declaration of Trust and the provisions of this Agreement.

1.3 Subject to the provisions of the Declaration of Trust and the general control and supervision of the Trustee, Stornoway is authorized to invest and reinvest the property and assets of the Fund, subject to the Investment Objective and Investment Restrictions of the Fund and subject to the requirement that the Fund is to obtain and maintain the status of a "unit trust" or a "mutual fund trust" under the *Income Tax Act*. Without limitation to the foregoing, the Trustee hereby specifically authorizes Stornoway to:

- (a) purchase, with monies or other assets paid, delivered or credited to the Fund, investments consistent with the Investment Objective and Investment Restrictions of the Fund;
- (b) sell or otherwise dispose of any investments held at any time in the Fund, with the net proceeds of any sale or other disposition to be held by the Trustee under the terms of the Declaration of Trust;

- (c) recommend to the Trustee that a portion of the assets of the Fund to be held in cash or in term deposits for the purpose of providing funds as a reserve for the payment of fees, expenses, disbursements and distributions payable or anticipated to become payable from the Fund;
- (d) grant covered call options with respect to the assets of the Fund and hold the net proceeds derived from the granting or creation of those covered call options under the terms of the Declaration of Trust;
- (e) register or cause to be registered any investments of the Fund in the name of the Trustee or Custodian or a nominee or sub-custodian of either the Trustee or Custodian with or without indicating that those securities or investments are held in a fiduciary capacity;
- (f) exercise any rights, warrants, privileges or options pertaining to, or associated with, the investments of the Fund;
- (g) enter into agreements on behalf of the Fund with respect to the investment and reinvestment of the property and assets of the Fund;
- (h) recommend to the Trustee brokers to be retained by the Fund for the purposes of effecting portfolio transactions; and
- (i) lend portfolio securities of the Fund, as permitted from time to time by appropriate securities regulatory authorities.

1.4 Stornoway, upon the written request of the Trustee, shall provide the Trustee with a report in writing of any matters requested by the Trustee relating to the services to be performed hereunder, including the list of securities held in the investment portfolio of the Fund and all transactions effected on behalf of the Fund. Stornoway also agrees that it will attend any meeting requested by the Trustee upon reasonable notice. Stornoway shall provide the Trustee with access at any time to all books, records, electronic data and other information in the possession of Stornoway pertaining to the Fund. Without limitation to the foregoing, Stornoway shall provide to the Trustee for review by the Trustee monthly statements of all investment transactions performed, together with a certificate of the managing director of Stornoway that such transactions complied in all material respects with the Investment Objective and all Investment Restrictions of the Fund. The Trustee may rely on such certificate as evidence of compliance with the Investment Objective and all Investment Restrictions of the Fund.

1.5 The Trustee shall consult with Stornoway prior to changing or proposing to change the Fund's Investment Objective, Investment Restrictions or any investment policies.

2. Representations and Warranties

2.1 Stornoway hereby covenants and agrees that during the term of this Agreement it will maintain or cause to be maintained all licences and registrations required in order for it to perform its duties hereunder.

2.2 The Trustee hereby represents and warrants to Stormoway that it is a trust company licensed to carry on business as such under the laws of each of the Provinces of Canada. The Trustee hereby covenants and agrees that during the term of this Agreement it will maintain all licences and registrations required in order for it to perform its duties under the Declaration of Trust.

3. Fees

3.1 For the provision of the portfolio management services contemplated in Section 1, the Fund will pay to Stormoway a fee based on the Fund's average weekly assets (the "**Base Fee**") calculated and paid in accordance with Section 3.2 and a performance-based incentive fee (the "**Incentive Fee**") calculated and paid in accordance with Section 3.3.

3.2 The Base Fee payable to Stormoway will be a fee in Canadian dollars based on the Fund's average weekly assets (being computed based upon the value of the assets of the Fund net of all liabilities, other than Permitted Indebtedness) at the end of each week and payable on the last business day of each calendar month, as follows:

Average Weekly Assets	Base Fee
Up to and including \$250 million	0.65%
Between \$250 million and \$500 million	0.60%
\$500 million or more	0.55%

For the purpose of this Section "Permitted Indebtedness" means the aggregate of all principal amounts of borrowings made by the Fund for the purpose of making additional investments pursuant to the Fund's Investment Objective and subject to the Fund's Investment Restrictions and the value of the assets of the Fund will be determined with reference to the provisions of Section 6.3 of the Declaration of Trust.

3.3 The Incentive Fee payable to Stormoway in any year, which fee will be payable commencing in respect of the 2008 fiscal year beginning January 1, 2008, will be equal to 20% of the amount by which the increase in net asset value per Unit (as defined in the Declaration of Trust) for each fiscal year, as calculated at the close of business on each fiscal year-end, adjusted for any distributions, contributions or redemptions during the year and for any Shortfall (as defined below) from the previous fiscal year (the "**Incentive Return**"), exceeds 5% (the "**Hurdle Rate**"). For the purposes of calculating the Incentive Return for any fiscal year of the Fund:

- (a) any amounts distributed to Unitholders during such fiscal year pursuant to Section 6.1 of the Declaration of Trust shall be added to the value of the assets of the Fund as at the end of such fiscal year for the purposes of calculating the net asset value per Unit (as defined in the Declaration of Trust) pursuant to Section 6.3 of the Declaration of Trust;

- (b) any amounts contributed to the Fund by Unitholders during such fiscal year shall be subtracted from the value of the assets of the Fund as at the end of such fiscal year for the purposes of calculating the net asset value per Unit (as defined in the Declaration of Trust) pursuant to Section 6.3 of the Declaration of Trust; and
- (c) the Incentive Return shall be adjusted proportionately to reflect any increase or decrease in the number of Units outstanding from the prior fiscal year-end.

If in any fiscal year the Incentive Return is less than the Hurdle Rate, no Incentive Fee will be paid for that fiscal-year and the difference between the Hurdle Rate and the Incentive Return (the "Shortfall") will be carried forward to the succeeding fiscal year and, after adjustment for redemptions, deducted in the calculation of the Incentive Return for that year, provided that, for greater certainty, for the purposes of the Incentive Fee payable in respect of the 2007 fiscal year there shall be no Shortfall in respect of the prior fiscal year. The Shortfall deducted in any year will be adjusted proportionately to reflect any increase or decrease in the number of Units outstanding from the prior fiscal year-end. The Incentive Fee, if any, will be determined monthly during each fiscal year for the purpose of calculating the Net Asset Value per Unit, but will be paid to Stornoway by the Fund annually within one month of the fiscal year-end of the Fund.

4. Investment Adviser; Agents

4.1 Stornoway may appoint one or more investment advisers, including portfolio managers, to make recommendations to Stornoway as to the structure of the Fund's portfolio and specific portfolio securities to be purchased, retained or sold by the Fund, to provide or obtain such research and statistical data as may be necessary in connection therewith, and to assist Stornoway in any other manner with the portfolio management services to be provided by it hereunder.

4.2 Stornoway may employ or engage or appoint as agent and rely and act upon information or advice received from investment counsellors, distributors, brokers, electronic data processors, advisors, accountants, accounting and pricing services, lawyers and others.

4.3 Stornoway will be responsible for the fees of any investment adviser or agent appointed by Stornoway pursuant to Section 4.1 or 4.2 unless, in respect of any agent, the agent is acting as agent to the Fund and the costs of such agent are properly borne by the Fund.

5. Holding of Fund Assets

5.1 Stornoway shall deposit, or cause to be deposited, all cash, securities and other assets of the Fund with the Custodian, if one is currently appointed under the Declaration of Trust, or with a Canadian chartered bank, subsidiary thereof or duly licensed Canadian federally or provincially incorporated trust company for the safekeeping of such assets. Stornoway shall provide prior written notice to the Trustee of such safekeeping arrangements (other than those in respect of the Custodian) and any proposed changes in respect of such arrangements.

6. Expenses

6.1 Stornoway shall bear all expenses of its employees and overhead incurred by it in connection with its duties under this Agreement. The Fund will bear all of its own expenses, including without limitation: interest expenses; taxes and governmental fees; and brokerage commissions and other expenses incurred in acquiring or disposing of the Fund's portfolio securities.

7. Good Faith and Liability

7.1 Stornoway shall exercise the powers granted hereunder and discharge its duties hereunder honestly, in good faith and in the best interests of the Fund and, in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

7.2 Stornoway shall not be liable for any error of judgment or for any loss suffered by the Fund in connection with the matters to which this Agreement relates, except a loss resulting from wilful misconduct, bad faith, negligence or reckless disregard by it of its obligations and duties under this Agreement. Without limitation to the generality of the foregoing, Stornoway and its directors, officers, employees and agents shall not be liable to the Fund or to any Unitholder for any default, failure or defect in any of the securities comprising the portfolio of the Fund, for relying in good faith on any documents that purport to be properly executed, for any depreciation of, or loss to, the value of the assets of the Fund, for any loss that may occur by reason of the failure of any bank or Custodian or of the Trustee with which monies of the Fund have been deposited or for any other action or failure to act except in cases of wilful misconduct, bad faith, negligence or reckless disregard of its obligations and duties or in cases where Stornoway fails to act honestly and in good faith with a view to the best interests of the Fund or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

8. Services Not Exclusive

8.1 The services of Stornoway are not exclusive, and nothing in this Agreement shall prevent Stornoway or any affiliate of Stornoway, from providing similar services to other investment companies and other clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities. When other clients of Stornoway desire to purchase or sell a security at the same time such security is purchased or sold for the Fund, such purchases and sales will be allocated among the clients in a manner believed by Stornoway to be equitable to each client. Stornoway will allocate opportunities to make disposals or acquisitions of securities equitably among clients having regard to each client's investment objectives, relative portfolio size and such other factors as Stornoway considers relevant in the circumstances.

8.2 The Trustee agrees to keep the investment advice provided by Stornoway hereunder confidential to the extent permitted by law, and agrees not to use the investment advice or services provided by Stornoway pursuant to this Agreement for any purpose except for the management and administration of the Fund. Subject to Section 8.1, Stornoway agrees to

keep confidential information received by it with respect to the affairs of the Fund except to the extent such information is otherwise available to the public, disclosure is required by law, or disclosure is reasonably required in order for Stormoway to fulfil its duties under any agreement with the Fund.

9. Duration and Termination

9.1 This Agreement is effective on the date first above written and shall continue in effect until the earlier of (i) the termination of the Fund; and (ii) the termination of this Agreement in accordance with this Section. The provisions of Section 8.2 and Section 11 shall survive any termination of this Agreement. Stormoway may terminate this Agreement in the event that the Fund is in breach or default of the provisions hereof and such breach or default has not been cured within 20 Business Days' notice of such breach or default to the Fund. The Fund may terminate this Agreement in the event that Stormoway is in breach or default of the provisions hereof and such breach or default has not been cured within 20 Business Days' notice of such breach or default to Stormoway provided that such termination has been approved by an Extraordinary Resolution of Unitholders of the Fund. This Agreement may be terminated by the Trustee at any time in the event that Stormoway shall be declared bankrupt or insolvent or shall enter into liquidation, whether compulsory or voluntary (and not being a voluntary liquidation for the purposes of amalgamation or reorganization) or if the assets of Stormoway shall otherwise become liable to seizure or confiscation by any public or governmental authority by notice to Stormoway effective immediately and without penalty.

9.2 In the event Stormoway permanently loses a registration or licence which is required in order for it to fulfil its duties hereunder or otherwise is incapable under applicable law of performing its obligations hereunder, Stormoway shall be entitled to assign this Agreement to another party which is qualified to act as investment manager for the Fund with the consent of the Trustee which consent shall not be unreasonably withheld.

9.3 If this Agreement is terminated, Stormoway shall furnish to the Trustee at the reasonable cost of the Fund copies of all books, records, electronic data and other information pertaining to the Fund which the Trustee shall request of it in writing and, upon the effective date of the termination of this Agreement, Stormoway shall forthwith transfer copies of all books, records, electronic data and other information pertaining to the Fund, at the reasonable cost of the Fund, to any successor investment manager and shall cooperate with any successor investment manager to transfer its power and authority to the new investment manager effectively. Stormoway, for a period of six years following the effective date of the termination of this Agreement shall provide the Trustee or any successor investment manager with any information from its records that the Trustee or the successor investment manager may reasonably require for the purposes of the Declaration of Trust and shall be reimbursed for its reasonable costs and expenses thereof.

10. Limitation of Liability of Unitholders

10.1 Stormoway hereby agrees that no Unitholder shall be subject to any personal liability whatsoever, in tort, contract or otherwise, to Stormoway in connection with the obligations of the Trustee and the Fund to Stormoway under this Agreement.

11. Indemnification

11.1 Stornoway (and each of its directors and officers) shall be indemnified and saved harmless by the Fund from and against all liabilities and expenses (including judgments, fines, penalties, amounts paid in settlement and counsel fees), reasonably incurred in connection with any action, suit or proceeding to which Stornoway may hereafter be made a party by reason of being or having been the Investment Manager of the Fund provided that Stornoway shall not be finally adjudged in said action, suit or proceeding liable for or guilty of wilful misconduct, bad faith, negligence or reckless disregard of duty to the Fund, in relation to the matter or matters in respect of which indemnification is claimed.

11.2 For purposes of the preceding paragraph, (i) "action, suit or proceeding" shall include every action, suit or proceeding, civil, criminal or other, (ii) the right of indemnification conferred thereby shall extend to any threatened action, suit or proceeding and the failure to institute it shall be deemed its final determination, (iii) advances may be made by the Fund against costs, expenses and fees incurred in respect of the matter or matters as to which indemnification is claimed, provided that any advance shall be made only if the Fund receives an opinion of legal counsel to the effect that, on the basis of the facts known to such counsel, the person seeking such advance will achieve substantial success and on the condition that Stornoway receiving such advance agrees to repay to the Fund any amounts so advanced if the Fund does not receive, substantially concurrently with the termination of the matter or matters as to which such advances were made, an opinion of legal counsel to the effect that Stornoway is entitled to indemnification under this Agreement or the Declaration of Trust. The foregoing right of indemnification shall not be exclusive of any other rights to which Stornoway may be entitled as a matter of law or which may be lawfully granted to Stornoway.

11.3 Stornoway agrees to indemnify and save harmless the Trustee (and each of its directors and officers) and the Fund from and against all liabilities and expenses (including judgments, fines, penalties, amounts paid in settlement and counsel fees), reasonably incurred in connection with any action, suit or proceeding to which it may hereafter be made a party by reason of Stornoway's wilful misconduct, bad faith, negligence or reckless disregard of duty to the Fund, in relation to the matter or matters in respect of which indemnification is claimed.

12. Miscellaneous

12.1 Capitalized terms not otherwise defined herein shall have the meaning attributed thereto in the Declaration of Trust.

12.2 The headings in this Agreement are included for convenience only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or interpretation. In this Agreement, whenever the singular form is used, the same shall include the plural as and when required by the context. Words denoting one gender include the other or the neuter, and words denoting the neuter denote either gender, unless a contrary intention is to be inferred from or required by the subject matter or context. All references to currency in this Agreement are references to the lawful money of Canada.

12.3 Nothing in this Agreement is intended to create or shall be construed as creating a partnership, agency, joint venture, association or trust between the parties.

12.4 This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein and the parties hereby agree to submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.

12.5 If any provision of this Agreement shall be held or made invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable or any other provision of this Agreement.

12.6 Any amendment or modification to this Agreement shall require the written approval of each party hereto in order to be effective provided that any change in this Agreement which would result in (i) a change in the basis of the calculation of the fees or other expenses that are charged to the Fund, resulting in an increase in charges to the Fund; or (ii) the interests of Unitholders being adversely affected, requires the prior approval of Unitholders by Ordinary Resolution.

12.7 Subject to the provisions of Section 4, and in particular the powers of delegation thereunder, this Agreement shall not be assigned by Stornoway to any other person or company without the Trustee's prior written consent. If any such assignment is to a party which is not an affiliate of Stornoway, such assignment will require the prior approval of Unitholders by Ordinary Resolution.

12.8 Any notice required or permitted to be given hereunder shall be in writing and shall be properly given, if delivered personally, or by mail or by telecopy or other similar form of communication addressed:

(a) to the Fund at:

Computershare Trust Company of Canada
100 University Ave., 9th Floor
Toronto, Ontario
M5J 2Y1

Attention: Manager, Corporate Trust
Telephone: (416) 981-9770
Telecopier: (416) 981-9777

(b) to Stornoway at:

Stornoway Portfolio Management Inc.
30 St. Clair Avenue West
Suite 901
Toronto, Ontario
M4V 3A1

Attention: Scott Reid, President
Telephone: (416) 250-2845
Telecopier: (416) 250-6330

Any notice, direction or other instrument given as aforesaid shall be deemed to have been effectively given, if sent by telecopier or other similar form of telecommunications on the next Business Day following such transmission or, if delivered, to have been received on the date of such delivery or, if mailed, to have been received seven days after the mailing thereof. Either party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to the party at its changed address.

12.9 This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same agreement.

[The remainder of this page intentionally left blank.]

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IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

**COMPUTERSHARE TRUST COMPANY
OF CANADA, in its capacity as Trustee of
RAVENSOURCE FUND**

By: 

Name: Mircho Mirchev

Title: Professional, Corporate Trust

By: 

Name: Ann Samuel

Title: Administrator, Corporate Trust

**STORNOWAY PORTFOLIO
MANAGEMENT INC.**

By: 

Name: Scott Reid

Title: President

**EXHIBIT 3 TO THE
CROSS-
EXAMINATION
OF S. REID**

RavenSource Fund

Top 25 Investment Positions as of December 31, 2011

Issuer/Security	Security Type	% of Net Assets
Specialty Foods Group - 8% due Feb 2012 **	Convertible Secured Bonds	10.76%
Jovian Capital Corporation	Common Shares	7.50%
First Uranium Corporation - 4.25% due June 2012	Convertible Bonds	6.71%
PlazaCorp Retail Properties Ltd	Common Shares	6.66%
Tuckamore Capital - 8.00% due March 2016	Secured Bonds	5.85%
SeaCo Ltd.	Common Shares	5.45%
Crystallex International - 9.375% due Dec 2011	Senior Bonds	4.99%
Net Cash *	Cash	4.89%
Holloway Lodging REIT - 6.5% due June 2012	Convertible Bonds	4.89%
Canaccord Financial Inc	Common Shares	3.32%
Winpak Ltd.	Common Shares	3.24%
Clearwater Seafoods Inc - 10.5% due Dec 2013	Convertible Bonds	3.11%
Supremex Inc.	Common Shares	2.86%
Clairvest Group Inc.	Common Shares	2.79%
March Networks Corporation	Common Shares	2.57%
Peer 1 Network Enterprises Inc	Common Shares	2.45%
Chinook Energy Inc.	Common Shares	2.19%
Ten Peaks Coffee Company	Common Shares	2.15%
McGraw-Hill Ryerson Ltd.	Common Shares	1.92%
Village Farms International	Common Shares	1.75%
Glacier Media Inc	Common Shares	1.73%
Westaim Corp.	Common Shares	1.60%
Fiera Sceptre Inc.	Common Shares	1.50%
Compass Petroleum Ltd.	Common Shares	1.50%
Quad Graphics Inc.	Common Shares	1.16%
Total % of Net Assets		93.52%

* Includes interest and dividends receivables, and is net of all liabilities

** Not publicly traded company. Valued by independent valuation

This summary will change due to ongoing portfolio transactions and fluctuations.

The top 25 holdings are made available quarterly, 60 days after quarter end.

EXHIBIT 4 TO THE
CROSS-
EXAMINATION
OF S. REID



Top 25 Investment Positions as of December 31, 2014

Issuer/Security	Security Type	% of Net Assets
Net Cash*	Cash	21.46%
Specialty Foods Group**	Common Shares	17.42%
Crystallex International - 9.375% due Dec 2011	Senior Bonds	9.43%
Winpak Ltd.	Common Shares	7.33%
Arcan Resources Ltd. - 6.5% due October 2018	Convertible Bonds	5.98%
PlazaCorp Retail REIT	Trust Units	4.87%
NAPEC Inc.	Common Shares	4.32%
Kicking Horse Energy Inc.	Common Shares	3.65%
Genworth Financial Inc.	Common Shares	3.59%
Supremex Inc.	Common Shares	2.64%
Fiera Capital Corp.	Common Shares	2.45%
NuVista Energy Ltd.	Common Shares	2.08%
Ten Peaks Coffee Co Inc.	Common Shares	1.78%
Quad Graphics Inc.	Common Shares	1.70%
Chinook Energy Inc.	Common Shares	1.39%
Canwel Building Materials Group Ltd.	Common Shares	1.37%
Northern Frontier Corp.	Common Shares	1.21%
Ivanhoe Energy Inc. - 5.75% due June 2016	Convertible Bonds	1.05%
Ovivo Inc.	Common Shares	1.04%
Melior Resources Inc.	Common Shares	1.03%
Glacier Media Inc.	Common Shares	1.02%
Anderson Energy Ltd. - 7.5% due January 2016	Convertible Bonds	0.81%
Arcan Resources Ltd. - 6.25% due February 2016	Convertible Bonds	0.63%
Connacher Oil & Gas Ltd. - 8.75% due August 2018	Senior Bonds	0.51%
Indigo Books & Music Inc.	Common Shares	0.50%

* Includes interest and dividends receivables, and is net of all liabilities

** Not publicly traded company. Valued by independent valuation

This summary will change due to ongoing portfolio transactions and fluctuations.

The top 25 holdings are made available quarterly, 60 days after quarter end.

EXHIBIT 5 TO THE
CROSS-
EXAMINATION
OF S. REID



Top 25 Investment Positions as of September 30, 2020

Issuer/Security	Security Type	% of Net Assets
Crystallex International 9.375% Senior Notes **	Bonds	26.75%
Net Cash *	Cash	18.03%
Dundee Corp. Series 3 Preferred Shares	Preferred Shares	15.07%
Genworth Financial Inc.	Common Shares	9.97%
Firm Capital Apartment Real Estate Investment Trust	Units	8.16%
Quad Graphics Inc.	Common Shares	6.53%
Spanish Broadcasting System Inc. 10.75% Preferred Shares	Preferred Shares	4.98%
GXI Acquisition Corp. - Class B **	Private Common Shares	3.02%
Spanish Broadcasting System Inc. 12.50% Senior Secured Notes	Bonds	2.44%
Colabor Group Inc. 6% Convertible Bonds	Bonds	1.92%
Delphi Energy Corp. 10% Secured Notes **	Bonds	1.46%
GXI Acquisition Corp. - Class A **	Private Common Shares	1.22%
Old PSG Wind-Down Ltd. **	Delisted Common Shares	0.28%
Specialty Foods Group, LLC **	Post Closing Payment Rights	0.15%
GVIC Communications Corp. - Class B	Common Shares	0.01%
Delphi Energy Corp. **	Delisted Common Shares	0.00%
Total % of Net Assets		100.00%

* Net Cash includes interest and dividend receivables, and is net of all liabilities.

** Not publicly traded. Valued by independent 3rd parties, model, and/or last transaction price.

This summary will change due to ongoing portfolio transactions and fluctuations.

The top 25 holdings are made available quarterly, 60 days after quarter end.

**EXHIBIT 6 TO THE
CROSS-
EXAMINATION
OF S. REID**

Court File No. CV-11-9532-00CL



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.
 JUSTICE NEWBOULD

)
)
)

THURSDAY, THE 18th
 DAY OF DECEMBER, 2014

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
 ARRANGEMENT OF CRYSTALLEX INTERNATIONAL
 CORPORATION (the "**Applicant**")

APPROVAL ORDER

THIS MOTION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the motion record of the Applicant, the affidavit of Harry Near dated December 15, 2014, the supplementary affidavit of Harry Near dated December 16, 2015, the Thirteenth Report of the Monitor, Ernst & Young Inc. (the "**Monitor**") dated December 13, 2014 (the "**Thirteenth Report**"), and on hearing the submissions of counsel for the Applicant, counsel for Computershare Trust Company of Canada in its capacity as Trustee (the "**Trustee**") for the holders of Senior 9.375% Notes due December 23, 2011, issued by the Applicant (the "**Senior Notes**"), counsel for the Ad Hoc Committee (as defined below) and each beneficial owner of the Senior Notes that is part of the *ad hoc* committee of beneficial owners of the Senior Notes (as specified on Schedule "A" hereto) (the "**Ad Hoc Committee**") in all capacities, including, without limitation, as beneficial owners of the Senior Notes and, to the extent applicable, shareholders or holders of other equity interests of the Applicant, counsel for the DIP Lender (as defined below), counsel for Greywolf Loan Participation LLC, in all capacities, including, without limitation, as beneficial owner of the Senior Notes, shareholder, or other holder of equity interests of the Applicant ("**Greywolf**"), counsel for the Monitor, and counsel for Juan Antonio Reyes:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

LEAVE AND APPROVAL

2. **THIS COURT ORDERS** that the Applicant is granted leave to bring this motion.

3. **THIS COURT ORDERS** that the terms attached as Schedule "A" to the Near Affidavit are hereby approved in their entirety, expressly incorporated by reference into this Order and effective as though they were made herein (the "**Terms**").

4. **THIS COURT ORDERS** that any creditor or shareholder of the Applicant may request a copy of the Terms from the Applicant and the Applicant shall be permitted to provide the Terms to such party on such terms as the Applicant and the Monitor agree or on further order of the Court.

APPROVAL OF MONITOR'S THIRTEENTH REPORT

5. **THIS COURT ORDERS** that the Thirteenth Report of the Monitor and the activities as set out therein be and are hereby approved.

CONFIDENTIALITY

6. **THIS COURT ORDERS** that all materials filed in connection with this motion that have been labeled as "Confidential" (the "**Sealed Materials**") shall be sealed and not form any part of the public record in this proceeding.

7. **THIS COURT ORDERS** that the Sealed Materials shall not be copied or disseminated beyond counsel or experts previously authorized in this proceeding or to be authorized by the Applicant or by further order of this Court.

8. **THIS COURT ORDERS** that any party may apply to the Court on proper notice to all parties in interest to modify the provisions in paragraphs 6 and 7 of this Order and nothing in this Order shall be deemed to prejudice their rights to seek such modification or to assert that the Sealed Materials are not confidential.

9. **THIS COURT ORDERS** that, subject to the execution of an appropriate confidentiality agreement, the form of which is to be settled between the Monitor and counsel to

the Trustee and Ad Hoc Committee, each acting reasonably, or by court order, and subject to any order made on any application of the Applicant or Monitor to prevent the release of any particular information or documentation, the Applicant or Monitor shall provide to counsel to the Trustee and the Ad Hoc Committee and to any other stakeholder that executes such a confidentiality agreement, access to the Applicant's information and documents, including (i) current, historical and future financial and accounting information; (ii) information and documents relating to the Arbitration Proceedings that the Applicant is entitled to disclose but not such information which in the opinion of the Applicant and the Monitor, each acting reasonably, should not be disclosed; and (iii) any other information and documents made available by the Applicant to the DIP Lender. Management of the Applicant shall also make themselves reasonably available from time to time to discuss the foregoing matters.

10. **THIS COURT ORDERS** that the Applicant and the Monitor shall have the right to explore all options and alternatives for any new financing for the Applicant and to explore all other options and alternatives for the Applicant with respect to its assets and property.

GENERAL

11. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

12. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, including the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"), to give effect to this Order and to assist the Applicant, the Monitor 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 Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Applicant in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

13. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, including the Bankruptcy Court, for the recognition of this Order and for assistance in carrying out the terms of this Order.

- 4 -

14. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Toronto time) on the date of this Order.



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DEC 19 2014



SCHEDULE "A"**BENEFICIAL OWNERS OF SENIOR NOTES PART OF AD HOC
COMMITTEE**

1. QVT Fund LP
2. Quintessence Fund LP
3. Greywolf Loan Participation LLC
4. Outrider Master Fund, LP
5. Ravensource Fund
6. Stornoway Recovery Fund LP

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

Court File No: CV-11-9532-OOCL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CRYSTALLEX
INTERNATIONAL CORPORATION

**ONTARIO
SUPERIOR COURT OF JUSTICE –
COMMERCIAL LIST**

Proceeding commenced at Toronto

APPROVAL ORDER

Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
Toronto, ON M5V 3J7

Jay Swartz (LSUC #15417L)
Bryan D. McLeese (LSUC #55607C)
TeL 416.863.0900
Fax: 416.863.0871

Lawyers for Crystallex International Corporation

EXHIBIT 7 TO THE
CROSS-
EXAMINATION
OF S. REID

DAVIES

155 Wellington Street West
 Toronto, ON M5V 3J7 Canada
 dwpv.com

Natalie Renner
 T 416.367.7489
 nrenner@dwpv.com
 File 246577

July 9, 2021

BY EMAIL

Goodmans LLP
 Bay Adelaide Centre
 333 Bay Street, Suite 3400
 Toronto, ON M5H 2S7

Attention: Peter Ruby

Dear Sirs:

Crystallex International Corporation

We write in response to the Notice of Cross Motion delivered by the Ad Hoc Committee of Unsecured Noteholders (the "**Ad Hoc Committee**") seeking public disclosure of certain information, including information that is currently the subject of sealing orders (the "**Cross Motion**").

Crystallex has and remains willing to discuss and address information requests from any of its stakeholders in a responsible manner, having regard to the risks and harms of public disclosure to Crystallex's current litigation, enforcement and monetization efforts against Venezuela. Crystallex is therefore disappointed that your clients chose to seek information disclosure by delivering a motion record, instead of first attempting to take the basic step of engaging the Company in a good faith discussion.

While the Company has been fully engaged over the last several weeks in its enforcement efforts, in particular the heavily contested CITGO litigation and sales process, the Company has now had a chance to fully consider with its advisors the information requests in your client's Cross Motion and the risks of public disclosure, at this time. The Company has also discussed the applicable information requests with our DIP Lender. Crystallex believes that most of the information requested can now be publicly disclosed. In the limited cases where the Company believes that public disclosure or unsealing is not appropriate at this time, we have proposed other means of disclosure to the Ad Hoc Committee. Specifically, we can advise as follows:

- (a) **Total CVR earned by the DIP Lender:** Through the advances made under the CCAA Court-approved DIP financing, the DIP Lender has earned CVR in the amount of approximately 88.242% of the Award proceeds;

DAVIES

- (b) **Outstanding DIP Balance:** While the outstanding DIP balance has been publicly disclosed previously, Crystallex and the DIP Lender consent to the continuing public disclosure of this information. Crystallex will disclose the outstanding DIP balance in its materials filed in connection with each of the Company's stay extension motions;
- (c) **Net Arbitration Proceeds Transfer Agreement:** Attached as Schedule "A" to this letter is a copy of the Net Arbitration Proceeds Transfer Agreement that was approved by the Court and attached to the confidential Affidavit of Harry Near sworn December 15, 2014. This information is being provided on a non-confidential basis, with the sole exception of the CVR amounts transferred under the agreement which have been redacted. The redacted information may be provided to your clients on a confidential basis;
- (d) **Advisors Engaged in connection with the Sales Process:** Attached as Schedule "B" to this letter is a summary of the identity and terms of engagement of each advisor that the Company has engaged in connection with the sale process for the PDVH Shares that is currently pending before the United States District Court for the District of Delaware. This information is being provided on a non-confidential basis, with the sole exception of the monthly fee information for the Company's financial advisor, Moelis & Co., which has been redacted. The redacted monthly fee information may be provided to your clients on a confidential basis;
- (e) **The Engagement Terms of the Independent Director:** Mr. Sergio Marchi was appointed as an independent director of Crystallex. Mr. Marchi receives an annual honorarium of CAD \$200,000. Mr. Marchi is not entitled to any other compensation and there is no formal engagement letter entered into between Crystallex and Mr. Marchi. This information is provided on a non-confidential basis;
- (f) **The Engagement Terms of the Independent Advisor:** Attached as Schedule "C" to this letter is a summary of the terms of engagement of Pirinate Consulting Group, LLC, as independent advisor to the Independent Director. This information is being provided on a non-confidential basis, with the sole exception of the monthly fee information which has been redacted. The redacted fee information may be provided to your clients on a confidential basis; and
- (g) **Details of the Initial Payment Securities:** Crystallex can confirm that the Initial Payment Securities are comprised of debt. The Company is not prepared at this time to consent to unseal any further details of the Initial Payment Securities received from Venezuela (or its detailed views on the risks and harms that public disclosure of this information would present). Crystallex will, however, address this information request and Crystallex's concerns in the context of the confidential Court-ordered mediation.

A copy of this letter will be attached to Crystallex's responding evidence to the Cross Motion.

DAVIES

Crystallex would be pleased to discuss any of the above items with the Ad Hoc Committee and looks forward to a good faith mediation on matters that remain in issue between the parties.

Yours very truly,



Natalie Renner

cc David Byers and Maria Konyukhova, *Stikeman Elliot LLP (counsel to Monitor)*
Brian Denega and Fiona Han, *Ernst & Young (Monitor)*
Robert Chadwick, Chris Armstrong, *Goodmans LLP (counsel to Ad Hoc Committee)*
Timothy Pinos, Shayne Kukulowicz and Ryan Jacobs, *Cassels Brock & Blackwell LLP (counsel to DIP Lender)*

SCHEDULE A**COURT APPROVED NET ARBITRATION PROCEEDS TRANSFER AGREEMENT**

NET ARBITRATION PROCEEDS TRANSFER AGREEMENT

THIS AGREEMENT is dated as of [●], 2014.

BETWEEN:

CRYSTALLEX INTERNATIONAL CORPORATION
(the "Borrower")

-and-

●
(the "Lender")

-and-

ROBERT FUNG,
of the City of Toronto, Canada
(**"Fung"**)

-and-

MARC OPPENHEIMER,
of the City of Aventura, Florida, U.S.A.
(**"Oppenheimer"**)

- A. **WHEREAS** the Borrower and Tenor Special Situation Fund I, LLC entered into a credit agreement dated as of April 23, 2012, which was assigned by Tenor Special Situation Fund I, LLC to Tenor KRY Cooperatief U.A. on such date (as so assigned and as amended by the first credit agreement amending and confirming agreement dated as of May 15, 2012, the second credit agreement amendment agreement dated as of June 5, 2013, the third credit agreement amendment agreement dated as of April 16, 2014 and the fourth credit agreement amendment agreement dated as of [●], 2014 (the **"Fourth Amendment Agreement"**), and as further amended, amended and restated, supplemented, converted or otherwise modified from time to time (the **"Credit Agreement"**));
- B. **WHEREAS** in connection with the Borrower's CCAA Case, the MIP was approved by the CCAA Court on April 16, 2012;
- C. **WHEREAS** the Fourth Amendment Agreement permits the parties hereto to enter into this Agreement;

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto), each of the parties hereto covenants and agrees to and in favour of each other as follows:

1. The parties hereto represent and warrant that recitals above are true and correct.
2. (a) Each of the Borrower and Fung represent and warrant, confirm and agree that (i) Fung is an employee of the Borrower and acts as a director and the Chief Executive Officer of the Borrower and is a beneficiary under the MIP, and (ii) attached as Schedule "A-1" to this Agreement is a true and complete copy of Fung's employment agreement with the Borrower (including any and all amendments and extensions) and there are no other agreements between the Borrower and Fung, oral or written, in any way relating to (x) the terms of Fung's employment with the Borrower or (y) employment income or any other form of compensation of any kind whatsoever to be paid by the Borrower to Fung on account of his employment or in connection with any other role in respect of which Fung may perform for the Borrower (including without limitation as an officer and/or director of the Borrower).
- (b) The Borrower and Fung covenant and agree to deliver to the Selected Accountants (as defined below) all requested Tax (as defined in section 6 of this Agreement) and other information, documentation and financial and Tax reporting information to enable the Selected Accountants to determine the amount of Tax required to be withheld, remitted and paid by the Borrower to any governmental authority from time to time on account of the Transferred CVR (as defined below) transferred to Fung hereunder, including any distributions thereon, including without limiting the foregoing, the information and documents listed on Schedule "A-2". The Selected Accountants shall be directed to calculate such amounts to be withheld and to report in writing thereon to the Borrower and the Lender.
3. (a) Each of the Borrower and Oppenheimer represent and warrant, confirm and agree that (i) Oppenheimer is providing consulting services to the Borrower as an independent contractor and Oppenheimer acts as a director of the Borrower and is a beneficiary under the MIP, (ii) all payments to Oppenheimer are on account of his services as a consultant and not on account of his duties as a director of the Borrower (for certainty, each of the Borrower and Oppenheimer represent and warrant that the Borrower does not pay and Oppenheimer does not receive any compensation or remuneration in any form whatsoever in connection with or in respect of Oppenheimer acting as a director of the Borrower), and (iii) attached as Schedule "B" to this Agreement is a true and complete copy of Oppenheimer's independent contractor agreement with the Borrower (including any and all amendments and extensions) and there are no other agreements between the Borrower and Oppenheimer, oral or written, in any way relating to (x) the terms of Oppenheimer's relationship with the Borrower or (y) income or any other form of compensation of any kind whatsoever to be paid by the Borrower to Oppenheimer on account of his services or in connection any other role in respect of which Oppenheimer may perform for the Borrower including without limitation as a director of the Borrower
- (b) The Borrower and Oppenheimer covenant and agree to deliver to the Selected Accountants all requested Tax and other information, documentation and financial and Tax and reporting information to enable the Selected Accountants to determine the

amount, if any, of Tax required to be withheld and remitted by the Borrower to any governmental authority from time to time on account of the Transferred CVR transferred to Oppenheimer hereunder, including any distributions thereon, including, without limiting the foregoing, the information and documents listed on Schedule "A-2". The Selected Accountants shall be directed to calculate such amounts to be withheld and to report in writing thereon to the Borrower and the Lender as described in Section 7 of this Agreement.

4. Each of Fung and Oppenheimer (i) agrees that neither of them will seek to amend the existing MIP previously approved by the CCAA Court, now or in the future, and (ii) irrevocably consents to the CCAA Court entering an order approving this Agreement and the transactions contemplated hereby; provided, however, that the parties acknowledge and agree that the transactions contemplated hereby and provided for hereunder shall not be deemed to be amendments to the MIP and shall in no way impair or otherwise affect their respective rights and entitlements under and pursuant to the MIP. The Borrower agrees that it shall not seek to amend the MIP now or in the future except with the prior consent of the Lender in its discretion.
5. (a) Each of the Lender and the Borrower agrees that concurrently with the later of (x) the advance of the Loan constituting Supplemental Loan Tranche D and the Lender earning, among other things, the Fourth Additional Compensation Amount equivalent to 17.688% of the Net Arbitration Proceeds and (y) the Effective Date, the Lender does and shall be deemed to concurrently transfer an aggregate of [REDACTED] of the Net Arbitration Proceeds as follows: (i) [REDACTED] of the Net Arbitration Proceeds to Fung and (ii) [REDACTED] of the Net Arbitration Proceeds to Oppenheimer (in the case of each of Fung and Oppenheimer individually, and collectively, the "Transferred CVR"), without any further action, approval, consent, documentation or court order required whatsoever and without any payment by Fung or Oppenheimer to the Borrower or other consideration for such transfers. For certainty, the Lender does and shall retain the balance of the Fourth Additional Compensation Amount equivalent to [REDACTED] of the Net Arbitration Proceeds.
- (b) Each of Fung and Oppenheimer are and shall at all times hereafter be severally responsible for and shall pay or cause to be paid when due to the appropriate governmental authority any and all present or future Taxes payable by him for, in connection with or in any way related to the transfer of any of the Transferred CVR to or by Fung or Oppenheimer, as the case may be, or any of their respective heirs, legal administrators or estates including any payment which may be received by any one or more of them in connection with the Transferred CVR, or any of the other transactions contemplated by this Agreement. In the event that either Fung or Oppenheimer is assessed any Tax or is otherwise required to pay any Tax in connection with the Transferred CVR or any of the other transactions contemplated in this Agreement, including in respect of any indemnity payments required to be paid by him to the Lender, but fails to pay any of such Tax by the date that is 30 days after date of issuance by Canada Revenue Agency or any other taxing authority of a notice of assessment or similar notice from the applicable taxing authority that such Tax is payable (the "Payment Date") regardless of whether Fung or Oppenheimer elects to object to or dispute the assessment of the Tax, then in such case the applicable Transferred CVR shall automatically and without any further action whatsoever be transferred and deemed to

be transferred from Fung or Oppenheimer, as the case may be, to the Lender without any further action, approval, consent, documentation or court order required whatsoever and without any payment by the Lender to Fung or Oppenheimer, as the case may be, or other consideration. Upon either Fung or Oppenheimer, as applicable, not paying any of such Tax on the Payment Date, Fung or Oppenheimer, as applicable, shall promptly deliver written notice to the Borrower and the Lender confirming the non-payment on the Payment Date of any such Tax; for certainty, the transfer of the Transferred CVR to the Lender as contemplated by this Section 5(b) shall occur and be deemed to occur immediately upon any such Tax not being paid by the Payment Date even if Fung or Oppenheimer, as applicable, does not provide such notice. Each of Fung and Oppenheimer covenants and agrees to promptly provide to the Borrower and the Lender all correspondence received by him from any taxing authority relating in any way to the assessment or potential assessment of such Taxes.

- (c) Notwithstanding anything to the contrary contained herein, in the Credit Agreement or in any other Credit Document, prior to the payment by the Borrower of any amounts pursuant to the Transferred CVR to either Fung or Oppenheimer or any Replacement Person, each of Fung, Oppenheimer, or any such Replacement Person, shall be required to deliver a declaration to each of the Borrower and the Lender swearing or affirming that such Person paid to all applicable taxing authorities when due any and all Tax payable by such Person in connection with each and every transaction contemplated by this Agreement including in respect of any indemnity payments required to be paid to the Lender.
6. (a) For the purposes of this Agreement, the following terms shall have the following meanings respectively:
- (i) "Cause" includes any of the following circumstances, past (to the extent not known by either the Borrower as of the date of this Agreement) or future:
 - A. the failure of an individual to properly carry out (x) any of his duties and responsibilities under his employment or consulting agreement, as the case may be, or (y) for any reason other than Disability, any duties or responsibilities that are new duties or responsibilities assigned by the Borrower to such individual after the date of this Agreement and which such individual is capable of performing when same are initially assigned by the Borrower to him, or (z) any reasonable and lawful instruction or directive of the Board of Directors of the Borrower;
 - B. the individual acting dishonestly or fraudulently or the wilful misconduct of the individual in the course of his employment or consulting services, as the case may be;
 - C. the laying of any charge against the individual for any criminal offence including without limitation any offence involving fraud, theft, embezzlement, forgery, wilful misappropriation of funds or property, violation of securities legislation or other fraudulent or dishonest acts, and in respect of which any such charge a conviction may result in possible incarceration for any period of time;

- D. the failure by the individual to comply with and perform his duties as a director of the Borrower;
 - E. any conduct by the individual which is unbecoming to the Borrower;
 - F. any action or inaction by the individual which is against the interests of the Borrower; or
 - G. any other act, event or circumstance which would constitute just cause at law for termination of Fung's employment agreement or Oppenheimer's consulting agreement.
- (ii) "Disability" or "Disabled" means the physical or mental inability of Fung or Oppenheimer, as the case may be, to perform any of his duties under his employment agreement or consulting agreement, as the case may be including without limitation any new duties or responsibilities assigned to him by the Borrower after the date of this Agreement, but for certainty "Disability" or "Disabled" shall not include the physical or mental inability of Fung or Oppenheimer to perform any of such new duties or responsibilities assigned by the Borrower to such individual (i) after the date of this Agreement and (ii) as of the date on which any of such new duties or responsibilities are first assigned by the Borrower to such individual; and for certainty, in all circumstances regardless of any definition of "disability" or "disabled" under any applicable law. "Disability Determination" means that the Borrower has made a determination that either Fung or Oppenheimer, as applicable is Disabled.
- (iii) "Good Reason" means the occurrence of any of the following events without the consent of Fung or Oppenheimer, as the case may be, except for action by the Borrower which is remedied by the Borrower within 60 days after receipt by the Borrower of written notice thereof given by Fung or Oppenheimer:
- A. any substantial and material breach of Fung's employment agreement or Oppenheimer's consulting agreement, as the case may be, taken by the Borrower;
 - B. If the Borrower assigns new duties to Fung or Oppenheimer after the date of this Agreement (i.e. for clarity, which duties were not part of his job description or were not required to be completed by him prior to the date of this Agreement) that Fung or Oppenheimer, as applicable, cannot perform because of lack of skills or experience; or
 - C. in the case of Oppenheimer only, any requirement that he (i) perform any duties on behalf of the Borrower on the Jewish Sabbath (i.e. Friday sundown to Saturday sundown where Oppenheimer is situate at such time) or a Jewish holiday listed on Schedule "B-3" or (ii) be away from his home on (x) the day on which any such holiday starts in the evening of such day or (y) the evening on which any such holiday ends.

- (iv) "Tax" and "Taxes" means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any taxing authority (domestic or foreign), including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, *ad valorem* taxes, value added taxes, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, licence taxes, withholding taxes, payroll taxes, employment taxes, Canada or Québec Pension Plan premiums, excise, severance, social security, workers' compensation, employment insurance or compensation taxes or premium, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign), and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing.

(b) In the event that either Fung or Oppenheimer

- (i) resigns or terminates his relationship with the Borrower including by way of Oppenheimer terminating his independent contractor agreement with the Borrower except for Good Reason (in each case, referred to herein as a "voluntary termination" or "voluntary terminating his employment"), or
- (ii) is terminated for Cause by the Borrower (for certainty including the Borrower terminating for Cause the independent contractor agreement with Oppenheimer),

then in any such case the applicable Transferred CVR then held by such Person shall automatically be and be deemed to be transferred by such Person to the Lender (in each such case, the "Returned CVR") without any other action, approval, consent, documentation or court order required whatsoever on the date on which such employment ceases or on the date on which the Borrower makes the disability determination. For certainty, (i) no consent from Fung or Oppenheimer, as applicable, the Borrower or the Monitor, or further order of the CCAA Court or any other court or Governmental Authority is or shall be required whatsoever and (ii) no consideration, compensation or other payment of any kind is required to be paid by the Lender or the Borrower or any other Person to such Person who is transferring the Transferred CVR to the Lender. Such transfer to the Lender shall be made without any deduction or set off whatsoever for or on account of any Tax that may be or become owing to any applicable taxing authority in any jurisdiction by any such Person who is transferring the Transferred CVR to the Lender as a result of or in connection with such Person acquiring such Transferred CVR and the subsequent transfer of such Transferred CVR by such Person.

- (c) Subject to the following sentence, the transfer of the Returned CVR to the Lender pursuant to paragraph 6(b) shall be effective on the date on which:

- (i) Fung or Oppenheimer, as applicable, delivers his notice of voluntary termination to the Borrower (even if such termination will occur after the date of delivery of such notice of termination), or
- (ii) the Borrower delivers a notice of termination for Cause to Fung or Oppenheimer, as applicable (even if his last date of employment or the last date of consulting services, as applicable, will occur after the date of delivery of such notice of termination).

Notwithstanding the preceding sentence in this Section 6(c), if Fung or Oppenheimer delivers a Notice of Objection to Termination for Cause or if the Borrower delivers a Notice of Objection to Voluntary Termination for Good Reason, the Transferred CVR for Fung or Oppenheimer, as applicable, shall not automatically be transferred to the Lender and same will only be transferred to the Lender if and when there is an Arbitration Award for the Borrower (as defined and discussed below). In the event that Fung or Oppenheimer, as the case may be, delivers a Notice of Objection to Termination for Cause or the Borrower delivers a Notice of Objection to Voluntary Termination for Good Reason, then in such case, the Borrower shall not make any payments or distributions in respect of the Transferred CVR for such Person until an Arbitration Award is issued, and then only in accordance with the terms hereof as to whether the applicable Transferred CVR continues to remain owned by the applicable Person or such applicable Transferred CVR is transferred, pursuant to the terms hereof, by such Person to the Lender.

- (d) The Borrower shall deliver written notice to the Lender of any such notice of voluntary termination received by the Borrower from Fung or Oppenheimer, as applicable, or notice of termination for Cause delivered to Fung or Oppenheimer by the Borrower, as applicable, or a notice of Disability Determination delivered by the Borrower to Fung or Oppenheimer, as applicable, not later than the first Business Day immediately following (i) the date of receipt by the Borrower of the notice of voluntary termination, (ii) the date of delivery by the Borrower to Fung or Oppenheimer, as applicable, of the notice of termination for Cause or (iii) the date on which the notice of Disability Determination is delivered to Fung or Oppenheimer, as the case may be. The failure by the Borrower to deliver such notice to the Lender shall not in any way affect the automatic transfer of the Returned CVR to the Lender and the Lender's rights to the ownership of and benefits to such Returned CVR, or the right of the Lender to transfer any or all of the applicable Transferred CVR to a Replacement Person thereafter in accordance with the terms hereof.
- (e) In the event that the Borrower gives notice of termination for Cause to either Fung or Oppenheimer, then within fifteen (15) days after the date of delivery of such notice (the date of delivery of such notice being deemed to be the first day of such fifteen (15) day notice period), Fung or Oppenheimer, as the case may be, may deliver a notice of objection to the Borrower and the Lender (a "Notice of Objection to Termination for Cause"). If such Person does not deliver a Notice of Objection to Termination for Cause before the expiry of such fifteen (15) day period, such Person shall be deemed to have accepted and irrevocably agreed to the fact that he was terminated for Cause and such circumstance will be referred to as "No Objection to Termination for Cause".

- (f) In the event that the Borrower gives notice of a Disability Determination to either Fung or Oppenheimer, then within fifteen (15) days after date on which the Borrower delivers such notice, Fung or Oppenheimer, as the case may be, may deliver a notice of objection to the Borrower and the Lender (a "Notice of Objection to Disability Determination"). If Fung or Oppenheimer, as the case may be, does not deliver a Notice of Objection to Disability Determination before the expiry of such fifteen (15) day period, he shall be deemed to have accepted and irrevocably agreed to the fact that he is Disabled, and such circumstance will be referred to as "No Objection to Disability Determination".
- (g) In the event that Fung or Oppenheimer, as applicable, delivers a Notice of Objection to Termination for Cause or a Notice of Objection to Disability Determination within the time periods set out in clauses (e) and (f) of this Section 6, then in such case, the Borrower and Fung or Oppenheimer, as applicable, shall be deemed to have agreed to arbitrate the question as to whether Fung or Oppenheimer, as applicable, was terminated for Cause or without Cause or has become Disabled, as applicable in accordance with the provisions hereinafter set forth regarding such arbitration.
- (h) In the event that Fung voluntarily terminates his employment or Oppenheimer terminates his consulting contract on the basis that there is Good Reason for doing so, then within fifteen (15) days after the date of delivery by Fung of the notice of termination of employment for Good Reason or delivery by Oppenheimer of notice of termination of consulting contract for Good Reason, the Borrower may deliver to Fung or Oppenheimer, as the case may be, a notice of objection that such termination was made by Fung or Oppenheimer, as the case may be, for Good Reason, and such notice of objection shall be concurrently delivered by the Borrower to the Lender (a "Notice of Objection to Voluntary Termination for Good Reason"), provided that the failure by the Borrower to concurrently deliver the Notice of Objection to Voluntary Termination for Good Reason will not in any way affect the validity and effectiveness of such Notice of Objection to Voluntary Termination for Good Reason. If the Borrower fails to deliver the Notice of Objection to Voluntary Termination for Good Reason within such fifteen (15) day period, the Borrower shall be deemed to have accepted and irrevocably agreed that the voluntary termination of employment or consulting contract, as applicable, was made for Good Reason and such circumstances will be referred to as "No Objection to Voluntary Termination for Good Reason".
- (i) In the event that the Borrower delivers a Notice of Objection to Voluntary Termination for Good Reason within the fifteen (15) business day period described in clause (h) of this Section 6 immediately above, then in such case, the Borrower and Fung or Oppenheimer, as applicable, shall be deemed to have agreed to arbitrate the issue of whether the voluntary resignation was or was not for Good Reason in accordance with the arbitration provisions contained herein.
- (j) Each of the Borrower, and Fung or Oppenheimer, as applicable, agrees to act reasonably and cooperate in good faith to have any arbitration contemplated by this Agreement completed and decided as soon as possible after Fung, Oppenheimer or the Borrower, as applicable, delivers the applicable notice requiring an arbitration pursuant to the terms hereof. Notwithstanding the immediately preceding sentence, the arbitration must be completed and decided under all circumstances within seventy-five (75) days after the date of delivery of the applicable Notice of Objection to Termination for Cause, Notice of

Objection to Disability Determination or Notice of Objection to Voluntary Termination for Good Reason. The Lender shall be entitled to receive copies of all communications between the parties and/or the arbitrators, listen to all phone calls between the parties and the arbitrators, attend the arbitration hearing, and receive copies of any rulings, judgments or arbitration awards made by the arbitrators. All parties hereto irrevocably confirm and agree that the Lender is and shall be entitled to participate fully in the entire arbitration process as a party to the arbitration, and without limitation, the Lender shall be permitted to submit written arguments to the arbitration panel in advance of the arbitration hearing, examine and cross-examine witnesses, make submissions at the arbitration hearing (itself or through its counsel), and, if permitted by the rules of the arbitration, submit post-arbitration hearing submissions. (A) The dispute will be submitted to and finally settled by arbitration administered by ADR Chambers in Toronto, Ontario in accordance with the ADR Chambers Arbitration Rules. The place of arbitration shall be the City of Toronto in the Province of Ontario. The language of the arbitration shall be English. There shall be an arbitration panel with three members, and each of the Borrower and Fung or Oppenheimer, as applicable, may nominate one panel member (who shall be either an arbitrator or an employment lawyer from a nationally recognized law firm or a recognized employment boutique law firm) within ten (10) days after delivery by Fung or Oppenheimer, as applicable, of the Notice Of Objection To Termination For Cause or the Notice of Objection to Disability Determination to the Lender and the Borrower or within ten (10) days after the delivery of the Notice of Objection to Voluntary Termination for Good Reason by the Borrower to Fung or Oppenheimer, as applicable and the Lender, and the chair of the arbitration panel will be selected by the two other panel members. In the event that one or more of the parties fails to appoint a panel member or chair within the times specified, then that appointment shall be made as provided for in the ADR Chambers Arbitration Rules. There will be no appeal right from the decision of the arbitral panel on questions of fact, law, or mixed fact and law, or the final decision (and for certainty, the applicable parties shall have no right to appeal or request leave to appeal the arbitration decision to any court or other administrative or governmental body). (B) Unless otherwise agreed by the parties or required by law (including as a result of any order or direction of the CCAA Court), the parties to the arbitration, the members of the arbitral panel, and other persons the parties reasonably direct, shall maintain the confidentiality of all documents, communications, proceedings, and awards provided, produced, or exchanged pursuant to an arbitration conducted hereunder.

- (k) A ruling by the arbitral panel that Fung or Oppenheimer, as applicable, was terminated for Cause or has become Disabled or that the voluntary termination was not for "Good Reason", as applicable is referred to as the "Arbitration Award for the Borrower" and a ruling by the arbitral panel that Fung or Oppenheimer, as applicable, was terminated without Cause or has not become Disabled or that voluntary termination was for Good Reason, as applicable, is referred to as the "Arbitration Award for Fung/Oppenheimer". In the event of an Arbitration Award for the Borrower, Fung or Oppenheimer, as the case may be, shall be required to promptly pay and shall promptly pay all costs and expenses incurred by the Lender in connection with any arbitration hereunder including without limitation all legal fees and disbursements and the amount required to be paid shall not be based on or in any way limited by any ruling by the arbitrators in that regard. In the event of an Arbitration Award for Fung/Oppenheimer, the Lender shall be required to

pay and shall promptly pay all costs and expenses incurred by Fung or Oppenheimer, as applicable, in connection with any arbitration hereunder including without limitation legal fees and disbursements, regardless of any ruling by the arbitral panel in that regard. The Borrower shall pay its own costs including legal fees in any such arbitration regardless of the outcome and the fees and costs of the arbitration panel members and the arbitration centre.

- (l) The jurisdiction of the arbitration panel shall be limited to determining as applicable whether (i) the Borrower had Cause to terminate Fung's employment or Oppenheimer's consulting contract, as applicable, (ii) the Borrower had a basis upon which to determine that Fung or Oppenheimer, as applicable, was Disabled, or (iii) Fung or Oppenheimer, as applicable, voluntarily terminated his employment or consulting contract with Good Reason. For greater certainty, the arbitration panel shall have no jurisdiction to award damages of any kind in connection with the events, actions or transactions which are the subject of this Agreement or otherwise, to make an award for costs of the arbitration in favour of one or more parties, or to make any award or issue any other decision against the Borrower, Fung, Oppenheimer, or the Lender or any of the other Releasees.
- (m) Each of Fung and Oppenheimer irrevocably covenants and agrees to and in favour of the Lender as follows:
 - (i) in the event of his voluntary termination without Good Reason or No Objection To Termination For Cause or No Objection to Disability Determination, he shall not bring, assert, commence or seek an injunction or any other type of claim, court action or any other proceeding whatsoever (including before any court, governmental body or tribunal) against the Lender and/or the Borrower to stop or reverse the transfer of the applicable Returned CVR from him to the Lender; and
 - (ii) in the event that he wishes to assert and/or claim that (x) his employment or consulting agreement, as applicable, was terminated without Cause, (y) his voluntary termination of employment or consulting agreement, as applicable, was made for Good Reason, or (iii) the Borrower made a Disability Determination even though Fung or Oppenheimer, as applicable, was not Disabled, then in such case, he does not and shall not have any right of action or claim or right to commence any court action or other proceeding against the Lender or any of the other Releasees (as that term is defined below) and hereby releases the Lender and all of the Releasees from and against any and all Claims (as that term is defined below) in connection with same; and
 - (iii) agrees that his only right of recourse in connection with or as a result of an alleged termination of employment or consulting agreement without Cause, an alleged voluntary termination of employment or consulting agreement with Good Reason or a Disability Determination alleged to have been made improperly by the Borrower and any consequences thereof whether related to this Agreement or otherwise (and including any damages suffered or incurred by him) is and shall be to commence an action against the Borrower for damages or file a proof of claim against the Borrower in the CCAA Proceeding and/or request an arbitration in accordance with the provisions hereof.

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- (n) In the case of No Objection to Termination for Cause or an Arbitration Award for the Borrower arising from termination for Cause or voluntary termination without Good Reason, the Lender shall have the right at any time and from time to time in its sole discretion, but without any obligation to do so, to transfer, on terms and conditions satisfactory to the Lender including the delivery or entering into of any documents or agreements as may be required by the Lender in its discretion (including without limitation an agreement to be bound by the terms of this Agreement to the same extent as each of Fung and Oppenheimer are bound hereby), any or all of such Returned CVR to induce a qualified candidate who will be at arms-length to the Lender to replace Fung or Oppenheimer, as the case may be, as an employee of or consultant or contractor to the Borrower (in each case, a "Replacement Person"), such Replacement Person to be satisfactory to the Lender in its discretion. For greater certainty, the Replacement Person will be an individual employed or retained by the Borrower who is approved by the Lender but the Lender shall have no obligation to use any portion of the Returned CVR for the benefit of the Replacement Person.
- (o) In the case of an Arbitration Award for Fung/Oppenheimer, the applicable Transferred CVR shall continue to be owned by Fung or Oppenheimer, as applicable, and the Lender shall have no right to transfer of any of such applicable Transferred CVR to any Replacement Person. In such circumstance, Fung or Oppenheimer, as applicable, shall:
- (i) have no right for his employment or consulting agreement to be reinstated by the Borrower and shall not take any action or commence any proceeding for same;
 - (ii) not commence any action or other proceeding against the Borrower or any other Person requiring that the Borrower reinstate such employment or consulting agreement; and
 - (iii) be permitted to commence an action or other proceeding against the Borrower for damages or file a proof of claim against the Borrower in the CCAA Proceeding (such right to commence such an action or proceeding or file a proof of claim not constituting or being deemed to constitute an agreement or admission by the Borrower or any other Person that the occurrence of an Arbitration Award for Fung/Oppenheimer does or should result in any damages owing by the Borrower to Fung or Oppenheimer, as the case may be).
- (p) Each of Fung and Oppenheimer irrevocably covenants and agrees to and in favour of the Lender as follows: (i) in the event the Borrower makes a Disability Determination in respect of Fung or Oppenheimer, as the case may be, then in such case, he shall not bring, assert or seek an injunction or any other type of claim, court action or any other proceeding against the Lender and (ii) in the event that he wishes to assert that he is able to perform his duties for the Borrower and therefore the Disability Determination was without merit or is not proper for any reason whatsoever, then in such case, he (A) does not and shall not have any right of action or claim against the Lender and the other Releasees and hereby releases the Lender and the Releasees from and against any and all actions or claims in connection with same and (B) agrees that his only right of recourse in connection with or as a result of such Disability Determination and any consequences thereof whether related to this Agreement or otherwise (and including any damages

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suffered or incurred by him) is and shall be to issue a Notice of Objection to Disability Determination and pursue such objection by way of arbitration in accordance with the foregoing provisions of this Section 6.

- (q) In the event that either Fung or Oppenheimer becomes (i) deceased, or (ii) there is No Objection to Disability Determination, or (iii) there is an Arbitration Award for the Borrower arising from a Disability Determination, the Lender, in its discretion, and without any prior notice to or consent from the Borrower or Fung or Oppenheimer, as the case may be, shall have the right, at any time and from time to time but excluding in the circumstances of the Exclusion Sentence (as that term is defined below), to require that some or all of the applicable Transferred CVR held by such Person be transferred by or on behalf of the affected Person to a Replacement Person, if the Lender is of the view that the transfer of some or all of the applicable Transferred CVR is necessary to induce such Replacement Person to accept such a position with the Borrower. In such case, the Lender shall be entitled to automatically transfer any portion or all of the applicable Transferred CVR to such Replacement Person by or on behalf of the affected Person. For certainty, if such Replacement Person can be retained without some or all of the applicable Transferred CVR being transferred to the Replacement Person, in the discretion of the Lender, then in such case the applicable remaining Transferred CVR shall remain with Fung or Oppenheimer, as the case may be, or his estate, as applicable. If a Replacement Person is hired or employed by the Borrower either directly as an employee or independent contractor or through such Replacement Person's consulting company and as part of such Replacement Person's compensation, the Lender, in consultation with the Borrower (but for certainty in the Lender's sole discretion), determines in its discretion that the transfer of some or all of the applicable Transferred CVR is necessary to induce such Replacement Person to accept employment or retainer with the Borrower, as contemplated by the foregoing provisions of this Section 6(g), then in such case the delivery of a written notice by the Lender to the Replacement Person, and the legal administrator of Fung or Oppenheimer, as the case may be, and copied to the Borrower, specifying the amount of the Transferred CVR being transferred from such Disabled Person or estate to the Replacement Person, is and shall be all that is required to complete the transfer of such portion of the Transferred CVR to the Replacement Person, and without limitation no approval or consent from Fung or Oppenheimer as applicable (or his estate), the Borrower or the Monitor and no further approval or order of the CCAA Court or any other court or Governmental Authority, or any other action or documentation, is or shall be required whatsoever. If, for any reason, the portion of the Transferred CVR that was to be transferred to the Replacement Person is not so transferred or is forfeited by the Replacement Person, then such Transferred CVR shall be returned to or remain with the Person who was Disabled or the estate of the deceased. The foregoing provisions of this Section 6(q) shall not be applicable (and for certainty, the Lender shall not be permitted to transfer the Transferred CVR to a Replacement Person) in the event that either (i) all Obligations owing to the Lender under the Credit Agreement and the other Credit Documents have been paid in full to the Lender or (ii) the Borrower has received payment in full of the Arbitration Proceeds and all of such Arbitration Proceeds have been deposited into the applicable bank accounts as contemplated and required by the terms of the Credit Agreement (the "Exclusion Sentence"). For certainty, the Lender shall have the right at any time and from time to time in its discretion, but without any obligation to do so, require that the transfer of

some or all of the applicable Transferred CVR be made on such terms as Tenor may require including the delivery or entering into of any documents or agreements as may be required by the Lender in its discretion (including without limitation an agreement by the Replacement Person to be bound by the terms of this Agreement to the same extent as each of Fung and Oppenheimer are bound hereby, provided that (i) such documents or agreements do not impose any additional financial obligations or liabilities on the Borrower, Fung, or Oppenheimer, as the case may be, for which the Borrower, Fung, or Oppenheimer, as the case may be, is not already responsible for in accordance with the terms of this Agreement, and further provided that each of the Borrower, Fung, or Oppenheimer, as the case may be, shall still be required to execute and deliver any such document even if such document does impose any additional financial obligations or liabilities for which such party is not already responsible for in accordance with the terms of this Agreement if the Lender agrees in writing in favour of such party that the Lender will promptly reimburse such party for such obligations or liabilities after any such obligations or liabilities are incurred and such party delivers to the Lender written evidence of such obligations or liabilities having been incurred.

- (r) Without limiting the generality of the other releases and indemnities contained herein, each of Fung and Oppenheimer severally
 - (i) covenants and agrees to file any and all required Tax returns in all applicable jurisdictions and pay any and all Tax payable by him when due in connection his receipt of and payment of any payout on account of any Transferred CVR and/or any or all of such Transferred CVR being transferred to the Lender and/or to a Replacement Person as contemplated by this Agreement,
 - (ii) releases each of the Releasees (as that term is defined below) from and against any and all present or future Claims (as that term is defined below) in connection with or in any way relating to his receipt of the Transferred CVR and/or any or all of such Transferred CVR being transferred to Tenor and/or a Replacement Person as contemplated by this Agreement, and
 - (iii) covenants and agrees to indemnify and hold harmless each of the Releasees from and against any and all present or future Claims any one or more of them may have in connection with or in any way relating to the transactions contemplated by this Agreement including without limitation the transfer by the Lender of the Transferred CVR to Fung and Oppenheimer and/or any or all of such Transferred CVR being transferred back to Tenor and/or a Replacement Person as contemplated by this Agreement. For greater certainty, nothing herein shall obligate Fung or Oppenheimer to indemnify any Releasees or any Replacement Person for any Taxes arising or becoming owing from the ownership of the Transferred CVR by Tenor or such Replacement Person or the receipt by Tenor or such Replacement Person of any Net Arbitration Proceeds.
7. The Borrower covenants and agrees to withhold, remit and pay when due pursuant to any applicable law any and all applicable Taxes to all applicable taxing authorities (whether within or outside of Canada) for and in respect of, among other things, all Taxes required to be withheld and remitted by the Borrower in respect of any payment on account of the Transferred CVR to each of Fung and Oppenheimer, and if applicable any Replacement Person and any other Net

Arbitration Proceeds which may now or hereafter be payable to Fung and/or Oppenheimer, and if applicable any Replacement Person (collectively and individually in this Section 7, the "Applicable CVR"). The Borrower covenants and agrees to comply with the following process for and in respect of the payment on account of the Applicable CVR and the withholding, remittance and payment of all Taxes in connection therewith, and each of Fung and Oppenheimer agrees with such process and withholdings, remittances and payments by the Borrower and further covenants and agrees that he will not seek to take any action or commence any action or other proceeding to interfere with, challenge or prevent such process and will cooperate with the Borrower and the Selected Accountants. The parties hereto further covenant and agree as follows:

- (a) Before making a payment on account of the Applicable CVR to either Fung or Oppenheimer or, if applicable any Replacement Person (in this Section 7, individually an "Individual" and collectively, the "Individuals"), the Borrower, at its expense, shall retain KPMG, or if requested by the Borrower another internationally recognized accounting firm but only if such alternate firm is satisfactory to the Lender in its discretion failing which KPMG shall be retained or such purpose (the "Selected Accountants"), to commission an analysis and written opinion regarding the Taxes to be withheld, remitted and paid by the Borrower and/or the applicable Individual to applicable taxing authorities in any applicable jurisdiction for and in respect of the Applicable CVR for each applicable Individual and the applicable due dates for the payment of such Taxes, including, without limiting the foregoing, any and all employer health taxes or other payroll or similar or analogous Taxes to be paid on account of such Applicable CVR. The Borrower covenants and agrees to retain the Selected Accountants for such purpose within fifteen (15) days after the date of this Agreement.
- (b) The Borrower shall cause the Selected Accountants to prepare a separate draft Accountants' Tax Report for each applicable Individual (each, an "Accountants' Tax Report"), and the Borrower shall promptly deliver the draft Accountants' Tax Report to each of the Lender and the applicable Individual (collectively, the "Recipients"), with a copy to any other Individuals, in each case promptly after the draft Accountants' Tax Report is received by the Borrower. Any deliveries of reports shall be made in accordance with Section 12 and shall be treated as confidential.
- (c) The Borrower shall not make any payment to the applicable Individual or withhold and remit any amounts on account of Taxes in respect of such applicable Individual's Applicable CVR before the expiry of fifteen (15) days after the date of delivery of the draft Accountants' Tax Report to each of the Recipients (the "Accountants Report Notice Period"), except as contemplated by the Immediately following sentence. If (i) each Recipient of the draft Accountants' Tax Report for an applicable Individual delivers written notice to the Borrower and each of the other Recipients that such Recipient does not object to the draft Accountants' Tax Report before the expiry of the Accountants Report Notice Period or (ii) none of the Recipients delivers a notice of objection to the draft Accountants' Tax Report to the Borrower and the other Recipients before the expiry of the Accountants Report Notice Period, then in such case the Borrower shall proceed to instruct the Selected Accountants to issue the final Accountants' Tax Report (in the same form as the draft), the Borrower shall promptly provide a copy of the executed Accountants' Tax Report to each of the Recipients, and the Borrower shall be permitted

to and shall proceed, after the executed Accountants' Tax Report is delivered to the Borrower, to withhold all applicable amounts on account of all applicable Taxes and remit such amounts to the applicable taxing authorities in all applicable jurisdictions in accordance with the Accountants' Tax Report. In the event that any one of the Lender or the applicable Individual has any objections to the draft Accountants' Tax Report (the "Objector") and delivers a notice of such objection to the Borrower and the other Recipients before the expiry of the Accountants Report Notice Period, then in such case, the Objector shall, concurrently with the delivery of the notice of objection, deliver to the Borrower and the other Recipients a detailed explanation of such objections; in such case the Borrower shall not pay any amount on account of the Applicable CVR to the applicable Individual and/or remit any payments to any taxing authorities in respect of such Applicable CVR until such time as (i) the Borrower and the Recipients accept the recommendations in the draft Accountants' Tax Report and such Accountants' Tax Report is issued or (ii) the Borrower and the Recipients otherwise agree in writing to the payment of the Applicable CVR to the applicable Individual and the amounts required to be withheld and remitted to the applicable taxing authorities in respect of such Applicable CVR, in either of which cases the Borrower shall, as applicable, after the Accountants' Tax Report is issued deliver a copy of the executed Accountants' Tax Report to each of the Recipients or after an agreement is signed in writing by the Borrower and each of the Recipients, as applicable, withhold and remit and pay all applicable amounts on account of all applicable Taxes to the applicable taxing authorities in all applicable jurisdictions in accordance with such Accountants' Tax Report or written agreement executed by the Borrower and each of the Recipients. The Borrower and the Recipients agree to meet and confer to analyze any objections of the Objector to the recommendations in the draft Accountants' Tax Report and/or meet with the Selected Accountants to assess and try to resolve any such objections. In the event that the Recipients and the Borrower do not reach an agreement regarding the recommendations in the draft Accountants' Tax Report, then in such case, the Recipients confirm and agree that the Borrower shall be permitted to direct that the Accountants' Tax Report issued and the Borrower can and shall proceed to withhold all applicable amounts on account of all applicable Tax Amounts and remit such amounts to the applicable taxing authorities in all applicable jurisdictions in accordance with the Accountants' Tax Report.

- (d) For greater certainty, the Borrower is and shall at all times hereafter be permitted and entitled to deduct from amounts paid to Fung or Oppenheimer, as applicable, from any Applicable CVR, any and all amounts required to be paid by the Borrower on account or in respect of any and all applicable employer health taxes or other payroll or similar or analogous taxes on account of such Applicable CVR.
- (e) The parties hereto acknowledge, confirm and agree that they do not need to comply with the foregoing terms of this Section 7 if the Lender agrees in its sole discretion that the parties shall not be required to comply with the provisions of this Section 7.
- (f) Notwithstanding anything to the contrary in this Agreement, no amount shall be paid to Fung, Oppenheimer or a Replacement Person pursuant to the Transferred CVR, and neither Fung, Oppenheimer nor any Replacement Person shall have any right to receive any amounts pursuant to the Transferred CVR otherwise payable, unless and until any assessment or reassessment of the Lender or Borrower by any taxing authority in respect

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of any and all Taxes relating to the transfer of a Transferred CVR has been paid in full by the Borrower from the funds otherwise payable Fung, Oppenheimer, or any Replacement Person, as the case may be. For greater certainty this restriction is applicable only to assessments and reassessments received prior to the time amounts become payable pursuant to the Transferred CVR in accordance with the terms of the Credit Agreement.

8. This Agreement is not an amendment to the Credit Agreement or any other Credit Document. The Credit Agreement and the other Credit Documents are hereby confirmed by the Borrower. Without limitation, all parties hereto acknowledge and agree that all applicable conditions precedent to the advance of Supplemental Loan Tranche D must be satisfied prior to the advance of Supplemental Loan Tranche D by the Lender unless waived by the Lender in its sole discretion. For certainty, this Agreement constitutes a Credit Document (as that term is defined in the Credit Agreement).
9. Each of (a) the Borrower for itself and on behalf of each of its Subsidiaries and on behalf of its and their respective successors and assigns, (b) Fung and (c) Oppenheimer (each a "Releasor") hereby absolutely, unconditionally and irrevocably releases and forever discharges the Lender, Tenor Special Situation Fund I, LLC and each of their respective successors and assigns, and their respective present and former equity holders, investors, Affiliates, Subsidiaries, predecessors, directors, officers, principals, employees, attorneys, agents and other representatives in all capacities including as a director of the Borrower (the Lender and all such other Persons being hereinafter referred to collectively as the "Releasees" and individually as a "Releasee") and severally agrees to indemnify and hold harmless, each of the Releasees, from and against all past, present or future demands, actions, causes of action, suits, damages, costs, expenses, and any and all other claims, counterclaims, defenses, rights of set off, demands and liabilities whatsoever (individually, a "Claim" and collectively, "Claims") of every kind and nature, known or unknown, suspected or unsuspected, both at law and in equity, and whether as a result of any action, event or thing which occurred in the past or occurs in the future, which it or any of its Subsidiaries, he, or its or his respective successors, legal administrators, heirs or permitted assigns, may now or hereafter own, hold, have or claim to have or assert against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arose or occurred prior to the date of this Agreement or which occurs after the date of this Agreement in any way relating to or in connection with:
 - (i) the subject matter hereof or the transactions contemplated hereby,
 - (ii) any action taken or omitted to be taken by the Lender hereunder,
 - (iii) any action taken or omitted to be taken hereunder by any one or more Releasor in connection with this Agreement or any of the transactions contemplated hereby, including (A) relating to the employment of Fung or the services of Oppenheimer or any termination of such employment or services (whether for Cause or otherwise) or any Disability Determination by the Borrower or any consequences thereof including any Transferred CVR being transferred to the Lender, and/or transferred to any Replacement Person, or
 - (iv) any and all Taxes, levies, duties or similar amounts required to be withheld, remitted and/or paid by the Lender, Fung or Oppenheimer under any applicable law to any taxing authority (but excluding Taxes payable on the income of the

Lender for and on account of amounts paid to the Lender or a Replacement Person on account of the Transferred CVR to the extent any of such Transferred CVR is transferred back to and retained by the Lender or transferred to a Replacement Person) in connection with any of the transactions contemplated in this Agreement including, without limitation, the delivery or transfer of, or any amounts paid on account of, any Transferred CVR to Fung and Oppenheimer and/or any or all of such Transferred CVR being transferred back to the Lender and/or a Replacement Person as contemplated by this Agreement.

Nothing herein shall release the Releasees from any obligation to pay costs awarded by an arbitrator pursuant hereto or to return any Transferred CVR in accordance with the terms of this Agreement and nothing will release any persons who are directors of the Borrower from any breach of their statutory or fiduciary duties. Neither Fung nor Oppenheimer shall have liability for the failure of the Borrower to remit any Taxes which the Borrower has withheld. Nothing in this Agreement requires any of the Releasees to indemnify any of the Releasees in respect of any claim asserted by any investor in Tenor or Tenor Special Situation Fund I, LLC in respect to any obligations or duties they may have to such investors.

10. Each of (a) Fung and (b) Oppenheimer hereby absolutely, unconditionally and irrevocably releases and forever discharges the Borrower and its successors and assigns, and its present and former equity holders, Affiliates, Subsidiaries, predecessors, directors, officers, principals, employees, attorneys, agents and other representatives (the Borrower and all such other Persons being hereinafter referred to collectively as the "Borrower Releasees" and individually as a "Borrower Releasee") and agrees to indemnify and hold harmless each of the Releasees, from and against all past, present or future demands, actions, causes of action, suits, damages, and any and all other claims, counterclaims, defenses, rights of set off, demands and liabilities whatsoever (individually, a "Claim" and collectively, "Claims") of every kind and nature, known or unknown, suspected or unsuspected, both at law and in equity, which it or any of its Subsidiaries, he, or its or his respective successors, legal administrators, heirs or permitted assigns, may now or hereafter own, hold, have or claim to have or assert against the Borrower Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arose or occurred prior to the date of this Agreement or which occurs after the date of this Agreement and in any way relating to or in connection with any action taken or omitted to be taken by the Borrower now or in the future specifically relating to (A) any Transferred CVR transferred by the Lender to Fung or Oppenheimer hereunder being transferred back to the Lender, and/or transferred to any Replacement Person and (B) any and all Taxes, levies, duties or similar amounts required to be withheld, remitted and/or paid by the Borrower, Fung or Oppenheimer under any applicable law to any taxing authority in connection with any of the transactions contemplated in this Agreement (but excluding Taxes payable on the income of the Borrower on account or in respect of the payment to and receipt by the Borrower of the Arbitration Proceeds) including, without limitation, the delivery or transfer of, or any amounts paid on account of, any Transferred CVR and/or any or all of such Transferred CVR being transferred back to the Lender and/or a Replacement Person as contemplated by this Agreement. Nothing in this Section shall release the Borrower from its failure to remit any Taxes withheld by it.

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11. None of this Agreement or any terms hereof may be amended, supplemented, waived or modified except in accordance by way of written agreement executed by each of the parties hereto.
12. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile or other direct electronic transmission including pdf email, if one is listed below), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or, in the case of facsimile or other direct electronic transmission, when sent, addressed as follows or to such other address as may be hereafter notified by the respective parties hereto:

The Borrower:

Crystallex International Corporation
 8 King Street East, Suite 1201
 Toronto, Ontario, M5C 1B5, Canada
 Attn: Robert A. Fung
 Email: rfung@crystallex.com

With a copy to:

Davies Ward Phillips & Vineberg LLP
 155 Wellington St W, 40th floor
 Toronto, ON M5V 3J7, Canada
 Attn: Jay Swartz
 Email: jswartz@dwpv.com

The Lender:

Tenor KRY Cooperatief U.A.
 1180 Avenue of the Americas
 Suite 1940
 New York, N.Y. 10036
 U.S.A.
 Attn: David Kay
 Email: dkay@tenor.com

With a copy to:

Cassels Brock & Blackwell LLP
 Suite 2100, Scotia Plaza
 40 King Street West
 Toronto, ON M5H 3C2
 Attn: Ryan C. Jacobs
 Email: rjacobs@casselsbrock.com

Fung:

Robert Fung
 49 Edenbrook Hill
 Etobicoke, Ontario M9A 4A1
 Email: rfung@rogers.blackberry.net

Oppenheimer:

Marc Oppenheimer
 19900 East Country Club Drive
 Apt. 416
 Aventura, Florida 33180-3330
 Email: mjokry@gmail.com

provided that any notice, request or demand to or upon the Lender shall not be effective until received. Any notice, request or demand received by any party after 5:00 p.m. Toronto time on any Business Day or at any time on any day which is not a Business Day shall be deemed to have been received by the recipient on the next following Business Day. Any party may change its or his address for receiving notices hereunder by giving notice to the other parties.

13. No failure to exercise and no delay in exercising, on the part of the Lender, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.
14. This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lender, Fung and Oppenheimer, and each of their respective successors, legal administrators, heirs and permitted assigns. Notwithstanding the foregoing, none of the Borrower, Fung or Oppenheimer may sell, assign or transfer any of its or his rights or obligations under this Agreement without the prior written consent of the Lender and the Lender may withhold its consent in Lender's sole discretion, and any purported sale, transfer, or assignment of any rights or obligations hereunder without the prior written consent of the Lender shall be void and of no force or effect. For certainty, each of Fung and Oppenheimer can sell or assign his applicable Transferred CVR, or a portion thereof, but only with the prior written consent of the Lender in its discretion and on terms and conditions satisfactory to the Lender in its discretion including any agreements which the Lender may require from any one or more of the Borrower, Fung or Oppenheimer, as applicable, and the transferee or assignee. The Lender may sell, assign or transfer any of its rights or obligations under this Agreement without prior notice to or consent from the Borrower, Fung or Oppenheimer.
15. This Agreement and the rights and obligations of the parties under this Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein and, to the extent applicable, the CCAA and the Bankruptcy Code.
16. This Agreement is solely for the benefit of the parties hereto and their respective successors, legal administrators, heirs and permitted assigns, and, except for any permitted assignee in

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accordance with Section 14 above, no other Persons shall have any right, benefit, priority or interest under, or because of the existence of, this Agreement.

17. (a) Each party to this Agreement hereby irrevocably and unconditionally, but in each case subject to the agreement to submit to arbitration as contemplated by Section 6 herein:
 - (i) submits for itself or himself, as applicable, and its or his property in any legal action or proceeding relating to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the CCAA Court and the Bankruptcy Court, provided that the Lender shall be entitled in its sole discretion to determine whether any such legal action or proceeding shall be in any state or federal court sitting in New York County, New York or any applicable court in the City of Toronto, Ontario;
 - (ii) consents that any such action or proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;
 - (iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at its address set forth in Section 12 or at such other address of which any party hereto shall have notified the other parties hereto provided that in the case of notices to Oppenheimer such process shall also be emailed to him; and
 - (iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.
- (b) Each party hereto unconditionally waives trial by jury in any legal action or proceeding referred to in Section 17 and any counterclaim therein.
18. To the extent that the Lender receives Returned CVR pursuant to Section 6(b) and does not transfer all of such Returned CVR to any one or more Replacement Persons, then in such case all of such Returned CVR that is not transferred to any one or more Replacement Person (or which is transferred to a Replacement Person but is subsequently transferred to the Lender as a result of the terms of any contract or agreement with the Replacement Person) shall be and be deemed to constitute part of the Fourth Additional Compensation Amount without any further action, consent, court order or other approval required whatsoever, and shall be paid to the Lender in the same manner and at the same times as contemplated by the terms of the Credit Agreement and any other applicable Credit Documents.
19. Whenever any matter in this Agreement is required to be satisfactory to the Lender, the Lender shall (unless otherwise expressly provided) determine its satisfaction in the Lender's sole discretion.
20. The Lender has not provided any accounting, legal, Tax or other advice to the Borrower, Fung or Oppenheimer in connection with the transactions contemplated this Agreement, the Other Credit Documents, or otherwise. Each of the Borrower, Fung and Oppenheimer forever agrees

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that the Lender is not and shall not be liable for any present or future loss, claim, damage, liability or expense relating to, or resulting from, any accounting, legal or Tax advice or any other advice received by the Borrower, Fung or Oppenheimer from any Person or Persons or omitted to be obtained by the Borrower, Fung or Oppenheimer. Each of Fung and Oppenheimer represents, acknowledges and confirms to and in favour of each of the Lender and the Borrower that (i) the Lender requested and directed that he receive independent legal advice and Tax advice before entering into this Agreement and (ii) he obtained such independent legal advice and Tax advice, and has read this Agreement and understands the terms and conditions contained herein including without limitation any Tax issues affecting him in connection with the transactions contemplated hereby. Each of Fung and Oppenheimer represents and warrants and agrees that he is not under any duress and is entering into this Agreement by his own choice and free will.

21. This Agreement shall become effective on the date (the "Effective Date") on which (i) all parties hereto shall have signed a counterpart hereof and none of such executed counterparts have been delivered or are held under any escrow conditions, (ii) the Lender has advanced the full amount of Supplemental Loan Tranche D to the Borrower and (iii) the Lender has earned the Fourth Additional Compensation Amount.
22. In the event of any litigation or dispute involving this Agreement, the Loan, any Credit Document or any matter relating thereto, the Lender shall not be responsible or liable to the Borrower, any reorganized entity of the Borrower, any of their respective Subsidiaries, Fung or Oppenheimer or any other Person for any special, indirect, consequential, incidental or punitive damages.
23. This Agreement supersedes all prior negotiations and correspondence (including without limitation emails), discussions, term sheets or other agreements, oral or written, relating to the subject matter hereof. Nothing in this Agreement shall or shall be deemed to in any way (i) affect, alter, or amend the terms of the Credit Agreement and the other Credit Documents or (ii) affect, impair or prejudice in any manner the rights and remedies of the Lender under the Credit Agreement, the other Credit Documents, at law and in equity.
24. Each of the Borrower, Fung, and Oppenheimer acknowledges that the Lender is relying on, among other things, the representations, agreements and covenants made by each of them herein in connection with the Lender's decision to advance Supplemental Loan Tranche D to the Borrower.
25. This Agreement may be executed in counterparts and both such counterparts shall constitute one and the same agreement. Any counterpart may be executed and circulated by fax or other method of direct electronic transmission (including pdf email) and any such counterpart so executed and circulated shall be deemed to be an original of this Agreement.
26. Unless otherwise defined herein, all capitalized words and phrases shall have the same meanings ascribed thereto in the Credit Agreement.
27. Each of the Borrower, Fung and Oppenheimer irrevocably covenant and agree to and in favour of the Lender that (i) the Lender is not now, has never been, and will never be or be deemed to be an employer of either Fung or Oppenheimer, under the *Employment Standards Act* (Ontario), any other legislation or under any common law or equity or otherwise, as a result of the parties

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hereto entering into this Agreement or any of the transactions contemplated hereby and (ii) it/he will never (x) execute, deliver or file with any Governmental Authority (including any taxing authority) or any other Person any document or submission asserting that the Lender is or has been at any time an Employer of Fung or Oppenheimer or (y) assert such a position for any purpose whatsoever.

28. Each the parties hereto shall be responsible for all costs incurred by it or him and all fees of any advisors retained by it or him to provide any type of advice in connection with this Agreement, the negotiation of this Agreement, or the transactions contemplated hereby, except as may be expressly stated otherwise in this Agreement. For certainty, and notwithstanding the immediately preceding sentence, the Borrower shall be required to pay for all costs, expenses and fees incurred by the Lender in connection with this Agreement and all transactions contemplated hereby and for certainty including all legal and accounting fees and disbursements incurred by the Lender. Notwithstanding the first sentence of this Section 27, the Borrower agrees to pay the reasonable legal and accounting costs incurred by each of Fung and Oppenheimer in connection with the review and negotiation of this Agreement up to and including his execution of this Agreement, and for certainty, each of Fung and Oppenheimer shall be required to pay for all (and for certainty, none of the Borrower or the Lender shall be obligated in any manner whatsoever to pay for any) legal, accounting or other advisory fees or any other costs or expenses incurred by him after the date of his execution of this Agreement in connection with this Agreement or any of the transactions contemplated hereby, except for payment of costs in connection with an arbitration as contemplated hereby pursuant to Section 6(k) hereof.
29. The Borrower covenants and agrees to and in favour of the Lender that the Borrower shall arrange for a directors' liability coverage insurance policy to be issued in favour of the Borrower and its present and future directors, with coverage amounts, term of such policy and the term of the "tail" of such policy and all other terms and conditions of such policy to be satisfactory to the Lender in its discretion and to be issued by a reputable insurer which is commonly used for such directors' liability insurance coverage and which insurer is satisfactory to the Lender in its discretion, and such coverage shall, among other things, provide insurance coverage for such directors for the failure to withhold and remit any Tax to any applicable taxing authority which the Borrower is required to remit and withhold under any applicable law, such insurance coverage to be in an amount or amounts satisfactory to the Lender in its discretion; and for certainty, the Borrower shall be required to pay for the cost and expense of all such insurance coverages and, if requested by the Lender, an insurance consultant to advise the Borrower and the Lender regarding potential insurers and insurance policy terms and coverages before any of such insurance policies are secured (collectively, the "Directors' Insurance Coverage"). For clarity, the requirements set out in this Section 29 are in addition to and not in substitution for any other requirements for the Borrower to maintain insurance coverages under any other Credit Documents including the Credit Agreement. The Borrower covenants and agrees that it shall cause the Directors' Insurance Coverages to be issued by the applicable insurer(s) prior to the advance of the Supplemental Loan Tranche D by the Lender, which requirement shall be and be deemed to be an additional condition precedent to the advance of the Supplemental Loan Tranche D as if this Section 29 was listed as a condition precedent in the Fourth Amendment Agreement.

30. If any provision of this Agreement is or is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, any such provisions shall be severed from this Agreement to the extent of such illegality, invalidity or unenforceability and the remaining provisions hereof or thereof shall be and remain unaffected by such provision which has been so severed as if such severed provision had never been contained herein.
31. This Agreement shall continue in full force and effect so long there are Obligations outstanding and the Credit Agreement remains in force and effect.
32. The terms and conditions of this Agreement shall not be merged by, and shall survive, the execution and delivery of the Fourth Amendment Agreement and the advance of the Supplemental Loan Tranche D by the Lender to the Borrower thereunder.
33. Each of the parties hereto shall, at its own expense, promptly execute and deliver to the Lender, or cause to be executed and delivered to the Lender on request by the Lender, all such other and further documents, agreements or confirmations as may be reasonably requested by the Lender to more fully confirm and implement and intent and purpose of this Agreement.
34. Terms defined herein in the singular have the same meaning when used in the plural, and vice-versa. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term "including" shall mean "including, without limitation", and the term "includes" shall mean "includes, without limitation".
35. This Agreement, all terms and conditions contained herein, the transactions contemplated hereby and the transactions completed hereunder are and shall at all times, and for certainty after the execution of this Agreement, be confidential, and no party to this Agreement shall disclose any of the foregoing to any Person not a party hereto except (i) to their respective legal and financial advisors but only to the extent that any such advisor delivers a written agreement in favour of such party and each of the other parties hereto agreeing to maintain same as confidential, (ii) as required by a final court order of a court of competent jurisdiction which is not subject to any rights of appeal, or (iii) in connection with the motion record to be filed with the CCAA Court for approval of this Agreement subject to the redaction of this Agreement to the extent a copy of same is contained in the motion record as agreed between the parties hereto or to any stakeholders of the Borrower or their legal advisors who deliver the confidentiality undertaking prepared by the Monitor's counsel for such purpose.

[remainder of page deliberately left blank]

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IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

CRYSTALLEX INTERNATIONAL CORPORATION

By: _____
Title:

TENOR KRY COOPERATIEF U.A.

By: _____
Title:

Witness
Name:

ROBERT FUNG

Witness
Name:

MARC OPPENHEIMER

SCHEDULE "A-1"FUNG EMPLOYMENT AGREEMENT

SCHEDULE "A-2"FUNG TAX DOCUMENTS

Preliminary list of documents for each of Fung for the period commencing at the beginning of the 2008 calendar year to the present:

- a) All information forms, reports, summaries, slips, etc., of any type pursuant to any Tax legislation issued by the Borrower in respect of Fung's employment with the Borrower (including T 4 forms).
- b) A copy of any communications between either Fung and any taxation authority in respect of amounts paid to, or taxable benefits conferred on Fung ("Taxable Amounts") by the Borrower, or between the Borrower and a taxation authority in respect of the foregoing.
- c) Copies of any Tax assessments received by Fung relating in any way to Taxable Amounts.
- d) Copies of any Tax-related memoranda, reports, summaries, etc., received by the Borrower relating the services provided by Fung, or memoranda, reports, summaries, etc., received by the Borrower or Fung.

SCHEDULE "B-1"OPPENHEIMER CONSULTING AGREEMENT

SCHEDULE "B-2"OPPENHEIMER TAX DOCUMENTS

Preliminary list of documents for Oppenheimer for the period commencing at the beginning of the 2008 calendar year to the present:

- a) All information forms, reports, summaries, slips, etc., of any type pursuant to any Tax legislation issued by the Borrower in respect of consulting services rendered by Oppenheimer to the Borrower.
- b) A copy of any communications between Oppenheimer and any taxation authority in respect of amounts paid to, or taxable benefits conferred on Oppenheimer ("Taxable Amounts") by the Borrower, or between the Borrower and a taxation authority in respect of the foregoing.
- c) Copies of any Tax assessments received by Oppenheimer relating in any way to Taxable Amounts.
- d) Copies of any Tax-related memoranda, reports, summaries, etc., received by the Borrower relating the services provided by Oppenheimer, or memoranda, reports, summaries, etc., received by the Borrower or Oppenheimer.
- e) Statutory declaration by Oppenheimer regarding the days spent in Canada regarding services to the Borrower for each calendar year.

SCHEDULE "B-3"JEWISH HOLIDAYS

Fast of Tere~~t~~ 10

Fast of Esther

Purim

Pessach (Passover) (for certainty, the first two days and the last two days)

Shavuot

Fast of Av 9

Rosh Hashanna


Yom Kippur

Sukkot (for certainty, the first two days and the last two days)

Shemini Atzeret and Simchat Torah

SCHEDULE B

Advisors engaged by Crystallex in connection with the "Sales Process" for sale of the shares of PDVH, pending before the United States District Court for the District of Delaware, and the principle terms of their respective engagements:

Name of Advisory Firm Assisting Crystallex	Role	Fee Structure	Success Fee	CCAA Charge securing fees
Moelis & Co.	Financial Advisor		No	No
Gibson, Dunn & Crutcher LLP	US legal advisor	Hourly in USD	No	No

SCHEDULE C

TERMS OF ENGAGEMENT OF INDEPENDENT ADVISOR

Independent Advisor:	Pirinate Consulting Group, LLC
Scope of Engagement:	Provide professional advisory services to Mr. Marchi, in his capacity as the "New Independent Director" and "Special Managing Director" (as those terms are defined in the DIP Credit Agreement) of the Board of Crystallex in order to assist Mr. Marchi in carrying out his duties and responsibilities as independent director of Crystallex and the applicable duties and responsibilities of the independent director as set out in section 6.15(s) of the DIP Credit Agreement.
Base Monthly Fee:	US\$█, payable monthly
Additional Monthly Fee:	US\$█, payable in addition to the Base Fee for every month where the Advisor provides in excess of █ hours of service.
Expense Reimbursement:	Reimbursement of the Advisor's reasonable expenses, provided that any single expense above US\$5,000 requires the written consent of Crystallex.
Expiration of Term:	On a month to month basis starting July 6, 2022, unless otherwise agreed to by the parties.
Termination:	By the Independent Director on three months written notice, which notice is not effective until, at the earliest, three months after the first day following expiration of the Term (being October 7, 2022).
Success Fee:	None
CCAA Charge:	None

EXHIBIT 8 TO THE
CROSS-
EXAMINATION
OF S. REID

Court File No. CV-11-9532-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

)

WEDNESDAY, THE 5TH

MR. JUSTICE NEWBOULD

)

DAY OF JUNE, 2013

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CRYSTALLEX INTERNATIONAL CORPORATION**

(the "**Applicant**")

STAY EXTENSION AND STANDSTILL ORDER

THIS MOTION, made by the Applicant to extend the stay of proceedings on terms, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the motion record of the Applicant, the Ninth Report of the Monitor, Ernst & Young Inc. (the "**Monitor**"), dated March 11, 2013, the Tenth Report of the Monitor dated June 4, 2013 and on hearing the submissions of counsel for the Applicant, counsel for Computershare Trust Company of Canada in its capacity as Trustee (the "**Trustee**") for the holders of Senior 9.375% Notes due December 23, 2011, issued by the Applicant (collectively, the "**Senior Notes**"), counsel for the Ad Hoc Committee (as defined below) and each beneficial owner of the Senior Notes that is part of the *ad hoc* committee of beneficial owners of the Senior Notes (as specified on Schedule "A" hereto) (the "**Ad Hoc Committee**") in all capacities, including, without limitation, as beneficial owners of the Senior Notes and, to the extent applicable, shareholders or holders of other equity interests of the Applicant, Tenor KRY

Coöperatief U.A. (“**Tenor**”), counsel for the Monitor, counsel for Forbes & Manhattan, Inc. and Aberdeen International Inc., counsel for McMillan LLP, and counsel for Juan Antonio Reyes, and upon Tenor, the Trustee, the Ad Hoc Committee, McMillan LLP, Forbes & Manhattan, Inc. and Aberdeen International Inc. consenting to this order and Juan Antonio Reyes not opposing this order:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record in respect of this Motion is hereby abridged so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Stay Period (as defined in the Initial Order of Mr. Justice Newbould dated December 23, 2011 (such date, the “**Filing Date**”)) be and hereby is extended to and including December 31, 2014.
3. **THIS COURT ORDERS** that, by agreement of each of the Applicant, the Trustee and Tenor (collectively, with the Monitor, the “**Standstill Termination Notice Parties**”), from the date hereof until December 31, 2014 plus any one-year extensions pursuant to paragraph 4 herein (the “**Standstill Period**”) there shall be a standstill on the terms set forth in paragraphs 6, 7, 12, 13, 14, 15 and 27 herein (the “**Standstill Period Terms**”). Notwithstanding any other provision of this Order, at any future stay extension motion seeking to extend the Stay Period beyond December 31, 2014 or any subsequent date ordered by this Court, any party other than a Standstill Termination Notice Party may, in its sole and absolute discretion, take any position it chooses to take in respect of such motion.
4. **THIS COURT ORDERS** that on December 31, 2014, the Standstill Period shall automatically continue for successive one-year periods pursuant to the Standstill Period

Terms unless at least thirty (30) days prior to the expiry of the initial Standstill Period or any one-year extension thereof written notice of termination of the Standstill Period (the “**Standstill Termination Notice**”) is given by any of the Applicant, Tenor or the Trustee to each of the other Standstill Termination Notice Parties, in which case the Standstill Period shall terminate in accordance with paragraph 5 hereof. A Standstill Termination Notice may be given by any of the Applicant, Tenor or the Trustee, each in its sole and absolute discretion, to each of the other Standstill Termination Notice Parties, and in the case of the Trustee, may only be given by the Trustee if properly directed by holders of 50.01% of the aggregate principal of the Senior Notes pursuant to the terms of that certain trust indenture governing the Senior Notes dated as of December 23, 2004 (the “**Indenture**”), as supplemented by a first supplemental trust indenture dated as of December 23, 2004 (the “**First Supplemental Indenture**”), but may not be given by the Trustee if the Proven Standstill Noteholder Claim (as defined below) has been paid in full in accordance with paragraph 17 hereof.

5. **THIS COURT ORDERS** that the delivery of a Standstill Termination Notice shall terminate the Standstill Period and the continuation of the Standstill Period Terms immediately at the end of the then current Standstill Period, without further order of the Court.
6. **THIS COURT ORDERS** that the Applicant will have no obligation to file a Plan of Compromise and Arrangement pursuant to the CCAA during the Standstill Period and, absent agreement of each of the Applicant, Tenor, the Monitor and the Trustee, each acting in its sole and absolute discretion, no party shall be allowed to bring any motion in respect of the filing of a Plan of Compromise and Arrangement pursuant to the CCAA or file a plan of arrangement pursuant to any other statute during the Standstill Period.

7. **THIS COURT ORDERS** that no motions will be brought in these proceedings during the Standstill Period without leave of this Court, other than any motion(s) seeking approval of the fees and disbursements of counsel to the Applicant and/or the Monitor and counsel to the Monitor in accordance with the Initial Order of Mr. Justice Newbould dated December 23, 2011, any motions seeking approval of any report of the Monitor, or any motions to extend the stay consistent with the extension of the Standstill Period as contemplated by paragraph 4 hereof, provided that any such motion is made on at least seven (7) days' notice to the service list in these proceedings. Any party intending to seek such leave of the Court shall consult with the Monitor with respect to the motion they wish to bring prior to seeking such leave.
8. **THIS COURT ORDERS** that the Trustee (on behalf of all holders of the Senior Notes) shall have an irrevocable proven claim against the Applicant in the principal amount of US\$104,135,273.97 (the "**Original Principal Amount**") as at the Filing Date and such claim shall be secured by the Prefiling Unsecured Creditors' Charge (as defined in the CCAA Financing Order (as defined below)).
9. **THIS COURT ORDERS** that upon the Trustee or counsel to the Trustee providing to the Monitor confirmation of the fees of the Trustee and legal and other professional expenses incurred and paid by the Trustee or a beneficial owner of the Senior Notes that is part of the Ad Hoc Committee, and upon the Monitor being satisfied with the confirmation so provided and confirming same to the Applicant and Tenor, the Trustee (on behalf of all holders of the Senior Notes) shall have an irrevocable proven claim against the Applicant for pre-filing fees and expenses in the amount of US\$5,375,646.31, less the amount of US\$206,665.43 on account of all outstanding pre-Filing Date cost awards (the "**Pre-Filing Cost Awards**") owed to the Applicant by any of the holders of

the Senior Notes or the Trustee (such net amount of US\$5,168,980.88, the “**Trustee Pre-Filing Fees and Expenses Claim**”) and such claim shall be secured by the Prefiling Unsecured Creditors’ Charge on the basis set forth in paragraph 21 hereof. The Trustee Pre-Filing Fees and Expenses Claim shall only be paid following payment in full of all amounts now or hereafter owing by the Applicant as set out in Exhibit F of the Amended DIP Credit Agreement titled “Order of Application of Arbitration Proceeds” (the “**Waterfall Provision**”) under subsections (f) and (g), but prior to any Arbitration Proceeds (as defined in the Amended DIP Credit Agreement) being retained by the Applicant or distributed to any holder of an equity security of the Applicant. “**Amended DIP Credit Agreement**” means the DIP credit agreement dated April 23, 2012 as amended by agreements dated May 15, 2012 and dated as of June 5, 2013, as such agreements and amendments exist as at the date hereof as reflected in copies delivered by the Applicant to the Monitor and counsel to the Ad Hoc Committee and the Trustee on May 31, 2013. The Pre-Filing Cost Awards shall be deemed satisfied in full pursuant to this paragraph 9 regardless of whether the Trustee Pre-Filing Fees and Expenses Claim is paid by the Applicant.

10. **THIS COURT ORDERS** that the Trustee (on behalf of all holders of the Senior Notes) shall have an irrevocable proven post-filing claim against the Applicant for the post-filing fees of the Trustee and legal and other professional expenses incurred by the Trustee or a beneficial owner of the Senior Notes that is part of the Ad Hoc Committee and paid in the amount of up to US\$5,500,000, provided the Monitor has received confirmation of such fees and expenses and is satisfied with the confirmation so provided and has confirmed same to the Applicant and Tenor. The actual amount of such post-filing fees and expenses (up to US\$5,500,000) (the “**Trustee Post-Filing Fees and Expenses**”) shall be

added to the Original Principal Amount of the Senior Notes as at May 20, 2013 (the “**Standstill Trigger Date**”) and secured by the Prefiling Unsecured Creditors’ Charge. In addition to the Trustee Post-Filing Fees and Expenses, the Trustee shall be entitled to be reimbursed by the Applicant for further post-filing legal and professional expenses incurred by the Trustee or a beneficial owner of the Senior Notes that is part of the Ad Hoc Committee in an amount of up to US\$250,000 (the “**Additional Expense Amount**”) provided the Monitor has received confirmation of such fees and expenses and is satisfied with the confirmation so provided and has confirmed same to the Applicant and Tenor. The obligation of the Applicant to pay the Additional Expense Amount shall be secured by the Prefiling Unsecured Creditors’ Charge.

11. **THIS COURT ORDERS** that the Trustee (on behalf of all holders of the Senior Notes) shall have an irrevocable proven post-filing claim against the Applicant for interest on the Original Principal Amount of the Senior Notes from the Filing Date to the Standstill Trigger Date at the simple interest rate of 9.375% per annum (the “**Base Rate**”), being US\$13,747,995.93, which amount shall be added to the Original Principal Amount of the Senior Notes as at the Standstill Trigger Date, and secured by the Prefiling Unsecured Creditors’ Charge.
12. **THIS COURT ORDERS** that, in addition to any other interest amount accruing thereon pursuant to this Order but without duplication, simple interest on the principal amount of the Senior Notes as of the Standstill Trigger Date (being US\$123,383,269.90, such amount being the “**Proven Principal Senior Note Amount**”) shall accrue at the Base Rate starting from the Standstill Trigger Date and ending on the earlier of: (i) the date of termination of the Standstill Period; and (ii) the payment in full of the Proven Standstill

Noteholder Claim in accordance with paragraph 17 hereof (such date, the “**Standstill End Date**”).

13. **THIS COURT ORDERS** that, in addition to any other interest accruing thereon pursuant to this Order, simple incremental interest on the Proven Principal Senior Note Amount shall accrue at the rate of 2.625% per annum starting from the Standstill Trigger Date and ending on the Standstill End Date as a post-filing default rate of interest on the Senior Notes.
14. **THIS COURT ORDERS** that, in addition to any other interest accruing thereon pursuant to this Order but without duplication, simple incremental interest on the Proven Principal Senior Note Amount shall accrue at the rate of 5% per annum starting from the Standstill Trigger Date and ending on the Standstill End Date as additional compensation for allowing the Proven Principal Senior Note Amount to remain outstanding through to and including the Standstill End Date without requiring the Applicant to file a plan of compromise or arrangement.
15. **THIS COURT ORDERS** that, in addition to any other interest accruing thereon pursuant to this Order but without duplication, simple incremental interest on the Proven Principal Senior Note Amount shall accrue at the rate of 3% per annum starting from the Standstill Trigger Date and ending on the Standstill End Date as a CCAA standstill rate of interest.
16. **THIS COURT ORDERS** that: (a) the Trustee (on behalf of all holders of the Senior Notes) shall have an irrevocable proven post-filing claim against the Applicant for all interest accruing on the Proven Principal Senior Note Amount pursuant to paragraphs 12, 13, 14 and 15 hereof (the aggregate of such amounts, the “**Proven Standstill Interest**”).

Claim” and, with the Proven Principal Senior Note Amount and the Additional Expense Amount, the “**Proven Standstill Noteholder Claim**”) and such claim shall be secured by the Prefiling Unsecured Creditors’ Charge; and (b) without limiting any other obligations of the Applicant with respect to payments in respect of the Senior Notes, all payments by the Applicant in respect of the Senior Notes and interest thereon (including, for the avoidance of doubt, payments in respect of the Proven Standstill Noteholder Claim) shall be made in accordance with Section 6.1 of the First Supplemental Indenture, including, without limitation, the obligation of the Applicant to pay Additional Amounts (as such term is defined in Section 6.1 of the First Supplemental Indenture).

17. **THIS COURT ORDERS** that, notwithstanding termination of the Standstill Period for any reason, the Proven Standstill Noteholder Claim shall be payable in full in accordance with the Waterfall Provision after Arbitration Proceeds are received by the Applicant, free from any reduction for set-off or any other counter-claims (whether past, present or future) that the Applicant may allege.
18. **THIS COURT ORDERS** that this Order is without prejudice to any position any party may wish to take with respect to the interest accruing (including the applicable rate thereon) and payable on the Senior Notes or Prefiling Unsecured Non-Senior Notes Claims (as defined below) for the period from and after the expiry of the Standstill Period.
19. **THIS COURT ORDERS** that, except as provided in this Order, no rights are being waived by any party who consents to this Order including, without limitation, the right of any party to object to motions brought by any other party.

20. **THIS COURT ORDERS** that, on termination of the Standstill Period, all obligations pursuant to the Standstill Period Terms shall come to an end without the need for further Order of the Court, and, on termination of the Standstill Period, the prohibition on any party against bringing any motion in respect of the filing of a Plan of Compromise and Arrangement pursuant to the CCAA shall terminate, in all cases without further order of the Court. For the avoidance of doubt, notwithstanding termination of the Standstill Period, all interest on the Senior Notes accrued during the Standstill Period pursuant to paragraphs 12, 13, 14 and 15 hereof shall continue to constitute a proven post-filing claim against the Applicant.
21. **THIS COURT ORDERS** that the Prefiling Unsecured Creditors' Charge created pursuant to paragraph 13 of the Order of Mr. Justice Newbould made in these proceedings dated April 16, 2012 (the "**CCAA Financing Order**") is hereby amended as follows: (i) with respect to the Senior Notes, the Prefiling Unsecured Creditors' Charge shall secure the full amount of the Proven Standstill Noteholder Claim as may exist from time to time; and (ii) solely with respect to the Trustee Pre-Filing Fees and Expenses Claim referred to in paragraph 9 hereof, the Prefiling Unsecured Creditors' Charge shall rank subordinate to the Lender Additional Compensation Charge and the MIP Charge (each as defined in the CCAA Financing Order). The Prefiling Unsecured Creditors' Charge shall otherwise remain in full force and effect in accordance with the provisions of the CCAA Financing Order.
22. **THIS COURT ORDERS** that all interest accruing on or applicable to the Senior Notes (including, without limitation, any interest accruing pursuant to paragraphs 12 to 15 hereof) shall stop accruing if the Proven Standstill Noteholder Claim (but, for greater certainty, excluding the Trustee Pre-Filing Fees and Expenses Claim, which shall be paid

in accordance with the Waterfall Provision) is paid in full during the Standstill Period in accordance with paragraph 17 hereof, and that if the Proven Standstill Noteholder Claim is paid in full in accordance with paragraph 17 hereof during the Standstill Period, the Trustee or any Noteholder shall not seek any further or additional compensation, remuneration or entitlements of any kind or nature from the Applicant or the Applicant's assets, or assert any additional claims against the Applicant in respect of the Senior Notes, other than the Trustee Pre-Filing Fees and Expenses Claim as provided herein and an administrative expense claim by the Trustee for its fees from and after the date hereof in the maximum aggregate amount of CDN\$25,000 (the "**Trustee Administration Fee**") per year provided that supporting documentation is provided to the Monitor and the Monitor subsequently confirms the satisfaction of the foregoing to the Applicant and Tenor. Any payments by the Applicant on account of the Senior Notes during the Standstill Period shall be applied as provided for pursuant to Section 7.7 of the Indenture. For the avoidance of doubt, the Trustee Administration Fee is in addition to the Trustee Post-Filing Fees and Expenses and the Additional Expense Amount.

23. **THIS COURT ORDERS** that amounts shall be payable by the Applicant to the Trustee in accordance with the Waterfall Provision after Arbitration Proceeds are received by the Applicant, and, except as provided in paragraph 22 hereof with respect to the Trustee Administration Fee, no amounts shall be payable by the Applicant to the Trustee except in accordance with the Waterfall Provision. The Applicant shall deliver a copy of the statement referred to in the first paragraph of the Waterfall Provision to the Trustee and the Ad Hoc Committee at the same time such statement is delivered to Tenor and the Monitor and the Trustee and the Ad Hoc Committee shall have standing in respect of any

dispute concerning such statement to the extent such dispute impacts the rights of the Trustee or the holders of the Senior Notes.

24. **THIS COURT ORDERS** that the Prefiling Unsecured Creditors' Charge as amended hereby shall continue to benefit from the protections granted in paragraph 21 of the CCAA Financing Order and further that: (i) subject to the immediately following sentence, the Prefiling Unsecured Creditors' Charge shall survive the termination of these CCAA proceedings; and (ii) the Prefiling Unsecured Creditors' Charge shall remain valid and enforceable as a passive lien with no enforcement rights as provided by paragraph 15 of the CCAA Financing Order, and the rights and remedies of the beneficiaries of the Prefiling Unsecured Creditors' Charge shall not otherwise be limited or impaired in any way by any application(s) for the appointment of a receiver, interim receiver or receiver and manager (whether pursuant to the *Bankruptcy and Insolvency Act* (Canada) or otherwise) in respect of the Applicant or its property and any receivership order issued pursuant to any such application (except that the foregoing shall not prevent a Court from including in a receivership order charges in favour of a receiver, interim receiver, receiver manager or the holder of any receiver certificate issued by any receiver, interim receiver or receiver manager in priority to any then existing charge, it being understood that each of the parties reserves all rights with respect to the granting of any such charges, including, without limitation, the amount secured thereby and the priority thereof). This paragraph 24 shall be without prejudice to any party's rights, obligations or positions as to any security or charges (including the Prefiling Unsecured Creditors' Charge) that may be provided, obtained or continued in connection with the Senior Notes pursuant to any Plan of Compromise and Arrangement under the CCAA or the granting of a sanction order under the CCAA in respect of such Plan.

25. **THIS COURT ORDERS** that, solely for the purposes of the calculation of the amounts payable pursuant to subsections (f) and (g) of the Waterfall Provision, and for no other purpose, the total amount of the proven and allowed unsecured claims referred to in subsection (e) of the Waterfall Provision to be deducted from the gross amount of the Arbitration Proceeds (as such term is defined in the Amended DIP Credit Agreement) in determining the amount of the “Net Arbitration Proceeds” shall be deemed to be equal to the sum of (A) the Original Principal Amount of the Senior Notes (being US\$104,135,273.97) plus simple interest at the Base Rate accruing thereon from and after the Standstill Trigger Date (but, for greater certainty, excluding all interest on the Senior Notes accrued from the Filing Date to the Standstill Trigger Date and all interest arising under or referred to in paragraphs 13, 14 and 15 of this Order, any Additional Amounts payable pursuant to Section 6.1 of the First Supplemental Indenture, and excluding any other amount) and (B) the principal amount of any other unsecured pre-filing claim unrelated to the Senior Notes that is now or hereinafter determined to be a Proven Claim in accordance with the Claims Procedure Order dated November 30, 2012 (the “**Claims Procedure Order**”) plus any interest to which such pre-filing creditor may be entitled on such Proven Claim accruing from and after the Standstill Trigger Date at such pre-filing creditor's existing interest rate, if any (but, for greater certainty, excluding interest, if any, that has accrued on such pre-filing creditor's Proven Claim from the Filing Date to the Standstill Trigger Date or any additional interest in excess of such pre-filing creditor's existing rate of interest, if any, accruing on such pre-filing creditor's Proven Claim from and after the Standstill Trigger Date in accordance with in this Order and excluding any other amount).

26. **THIS COURT ORDERS** that by agreement of the Applicant, the Trustee and Tenor, any limitation period applicable to any claim of the Applicant, the Trustee, Tenor or a beneficial holder of the Senior Notes (other than in connection with any appeals or applications for leave to appeal of this Order or the Additional CCAA Financing Order), including, without limitation, any claim for amounts owing in respect of the Senior Notes, be and is hereby tolled such that the limitation period ceases to run as at the date hereof until the date that is thirty (30) days following the termination of the Standstill Period, provided that any limitation period applicable to a Claim (as defined below) released pursuant to paragraph 29 hereof shall not be tolled.
27. **THIS COURT ORDERS** that, subject to the last sentence of this paragraph 27:
- (a) interest on any other unsecured prefiling claim unrelated to the Senior Notes that is now or hereinafter determined to be a Proven Claim in accordance with the Claims Procedure Order other than the Proven Claim by or in respect of Cassels Brock & Blackwell LLP (collectively, the “**Prefiling Unsecured Non-Senior Notes Claims**” and each, a “**Prefiling Unsecured Non-Senior Notes Claim**”), shall accrue simple interest from the Standstill Trigger Date at the lesser of: (i) twice the rate of interest to which each such holder of a Prefiling Unsecured Non-Senior Notes Claim was otherwise entitled to receive from the Standstill Trigger Date or (ii) the simple rate of 12% per annum (the “**Cap Rate**”) to the earlier of the date of termination of the Standstill Period and the date of payment in full of the Prefiling Unsecured Non-Senior Notes Claims, provided that such rate of interest shall be no less than simple interest at 5% per annum and no more than the Cap Rate (such additional interest that such holder of a Prefiling Unsecured Non-Senior Notes Claim would not otherwise be entitled to receive is herein

called, the “**Other Non-Senior Notes Unsecured Creditor Standstill Interest**”) and such Other Non-Senior Notes Unsecured Creditor Standstill Interest shall be secured by the Prefiling Unsecured Creditors’ Charge;

- (b) notwithstanding termination of the Standstill Period for any reason, all Other Non-Senior Notes Unsecured Creditor Standstill Interest shall be payable in full in accordance with the Waterfall Provision after Arbitration Proceeds are received by the Applicant, free from any reduction for set-off or any other counter-claims (whether past, present or future) that the Applicant may allege; and
- (c) as set out in paragraph 25 hereof, all Other Non-Senior Notes Unsecured Creditor Standstill Interest provided for herein shall not be included in the calculation of Net Arbitration Proceeds solely with respect to the calculation of the amounts of the Arbitration Proceeds payable by the Applicant under subsections (f) and (g) of the Waterfall Provision.

No such holder of a Prefiling Unsecured Non-Senior Notes Claim shall be entitled to receive any Other Non-Senior Notes Unsecured Creditor Standstill Interest unless it provides satisfactory written confirmation to the Monitor by the date of payment of the Prefiling Unsecured Non-Senior Notes Claims that such holder agrees to be bound by the release set out in paragraph 29 hereof (each, a “**Consenting Holder of Prefiling Unsecured Non-Senior Notes Claims**”). For greater certainty, no holder of a Prefiling Unsecured Non-Senior Notes Claim shall have the benefit of the interest rate enhancements provided for in this paragraph 27 unless it is bound by the release contained in paragraph 29 of this Order in each and every capacity it may have in respect of the Applicant (including as holder of Common Shares or other equity interests).

28. **THIS COURT ORDERS** that this Order and its terms shall only become effective upon the entry of a Final Order of the Court approving the US\$11,100,000 increase in the DIP financing and the amendment agreement with respect thereto pursuant to the additional debtor in possession financing motion filed with the Court dated March 31, 2013 (the “**Additional CCAA Financing Order**”). “**Final Order**” shall mean an Order of this Court from which no leave to appeal has been sought within twenty-one (21) days of the date of such Order, or in the event leave to appeal is sought within such time period, it is denied, or if leave to appeal is granted, the appeal of such Order has been dismissed, and no further leave to appeal to the Supreme Court of Canada has been sought within sixty (60) days of the date leave to appeal is denied or the appeal is dismissed, or in the event leave to appeal to the Supreme Court of Canada is sought within such time period, it is denied, or if leave to appeal to the Supreme Court of Canada is granted, the appeal of such Order has been dismissed, unless all parties and stakeholders who have appeal rights in respect of this motion waive their appeal rights or each of the Applicant, Tenor and the Trustee, each acting in their sole and absolute discretion, agree in writing to waive such Final Order requirement.
29. **THIS COURT ORDERS** that, upon the consent of (i) the Applicant, (ii) Tenor, (iii) the Trustee for itself and on behalf of all present and future legal and beneficial owners of the Senior Notes, (iv) each beneficial owner of the Senior Notes that is part of the Ad Hoc Committee, and (v) each Consenting Holder of Prefiling Unsecured Non-Senior Notes Claims (each of the foregoing, a “**Release Party**”), each Release Party, its current and former affiliates (including, without limitation, any affiliated or related investment manager, management company and general partner entity, and any funds and other accounts under such affiliates’ or related entities’ management at any time) and each of

their respective current and former directors, officers, employees, legal counsel, partners, members, agents, representatives, heirs, successors and assigns (collectively, the “**Related Parties**”) be and are hereby released and discharged to the fullest extent permitted by law by each other Release Party and its Related Parties from any and all demands, liabilities, claims, actions, causes of action, counterclaims, suits, debts, sums of money, cost awards, accounts, agreements, covenants, obligations, duties, fees, damages, judgments, orders (including for injunctive relief or specific performance and compliance orders), expenses, executions and other recoveries (collectively, “**Claims**”), including, without limitation, any and all Claims in respect of statutory liabilities of directors, officers, members and employees of any person and any alleged fiduciary or other duty, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, whether in law or in equity, based in whole or in part on any act or omission, transaction, agreement, indebtedness, liability, obligation, claim, matter, dealing or other occurrence existing or taking place on or prior to the date of this Order in any way relating to, arising out of or in connection with the Applicant (including its business and operations), this restructuring, the pre-filing litigation between the Applicant and the Trustee, the trading in or holding of any of the securities of the Applicant, any contravention or alleged contravention of Section 347 of the *Criminal Code* (Canada) (or any other statutory or regulatory provision imposing restrictions or limits on interest or the cost of credit), the business and affairs of the Applicant in connection with this restructuring or these CCAA proceedings, *provided that* this paragraph 29 shall not release or discharge:

- (i) any obligation, right, remedy, claim, protection, charge or related priority created by or recognized under this Order, the CCAA Financing Order or

the Additional CCAA Financing Order, *provided further* that Tenor and the Applicant (and each of them and each of their respective Related Parties) release any Claims that any of them may have against the Trustee, the Ad Hoc Committee, any beneficial owner of the Senior Notes that is part of the Ad Hoc Committee or any of their respective Related Parties based on any of their respective acts or omissions that have occurred up to the date of this Order, and the Trustee, the Ad Hoc Committee and all beneficial holders of the Senior Notes that are part of the Ad Hoc Committee (and each of them and each of their respective Related Parties) release any Claims that any of them may have against Tenor or its Related Parties based on any of Tenor's acts or omissions that have occurred up to the date of this Order;

- (ii) the Senior Notes (including, for the avoidance of doubt, the entire amount of the Proven Standstill Noteholder Claim) and the Trustee Pre-Filing Fees and Expenses Claim which shall continue to exist as valid, binding, debt obligations of the Applicant until they are satisfied in full;
- (iii) the Applicant's obligations under the Indenture and the First Supplemental Indenture;
- (iv) the Applicant's obligations to Tenor pursuant to the Amended DIP Credit Agreement or any of the other Credit Documents (as that term is defined in the Amended DIP Credit Agreement);
- (v) the matters set out in Section 5.1(2) of the CCAA; and

- (vi) any Claims any present or future beneficial owner or holder of the Senior Notes (including, without limitation, any beneficial owner of the Senior Notes that is part of the Ad Hoc Committee) and any Consenting Holder of Prefiling Unsecured Non-Senior Notes Claims (and any of their respective Related Parties) may have against the Applicant or its Related Parties with respect to the common shares of the Applicant (the “**Common Shares**”), *provided further* that none of the Trustee, any beneficial owner or holder of the Senior Notes (but solely in its capacity as a beneficial owner or holder of the Senior Notes), each beneficial owner of the Senior Notes that is part of the Ad Hoc Committee in any and all capacities each of them may have in relation to the Applicant, or any Consenting Holder of Prefiling Unsecured Non-Senior Notes Claims or Cassels Brock & Blackwell LLP (and none of them and none of their respective Related Parties) shall be permitted, directly or indirectly, to commence, initiate, fund, encourage or instigate any claim, action or proceeding (each, a “**Proceeding**”) in respect of any Claims that, but for this proviso (vi), would be released pursuant to this paragraph 29, it being understood that any beneficial owner of the Senior Notes that is part of the Ad Hoc Committee and any Consenting Holder of Prefiling Unsecured Non-Senior Notes Claims (and each of them and each of their respective Related Parties) shall be entitled: (x) to join, participate in and take such other actions as are reasonably necessary to preserve its rights in connection with any such Proceeding commenced by another party or parties and receive the benefit of any such Proceeding, including, without limitation, any amount, award, compensation, damages or settlement

payable or provided in connection with such a Proceeding whether in cash or other consideration; and (y) to receive its rateable share of any amounts paid or distributions made (whether in cash or other consideration) by the Applicant to the holders of the Common Shares.


For the avoidance of doubt, each beneficial owner of the Senior Notes that is part of the Ad Hoc Committee shall continue to be bound by and benefit from the protections of this Order in all its capacities, including, without limitation, as the legal or beneficial owner of the Common Shares or any other equity interest in the Applicant, notwithstanding that any beneficial owner of the Senior Notes that is part of the Ad Hoc Committee may at any time no longer be a beneficial owner of the Senior Notes.

30. **THIS COURT HEREBY REQUESTS** the aid and recognition of any Court, Tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, including the United States Bankruptcy Court for the District of Delaware, to give effect to this Order and to assist the Applicant, the Monitor 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 orders and to provide such assistance to the Applicant and to the Monitor, as an Officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Applicant in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUN 5 2013

NB



Signature of judge, officer or registrar

SCHEDULE "A"**BENEFICIAL OWNERS OF SENIOR NOTES PART OF AD HOC COMMITTEE**

1. QVT Fund LP
2. Quintessence Fund LP
3. Greywolf Loan Participation LLC
4. Outrider Master Fund, LP
5. Ravensource Fund
6. Stornoway Recovery Fund LP

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

ORDER

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Lawyers for Crystallex International Corporation

EXHIBIT 9 TO THE
CROSS-
EXAMINATION
OF S. REID

Court File No.: CV-11-9532-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CRYSTALLEX INTERNATIONAL CORPORATION

THIRTEENTH REPORT OF THE MONITOR

December 14, 2014

INTRODUCTION

1. On December 23, 2011, Crystallex International Corporation ("Crystallex" or the "Applicant") filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") pursuant to the Order of this Court dated December 23, 2011 (the "Initial Order"). Pursuant to the Initial Order, Ernst & Young Inc. ("EY") was appointed as the monitor of the Applicant (the "Monitor") in these CCAA proceedings.
2. In order to provide the necessary financing for its CCAA proceeding (the "CCAA Proceeding") and to pursue the Arbitration Claim (as defined herein), Crystallex has obtained debtor in possession financing from Tenor Kty Coopératief U.A. ("Tenor" or the "DIP Lender").

PURPOSE

3. The Monitor is filing this Thirteenth Report (the "Thirteenth Report") to provide the Court with an update on:
 - (a) The status of Crystallex's pursuit of the claim (the "Arbitration Claim") against the Bolivarian Republic of Venezuela ("Venezuela") for its expropriated mine

site;

- (b) The actual receipts and disbursements of Crystallex for the period from April 1, 2014 through November 30, 2014 (the "Reporting Period");
- (c) the Applicant's revised cash flow forecast through December 31, 2015 (the "Revised Forecast");

[REDACTED]

- (e) The status of discussions between the [REDACTED]
[REDACTED]
[REDACTED];

[REDACTED]

[REDACTED]

- (g) the Applicant's motion to approve the terms of an agreement among Crystallex, the DIP Lender, Robert Fung and Marc Oppenheimer relating to [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] to Robert Fung and Marc Oppenheimer;

- (h) the Applicant's request for leave pursuant to the Order of the Court dated June 5, 2013 (the "Standstill Order") to bring its motion for approval [REDACTED]
[REDACTED];

- (i) Crystallex's request to redact and seal certain commercially sensitive information [REDACTED]; and

- (j) the Monitor's observations and recommendations on the issues set out above.

DISCLAIMER

4. In preparing this Thirteenth Report and making the comments herein, the Monitor has

been provided with, and has relied upon, unaudited financial information, books and records prepared by Crystallex, and discussions with management of the Applicant ("Management") (collectively, the "Information").

5. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("GAAS") pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
6. Capitalized terms not defined in this Thirteenth Report are as defined in previous reports of the Monitor. Unless otherwise stated all monetary amounts contained herein are expressed in U.S. Dollars.

STATUS OF THE ARBITRATION CLAIM

7. A summary of the status of the Applicant's pursuit of its Arbitration Claim is attached as confidential Appendix "A" to this Thirteenth Report. Given the sensitivity regarding the Arbitration Claim, it has been filed with the Court in a sealed envelope. Additional information in respect of the Arbitration Claim can be found in the Near Affidavit.

ACTUAL RECEIPTS AND DISBURSEMENTS

8. Attached as confidential Appendix "B" is a summary of the Applicant's actual receipts and disbursements during the Reporting Period. While this type of information was not treated as confidential in earlier Monitor Reports, [REDACTED], it has been filed with the Court in a sealed envelope at the request of the Applicant.
9. As further set out in Appendix "D", the Applicant's cash balance is approximately \$2.8 million higher than forecast in the Eleventh Report. [REDACTED]
[REDACTED]

[REDACTED]
[REDACTED] which had not been included in the forecast, [REDACTED]
[REDACTED]

10. Attached as confidential Appendix "C" to this Thirteenth Report is the Applicant's [REDACTED], it has been filed with the Court in a sealed envelope.

CURRENT STATUS OF BORROWINGS

11. As set out in the Twelfth Report of the Monitor dated July 8, 2014 (the "Twelfth Report"), Crystallex received approximately \$8.333 million from the DIP Lender on or about June 27, 2014. Of this amount, approximately \$333,333 was paid to the DIP Lender as a commitment fee. Such advances were received pursuant to the Third Credit Agreement Amendment Agreement with the DIP Lender (the "Third DIP Loan Agreement") and the Credit Agreement.
12. As a result of these advances, the DIP Lender has earned approximately 70.554% of the Net Arbitration Award. The total quantum of borrowings pursuant to the Applicant's debtor-in-possession financing is approximately \$62.5 million.

STATUS OF DISCUSSIONS BETWEEN [REDACTED] [REDACTED]

13. Over the last several months, [REDACTED]
[REDACTED] have been discussing issues related to the MIP [REDACTED]. The Monitor has been involved in a number of these discussions.
14. [REDACTED]
[REDACTED] No resolution has yet been reached between the parties. The Monitor has encouraged the parties to continue negotiating.

[REDACTED]

15. Since the date of the Twelfth Report, Crystallex has continued to pursue its Arbitration Claim against Venezuela for the expropriation of its Las Cristinas mine site. The pursuit of the Arbitration Claim has been advanced in proceedings before the Additional Facility of International Centre for the Settlement of Investment Disputes (the "Tribunal") since the date of the Twelfth Report.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Monitor's views [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

24. Based on the Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:

(a) [REDACTED];

(b) as at the date of this Thirteenth Report [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED], or

(c) the [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

30. The Applicant contemplates keeping existing senior management and consultants in place through the arbitration proceedings and employing appropriate arbitration consultants for

the prosecution of the Arbitration Claim. Crystallex states all the knowledge necessary to advance the arbitration proceedings rests with the existing senior management and consultants and the arbitration consultants.

- [REDACTED]
31. The Monitor is not aware of any stakeholder requesting that the Applicant's management be replaced

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED] The discussion of the Monitor's report [REDACTED]
[REDACTED]

37. The [REDACTED] has been prepared by management of Crystallex [REDACTED]
[REDACTED]
38. As described in the Disclaimer above, since the [REDACTED]
[REDACTED]
[REDACTED] Accordingly, the
Monitor expresses no assurance as to whether the [REDACTED] and
the Monitor refers readers to the Disclaimer section above.

Additional Considerations

- [REDACTED]
[REDACTED]
[REDACTED]
40. Given the extent of uncertainty regarding the Arbitration Claim, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

REQUEST FOR LEAVE PURSUANT TO THE STANDSTILL ORDER

41. Pursuant to the Standstill Order, motions not relating to the fees and expenses of the Monitor during these CCAA proceedings cannot be brought without first obtaining leave of the Court.
42. Given the nature of the Applicant's motion, it is required to first obtain leave of the Court in order to bring its motion seeking to have [REDACTED]
- [REDACTED]
[REDACTED]

TRANSFER OF [REDACTED] TO MANAGEMENT

44. As set out in its motion materials, the Applicant is currently seeking an Order from the Court approving the terms of an agreement among Crystallex, the DIP Lender, Robert Fung and Marc Oppenheimer relating to the payment by Crystallex [REDACTED]
[REDACTED] Robert Fung and Marc Oppenheimer. The beneficiary of such [REDACTED]. As such, the creditors of Crystallex, [REDACTED], are unaffected by this reallocation. It is to be noted that Robert Fung and Marc Oppenheimer are the only potential participants in the MIP who are parties to this agreement with the DIP Lender.
45. Discussions regarding [REDACTED] began prior to the Third DIP Loan being approved, as certain provisions of the Management Incentive Program (the "MIP") would have capped Managements' ability to receive the full value of the Net Arbitration Award that would have otherwise been paid to them. This is due to the fact that Management is only allowed to receive a maximum of the lesser of [REDACTED] of the Net Arbitration Award and [REDACTED] of the amount that would be available once all claims were paid. Given that the DIP Lender has already earned approximately [REDACTED] of the Net Arbitration Award, Management is now capped at [REDACTED] of the remainder, or approximately [REDACTED] rather than the previous [REDACTED] maximum to which it was entitled [REDACTED]
[REDACTED]
46. Rather than seek to have the MIP modified at the expenses of other stakeholders, the DIP Lender has come to an agreement with Management [REDACTED]
[REDACTED] and allow Management [REDACTED]
[REDACTED].
47. [REDACTED]
[REDACTED]. Based on a review of its [REDACTED] Crystallex was of the view [REDACTED]

[REDACTED]

SEALING OF COMMERCIALLY SENSITIVE INFORMATION

48. The Applicant requests that Appendices "A", "B" and "C" of this Thirteenth Report be sealed to allow the Applicant to continue its pursuit of the Arbitration Claim and that only the redacted version of this Thirteenth Report be made available to parties who have not signed a confidentiality agreement. The Monitor agrees that it is critical that the [REDACTED]
[REDACTED]. This would include critical information regarding [REDACTED].

THE MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

[REDACTED] A key objective of the Applicant in the CCAA proceeding was and remains [REDACTED]
[REDACTED]
[REDACTED]

50. The Monitor is of the view that the Applicant is continuing to pursue this objective in good faith and with due diligence.

[REDACTED] The [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

52. In order to bring its motion [REDACTED]
[REDACTED], the Applicant requires leave of the Court pursuant to the Standstill Order. In light of the factors and observations noted in the preceding paragraphs, the Monitor is supportive of the Applicant's motion to obtain leave.

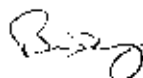
53. [REDACTED]
[REDACTED] In this context, it is beneficial to all of the Applicant's stakeholders.
54. Given their importance to the pursuit of the Arbitration Claim, the Monitor is [REDACTED] supportive of the agreement permitting the transfer [REDACTED] to Robert Fung and Marc Oppenheimer.
55. Accordingly, and for the reasons set out above, the Monitor supports the Applicant's request for an Order [REDACTED]
[REDACTED]
56. For the reasons set out above, the Monitor also supports the sealing of Appendices "A" "D" and "C" of the Monitor's Thirteenth Report and that only the redacted version of this Thirteenth Report be made available to parties who have not signed a confidentiality agreement.

All of which is respectfully submitted this 14th day of December, 2014.

ERNST & YOUNG INC.

In its capacity as Court-appointed Monitor of
Crystallex International Corporation

Per:



Brian M. Denega
Senior Vice President

Todd Ambachtsheer
Vice President

Appendix "A"

Confidential Summary of Arbitration Claim

Appendix "B"**Actual Cash Flows**

Appendix "C"

A solid black rectangular box used to redact content from the document.

**EXHIBIT 10 TO THE
CROSS-
EXAMINATION
OF S. REID**



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED
(THE "ACT")**

AND

**IN THE MATTER OF
CRYSTALLEX INTERNATIONAL CORPORATION
("CRYSTALLEX")**

AND

**COMPUTERSHARE TRUST COMPANY OF CANADA IN ITS CAPACITY AS
TRUSTEE UNDER THE TRUST INDENTURE DATED AS OF DECEMBER 23, 2004,
AS SUPPLEMENTED BY A FIRST SUPPLEMENTAL TRUST INDENTURE DATED
AS OF DECEMBER 23, 2004
(THE "APPLICANT")**

ORDER

(Section 144(1) of the Act)

WHEREAS the Ontario Securities Commission (the "**Commission**") issued an order on April 13, 2012, under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, ordering that trading in the securities of Crystallex, whether direct or indirect, cease temporarily;

AND WHEREAS the Commission issued a further order dated April 25, 2012, pursuant to paragraph 2 of subsection 127(1) ordering that trading in the securities of Crystallex, whether direct or indirect, shall cease until revoked by further order (the "**Cease Trade Order**");

AND WHEREAS the Applicant has made an application to the Commission pursuant to section 144(1) of the Act to vary the Cease Trade Order;

AND WHEREAS the Applicant has represented to the Commission that:

1. Cease trade orders with respect to the securities of Crystallex have also been issued by the British Columbia Securities Commission on or about April 16, 2012 (as amended on or about April 18, 2012), the Autorité des marchés financiers of Quebec on or about May 8, 2012 and the Manitoba Securities Commission on or about July 9, 2012.
2. None of Crystallex's securities are currently listed or traded on any recognized exchange in Canada.

3. Crystallex is the subject of a Court-supervised restructuring under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA Proceedings**") and a proceeding under the *U.S. Bankruptcy Code*.
4. On July 17, 2015, notice that the Applicant had applied for this Order was provided to Ernst & Young Inc. in its capacity as Monitor in the CCAA Proceedings (the "**Monitor**"). As of the date of this Order, the Applicant had not received any objection or comment from the Monitor.
5. The Applicant is a trust company existing under the laws of Canada [NTD: location of Applicant's head office] and trustee under that certain trust indenture dated as of December 23, 2004, as supplemented by a first supplemental trust indenture dated as of December 23, 2004, pursuant to which Crystallex issued certain senior unsecured notes in the principal amount of U.S. \$100,000,000 bearing interest at 9.375% per annum due December 23, 2011 (the "**Notes**").
6. To the Applicant's knowledge, Crystallex's securities are not subject to cease trade orders in the United States or in other jurisdictions outside of Canada.
7. To the Applicant's knowledge, a significant amount of the Notes are beneficially owned by investment funds who invest in securities of issuers in bankruptcy or restructuring proceedings.
8. The Applicant is seeking a variation of the Cease Trade Order under section 144(1) of the Act to permit certain trades in the Notes on the terms specified herein.

AND UPON the Commission being satisfied that it is not prejudicial to the public interest to vary the Cease Trade Order under section 144(1) of the Act.

IT IS ORDERED that, pursuant to section 144(1) of the Act, the Cease Trade Order be varied by including the following section:

"This Order does not apply to a trade of the senior unsecured notes issued by Crystallex International Corporation ("**Crystallex**") in the principal amount of U.S. \$100,000,000 bearing interest at 9.375% per annum due December 23, 2011 (the "**Notes**):

- (a) by a person or company who is:
 - (i) not an insider or control person of Crystallex; and
 - (ii) a Specified Entity (as defined below),
 to a Specified Entity; or
- (b) by a person or company who is
 - (i) not an insider or control person of Crystallex; and

(ii) not a Specified Entity,

to a Specified Entity who is not an insider or control person of Crystallex,

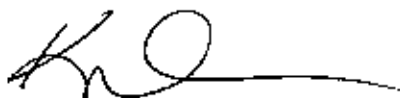
provided that prior to such trade either:

- (c) the purchaser receives a copy of this Order and provides a written acknowledgment to the seller that the Notes remain subject to this Order in accordance with its terms following such trade; or
- (d) Computershare Trust Company of Canada shall have issued a press release disclosing the terms of this Order and the Monitor shall have posted a copy of this Order on its website, in which case the purchaser shall be deemed to have received notification of the terms of this Order and is deemed to have acknowledged to the seller that the Notes remain subject to this Order in accordance with its terms following such trade.

For the purposes of this Order, a "Specified Entity" means:

- (A) registered under the securities legislation of a jurisdiction of Canada as an adviser, investment dealer, mutual fund dealer or exempt market dealer;
- (B) an entity organized in a foreign jurisdiction that is analogous to an entity referred to in paragraph (A);
- (C) acting on behalf of a managed account managed by the person or company, if the person or company is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction; or
- (D) an investment fund if one or both of the following apply:
 - (I) the fund is managed by a person or company registered as an investment fund manager under the securities legislation of a jurisdiction of Canada;
 - (II) the fund is advised by a person or company authorized to act as an adviser under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction."

DATED at Toronto this 13th day of AUGUST, 2015.



Kathryn Daniels
Deputy Director, Corporate Finance
Ontario Securities Commission

EXHIBIT 11 TO THE CROSS- EXAMINATION OF S. REID



MANAGEMENT'S LETTER TO UNITHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2020

NOTICE TO READER

The purpose of Ravensource's Management's Letter to Unitholders is to impart information and analysis to Ravensource's unitholders to allow a thorough understanding of their investment. This letter is a supplemental report to the financial statements, Management Report on Fund Performance ("MRFP"), Annual Information Form ("AIF") and the Independent Review Committee ("IRC") report. You can get a copy of the aforementioned documents and the Fund's proxy voting policies and proxy voting record by calling (416) 250-2845, by writing to us at Stornoway Portfolio Management 30 St. Clair Avenue West, Suite 901, Toronto, ON M4V 3A1, by visiting our website at www.ravensource.ca, or the SEDAR website at www.sedar.com.

A Note on Forward-Looking Statements

This document may contain forward-looking statements relating to anticipated future events, results, decisions, opportunities, risks or other matters. Forward-looking statements are predictive in nature requiring us to make assumptions and subject to inherent risks and uncertainties. Our forward-looking statements may not prove to be accurate, or a number of factors could cause actual events, results, etc. to differ materially from expectations, estimates or intentions. These risk factors include market and general economic conditions, regulatory developments, the effects of competition in the geographic and business areas the fund may invest and others as detailed in Ravensource's Annual Information Form. Forward-looking statements are not guarantees of future performance. For these reasons, it is important that readers do not place undue reliance on our forward-looking statements and should be aware that Ravensource may not update any forward-looking statements.

About the Ravensource Fund

The Ravensource Fund is a closed-end investment trust whose units trade on the TSX under the symbol RAV.UN. The principal objective of Ravensource is to achieve absolute long-term returns through investing in out-of-favor and deep-value North American securities. Ravensource's investments fall primarily in three strategies:

1. *Distressed Securities:* Investing in corporate debt, creditor claims and/or equity securities of companies, that are in, perceived to be in, or emerging from financial distress at a price materially different from what we believe to be the underlying fundamental value of the securities.
2. *Alternative Credit:* Investing in corporate debt, on either a primary or secondary basis, that is reasonably expected to be repaid at or above par at or before its stated maturity in a manner consistent with the terms of its indenture and earn a yield that we believe is attractive given the underlying credit risk.
3. *Special Situations Equities:* Investing primarily in Canadian and U.S. small- and mid-cap equities that have catalysts to bridge the gap between market price and intrinsic value.

About Stornoway Portfolio Management ("Stornoway")

Stornoway was appointed the Fund's Investment Manager on July 1, 2008 to execute Ravensource's investment mandate. Stornoway took over the management of Ravensource from Pat Hodgson. Pat was our partner, an extraordinary investor and a true buccaneer who in 2003 transitioned Ravensource from investing in debt of Asian companies — the Fund was formerly The First Asia Fund — to focus on North American securities. Pat left us with a tremendous legacy that forms the guiding principles we embrace in managing Ravensource.

Stornoway is a Toronto-based, employee-owned investment management firm focused on investing in distressed securities and other out-of-favour investment opportunities that withstand a thorough and disciplined analytical rigor prior to investing and active involvement thereafter. The Stornoway Team is comprised of Brandon Moyse, Daniel Metrikin and Scott Reid on the investment side while Mahesh Shanmugam manages our operations. Our bios and our approach to investing can be found on the Ravensource website. In addition to Ravensource, Stornoway manages the Stornoway Recovery Fund LP ("SRFLP"), a limited partnership that invests in opportunities that arise from companies that are in or near financial distress.

Past investment performance by the Ravensource Fund is not indicative of future results and there cannot be any assurances that its investment objectives will be achieved. This letter is not a solicitation to invest.

MANAGEMENT'S LETTER TO UNITHOLDERS

Growth of \$100,000



(1) Based on net asset value per unit, assuming all distributions are reinvested in units at net asset value.

Dear Fellow Unitholders,

Ravensource Fund's ("Ravensource" or the "Fund") net asset value ("NAV") per unit decreased by 9.1% over 2020, including distributions received by investors. While other investments bounced off their COVID-19 lows to end 2020 higher than where they started the year, Ravensource's did not.

Yet, 2020 was a good year.

A bold statement to be sure. Over 2020, our investee companies performed well in achieving milestones that created value and moved us closer to a successful exit. As a result, our portfolio is significantly better off today than it was a year ago. Despite this progress, none of our investments completed their ultimate crystallization event — emergence from a restructuring or sale to a strategic investor, for example — in 2020. Thus, to the market, our investments remain distressed and "difficult". Typically, only when we finally and fully remove that stress do we earn our rewards.

Put differently, distressed cats don't bounce, but revitalized ones do.

Take our investment in Spanish Broadcasting System. Over the course of 2020, the market price of our SBS preferred shares fell from \$800 to \$450. By February 15, 2021, we reached an agreement to exchange our preferred shares for a consideration package that we valued at over \$850, mostly in cash. Nothing changed in those 45 days since year-end other than the fact we reached a deal. Price and value suddenly converged, but we laid the foundation to achieve this outcome in 2020 and the years before. Until then, the market did not care or know; in fact, it only grew more skeptical.

Make no mistake: we will never be satisfied to generate anything but superior results. However, we do not invest with a 1-year horizon, so we do not expect to generate steady 1-year returns. The time when our investment is rewarded may be years after the actions taken to create that value. As evidenced by SBS, we believe the milestones achieved in 2020 significantly advanced many of our investments towards crystallization. And as we share in 'The Carrot' section at the end of this letter, we believe your capital and patience will be handsomely rewarded if these occur.

You are our partner. Our objective is to meaningfully increase the value of your investment over the long term. Our goal with this letter is to help you better understand your investment by sharing the philosophy and approach we take to meet that objective. We will also provide a closer look at our results and developments during 2020 in a candid and open manner. In other words, we will walk you through the value creation opportunities that exist in our portfolio and what actions we are taking to capture them. If you would like to discuss your investment in more detail, please reach out to us. Our proverbial door is always open.

Investment Performance

Over 2020, Ravensource's investment portfolio generated a loss of 7.1% before fund expenses. The investments that significantly contributed to Ravensource's performance are as follows:

Investment	2020 Gross Return on Investment	Impact on Fund ¹
Dundee Corp.	30.9%	3.1%
Hudson's Bay Co.	10.1%	0.6%
Colabor Group Inc.	24.5%	0.3%
Quad Graphics Inc.	(9.3%)	(0.6%)
GXI Acquisition Corp.	(20.0%)	(0.6%)
Genworth Financial Inc.	(14.1%)	(1.2%)
Delphi / Distinction Energy Corp.	(21.0%)	(1.5%)
Firm Capital Apartment REIT	(26.3%)	(2.2%)
Crystallex International Corp.	(12.0%)	(2.3%)
Spanish Broadcasting System Inc.	(32.2%)	(2.8%)
Other ²		0.1%
Pre-expense / Incentive Fee Investment Return		(7.1%)

¹ Increase in NAV due to investment's total return for the period

² Includes other asset investment returns

We would like to share what specifically drove this year's results.

Dundee Corp. ("Dundee")

Our Dundee preferred share investment was the Fund's star performer, generating a total return of 30.9% over 2020 and increasing the value of Ravensource by 3.1%. This year's gains reflect the actions Dundee took in 2020 to proactively fix its capital structure and restore investor confidence.

Dundee is a public company (TSX: DC.A) with a storied past. Founded in 1991, it grew Dynamic Mutual Funds to become one of Canada's largest asset managers. In 2011, Dundee began selling its asset management and real estate crown jewels, generating over \$1.6 billion in proceeds. It

promptly plowed \$1 billion into dozens of speculative investments, many in industries where Dundee had no expertise. This pivot failed miserably, requiring Dundee to write down these new investments by over \$760 million to date. Dundee's investors lost confidence, panicked and fled.

Our Dundee investment is rooted in our contrarianism: most investors hate preferred shares and they really hated Dundee's given its track record of destroying value. When Dundee hit our radar screen in August 2018, its preferreds traded below 50 cents on the dollar with double-digit yields. Our analysis: Dundee's assets were worth more than their \$25 par value *and* its preferreds ranked atop the capital structure — unusual since most preferred shares have lots of debt ahead of them.

Dundee's problem: it financed risky, non-cash generating assets with dividend-paying preferred shares whose leverage significantly magnified the risk to common shareholders. The solution: Dundee needed to sell assets and buy back preferreds. By doing so, Dundee would lower its cash burn, reduce risk, and create significant value for common shareholders. Three birds, one stone. Our carrot? The potential to turn a \$12 preferred into up to \$25 of cash. We started buying in August 2018 and began vigorously advocating solutions to Dundee's leadership to fix its capital structure.

2020 was a landmark year of achievements: Dundee sold its largest asset and tendered for its Series 2 preferred shares at \$19.50 per share, connecting the dots of our thesis. Although it did not repurchase our Series 3 preferred shares, it significantly de-risked them by retiring equal-ranking liabilities at a steep discount to par. Conservatively, each \$25 preferred share is now backed by \$75 of assets vs. ~\$35 when we initially invested.

However, the job is not complete. Dundee still employs too much leverage and burns too much cash. While it can comfortably retire its remaining preferred shares with cash on hand, it's also investing in junior mining ventures, a notoriously risky sector where Dundee has only achieved middling success in the past. Notwithstanding these challenges, our conviction remains that Dundee's Series 3 preferreds are a compelling investment earning an attractive 8.9% bond-equivalent yield with capital gain potential and supported by a large safety net.

Hudson's Bay Co. ("HBC")

In June 2019, a consortium of insiders and financial investors owning over 57% of HBC announced it was planning to take the iconic retailer private at \$9.45 per share, a 48% premium to the prior trading price. For the typical "merger arbitrage" fund — who depend on a deal to close — HBC wasn't attractive as the take-over faced strong opposition from minority investors, casting doubt it would receive the necessary shareholder approval. With a large potential decline back to the pre-deal price if the deal failed, most "deal" investors stayed away.

However, we are contrarian investors, and through our work developed a differentiated view. The consortium was made up of sophisticated investors and insiders who had an executable plan to earn a significant return over and above its \$9.45 bid. Our thesis was either the consortium would increase its bid to win over the minority shareholders, or the deal would fail and the consortium would still pursue its value-maximizing plan, only now with public shareholders participating. After much sabre-rattling the consortium upped its bid to \$11.00 per share which investors

accepted, and the deal closed in February 2020. Our investment generated a 14.2% total return over its 7-month life, increasing Ravensource's NAV by 0.6% in 2020.

While we realized an attractive return on our HBC investment, our exit was admittedly fortuitous. Mere weeks after the go-private transaction closed, COVID-19 crushed the price of brick and mortar retailers and commercial real estate. We wish the now-private HBC success navigating these troubled waters. If it fails, it may re-appear on our radar screen as a distressed opportunity.

Firm Capital Apartment Real Estate Investment Trust ("FCA")

FCA is a publicly listed (TSXv: FCA-U) Canadian real estate entity that invests directly in U.S. multi-residential, rental properties. FCA targets bite-sized, value-added real estate opportunities and injects capital and operating discipline to create meaningful investor value. However, today's FCA is a far cry from where our experience began.

We invested in FCA — then Delavaco — in 2015 when it was on the brink of insolvency due to terrible capital allocation decisions, too much debt and incompetent leadership. Along with others, Ravensource injected equity at fire sale prices to rescue FCA and position it to prosper. We partnered with Eli Dadouch's team at Firm Capital Corporation, who expertly engineered a complete asset makeover, revitalized the operations, and restructured the balance sheet. To oversee FCA's revitalization and protect and grow our investment, Scott became a director.

FCA's turnaround was a tremendous success. By February 2020, it had a strong balance sheet, its properties were generating cash flow, its investors were receiving a 4% distribution, and its net asset value had grown by 44%. Reflecting these achievements, FCA's share price had increased 70% to USD \$8.00. We determined it was time to sell and redeploy our energy and capital on new opportunities where we could once again move the needle. Unfortunately, our timing could not have been worse. Days later, COVID-19 rocked the markets and FCA's share price fell to USD \$4.00.

Rather than sell, we elected to hold. Why? When facts change materially, so do our actions. When a price of an investment falls like FCA did, our discipline requires a complete "re-underwriting", challenging our thesis, examining whether FCA had been impaired and if an investment remained compelling. Critically, our conviction was re-affirmed that FCA shares are worth much more than USD \$8.00. We were also emboldened by the actions of FCA's leadership as it bought back 8% of its units at USD \$4.00 in August with the very proceeds it raised at USD \$8.20 just 6 months prior. Soon after, FCA's management and directors stepped-up to increase their already sizeable investment. For us, it was a no brainer to hold our FCA shares until they recover. We actually would have bought more had we not already had a full position.

It was frustrating for us to just miss an opportune exit window and then watch our shares decline by 42.7% over 2020 despite FCA's positive operating achievements. However, we know FCA is well-managed by insiders with significant skin-in-the-game; its real estate portfolio still generates cash; and it has a rock-hard net asset value greater than USD \$9.80. In this sea of over-valued securities, FCA stands out as a compelling opportunity that we believe will ultimately appreciate back over USD \$8.00. If so, we stand to earn a 70%+ potential return from 2020 year-end levels.

Genworth Financial Inc. ("Genworth")

Genworth is a U.S. publicly listed (NYSE: GNW) insurance company that covers mortgage, life and long-term care needs. Our interest in Genworth common shares was sparked by the October 2016 announcement that it was being acquired by China Oceanwide for \$5.43/share in cash. Since the announcement, Genworth's shares persistently traded at a >30% discount to the take-over price versus typical merger spreads of 10% or less. Merger arbitrage investors were staying away due to Trump's hard-line on China while most value investors typically avoid "deals".

A key component of our "edge" is that we hunt for opportunities that fall through the cracks of traditional investors. Why? We typically find the opportunities with the widest price-to-value divergence – aka our "sweet spot" – along the paths less travelled. Abandoned by all but the most contrarian investors, Genworth certainly qualified. Digging into it, we uncovered a potential "heads I win, tails you lose" situation in that if the buyout closed, we'd collect \$5.43, a healthy ~40% return; while if it failed, the value of Genworth's mortgage insurance unit alone was well in excess of the market price of its stock. We started buying in February 2017 below \$4.00/share.

While long in doubt, by December 31, 2020 it was clear that buyout would not close as China Oceanwide simply did not have cash. As a result, Genworth's shares ended the year at \$3.78, down from \$4.40 in 2019. While our "deal" path to profitability was eliminated, our "stand-alone" path became more attractive in 2020. Genworth sold non-core assets to pay down debt, and its underlying businesses remained highly profitable amid COVID, posting strong underwriting results and improved capital ratios. However, with so much focus on the China Oceanwide deal, the market has ignored Genworth's stand-alone business value. To date, we have been wrong.

2021 is the "where's the beef?" year for our thesis. Genworth is seeking to IPO its US mortgage insurance unit ("USMI"), the success of which will largely determine the success of our Genworth investment. USMI is its "crown jewel" and comprises most of its asset value; however, its worth is obscured by legacy issues at Genworth's Life and LTC units. An IPO will provide investors a pure-play on its mortgage insurance business without the Life and LTC baggage. Based on publicly traded comparables, we believe an IPO will value Genworth between \$4.50 to \$5.00 per share — ascribing *zero* value to Life and LTC — representing 19-32% upside from December 31, 2020, market prices. However, USMI is a highly attractive asset. We wouldn't be surprised if the IPO evolved to an outright sale to a strategic / private equity investor, potentially increasing our return profile.

Crystallex International Corp. ("Crystallex")

Crystallex is the proverbial little engine that could. In its efforts to collect a USD\$1.5 billion damages award against Venezuela, Crystallex has won ground-breaking legal judgments, including the right to seize and sell Venezuelan-owned CITGO Petroleum Corporation ("CITGO").

Crystallex's 9.375% senior notes (the "Senior Notes") is Ravensource's largest investment. Our investment thesis: Venezuela still owes Crystallex approximately USD\$1 billion and in turn, Crystallex – by our math – currently owes its Senior Noteholders over USD \$300mm / \$300 per \$100 face value of Senior Notes. If Crystallex successfully collects from Venezuela, Crystallex can fully repay the Senior Notes and we stand to generate more than a 170% return over December 31st,

2020's market price of \$110. Stornoway is a member of the Ad Hoc Senior Noteholder Committee and is actively engaged to protect and maximize the value of our investment.

Over 2020, our conviction grew as Crystallex notched key legal wins, moving it much closer to selling CITGO and Ravensource closer to capturing significant gains on our investment. Most notably, on May 16, 2020, the US Supreme Court ("SCOTUS") rejected even hearing Venezuela's appeal as to whether Crystallex is entitled to sell CITGO, following which the Delaware courts gave Crystallex the green-light to prepare CITGO for sale. Despite these milestones, the price of the Senior Notes fell by 12% over 2020, decreasing the value of your SRFLP investment by 2.7%.

Why? Simply put, Crystallex is not home free. Due to U.S. sanctions surrounding Venezuela, Crystallex must obtain a license before completing the CITGO sale, which so far, it has yet to do. We also know Venezuela will continue to obstruct the sale of CITGO, prolonging the battle over this valuable asset. In addition, four sophisticated investors happily own more than 90% of the Senior Notes outstanding, leaving little opportunity for outside investors to buy. With no incentive to follow this complex opportunity, the market pays very little heed to its developments.

However, we are not looking to exit through the market. Consistent with most of our investments, our exit will likely come from a strategic transaction or cash distribution directly from Crystallex. If this takes two more years, we could earn a compelling 65%+ annualized return on our investment from current prices; however, given political headwinds it could take significantly longer. Until that eureka moment, the market price of the Senior Notes will remain disconnected from their underlying economic value and, as in 2020, unreflective of positive developments.

Spanish Broadcasting System Inc. ("SBS")

Spanish Broadcasting System Inc. is a publicly listed owner and operator of Hispanic-focused radio stations in the United States. It is a fantastic business: it has the #1 rated Hispanic station in all its major markets; focuses on an attractive and growing demographic; and generates strong free operating cash flow. So why did our SBS investment reduce Ravensource's value by 2.8% in 2020?

We buy things that are broken then work to fix them to capture the value that lies nascent in the distressed security. SBS's problem was its capital structure. Its 12.5% Secured Notes matured in April 2017 yet could not be repaid due to a special set of approval rights afforded to the preferred shareholders triggered when SBS failed to pay their dividends. Like other preferred shareholders, until SBS fixed its capital structure, we would not approve the re-financing of the Secured Notes. We believed SBS could create a significant windfall for both preferred and common shareholders if it reorganized its capital structure. With this plan in mind, we invested in SBS's Series B preferred shares in July 2017 and its 12.5% Secured Notes in January 2018. Stornoway then partnered with two preferred shareholders to achieve a restructuring solution with the company.

However, effecting change is challenging. We underestimated the majority owner's singular desire to maintain control. In February 2020, we finally began to build momentum as SBS made an initial proposal after years of silent stalemate. COVID-19 swiftly killed that momentum and significantly decreased SBS' advertising revenue and operating performance. The market price of our preferred

shares fell from \$800 to \$450 per \$1,000 face value over 2020, as the market saw nothing but deadlock, uncertainty and lower near-term economics.

In February 2021, less than 45 days *after* year-end, peace broke out in an agreement whereby SBS redeemed our preferred shares for consideration we valued at more than \$850 per preferred share — \$692 of which was cash — or 89% higher than the \$450 2020 year-end market price. Nothing changed in those 45 days other than we finally reached a deal. This exemplifies the value created at the end of the long and often contentious road to a restructuring. It is typically only at that tipping point where price and value on our investments converge. The returns we earned on SBS in 2021 was built on actions taken in 2020 and earlier. Change happens slowly — then immediately.

Long Term and Relative Performance

The Fund's objective is to produce significant long-term returns for its investors regardless of market conditions. While we trust you share our objective of "absolute" returns, you likely also want to measure how we perform against the broader investment universe. Given the idiosyncratic nature of the Fund's investments, we have not uncovered an index that sufficiently resembles Ravensource to the degree it should be considered a "benchmark". Instead, we have identified several indices — see Appendix 1 for descriptions — that are relevant due to their relationship to one of our three investment strategies.

	Annualized Total Return				Since July 1, 2008	
	1 Year	3 Year	5 Year	10 Year	Annual	Total ⁽²⁾
Ravensource Fund ⁽¹⁾	(9.1%)	3.8%	5.1%	6.9%	7.7%	151.9%
S&P/TSX Composite Total Return Index	5.6%	5.7%	9.3%	5.8%	4.6%	75.7%
S&P/TSX Small Cap Total Return Index	12.9%	2.3%	8.8%	1.3%	2.5%	36.0%
ICE BofAML US High Yield Index	6.2%	5.9%	8.4%	6.6%	7.8%	156.9%
Credit Suisse Distressed Hedge Fund Index	3.8%	1.2%	3.4%	3.6%	3.5%	53.2%

(1) Based on net asset value per unit, assuming all distributions are reinvested in units at net asset value.

(2) Un-annualized return.

Clearly, 2020 was a poor year for the Fund as we underperformed return-wise on both an absolute and relative basis. Unlike most asset classes, our investments did not shrug off the impact of COVID and rebound strongly in price over Q3 and Q4 2020. Investors were willing to pay a hefty price for very liquid and new economy investments, but for the distressed securities in which Ravensource invests — not so much. We'd love to generate outsized returns for our investors year in and year, yet our collection of contrarian and idiosyncratic investments typically don't co-operate. Our revitalization / value-creation process takes years to effect, and the rewards are generally isolated at the end, with many twists and bumps in the market price along the way.

To evaluate our performance against our objective, Ravensource should be judged over a longer time horizon. Since Stornoway became Ravensource's Investment Manager in July 2008, Ravensource's NAV per unit has increased by 151.9% in total / 7.7% on an annualized basis, including re-invested distributions. By comparison, the S&P/TSX Composite Total Return Index has increased by 75.7% in total / 4.6% annualized over the same time period. If you had invested \$100,000 in July 2008, a Ravensource investment would be worth \$76,147, or 43% more than a similar investment in the S&P/TSX. By those results, we believe we have met our long term objective.

Fund Liquidity and Investment Activity

We started 2020 with 20.4% of the Fund's opening net assets in net cash. In the midst of the COVID pandemic and related market disruption, Ravensource experienced its largest unit redemption to date. The Fund had ample liquidity to comfortably meet this redemption and make significant opportunistic investment purchases throughout the year. Altogether, our net cash decreased to 14.6% of net assets by December 31, 2020.

The sources and uses of the Fund's net cash during the year are outlined below:

	Amount	% of NAV ⁽¹⁾
Starting Net Cash	6,054,593	26.8%
Sources		
Investment Divestitures	3,023,799	13.4%
Dividends and Interest	520,972	2.3%
Foreign Exchange	358,458	1.6%
Return of Escrowed Funds ²	348,689	1.5%
Total Sources	4,251,918	18.8%
Uses		
Unitholder Redemptions	(3,904,802)	(17.3%)
Investment Purchases	(2,069,169)	(9.2%)
Operating Expenses	(582,483)	(2.6%)
Distributions to Unitholders	(464,530)	(2.1%)
Total Uses	(7,020,984)	(31.1%)
Change in Net Cash	(2,769,066)	(12.3%)
Ending Net Cash	3,285,527	14.6%

(1) % of Dec 31, 2020 NAV

(2) Relating to Delphi Energy Corp. Subscription Receipts

Unitholder Redemptions

Ravensource provides its unitholders with the annual right to redeem 100% of their units for cash at a price equal to the Net Asset Value calculated as of the Annual Redemption Date. In turn, Ravensource has the right to recirculate the units tendered for redemption to interested investors at the redemption price. For further details, please refer to the Declaration of Trust, which can be found in the "Key Documents" section of the Ravensource Website at www.ravensource.ca.

In 2020, 319,508 Ravensource units were tendered for redemption, representing 19.1% of units outstanding, at a price of \$15.69 for a total redemption value of \$5,013,081. With the help of BMO, Ravensource's redemption agent, we successfully re-circulated 22% of the redeemed units. As we only have two weeks to market the redeemed units to potential investors – a tight time-line at the best of times – we were very appreciative of swift and strong participation by both new and existing investors.

The impact of 2020's redemption is two-pronged. Remaining unitholders benefit by effectively increasing their ownership share of: i) our existing investments, which are mid-stream in their value creation path and difficult to buy outside the Fund; and ii) the Fund's considerable tax assets that defer

taxes on future capital gains. However, as some of Fund's costs — legal, listing, IRC fees — are "fixed", our expense ratio going forward will marginally increase with fewer units outstanding.

Investment Purchases

During 2020, we increased our investments in Quad/Graphics Inc. common shares, Dundee Corp. preferred shares and Colabor Group Inc. convertible debentures at very attractive prices on the back of the market weakness that followed the arrival of COVID-19. Much more prominently, Ravensource injected equity capital to help fund Delphi Energy's restructuring plan that allowed it to emerge from insolvency. In total, investment purchases over 2020 represented approximately 9.2% of the Fund's net assets as of December 31, 2020.

Distinction Energy Corp. ("Distinction")

In late 2019, we made a small investment – primarily in 2nd lien debt – in Delphi Energy, based on our analysis that its assets were worth significantly more than the distressed prices its 2nd lien debt traded at. However, our thesis didn't have sufficient time to play out. The oil price shock in March 2020 unnerved Delphi's bankers, causing them to call "DEFAULT". Delphi sought CCAA protection from said bankers, crushing our initial investment in the process.

As opportunistic vultures, we swooped in to protect the value of our existing investment while circling for an opportunity to participate in Delphi's revitalization in a much more meaningful way. The partnership we fostered with Delphi's controlling creditor along with the restructuring expertise we brought to the table enabled us to play a key role in crafting the reorganization plan (the "Plan"). To finance the Plan's implementation, in July 2020 we committed to inject a significant amount of equity at \$15 per share. In October 2020, Delphi emerged from CCAA rebirthed as Distinction Energy, debt-free, fully recapitalized and armed with cash equal to ~50% of its assets.

We believe Distinction has enormous opportunity to optimize its own assets and acquire attractive ones from distressed sellers needing liquidity. To realize this vision, it needed a partner and landed a kingpin: Kiwetinohk Resources Corporation ("KRC"). KRC is led by Pat Carlson, one of Canada's preeminent energy investors, best known for his homerun on Seven Generations precisely in the target-rich Montney region where Distinction's assets are located. KRC is backed by ARC Financial, a highly respected and disciplined energy investor. To have meaningful skin in the game, KRC invested sufficient capital to become Distinction's majority shareholder.

Distinction has hit the post-CCAA pavement running. They have: enhanced production yields; tightened its capital allocation discipline; streamlined operating costs; and recently announced a transformative acquisition of Ovintiv's non-core Montney assets. We chalk these accomplishments up to the ownership mentality its new management team has instilled in the corporate decision-making process. All this has occurred amidst rising oil prices, with WTI now in the USD \$60s vs. the sub-\$40 strip off which we invested. Significant value has been undeniably created.

Looking into 2021, one of Distinction's key milestones will be securing a listing on the TSX to create a currency for further acquisitions and provide liquidity for shareholders. In doing so, we will receive an early scorecard on how the new team is doing. Based on the operating efficiencies

achieved to date, the Ovintiv acquisition, rising energy prices and energy company market valuations, we believe that once listed on the TSX, Distinction shares will trade in the \$20s with more to come as KRC flexes its muscles to drive shareholder value.

Divestitures

RavenSource's cash increased by 13.4% of the Fund's net assets during 2020 from the successful exit of HBC in January, a partial exit on our Dundee preferred share investment at \$19.50 into the company's substantial issuer bid in September, and cash distributions from Old PSG Wind-Down Ltd. and Specialty Foods Group. In addition, we sold our remaining Flow Capital common shares as our thesis had successfully played out.

Distributions

RavenSource's distribution policy is to make semi-annual distributions in an amount that ensures it does not incur any tax while providing a reasonable yield for our investors. Distributions over 2020 amounted to \$0.30 per unit, unchanged from \$0.30 per unit paid over 2019, equating to a 2.0% annual yield using December 31, 2020's closing / last bid price of \$15.10.

Operating Expenses

RavenSource's operating expenses include management fees, legal fees, trustee fees, TSX listing fees, accounting expenses, transaction costs and a host of other operating expenses. The table below shows how these expenses reduced the Fund's gross return on investment to arrive at the Fund's net investment return during 2020 and 2019.

	Dec 31, 2020	Dec 31, 2019	YoY Change
Pre-expense / Incentive Fee Investment Return	(7.07%)	7.14%	
Less:			
Management, administrative and IR fees	1.07%	1.21%	(0.14%)
Other operating expenses	0.38%	0.44%	(0.06%)
Legal fees	0.34%	0.39%	(0.05%)
Audit and accounting fees	0.23%	0.22%	0.01%
Total Expenses Before Incentive Fee	2.02%	2.26%	(0.24%)
Pre-Incentive Fee Investment Return	(9.09%)	4.88%	
Less:			
Incentive Fee	0.00%	0.00%	
RavenSource Fund Net Investment Return	(9.09%)	4.88%	

Over 2020, operating expenses represented 2.02% of RavenSource's starting NAV, 24 basis points lower from 2019's levels. Though the Fund had small reductions in other operating expenses (6 basis points) and legal fees (5 basis points), the Fund's 1% management and administrative fee has not changed. It simply declined as a percentage of *starting* net asset value at the beginning of the year rather than *average* net assets throughout the period.

Incentive Fee

Stornoway as Ravensource's Investment Manager is entitled to an annual incentive fee equal to 20% of Ravensource's net profits over and above a 5% annual hurdle rate, after making up any losses or shortfalls from prior years (the "Incentive Fee").

As Ravensource did not generate a positive return during 2020, Stornoway did not earn an Incentive Fee. Until Ravensource investors are rewarded with tangible investment returns once again – and you first earn your 5% hurdle rate above this/previous years' shortfall – Stornoway is not entitled a dollar of Incentive Fee. Simply put, we only get rewarded if you do first.

"Skin in the Game"

The Stornoway Team is passionate about the approach and philosophy that drives our investment decisions, our active involvement in the companies we invest in, and the steps we take to reduce risk and generate compelling long-term investment returns. We believe that an investment manager should have significant "skin in the game", sharing in the risk and reward of our decisions alongside other investors. Accordingly, each member of the Stornoway Team has a substantial personal investment in Ravensource. As of December 31, 2020, we owned approximately 11.8% of Ravensource's outstanding units, and together, we are likely Ravensource's second largest investor. In short, we eat our own cooking. We are your partner.

Risks

We define risk as the potential for a permanent loss of capital. While assumed at the time we make an investment, risk is a dynamic metric that for us varies primarily as a result of attaining – or failing to attain – key milestones such as reaching a restructuring agreement, closing of a merger or repayment of a loan. We continually monitor the risk of each investment and its impact on our portfolio, taking actions or making changes to the size of our investment when warranted.

The most effective risk management tools we employ are: to establish a large "margin-of-safety" by investing at prices substantially below what we believe is intrinsic value; structure our investment to mitigate the risk of loss; and become actively involved with our investees to protect our investment. Through these mechanisms and processes, we can substantially reduce risk while increasing the potential for returns. However, sometimes we are wrong, ineffective in de-risking a company, or an investment's potential fails to materialize exposing our investors to a loss.

We also note that our investments will likely experience periodic mark-to-market gains and losses over their investment life. While our investments are typically uncorrelated to most asset classes, when markets become disrupted – e.g in 2008 and 2020 – there will be a flight to the most liquid of assets. As we invest in underfollowed and unloved opportunities, Ravensource's investments can be particularly exposed to temporary market losses during flights to quality. We may seek to capitalize on lower prices by prudently increasing an investment as we did over 2020 if the opportunity is compelling and the underlying company has ample liquidity to ride out the storm.

In addition to investment-specific risks, the Fund is exposed to changes in foreign exchange rates, interest rates, credit conditions and other economic factors as described in the Annual Information

Form and in the notes attached to our financial statements. We encourage all investors to carefully read the Fund's financial statements, including the additional disclosure in the notes to the financial statements, as we do prior to investing.

There has been no change during 2020 in the Fund's stated investment strategy or in the execution of the investment mandate that would materially affect the risk of investing in Ravensource. We continue to believe the Fund is suitable for those investors seeking long-term capital growth rather than income, have a long-term investment horizon, and possess a medium to high risk tolerance to withstand the ups and downs that go along with investing in out-of-favor securities.

The Carrot

The bulk of this letter has been devoted to reviewing how Ravensource performed over 2020 and the actions taken to create and capture value on our investments. But, investing is a forward-looking business with investors rightly focused on future results. We don't have a secret crystal ball, nor possess the ability to divine the future. However, we recognize the importance of helping you better understand the potential results we are working to achieve on our individual investments – the proverbial "carrot". We have added this new section to address that goal.

The table below lays out our internal estimate of the gap between the market price of our investments as of December 31, 2020 and the value we are working to realize upon a successful exit. Throughout this report we have described the steps we took in 2020 to reach the conclusive milestones which will unlock this value. This analysis quantifies that potential value for you.

Investment	Market Value as % of Fund ¹	"The Carrot" ²	Estimated Timeline to Realization
<i>Realized / Partially Realized</i>			
Spanish Broadcasting System Inc.			
Series B Preferred Shares	5.1%	76.9%	93% Realized - Feb-21 / Residual - 1-2 years
12.5% Senior Notes	2.4%	2.7%	Fully Realized - Feb-21
Colabor Group Inc.	2.2%	4.4%	Fully Realized - Feb-21
<i>Unrealized</i>			
Crystallex International Corp.	24.6%	122.7%	2 - 4 years
Dundee Corp.	15.1%	9.6%	6 - 12 months
Genworth Financial Inc.	10.3%	19.0%	1 - 2 years
Firm Capital Apartment REIT	7.8%	55.2%	6 - 18 months
Quad Graphics Inc.	7.6%	30.9%	1 - 2 years
Distinction Energy Corp.	6.3%	66.7%	6 - 18 months

¹ As of December 31, 2020

² Conservative estimate of the investment's return to the time of a successful realization vs. market value at December 31, 2020

While we have made great strides in 2020 on all our investments, some are closer to being realized than others. For example, our investments in Spanish Broadcasting System and Colabor Group were realized in February 2021 while others such as Crystallex may still be years away. Timing is one of our most uncertain and uncontrollable factors. However, as long-term investors who focus on creating value over time, these longer termed investments are often our most rewarding – the power of compounding is one of investing's most potent forces.

As with any forward-looking analysis it comes with a necessary caveat: this is not a projection of future annual returns – it is an assessment of the value we believe we can achieve if we are successful. We believe our assessments are conservative and grounded in today's reality, not based on hopes and dreams that the underlying businesses will sell more widgets or increase their profit margins. Rather they represent value that exists today that can be realized by achieving the milestones as we have laid out in the individual write-ups. As an example of this conservatism, despite our conviction that we are currently owed — and should ultimately be paid — \$300 per \$100 face value Crystallex bond, we have instead shown a target almost 20% lower. We have not priced our endgoals to perfection. In any investment, there are a range of potential outcomes; the values in this table reflect our low estimate of that successful range.

We also want to stress that there is a risk of loss. Despite our thorough analysis, active involvement and paying a thrifty price to acquire an investment, sometimes we are wrong, fail to de-risk the company, lose the battle over what share of the pie we are entitled to, or the potential we identify does not materialize, all of which could result in a loss of capital. Investing is an inherently uncertain pursuit. As the great philosopher Yogi Berra was well aware: "It's tough to make predictions, especially about the future."

Concluding Remarks

I recognize 2020 was a trying year to be a Ravensource investor. While the broader markets shrugged off COVID-19 and increased in value, our Ravensource investment posted a 9.1% loss.

I understand if you are disappointed. However, as we do not invest your capital with a 1-year time horizon, we do not expect a 1-year timeline to success. We are patient, long-term investors with a differentiated view from the market. Our returns will therefore differ significantly from the market's, both on an annual basis and in the long run. Ravensource's collection of distressed and unloved companies requires change to capture its underlying value and change takes time. Critically assessed, over the past 12 years our approach has rewarded our investors with a superior return, just not this year.

As we have shared throughout this letter, we achieved change in 2020 which increased the value of our investments and moved us nearer to exits. We have created a new section – "The Carrot" – to share our insight as to the potential returns we are working to create for you which will be crystallized upon those exits.

As we continue to look forward, Ravensource is well-positioned for new opportunities. Many companies survived COVID through government support, reducing working capital and taking on cheap debt. However, that support will end; inventory will need rebuilding; trade credit will need to be provided; and the debt merchants will demand their loose money back. These all require capital. As we did with Distinction Energy in 2020, our flexibility and creativity will enable us to provide specialized restart capital in difficult situations.

Lastly, on behalf of the entire Stornoway Team – Brandon, Daniel, Mahesh and me – I would like to thank our investors for your continued trust. We acknowledge that our process to create meaningful and lasting value on our investments takes time and perseverance. No doubt, 2020 certainly tested your patience. Your partnership is a key ingredient in our success. We look forward to rewarding you in the years to come.

In writing this review, we wrestle with the twin objectives of being thorough yet succinct. We recognize that despite our effort to cut to the essentials, there remains a lot of information to digest! We are available via phone or Zoom to discuss your investment further. We enjoy hearing from our investors and discussing our investments and strategy with you.

Onwards and upwards.



Scott Reid
President and Chief Investment Officer
Stornoway Portfolio Management Inc.
Investment Manager of the Ravensource Fund

April 2021

Appendix 1 - Ravensource's Use of Comparable Indices

Given the idiosyncratic nature of the Fund's investment strategy, the Investment Manager does not believe there is an index that sufficiently resembles the Fund to the degree it should be considered or used as a "benchmark". However, the Investment Manager provides historical performance data for several indices in addition to the results of the Fund for comparison purposes. The Investment Manager has chosen indices that it believes are relevant to the investment mandate of the Fund and / or to capital markets in general. However, while each of these indices overlap with certain aspects of the Fund's mandate, none of them share significant similarities with the Fund's investment portfolio:

- The S&P/TSX Composite Total Return Index ("S&P/TSX") is the principal broad-based measure commonly accepted by investors to measure the performance of Canadian equity markets. The S&P/TSX is a relevant index for comparison purposes as the Fund's investment portfolio contains Canadian equity investments and the Fund's debt investments are frequently converted into equity securities as part of the restructuring process. However, the performance of the S&P/TSX will vary greatly from the Fund as its investment portfolio is primarily comprised of securities that are not included in the S&P/TSX.
- The S&P/TSX Small Cap Total Return Index ("TSX Small Cap") tracks the performance of the Canadian small cap equity market. The TSX Small Cap is a relevant index for comparison purposes as the Fund invests in Canadian small cap companies that are attractively valued with catalysts to unlock value. However, the performance of the TSX Small Cap will vary greatly from the Fund as its investment portfolio is primarily comprised of securities that are not included in the TSX Small Cap.
- The ICE BofAML US High Yield Index ("BAMLHY") is a USD-denominated index that tracks the performance of USD, sub-investment grade rated corporate debt. BAMLHY is a relevant index for comparison purposes as the Fund invests in corporate debt securities that are rated below investment grade. However, the Fund's investment portfolio also includes defaulted debt and equity securities which are not included in the BAMLHY and thus the Fund's performance may vary greatly from BAMLHY.
- The Credit Suisse Distressed Hedge Fund Index ("CSDHFI") is a USD-denominated index that tracks the aggregate performance of investment funds that focus on investing in companies that are subject to financial or operational distress or bankruptcy proceedings. The CSDHFI is a relevant index for comparison purposes as the Fund's investment mandate broadly overlaps that of the funds that make up the CSDHFI. However, it is likely that the composition of the Fund's investment portfolio is unique from these peers and thus the Fund's performance may vary greatly from the CSDHFI.

As the Fund makes idiosyncratic investments in securities which are overlooked by the capital markets, the Fund's investment portfolio contains investments that are not likely included in any of the above indices and thus an investment in the Fund should not be considered a substitute or proxy for the underlying index. For the reasons stated above, these indices should not be considered a benchmark for the Fund and there can be no assurance that any historical correlation or relationship will continue in the future. Index data is provided by Credit Suisse and ICE Data Services.



EXHIBIT 12 TO THE CROSS- EXAMINATION OF S. REID



MANAGEMENT'S LETTER TO UNITHOLDERS

FOR THE SIX MONTHS ENDED JUNE 30, 2019

NOTICE TO READER

The purpose of Ravensource's Management's Letter to Unitholders is to impart information and analysis to Ravensource's unitholders to allow a thorough understanding of their investment. This letter is a supplemental report to the financial statements, Management Report on Fund Performance ("MRFP"), Annual Information Form ("AIF") and the Independent Review Committee ("IRC") report. You can get a copy of the aforementioned documents and the Fund's proxy voting policies and proxy voting record by calling (416) 250-2845, by writing to us at Stornoway Portfolio Management 30 St. Clair Avenue West, Suite 901, Toronto, ON M4V 3A1, by visiting our website at www.ravensource.ca, or the SEDAR website at www.sedar.com.

A Note on Forward-Looking Statements

This document may contain forward-looking statements relating to anticipated future events, results, decisions, opportunities, risks or other matters. Forward-looking statements are predictive in nature requiring us to make assumptions and subject to inherent risks and uncertainties. Our forward-looking statements may not prove to be accurate, or a number of factors could cause actual events, results, etc. to differ materially from expectations, estimates or intentions. These risk factors include market and general economic conditions, regulatory developments, the effects of competition in the geographic and business areas the fund may invest and others as detailed in Ravensource's Annual Information Form. Forward-looking statements are not guarantees of future performance. For these reasons, it is important that readers do not place undue reliance on our forward-looking statements and should be aware that Ravensource may not update any forward-looking statements.

About the Ravensource Fund

The Ravensource Fund is a closed-end investment trust whose units trade on the TSX under the symbol RAV.UN. The principal objective of Ravensource is to achieve absolute long-term returns through investing in out-of-favor and deep-value North American securities. Ravensource's investments fall primarily in three strategies:

1. *Distressed Securities*: Investing in corporate debt, creditor claims and/or equity securities of companies, which are in, or perceived to be in financial distress or insolvency.
2. *Alternative Credit*: Investing in corporate debt, on either a primary or secondary basis to earn a yield that we believe is attractive given the underlying credit risk.
3. *Special Situations Equities*: Investing primarily in Canadian and U.S. small- and mid-cap equities that have catalysts to bridge the gap between market price and intrinsic value.

About Stornoway Portfolio Management ("Stornoway")

Stornoway was appointed the Fund's Investment Manager on July 1, 2008 to execute Ravensource's investment mandate. Stornoway took over the management of Ravensource from Pat Hodgson. Pat was our partner, an extraordinary investor and a true buccaneer who in 2003 transitioned Ravensource from investing in debt of Asian companies — the Fund was formerly The First Asia Fund — to focus on North American securities. Pat left us with a tremendous legacy that forms the guiding principles we embrace in managing Ravensource.

Stornoway is a Toronto-based, employee-owned investment management firm focused on investing in distressed securities and other out-of-favour investment opportunities that withstand a thorough and disciplined analytical rigor prior to investing and active involvement thereafter. The Stornoway Team is comprised of Brandon Moyse, Daniel Metrikin and Scott Reid on the investment side while Mahesh Shanmugam manages our operations. Our bios and our approach to investing can be found on the Ravensource website. In addition to Ravensource, Stornoway manages the Stornoway Recovery Fund LP ("SRFLP"), a limited partnership that invests in opportunities that arise from companies that are in or near financial distress.

Past investment performance by the Ravensource Fund is not indicative of future results and there cannot be any assurances that its investment objectives will be achieved. This letter is not a solicitation to invest.

MANAGEMENT'S LETTER TO UNITHOLDERS

Growth of \$100,000



(1) Based on net asset value per unit, assuming all distributions are reinvested in units at net asset value.

Dear Fellow Unitholders,

Ravensource Fund's ("Ravensource" or "the Fund") net asset value ("NAV") per unit increased by 3.4% over the six months ended June 30, 2019 including the distribution Ravensource investors received during the first half of 2019.

Admittedly, Ravensource's first half 2019 return was pedestrian, underperforming most segments of the capital markets as they recovered much of what they lost in 2018. In contrast, Ravensource continued to build on top of the 17.0% return generated in 2018. However, we rarely correlate with the broader markets and do not fixate on short term results. That is not what we do nor our value proposition to you as investors. Our focus is to generate superior long-term growth by investing in idiosyncratic opportunities that are off the radar screen of and often counterintuitive to most investors.

Our three investment strategies – distressed securities, alternative credit, and special situations equities – are built upon one philosophy: superior performance is achieved by thinking differently than the crowd. This guides us when determining what to invest in but also in the actions we take after the investment is made as we employ our grit and expertise to protect and capture the value identified at the time of purchase.

In addition to effort, it takes time for our approach to produce results. Generally, our returns are linked to the accomplishment of milestones by our investee companies. Think of the completion of a

corporate turnaround, the repayment of a loan, or the consummation of a merger that other investors doubted would be achieved as examples. Over the first half of 2019, we were very pleased with progress made to revitalize our investments. However, unlike 2018, few of our investments reached the point where our hard work was rewarded, their value was fully recognized by the market, and became ripe to be sold. Hence the rather small returns generated so far in 2019.

Throughout this report, we will share the investment philosophy and approach that guides our decisions. In addition, we will provide a closer look at our investment results and developments in the portfolio during the first half of 2019 in a candid and open manner with the objective of helping you better understand your investment. In other words, we will walk you through the value creation opportunities that exist in our portfolio and what actions we are taking to capture them.

Investment Performance

Ravensource's portfolio generated a return of 4.80% before fund expenses and management / incentive fees. The investments that have made the most significant contributions — positively and negatively — to Ravensource's performance in the first six months of 2019 are as follows:

Investment	Impact on Fund ¹
Crystallex International Corp.	2.90%
Dundee Corp.	1.57%
Firm Capital American Realty Partners Corp.	1.15%
Plaza Retail REIT	0.40%
Supremex Inc.	0.27%
Genworth Financial Inc.	(2.31%)
Other ²	0.81%
Pre-expense / Incentive Fee Investment Return	4.80%

¹ Increase in NAV due to investment's total return for the period

² Includes other asset investment returns

We would like to review some of these investments:

Crystallex International Corp. ("Crystallex")

Our investment in Crystallex's 9.375% senior notes (the "Senior Notes") was the largest contributor to the Fund's performance over the first half of 2019, increasing Ravensource NAV by 2.9%.

For almost a decade, Crystallex and the Bolivarian Republic of Venezuela ("Venezuela") have been engaged in a game of legal cat and mouse: Crystallex sues Venezuela for not living up to its obligations; Crystallex wins; the two parties agree to a settlement; Venezuela pays only a portion and reneges. Rinse and repeat.

The cheese, if you will, is an approximate USD \$1.5 billion judgment Crystallex won against Venezuela (the "ICSID Award"). However, capturing the cheese is often more than half the battle as Crystallex needs to seize property located in jurisdictions that recognize such judgments. In late 2018, Crystallex won a momentous legal battle in the United States that paved the way for

Crystallex to sell Venezuela's shares of PDV Holding Inc., a Delaware corporation that indirectly owns Venezuela's largest international asset, CITGO Petroleum ("CITGO"), in order to collect on the ICSID Award. No question, it was a game changer that significantly increased the value of our investment: kudos to Crystallex's legal and management team for achieving this result. To avoid losing CITGO, Venezuela agreed to a settlement, making an initial payment of USD \$425 million in cash and securities to Crystallex. As per the script, Venezuela reneged once again on its remaining payments and elected to appeal the 2018 ruling. As of June 30th, 2019, the Third Circuit had not rendered its decision.

The road ahead will likely be dominated by Crystallex's actions to clear the remaining legal and political hurdles to collect the remaining USD \$1 billion it is owed and our actions to be repaid on the amounts owed on our Senior Notes. We are confident that the value of Crystallex is sufficient to pay our Senior Note claim in full and generate a significant return on our investment. However, the challenge is in the "when" as some of Crystallex's – and Venezuela's – assets are subject to restrictions by the US Government and the company is currently more focused on collecting the remaining amounts it is owed than paying us off. Until these challenges are removed, we expect the Senior Notes to trade at a substantial discount to what we are owed.

Dundee Corp. ("Dundee")

Dundee (TSX: DC.A) is a publicly listed holding company headquartered in Toronto, with investments in a number of sectors including mining, oil & gas, real estate, hotels / gaming and agriculture. After a thorough due diligence process, Ravensource began investing in Dundee's Series 2 & 3 preferred shares – the most senior securities in its capital structure – in August 2018.

In March 2019, Dundee announced it would convert its \$82 million of Series 5 preferred shares, which had ranked equally with our preferreds, into equity which ranks behind us (the "Series 5 Equitization"). For us, this was a watershed event as it significantly expanded the intrinsic value of our preferred shares while materially reducing their risk. In effect, we jumped the queue to Dundee's assets. To illustrate, Dundee's most valuable asset is likely its \$175 million stake in publicly traded Dundee Precious Metals Inc ("DPM"). Prior to the Series 5 Equitization, there were \$212 million of Series 2, 3 and 5 preferred shares outstanding, meaning that the DPM stake covered 83% of the total preferred share face value. Post the Series 5 Equitization, only \$130 million of preferred shares remained outstanding. With first dibs on Dundee assets, the preferreds' \$25 face value is now 135% covered by the DPM stake alone. Factoring in the other Dundee assets, we conservatively believe that the face value of Dundee's preferred shares is more than 230% covered. As we only paid 48 cents on the dollar for our preferred shares, our purchase price is almost 5x covered by Dundee's assets. It is very rare to find an asset with as high a margin of safety as Dundee's preferred shares that also has a path to a very high potential return of 100%.

While the value of our investment increased substantially as a result of the Series 5 Equitization, the market price of the preferreds did not. We capitalized on the disconnect by buying more. Our objective is now to capture the difference between price and their value. To put a finer point on this, the preferred shares ended the period trading at just under \$13.00 per share. Contractually, we are owed \$25.00 per share and must receive this before any economic distribution flows to the

common equity. As we believe the \$25.00 per share to be well covered by the assets, this \$12.00 difference is our opportunity.

Capturing this gap is easier said than done, as unlike bonds, preferred shares have no maturity date or mechanism to force repayment meaning that price and value can remain disconnected for a long period of time. While this difference persists, we will earn an attractive 12.1% dividend yield on our preferred shares, equivalent to 14.5% bond interest factoring in the tax advantage of dividends. Ultimately, the company / common shareholders will have to address the discount as they cannot monetize their economic stake while it persists. As active investors, we are engaged with various stakeholders to surface a solution that would both enhance Dundee's shareholder value and drive returns for Ravensource.

Firm Capital American Realty Partners Corp. ("FCA")

In December 2016, Stornoway Funds – SRFLP and Ravensource – helped sponsor FCA's turnaround plan engineered by Eli Dadouch and his team at Firm Capital and became the company's largest single shareholder. Around that time, Scott joined FCA's board of directors to help effect FCA's turnaround.

We invested our capital and energy in FCA because our conservative valuation of its net asset value ("NAV") was more than 40% greater than the market price of FCA's shares and we believed that the turnaround plan would remove the obstacles — dodgy properties, too much leverage and the former management team that few trusted — that depressed FCA's share price. If properly executed, we would capture the gap between our purchase price and FCA's NAV earning a handsome return on our investment.

The success of that turnaround plan has been exceptional. The Firm Capital team has reduced debt, raised equity, introduced a dividend on its shares, and transformed its investments from an unfocused portfolio of single-family homes in challenging areas to disciplined investing in multi-family buildings with significant value creation opportunities. As icing on the cake, FCA's NAV has increased from US\$7.85 to US\$8.80, representing a compounded annual growth rate of 17% including dividends paid over this period.

FCA still has some wood to chop to complete the turnaround plan and increase its appeal to traditional real estate investors. Namely, proving that the new investment strategy will grow its NAV at an above market rate of return and potentially converting FCA into the more investor friendly REIT structure. The benefit of converting to a REIT is tangible: distributions become very tax efficient which should help expand its investor base and ultimately increase its share price. We believe that these initiatives will help us capture a portion of the remaining 20% gap between price and value thereby increasing our liquidity and return on investment.

Genworth Financial Inc. ("Genworth")

Genworth was the largest detractor from the Fund's performance in the first half of 2019. In October 2016, Genworth agreed to be acquired by China Oceanwide Holdings Group ("Oceanwide"), a

Chinese real estate and financial services firm, for \$5.43 per share in cash. Since that time, however, the stock has persistently traded at a large discount to the buyout price. Merger arbitrage investors stayed away due to Trump's hard line against China while value investors have been burned one too many times by Genworth over the years to step up. Despite Genworth's relatively large size, it was essentially orphaned, causing its shares to trade at a more than 40% discount to Oceanwide's bid, with no buyers in sight.

Instead of throwing Genworth in the "too hard" pile, as other investors did, we spent considerable time understanding the various regulatory approval processes that would be necessary for the deal to close while assessing Genworth's standalone value in the event the Oceanwide deal fell through. In early 2017, we purchased the majority of our position below \$3.75/share. Our analysis concluded that the Oceanwide deal would go through — in which case we would earn a healthy 45% unannualized return — and that our purchase price was low enough to earn a profit if the deal failed. We like win-win opportunities.

Contrarian investing, however, rarely offers a smooth ride from purchase to sale. By the end of 2018, the Oceanwide deal appeared on track to close until political tension between China and Canada flared up over the Huawei affair. This caused what should have been a routine approval of the sale of Genworth Canada to Oceanwide to be halted in its tracks. Subsequently, Genworth's shares fell from \$4.66 to \$3.70 in response, making it the largest detractor to the Fund's performance over the first half of 2019.

While Genworth has been a "passive" investment from the perspective of our involvement in the company, it has been highly active from a trading perspective. Though our thesis remains unchanged, we sold approximately half our position in March to reduce our exposure to the political nebulae. Over the past two years, we have altered our investment in Genworth as our conviction and its risk/return profile vacillates. Our process is far from static. We are constantly evolving our analysis and understanding of an investment. Genworth is a prime example that when new information presents itself that challenge our prior conviction, we embrace that change and act accordingly by buying or selling opportunistically.

Long Term and Relative Performance

The Fund's objective is to produce significant long-term returns for its investors regardless of market conditions. This is called "absolute" performance and the first part of this letter outlined the Fund's investments that have contributed to — or detracted from — attaining this objective.

While you likely share our mission for your Ravensource investment, we realize you may also want to measure how we do against the broader investment universe. To facilitate, we have identified several indices — see Appendix 1 — appropriate in assessing Ravensource's "relative" performance due to their relationship to one of our three investment strategies. However, given the idiosyncratic nature of the Fund's investments, we have not uncovered one index that sufficiently resembles Ravensource to the degree it should be considered / used as a benchmark.

The table below outlines the historical performance of Ravensource and the various indices. Please note that all returns are calculated on a total return basis and only reflect the Fund's performance since Stornoway became Ravensource's Investment Manager in July 2008.

	YTD 2019 ⁽²⁾	Annualized Total Return				Since July 1, 2008	
		1 Year	3 Year	5 Year	10 Year	Annual	Total ⁽²⁾
Ravensource Fund ⁽¹⁾	3.4%	12.2%	9.6%	6.2%	14.5%	9.6%	172.9%
S&P/TSX Composite Total Return Index	16.2%	3.9%	8.4%	4.7%	7.8%	4.2%	57.4%
S&P/TSX Small Cap Total Return Index	10.4%	(8.1%)	0.2%	(1.6%)	5.9%	1.3%	14.9%
ICE BofAML US High Yield Index	10.2%	7.6%	7.5%	4.7%	9.2%	8.0%	133.0%
Credit Suisse Distressed Hedge Fund Index	3.7%	1.2%	5.2%	1.2%	5.8%	3.8%	51.0%

(1) Based on net asset value per unit, assuming all distributions are reinvested in units at net asset value.

(2) Un-annualized return.

As seen in the table above, in the first half of 2019 Ravensource significantly underperformed all of the indices except for the Credit Suisse Distressed Hedge Fund Index. 2018 was a challenging year as evidenced by the 8.9% decline in the S&P/TSX Composite Total Return Index. Over 2019, the broader markets have recovered much of what they lost in 2018. In contrast, Ravensource built modestly in 2019 on top of its 17.0% return generated in 2018 which is why we have outperformed all of the above indices over the past 12 months.

However, we believe that short term results are noise. Investment performance is more appropriately judged over a longer time horizon as it reveals whether the investment process is repeatable and how it weathers the ups and the downs of the market. In addition, that approach is consistent with our objective to create long term capital appreciation for our investors and the 2- to 4-year period it typically takes the market to recognize the value we did at the time of investment.

For periods exceeding one year, Ravensource's performance remains at the top of the table. Since Stornoway began managing Ravensource in July 2008, the Fund's NAV per unit has increased by 172.9% in total / 9.6% on an annualized basis, including re-invested distributions. By comparison, the S&P/TSX Composite Total Return Index has increased by 57.4% in total / 4.2% annualized over the same time period. As depicted in the graph on page 1, if you had invested \$100,000 in July 2008, a Ravensource investment would be worth \$115,508 more than a similar investment in the S&P/TSX over this time period.

Fund Liquidity and Investment Activity

Starting 2019 with 26.8% of the Fund's assets in net cash, our net cash was reduced to 23.3% by June 30, 2019, as investment purchases outpaced divestitures and other cash raising activities. In 2019, opportunities to increase our positions in certain of our existing investments were available and ripe so we capitalized on them.

The sources and uses of the Fund's net cash during the period are outlined below:

	Amount	per Unit	% of NAV ⁽¹⁾
<i>Sources</i>			
Investment Divestitures	1,444,226	0.86	4.9%
Other Income	528,311	0.32	1.8%
Dividends and Interest	387,737	0.23	1.3%
Total	2,360,274	1.41	8.0%
<i>Uses</i>			
Investment Purchases	2,534,924	1.52	8.6%
Operating Expenses	402,655	0.24	1.4%
Distributions to Unitholders	250,931	0.15	0.8%
Total	3,188,510	1.91	10.8%
Change in Net Cash	(828,236)	(0.50)	(2.8%)

(1) % of June 30, 2019 NAV

Divestitures

We divested approximately 4.9% of the Fund's net assets over the first six months of 2019. Most notably, we sold our investment in Swiss Water Decaffeinated Coffee Inc after a very successful 10 year holding period.

Swiss Water Decaffeinated Coffee Inc. ("Swiss Water")

Swiss Water, formerly Ten Peaks, is a B.C.-based company which uses a natural process to decaffeinate coffee beans. We initially invested in 2009, when Swiss Water's share price was near historical lows. Swiss Water had the attributes of a typical Ravensource investment: small; underfollowed; and abandoned by investors due to an evolving business model, complex financials and a dividend cut. We capitalized on the noise to buy at an attractive valuation, with our average cost being \$2.83.

Over the next few years, Swiss Water turned from a deep-value investment into a growth story, buoyed by the quality of its product and increasing consumer preference for chemical-free decaf. Our patience was rewarded as the market noticed the strong performance and we sold approximately half our position in 2014 at \$4.51. This year, we took advantage of a run-up in the stock — spurred in part by a fund manager making it a "Top Pick" on TV — to sell the remainder of our investment at \$5.68. We write a lot about how we capitalize on illiquidity to buy at discounts to intrinsic value; in this case we capitalized on liquidity to sell at what we believe is a premium.

Over its ten-year life, Swiss Water was a highly profitable investment for Ravensource. Including dividends received, it generated a total return of 144.16% for the Fund, equating to an annualized internal rate of return ("IRR") of 17.38%. We believe this is an excellent example of how our focus on companies shunned by others, combined with our diligence and patience, generates superior returns for our investors.

Investment Purchases

During the first six months of 2019, we increased our investment in Crystallex International Corp. 9.375% Senior Notes, Dundee Corp. preferred shares, and Flow Capital Corp. 8% debentures while establishing a new position in Hudson's Bay Co. common shares.

Flow Capital Corp. ("Flow Capital")

Flow is a publicly listed Canadian company (TSXv: FW) resulting from the June 2018 merger of Grenville Strategic Royalty Corp. ("Grenville") and LOGiQ Asset Management ("LOGiQ"). Together with Ravensource, we own approximately 33% of Flow's \$17mm convertible debentures due December 31, 2019, likely making us the largest bondholder by far. Our average cost is \$82 per \$100 bond, equating to a weighted average yield to maturity of 19.4%.

Flow took a major step to bolster its liquidity in April 2019, when it sold its LOGiQ business for \$10.875 million, consisting of \$1.375 million cash and a \$9.5 million 10% demand note callable for repayment in early December, before our bonds mature. The purchase and sale of LOGiQ created little value for Flow's shareholders but substantial value for our bonds, as Grenville essentially paid in shares — which are junior to us in the food chain — and sold for cash, which accrues first to our benefit. Along with over \$8 million of cash on hand, the LOGiQ sale provides Flow with sufficient liquidity to repay our investment at par at the end of the year. Additionally, since the end of June, Flow raised almost \$13 million more cash and confirmed on their recent earnings call they were earmarking cash necessary to repay our bonds.

We first started buying the Flow bonds — then Grenville — at \$75 per \$100 face value in November 2016. While the company's investors were fleeing amid poor performance and a dividend cut, our work indicated there were assets well in excess of the face value of our debt. Now that there is a clear path to a cash repayment, yield-hungry fixed income investors have appeared on the scene causing the market price to increase to \$99. In essence, the gap between price and value has been rapidly closing by the increasingly concrete evidence pointing to a par redemption of these bonds. Rather than being a spectator, we opportunistically added to our position over the first half of the year at an average yield of 18.9%. We expect to own these bonds until they mature at the end of the year at which time we expect to be repaid with cash.

Hudson's Bay Corp. ("HBC")

Hudson's Bay Corporation (TSX: HBC) is North America's oldest company with its origins as a fur trading enterprise in the 17th century. Today, HBC owns and operates the iconic Hudson's Bay and Saks Fifth Avenue department store brands, as well as Lord + Taylor and Saks OFF 5th. Despite its longevity, HBC has recently encountered difficulties. As with much of the retail landscape — especially the large department store format — over the last five years HBC's profitability has declined significantly, along with its share price. Since its high of \$29.42 in June 2015, HBC's stock reached lows in the mid-\$6 range in June 2019. These prices are likely an accurate reflection of the value of the retail operations.

Unlike most of its department store peers, however, HBC also owns a large portion of its real estate which holds significant intrinsic value. That has always been the 'diamond in the rough' story, with

the company itself even boasting as recently as September 2018 its real estate alone is worth \$28 per share. Yet we have never found the necessary catalyst to invest until now.

In June, Richard Baker, HBC's chairman and one of the largest shareholders, along with a consortium of other large holders (the "Consortium") totalling 57% of the common stock, announced they were proposing to take the business private at \$9.45 per share. While this price reflected a 48% premium to the prior trading price, it is a significant discount to HBC's intrinsic value and most of its investor's cost base. The Consortium includes large and sophisticated institutions who clearly have a plan to turnaround the business and opportunistically monetize the underlying real estate assets well above the buy-in price. However, in order to successfully take HBC private a 'majority of the minority' — i.e. investors not in the Consortium — need to agree to be taken out at this depressed price. Understanding that the minority group includes activist investors who have long argued the real estate valuation story, we believed it highly unlikely the deal would be consummated at \$9.45. Either the consortium would have to increase its bid materially or the deal would fail.

We initiated a position in HBC shares shortly after the go-private bid was announced. Since the announcement, the shares have traded slightly above the \$9.45 price reflecting the market's belief that a "go-friendly" bump will need to occur in order to close the deal. Most investors are playing this as a merger arbitrage — buying in the belief that a transaction will occur at a higher price. Our view is different: we believe that regardless of the outcome of the go-private bid, we stand to earn an attractive return. In the event the Consortium increases its bid to seal the deal, we will earn an acceptable return over a short amount of time. If, however, the deal fails, we believe the company will be forced to execute the value maximizing path forward for all shareholders. We have conviction that the underlying assets of the business are worth well in excess of \$9.45 per share, and that a path to realize on that has been bushwhacked by the majority consortium even if not yet public. As long-term investors, we are perhaps more optimistic about the latter scenario.

Critically, we believe that Richard Baker's bid is not only rapacious but HBC's board of directors are also disregarding their responsibilities to shareholders by not releasing the value maximizing plan that generated the support of the Consortium's go-private bid. In our belief, this is a significant failure of corporate governance. Baker and his group forged the plan on the shareholders' dime using information available only to insiders. This blueprint was undoubtedly created to underwrite the Consortium's bid with the specific exclusion of existing minority shareholders. Current shareholders must be provided with same opportunity as the Consortium to profit on the revitalization plan. Armed with this disclosure, minority shareholders can then make the same educated decision offered to the Consortium. After years of supporting Mr. Baker and his "vision" while watching the price of their HBC shares be decimated, the shareholders have more than earned the right to make a proper choice.

Distributions

RavenSource's distribution policy is to make semi-annual distributions to unitholders in an amount to ensure that it does not incur any tax while providing a reasonable yield. Total distributions for the first half of 2019 was \$0.15 per unit, unchanged from \$0.15 per unit paid in the first half of 2018.

Operating Expenses

RavenSource's operating expenses include investment management fees, trustee fees, TSX listing fees, interest and borrowing costs, accounting and audit expenses, IRC costs, legal and professional expenses, transaction costs and other sundry operating expenses. The table below shows how these expenses reduced the Fund's gross return on investment to arrive at the Fund's net investment return in the first half of 2018 and 2019. Please note, operating expenses as expressed below is not to be confused with the Management Expense Ratio ("MER"). Operating expenses for the purposes of MER are calculated using the Fund's *average* net assets during the period while operating expenses as expressed below are calculated using the Fund's *starting* net assets for the period. The MER also annualizes all expenses for periods less than one year, except for the Incentive Fee and excludes transaction costs. For further details regarding the Fund's MER, please refer to the Management Report on Fund Performance.

	June 30, 2019	June 30, 2018	YoY Change
Pre-expense / Incentive Fee Investment Return	4.80%	10.50%	
Less:			
Audit and accounting fees	0.11%	0.11%	0.00%
Legal fees	0.27%	0.15%	0.12%
Management, administrative and IR fees	0.60%	0.35%	0.25%
Other operating expenses	0.19%	0.40%	(0.21%)
Total Expenses Before Incentive Fee	1.17%	1.01%	0.16%
Pre-Incentive Fee Investment Return	3.63%	9.49%	
Less:			
Incentive Fee	0.26%	1.59%	
RavenSource Fund Net Investment Return	3.37%	7.90%	

For the six months ended June 30, 2019, RavenSource's operating expenses, excluding the incentive fee, was 1.17%, 16 basis points higher than the comparable period in 2018. The increase in operating expenses was primarily the result of a period-over-period increase in management, administrative and IR fees (25 basis points) and legal fees (12 basis points), partially offset by decreases in other operating expenses (21 basis points) primarily due to lower interest costs.

Management, administrative and IR fees came in 25 basis points higher in the first six months of 2019 as the Investment Manager sold its Specialty Foods Group investment during 2018 and therefore was not able to reduce management and administrative fees as we have in the past. We expect management and administrative fees to increase to 1.13% of average net assets in 2019.

RavenSource incurs legal fees to maximize and / or protect the Fund's investments, to comply with

securities regulations, and to deal with general Fund matters. Over the first six months of 2019, as the legal initiatives to protect and maximize the value of certain of our investments – Crystallex and Spanish Broadcasting System Inc. in particular – were increased significantly during the first six months of 2019.

Incentive Fee

As detailed in the Portfolio Management Agreement, the Investment Manager is entitled to an incentive fee equal to 20% of the amount by which the net asset value per unit at the end of the year, adjusted for contributions, distributions, and redemptions during the year, exceeds the net asset value per unit at the beginning of the year over and above the 5% hurdle rate, plus any shortfalls from prior years (the “Incentive Fee”).

As Ravensource’s investment portfolio generated a return of 3.63% after expenses but prior to the Incentive Fee over the first half of 2019, the Incentive Fee was 0.26% versus 1.59% in the first half of 2018. The decline in the Incentive Fee was due to the drop off in Ravensource’s performance versus the 7.9% return we chalked up over the first half of 2018. This relationship between the Incentive Fee and Fund’s performance highlights Stornoway’s alignment with you, the Fund’s investors. Simply put, we do better when you do.

Risks

We define risk as the potential for a permanent loss of capital on an investment. While assumed at the time we make an investment, risk of loss is clearly a dynamic metric that for us varies primarily as a result of attaining – or failing to attain – key milestones such as reaching a restructuring agreement, closing of merger agreement or repayment of a loan. Over the life of an investment, our process carefully considers its risk and the impact that it has on our portfolio, making changes to the size of our investment or the actions we take when warranted.

The most effective risk management tools we employ are: to establish a large “margin-of-safety” upfront by investing at prices substantially below what we believe is the intrinsic value, structure our investment to mitigate the risk of loss; and become actively involved to ensure that our rights and recoveries are protected. Through these mechanisms and processes, we can substantially lower the risk of loss over the time of investment while increasing the potential for returns. Despite our thorough analysis, active involvement and paying a thrifty price, sometimes we are wrong, ineffective in de-risking the company, or the potential of an investment does not materialize exposing our investors to a loss.

In addition to the risks specific to a particular investment, the Fund is exposed to changes in foreign exchange rates, interest rates, credit conditions and other economic factors as described in the Annual Information Form, on the Ravensource website and in the notes attached to our financial statements. We encourage all investors to carefully read the Fund’s financial statements, including the additional disclosure in the notes to the financial statements, as we do prior to investing.

There has been no change in the Fund's stated investment strategy or in the execution of the investment mandate that would materially affect the risk of investing in Ravensource during the first half of 2019. We continue to believe the Fund is suitable for those investors seeking long-term capital growth rather than income, have a long-term investment horizon, and possess a medium to high risk tolerance to withstand the ups and downs that go along with investing in out-of-favor securities.

Portfolio Composition

To give you a better understanding of the risks to which Ravensource is exposed, we have broken out the portfolio by investment strategy and concentration.

Investment Portfolio by Strategy

Over the first six months of 2019, the investment portfolio became more weighted towards our Special Situation Equities strategy and away from Distressed Securities. However, this was not a product of a decision at the strategy level as we do not target specific strategy weightings. Rather, we select the most attractive investment opportunities wherever they are found. Over the first half of 2019, our Special Situation Equities strategy was simply a more fertile hunting ground as evidenced by our new investment in Hudson's Bay Co. common shares.

By Investment Strategy	% of Investment Portfolio	
	30-Jun-19	31-Dec-18
Special Situation Equities	44.7%	38.3%
Distressed Securities	46.8%	54.1%
Alternative Credit	8.5%	7.6%
Total	100.0%	100.0%

Concentration

We believe that the most effective method to reduce/manage risk is to know your investments inside and out, be actively involved and have sufficient influence on them to help effect change such as a restructuring. This will often lead to Ravensource having a more concentrated portfolio than other investment funds. Ravensource's position limit is 10% on a *cost* basis for a given corporate entity. For investments that we have our highest conviction in, we will invest up to the limit if prudent. Post our investment, market fluctuations may increase an investment in excess of 10% of the Fund's net assets on a *market value* basis.

As of June 30, 2019, the Fund had five investments exceeding 5% of NAV on a market value basis. The top 10 investments ranked by market value, excluding cash, represented 72.2% of NAV as of June 30, 2019. We expect that the Fund will continue to concentrate our capital in positions that we know the best and where we hold the strongest convictions.

"Skin in the Game"

The Stornoway Team is passionate about the approach and philosophy that drives our investment decisions, our active involvement in the companies we invest in, and the steps we take to reduce risk and generate investment returns. We believe that an investment manager should have significant "skin in the game", sharing in the risk and reward of our decisions alongside other investors. Accordingly, each member of the Stornoway Team has a substantial personal investment in Ravensource and as of June 30, 2019, I owned approximately 9.3% of the total units of Ravensource outstanding. In short, we eat our own cooking. We are your partner.

Concluding Remarks

It is exciting times at Ravensource. Over the past six months, we have made significant progress towards reaching the key milestones that will create and capture value on our investments. As this progress has yet to be recognized by market prices, we believe there remains opportunity for substantial gains in our existing portfolio. We hope this letter has been able to convey to you, our partners, why we are optimistic about the future.

In writing this review, we wrestle with the twin objectives of being thorough yet succinct. We recognize that despite our effort to cut to the essentials, there remains a lot of information to digest. As always, we are available via phone and/or in person to discuss your investment further. Please don't hesitate to contact us. We always look forward to hearing from unitholders and enjoy discussing our investments and strategy with you.

On behalf of Brandon, Daniel, Mahesh and myself, we greatly appreciate the partnership, trust and long-term perspective of our fellow investors, aka you. We are dedicated to protecting and growing your capital for years to come.



Scott Reid
President and Chief Investment Officer
Stornoway Portfolio Management Inc.
Investment Manager of the Ravensource Fund

September 2019

Appendix 1 - Ravensource's Use of Comparable Indices

Given the idiosyncratic nature of the Fund's investment strategy, the Investment Manager does not believe there is an index that sufficiently resembles the Fund to the degree it should be considered or used as a "benchmark". However, the Investment Manager provides historical performance data for several indices in addition to the results of the Fund for comparison purposes. The Investment Manager has chosen indices that it believes are relevant to the investment mandate of the Fund and / or to capital markets in general. However, while each of these indices overlap with certain aspects of the Fund's mandate, none of them share significant similarities with the Fund's investment portfolio:

- The S&P/TSX Composite Total Return Index ("S&P/TSX") is the principal broad-based measure commonly accepted by investors to measure the performance of Canadian equity markets. The S&P/TSX is a relevant index for comparison purposes as the Fund's investment portfolio contains Canadian equity investments and the Fund's debt investments are frequently converted into equity securities as part of the restructuring process. However, the performance of the S&P/TSX will vary greatly from the Fund as its investment portfolio is primarily comprised of securities that are not included in the S&P/TSX.
- The S&P/TSX Small Cap Total Return Index ("TSX Small Cap") tracks the performance of the Canadian small cap equity market. The TSX Small Cap is a relevant index for comparison purposes as the Fund invests in Canadian small cap companies that are attractively valued with catalysts to unlock value. However, the performance of the TSX Small Cap will vary greatly from the Fund as its investment portfolio is primarily comprised of securities that are not included in the TSX Small Cap.
- The ICE BofAML US High Yield Index ("BAMLHY") is a USD-denominated index that tracks the performance of USD, sub-investment grade rated corporate debt. BAMLHY is a relevant index for comparison purposes as the Fund invests in corporate debt securities that are rated below investment grade. However, the Fund's investment portfolio also includes defaulted debt and equity securities which are not included in the BAMLHY and thus the Fund's performance may vary greatly from BAMLHY.
- The Credit Suisse Distressed Hedge Fund Index ("CSDHFI") is a USD-denominated index that tracks the aggregate performance of investment funds that focus on investing in companies that are subject to financial or operational distress or bankruptcy proceedings. The CSDHFI is a relevant index for comparison purposes as the Fund's investment mandate broadly overlaps that of the funds that make up the CSDHFI. However, it is likely that the composition of the Fund's investment portfolio is unique from these peers and thus the Fund's performance may vary greatly from the CSDHFI.

As the Fund makes idiosyncratic investments in securities which are overlooked by the capital markets, the Fund's investment portfolio contains investments that are not likely included in any of the above indices and thus an investment in the Fund should not be considered a substitute or proxy for the underlying index. For the reasons stated above, these indices should not be considered a benchmark for the Fund and there can be no assurance that any historical correlation or relationship will continue in the future. Index data is provided by Credit Suisse and ICE Data Services.



EXHIBIT 13 TO THE
CROSS-
EXAMINATION
OF S. REID



MANAGEMENT'S LETTER TO UNITHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2019

NOTICE TO READER

The purpose of Ravensource's Management's Letter to Unitholders is to impart information and analysis to Ravensource's unitholders to allow a thorough understanding of their investment. This letter is a supplemental report to the financial statements, Management Report on Fund Performance ("MRFP"), Annual Information Form ("AIF") and the Independent Review Committee ("IRC") report. You can get a copy of the aforementioned documents and the Fund's proxy voting policies and proxy voting record by calling (416) 250-2845, by writing to us at Stornoway Portfolio Management 30 St. Clair Avenue West, Suite 901, Toronto, ON M4V 3A1, by visiting our website at www.ravensource.ca, or the SEDAR website at www.sedar.com.

A Note on Forward-Looking Statements

This document may contain forward-looking statements relating to anticipated future events, results, decisions, opportunities, risks or other matters. Forward-looking statements are predictive in nature requiring us to make assumptions and subject to inherent risks and uncertainties. Our forward-looking statements may not prove to be accurate, or a number of factors could cause actual events, results, etc. to differ materially from expectations, estimates or intentions. These risk factors include market and general economic conditions, regulatory developments, the effects of competition in the geographic and business areas the fund may invest and others as detailed in Ravensource's Annual Information Form. Forward-looking statements are not guarantees of future performance. For these reasons, it is important that readers do not place undue reliance on our forward-looking statements and should be aware that Ravensource may not update any forward-looking statements.

About the Ravensource Fund

The Ravensource Fund is a closed-end investment trust whose units trade on the TSX under the symbol **RAV.UN**. The principal objective of Ravensource is to achieve absolute long-term returns through investing in out-of-favor and deep-value North American securities. Ravensource's investments fall primarily in three strategies:

1. *Distressed Securities*: Investing in corporate debt, creditor claims and/or equity securities of companies, which are in, or perceived to be in financial distress or insolvency.
2. *Alternative Credit*: Investing in corporate debt, on either a primary or secondary basis to earn a yield that we believe is attractive given the underlying credit risk.
3. *Special Situations Equities*: Investing primarily in Canadian and U.S. small- and mid-cap equities that have catalysts to bridge the gap between market price and intrinsic value.

About Stornoway Portfolio Management ("Stornoway")

Stornoway was appointed the Fund's Investment Manager on July 1, 2008 to execute Ravensource's investment mandate. Stornoway took over the management of Ravensource from Pat Hodgson. Pat was our partner, an extraordinary investor and a true buccaneer who in 2003 transitioned Ravensource from investing in debt of Asian companies — the Fund was formerly The First Asia Fund — to focus on North American securities. Pat left us with a tremendous legacy that forms the guiding principles we embrace in managing Ravensource.

Stornoway is a Toronto-based, employee-owned investment management firm focused on investing in distressed securities and other out-of-favour investment opportunities that withstand a thorough and disciplined analytical rigor prior to investing and active involvement thereafter. The Stornoway Team is comprised of Brandon Moyse, Daniel Metrikin and Scott Reid on the investment side while Mahesh Shanmugam manages our operations. Our bios and our approach to investing can be found on the Ravensource website. In addition to Ravensource, Stornoway manages the Stornoway Recovery Fund LP ("SRFLP"), a limited partnership that invests in opportunities that arise from companies that are in or near financial distress.

Past investment performance by the Ravensource Fund is not indicative of future results and there cannot be any assurances that its investment objectives will be achieved. This letter is not a solicitation to invest.

MANAGEMENT'S LETTER TO UNITHOLDERS

Growth of \$100,000



(1) Based on net asset value per unit, assuming all distributions are reinvested in units at net asset value.

Dear Fellow Unitholders,

Ravensource Fund's ("Ravensource" or the "Fund") net asset value ("NAV") per unit increased by 4.9% for the year ended December 31, 2019, including distributions received by Ravensource investors over 2019. Unlike 2018 when your investment increased by 17.0%, our 2019 performance was muted both relative to the gains in the broader capital markets and our long-term historical performance.

As time has proven out, we are unlikely to deliver smooth returns year in, year out or echo the experience of the market in general. We will, however, apply our grit and expertise to generate compelling long-term value on your Ravensource investment by capitalizing on idiosyncratic opportunities off-the-radar-screen for most investors. You will see in this letter the key driver of value for our investments is the achievement of specific milestones uncorrelated to market movements. We frequently take a lead role in effecting that change. But to do so successfully can take years of effort with most of our reward coming at the end of this cycle. In 2019, our investments progressed along their path to revitalization and in doing so, we believe have sown the seeds for significant future gains.

You are our partner. Our goal with this letter is to help you better understand your investment by sharing the investment philosophy and approach that guides our decisions. We will also provide a closer look at our results and portfolio developments during 2019 in a candid and open manner. In other words, we will walk you through the value creation opportunities that exist in our portfolio and what actions we are taking to capture them. If you would like to discuss your investment in more detail, please reach out to us. Our proverbial door is always open to you.

Investment Performance

Ravensource's portfolio generated a return of 7.1% before fund expenses and management / incentive fees. The investments that have made the most significant contributions — positively and negatively — to Ravensource's performance during 2019 are as follows:

Investment	2019 Gross Return on Investment	Impact on Fund ¹
Dundee Corp.	52.5%	3.4%
Spanish Broadcasting System Inc.	15.3%	1.2%
Firm Capital American Realty Partners Corp.	11.0%	0.8%
Plaza Retail REIT	28.4%	0.7%
GXI Acquisition Corp.	32.6%	0.7%
Crystallex International Corp.	(2.7%)	(0.8%)
Genworth Financial Inc.	(10.0%)	(1.0%)
Other ²		2.1%
Pre-expense / Incentive Fee Investment Return		7.1%

¹ Increase in NAV due to investment's total return for the period

² Includes other asset investment returns

We would like to share with you what specifically drove this year's results.

Dundee Corp. ("Dundee")

Through a combination of an increase in market prices and dividends earned, our investment in Dundee's preferred shares was our top performer in 2019, generating a total gross return of 52.5% and increasing the value of your Ravensource investment by 3.4%.

Dundee is a Canadian, publicly listed holding company (TSX: DC.A) with investments across a broad spectrum of industries. Ravensource has an investment in Dundee's Series 2 & 3 preferred shares, which are the highest-ranking securities in Dundee's capital structure. We believe the preferred shares are mis-priced – the company's tangible assets are worth several times our purchase price of approximately \$12 per \$25 preferred share – and there are win-win restructuring initiatives to capitalize on the mis-pricing that the Stornoway Team can help actualize.

Our 2019 performance was a result of actions taken by Dundee to de-risk itself and create material asset value of which the preferred shareholders were the prime beneficiaries. Stornoway identified and advocated certain of these initiatives directly to Dundee's CEO in late 2018 and early 2019. Most importantly, Dundee removed the #1 risk facing our investment by converting \$82 million of Series 5 preferred shares that ranked equally with our preferreds into common shares that rank behind us (the "Equitization"). In effect, we jumped the queue to the claim on Dundee's assets.

While the Equitization was *the watershed moment*, other value-enhancing milestones in 2019 included non-core asset sales; a buyback program for our Series 2 & 3 preferreds; and Dundee Precious Metals completing its second gold mine, enabling the initiation of a dividend to Dundee.

Despite its increase in price over 2019, Dundee's preferreds continue to trade at just 60 cents on the dollar. This large discount persists even though the market value of Dundee's publicly traded stake

in Dundee Precious Metals alone is worth 2.7x the preferred shares' market price, and Dundee's common shares have a market capitalization of more than \$115 million despite ranking behind the preferred shares. If the markets are rational, our preferred shares should trade closer to \$25. But to do so, it will take a more encompassing solution than the company has embarked on to date.

In 2019, much was achieved to de-risk Dundee and increase the value of our investment. However, neither we — nor the market — are satisfied. Dundee must aggressively expand its efforts to stream-line its bloated overhead, sell non-core assets and opportunistically restructure its liabilities. Rest assured, in 2020, we will up our ante and intensify our engagement with the company to enhance Dundee's stakeholder value and capture the value lying dormant in its preferred shares.

Spanish Broadcasting System Inc. ("SBS")

Spanish Broadcasting System Inc. is a U.S. publicly listed (OTC: SBSAA) Spanish-language media company that operates radio and television stations in the top U.S. Hispanic markets, including LA, Miami, NYC and Puerto Rico. We invested in SBS's Series B Preferred Shares in July 2017 and its 12.5% Secured Notes in January 2018. Its performance in 2019 was generated from an increase in the market price of the preferred shares along with clipping the Secured Notes' 12.5% coupon.

Spanish Broadcasting is the quintessential "good company, bad balance sheet" opportunity we have successfully invested in many times in the past. It has industry leading margins, coveted ratings and market share growth, and strong unlevered free cash flow. It also has a broken capital structure. SBS funded its growth with debt and preferred shares so that the founding family could maintain control. Trouble is, SBS' acquisitions failed to produce enough free cash flow to pay both interest on its debt and the preferred share dividends.

Missing those dividends triggered a powerful set of rights for the preferred shareholders, restricting the company from refinancing its Secured Notes when they were due in April 2017. Harsh medicine to be sure but those were the terms SBS agreed to. Since then, SBS has been in financial paralysis, with the common and preferred shareholders unable to agree on a restructuring plan. Our objective is to match SBS' great business with a strong balance sheet to allow it prosper.

Throughout 2019 we worked hard to progress the restructuring. Our efforts were concentrated on engaging with the controlling secured noteholder and shareholder to cure its capital structure issues. By December 2019, the company publicly announced it was preparing to engage in restructuring negotiations. This caused the market price of the preferred shares to increase by 16% as the market got its first glimmer of hope that the paralysis would end.

While the inter-stakeholder challenges remain, we are optimistic the steps taken and progress we achieved last year will set in motion a restructuring in 2020 and provide us with the path to capture significant return on investment once the task at hand is complete.

Genworth Financial Inc. ("Genworth")

Genworth is a publicly listed (NYSE: GNW) holding company with mortgage, life and long-term care insurance operations in the U.S. and Australia. We purchased the bulk of our position in

February 2017, at a cost of approximately \$3.75, a few months after Genworth agreed to a buyout from China Oceanwide Holdings Group (“Oceanwide”) for \$5.43/share in cash.

Genworth’s shares have persistently traded at a large discount to the buyout price, on average 29% since announcement. Such high returns are rare in the merger arbitrage world, reflecting Genworth’s orphan status: merger arbitrage investors are staying away due to Trump’s stance against China while value investors have been burned one too many times by Genworth to get involved. Our analysis concluded that the deal was likely to close which would result in a healthy return, but that if it didn’t, our average purchase price was low enough to earn a profit if the deal failed and Genworth remained a stand-alone, publicly listed entity. A win-win opportunity with parallels to our successful investment in HBC, which you will read about later in this letter.

By late 2018, the deal appeared on track before tensions between Canada and China flared up over the Huawei affair, holding up Canadian regulatory approval. Genworth ended up selling its Canadian operations in August 2019 to Brookfield; however, previously obtained approvals from U.S. state insurance bureaus then expired. Those re-approvals were pending as of December 2019, trying many investors’ patience. As a result, our investment in Genworth’s common shares fell from \$4.66 to \$4.40 during the year, making it the largest detractor from our performance in 2019.

In our view, 2019 was a year of meaningful de-risking for both branches of our thesis. By selling its Canadian operations, Genworth overcame a key stumbling block to completing the Oceanwide transaction. The Canada sale also generated substantial cash proceeds enabling Genworth to pay down debt and be a stronger stand-alone company if the deal fails. Despite this progress, Genworth’s share price fell, widening the gap between price and value. If we are right and the deal closes, we will earn a 23.4% return from 2019’s closing price, while if we are wrong, we believe we still stand to gain albeit over a longer period of time. As a result, Genworth remains compelling.

Crystallex International Corp. (“Crystallex”)

The market price of Crystallex’s 9.375% senior notes (the “Senior Notes”) declined during the year, modestly decreasing the value of your Ravensource investment in 2019 by 0.8%. Given it is our largest investment, we would like to bring you current on its state of play.

As a reminder, Crystallex was awarded approximately USD \$1.4 billion by the World Bank which the Bolivarian Republic of Venezuela (“Venezuela”) is required to pay. If it fails to do so, Crystallex can seize its assets. In turn, Crystallex owes its secured lenders USD \$140 million and its Senior Noteholders more than USD \$270 million, which continues to accrue interest, as of December 31st, 2019. If (and when) Crystallex collects from Venezuela, we will be repaid with the proceeds, generating more than a 100% return on our investment from today’s price. We believe our patience and efforts will be well rewarded for the extended period we have owned this investment.

Our conviction is founded on the evidence that Venezuela has significant strategic assets in the U.S. and is motivated to repay Crystallex rather than to lose them by seizure. To date, Crystallex has successfully collected approximately USD \$500 million in cash and marketable securities. More significantly, in late 2018, the U.S. court system granted Crystallex the ability to seize and sell

Venezuelan-owned CITGO Petroleum Corporation (“CITGO”) which is worth far more than the USD \$1 billion Crystallex is still owed. Venezuela lost its appeals in July 2019 and November 2019, clearing the path for Crystallex to sell CITGO.

However, in November 2019, as part of its bid to oust Venezuelan President Nicolás Maduro, the U.S. expanded its sanctions that directly impede Crystallex’s ability to sell CITGO — or other Venezuelan securities it may own — anytime soon. The price of our Senior Notes fell in response, giving back the gains registered earlier in the year that resulted from its legal victories. What one arm of the U.S. Government giveth, another arm taketh away.

Admittedly, the U.S. Government’s recent actions will delay our final reward. However, we believe that ultimately Crystallex will pay us off and we will earn a very attractive return on our investment. If it takes us a further two years, we stand to earn more than a 45% annualized return on our investment from current prices. As one of three members of the ad hoc Committee of Senior Noteholders, we have been very actively involved in protecting our investment and achieving a successful outcome. However, until these obstacles imposed by the U.S. Government are removed, we expect the Senior Notes to trade at a substantial discount to what we are owed.

Long Term and Relative Performance

The Fund’s objective is to produce significant long-term returns for its investors regardless of market conditions. This is called “absolute” performance and the first part of this letter outlined the Fund’s investments that have contributed to — or detracted from — attaining this objective.

While you likely share our objective, you may also want to measure how we do against the broader investment universe. To facilitate, we have identified several indices — see Appendix 1 for descriptions — appropriate due to their relationship to one of our three investment strategies. Given the idiosyncratic nature of the Fund’s investments, we have not uncovered one index that sufficiently resembles Ravensource to the degree it should be considered / used as a benchmark.

The following table outlines the historical performance of Ravensource and the various indices. Please note that all returns are calculated on a total return basis and only reflect the Fund’s performance since Stornoway became Ravensource’s Investment Manager in July 2008.

	Annualized Total Return				Since July 1, 2008	
	1 Year	3 Year	5 Year	10 Year	Annual	Total ⁽²⁾
Ravensource Fund ⁽¹⁾	4.9%	9.5%	9.9%	11.0%	9.3%	177.0%
S&P/TSX Composite Total Return Index	22.9%	6.9%	6.3%	6.9%	4.5%	66.4%
S&P/TSX Small Cap Total Return Index	15.8%	(0.9%)	3.2%	3.1%	1.6%	20.5%
ICE BofAML US High Yield Index	14.4%	6.3%	6.1%	7.5%	8.0%	142.0%
Credit Suisse Distressed Hedge Fund Index	1.4%	2.3%	1.5%	4.2%	3.4%	47.6%

(1) Based on net asset value per unit, assuming all distributions are reinvested in units at net asset value.

(2) Un-annualized return.

As one can see from table, Ravensource underperformed most reference indices in 2019 as the capital markets in general recovered most of its 2018 losses in 2019. We remind you that in 2018, we generated a 17% return when most other investment funds and indices lost money.

However, we are not interested in short-term results. We believe the Fund's investment performance must be judged over a longer time horizon as it reveals whether the investment process is repeatable and can weather the ups and the downs of the market. In addition, that approach is consistent with our objective to create long term capital appreciation for our investors and the 2- to 4-year period it typically takes to achieve value-creating milestones and for the market to recognize the value we did at the time of investment.

Consistent with this objective, Ravensource's long-term performance sits on the top of the table. Since Stornoway began managing Ravensource in July 2008, the Fund's NAV per unit has increased by 177.0% in total / 9.3% on an annualized basis, including re-invested distributions. By comparison, the S&P/TSX Composite Total Return Index has increased by 66.4% in total / 4.5% annualized over the same time period. If you had invested \$100,000 in July 2008, a Ravensource investment would be worth \$110,581 / 66% more than a similar investment in the S&P/TSX over this time period.

Fund Liquidity and Investment Activity

Starting 2019 with 26.8% of the Fund's assets in net cash, our net cash was reduced to 20.4% by December 31, 2019, as investment purchases outpaced divestitures and other cash raising activities. The sources and uses of the Fund's net cash during the year are outlined in the following table:

	Amount	per Unit	% of NAV ⁽¹⁾
<i>Sources</i>			
Investment Divestitures	4,919,894	2.94	16.6%
Other Income	604,611	0.36	2.0%
Dividends and Interest	808,166	0.48	2.7%
Total	6,332,671	3.79	21.3%
<i>Uses</i>			
Investment Purchases	6,866,372	4.10	23.1%
Operating Expenses	618,758	0.37	2.1%
Distributions to Unitholders	501,861	0.30	1.7%
Total	7,986,991	4.77	26.9%
Change in Net Cash	(1,654,320)	(0.99)	(5.6%)

(1) % of December 31, 2019 NAV

In 2019, our focus was to concentrate our investment efforts on the situations where we could most effectively apply our "edge" – our expertise, active involvement, creative approach to solving the complex issues ripe in investing in distressed securities, alternative credit and special situations equities. We were repaid in full consistent with our thesis on one bond investment, achieved successful exits on a number of smaller investments, added two new investments and capitalized on opportunities to increase our positions in certain existing investments.

Divestitures

We divested approximately 16.6% of the Fund's net assets during 2019. Most notably, we were repaid on our convertible bond investment in Flow Capital Corp. and crystallized our investment in Plaza Retail REIT. We also divested our positions in Swiss Water Decaffeinated Coffee Inc., Supremex Inc., CanWel Building Materials Group Ltd., and Glacier Media Inc., at attractive prices which we determined no longer merited our investment.

Flow Capital Corp. ("Flow")

We frequently invest in distressed companies that have an otherwise good underlying business but are plagued with a bad balance sheet and apply our expertise to fix them. Flow was the opposite. Flow is a publicly listed Canadian company (TSXv: FW) that provides capital to small and medium sized businesses, primarily in exchange for revenue royalties. The trouble was that Flow's management team were bad capital allocators and many of their royalty investments defaulted, resulting in large losses for Flow's investors. Reflecting that poor performance, the company's convertible debentures traded at a substantial discount to par. Surviving our stringent analysis, we commenced purchasing them in late 2016 at \$75 per \$100 face value.

Our analysis supporting our investment decision showed that even if Flow kept losing money, its cash and royalty portfolio were worth enough to repay its debentures in full. If we were wrong, we would get the keys to the business instead of cash at maturity and had some creative ideas on how to restructure it. We slowly bought more than 1/3rd of the debentures, giving us negative control that would protect us against any attempt to harm our rights.

But in the end, Flow sold a portion of its royalty portfolio as well as its third-party funds marketing business in 2019, generating cash proceeds in excess of what they owed their debenture holders. Consistent with our thesis, in December 2019 we were fully repaid at 100 cents on the dollar. Given our average purchase price of \$82.05 per \$100 face value, we earned an attractive 20.6% annualized return over the life of our investment.

Investment Purchases

During 2019, we established new positions in Hudson's Bay Co. common shares and Delphi Energy Corp. while making strategic additions to our existing positions in Quad/Graphics Inc. common shares, Genworth Financial Inc. common shares, Crystallex International Corp. 9.375% senior notes, and Dundee Corp. preferred shares.

Delphi Energy Corp. ("Delphi")

Delphi is a small, liquids-rich energy producer located in the Montney area of Alberta. Despite a solid asset base, Delphi failed to capitalize on it. As a result, the company struggled and flirted with insolvency. Like many small-cap energy companies, Delphi's access to traditional capital markets has been cut off for years and needed a lifeline to avoid bankruptcy.

In October 2019, we helped support a rescue financing package led by Luminus Management, Delphi's controlling shareholder and bondholder. Delphi raised both equity and 10% senior secured notes, priced at \$75 per \$100 face. The recapitalization provides the company with funds

to drill new wells — a very high return on capital use — reduce debt, and helping it better execute an operating turnaround. As part of the terms of the recapitalization, the funds raised were placed into escrow in three tranches, released only if the company achieved certain milestones.

Our investment was heavily tilted towards the secured notes. At a price of \$75 per \$100 face, we are investing in Delphi on a secured basis and at a substantial discount to its asset value while earning an attractive yield of 20.3%. Since the recapitalization, Delphi's security prices fell further. We once again reviewed our analysis and decided to purchase additional senior secured notes at yields approaching 30%. We believe the Delphi opportunity is attractive but remain cautious given the state of the energy markets and hence it is a relatively small position for the Fund.

Hudson's Bay Corp. ("HBC")

As is often the case with many of our investments, our first bite at the apple is rarely the last. Circumstances and risk profiles change and frequently our conviction grows as the depth of our knowledge and analysis increases. This is our "edge".

We initiated a position in HBC in June 2019 shortly after the first take-private offer of \$9.45 per share was announced. We believed both the market and HBC Chairman Richard Baker's bidding consortium (the "Consortium") were significantly undervaluing the company. Our thesis was the Consortium would have to raise its bid in order to consummate the deal, or if the bid failed, the value maximization plan the Consortium had identified would still be executed, only now with all shareholders benefitting. This second pathway – that the bid could fail and in the long-run shareholders would be better off – was a key distinction between our analysis and the market's. The market was treating this as a simple merger arbitrage: if the deal closes minority shareholders would get the buyout price and if it failed HBC would go back down to its pre-deal price.

Indeed, as minority shareholders became more vocal in their opposition to the Consortium's bid, a group with significant enough clout to scuttle the deal emerged. As it was looking increasingly unlikely the Consortium's bid would be successful, HBC shares traded materially down in price in November and December 2019. Our thesis, however, remained intact, and we materially increased our position at these depressed prices over December 2019 and potentially magnifying the return on our HBC investment.

Note: On January 6, 2020, Mr. Baker and his consortium reached a deal with a significant portion of minority HBC shareholders to take the company private at \$11.00 per share. The deal closed on March 3, 2020. Ravensource sold its position in late January 2020 at \$10.91 once the deal was effectively priced in.

Quad/Graphics Inc. ("Quad")

Quad is a U.S. publicly listed (NYSE:QUAD) commercial printing and marketing services company based in Wisconsin. It is the second largest commercial printer in North America, with a broad range of products and services including direct mailings, catalogs, magazines, ad campaign design and analytics. Despite its strong market position and free cash flow generation, as a small cap company in an out-of-favour industry, Quad's investor following was narrow and focused on its dividend.

In the fourth quarter of 2019, Quad reduced its 2019 guidance and more dramatically, cut its dividend by 50% to focus on accelerating debt paydowns. The move surprised the market and sent Quad's shareholders streaming for the exits — their once-juicy yield was suddenly effectively halved. As a result, the company's stock price fell from just over \$11 to around \$4, a 60%+ decline.

This wave of dividend-oriented selling caused price and value to become deeply disconnected. We determined the actual underlying cash flows produced by the business had not changed much — simply put, Quad stock was not worth 60% less the first week of November than in the last week of October just because it cut its dividend. On the back of their panicked selling, we opportunistically increased our small legacy position at prices we believe offer potential upside of 65%. To now reconnect those dots between price and value, Quad is focused on generating free cash flow, paying down debt and re-establishing its credibility in the market. It may take time for this contrarian investment to bear fruit for Ravensource, but we believe the company has set itself on the right path albeit the proverbial least-travelled one.

Distributions

Ravensource's distribution policy is to make semi-annual distributions to unitholders in an amount to ensure that it does not incur any tax while providing a reasonable yield. Total distributions over 2019 amounted to \$0.30 per unit, unchanged from \$0.30 per unit paid in 2018.

Operating Expenses

Ravensource's operating expenses include management fees, trustee fees, TSX listing fees, borrowing costs, accounting expenses, IRC costs, professional expenses, transaction costs and other sundry operating expenses. The table below shows how these expenses reduced the Fund's gross return on investment to arrive at the Fund's net investment return in 2018 and 2019. Please note, operating expenses as expressed below are not to be confused with the Management Expense Ratio ("MER"). Operating expenses for the purposes of MER are calculated using the Fund's *average* net assets during the period while operating expenses as expressed below are calculated using the Fund's *starting* net assets for the period. The MER also excludes transaction costs. For further details regarding the Fund's MER, please refer to the Management Report on Fund Performance.

	Dec 31, 2019	Dec 31, 2018	YoY Change
Pre-expense / Incentive Fee Investment Return	7.14%	22.84%	
<i>Less:</i>			
Audit and accounting fees	0.22%	0.23%	(0.01%)
Legal fees	0.39%	0.40%	(0.01%)
Management, administrative and IR fees	1.21%	0.87%	0.34%
Other operating expenses	0.44%	0.79%	(0.35%)
Total Expenses Before Incentive Fee	2.26%	2.29%	(0.03%)
Pre-Incentive Fee Investment Return	4.88%	20.55%	
<i>Less:</i>			
Incentive Fee	0.00%	3.53%	
Ravensource Fund Net Investment Return	4.88%	17.02%	

For the year ended December 31, 2019, Ravensource's operating expenses, excluding the incentive fee, was 2.26%, effectively unchanged from 2018's levels. The decrease in 2019's other operating expenses (35 basis points) due to lower interest costs were largely offset by an increase in management, administrative and IR fees (34 basis points). To be clear, the Fund's IR and its 1% pre-HST management and administrative fees, have not changed since 2003. Rather, over the past 5 years or so, we were able to substantially reduce the Fund's net management fees as Stornoway Portfolio Management passed on fees earned for providing strategic and financial advisory services to Specialty Foods Group. These advisory fees went away in Q3 2018 when we sold Specialty Foods Group on October 1, 2018.

Incentive Fee

As detailed in the Portfolio Management Agreement, the Investment Manager is entitled to an incentive fee equal to 20% of the amount by which the net asset value per unit at the end of the year, adjusted for contributions, distributions, and redemptions during the year, exceeds the net asset value per unit at the beginning of the year over and above the 5% hurdle rate, plus any shortfalls from prior years (the "Incentive Fee").

As Ravensource's investment portfolio generated a return of 4.88% after expenses but prior to the Incentive Fee over 2019, the Incentive Fee was nil versus 3.53% in the 2018. The decline in the Incentive Fee was due to the drop off in Ravensource's performance versus the 17.02% return we chalked up over 2018. This relationship between the Incentive Fee and Fund's performance highlights Stornoway's alignment with you, the Fund's investors. Simply put, we do better when you do.

Risks

We define risk as the potential for a permanent loss of capital on an investment. While assumed at the time we make an investment, risk of loss is clearly a dynamic metric that for us varies primarily as a result of attaining – or failing to attain – key milestones such as reaching a restructuring agreement, closing of merger agreement or repayment of a loan. Over the life of an investment, our process carefully considers its risk and the impact that it has on our portfolio, making changes to the size of our investment or the actions we take when warranted.

The most effective risk management tools we employ are: to establish a large "margin-of-safety" upfront by investing at prices substantially below what we believe is the intrinsic value, structure our investment to mitigate the risk of loss; and become actively involved to ensure that our rights and recoveries are protected. Through these mechanisms and processes, we can substantially lower the risk of loss over the time of investment while increasing the potential for returns. Despite our thorough analysis, active involvement and paying a thrifty price, sometimes we are wrong, ineffective in de-risking the company, or the potential of an investment does not materialize exposing our investors to a loss.

We also note that there will be likely be mark-to-market gains and losses throughout the life of a given investment. While our investments are idiosyncratic and typically very uncorrelated to most asset classes, when markets become disrupted – as was the case in 2008 and likely again in 2020 – there will be a flight to the most liquid of assets. As we invest in un-loved and under-followed opportunities,

often providing liquidity to stressed investors and companies alike, Ravensource can be particularly exposed to what we believe are temporary market losses during flights to quality. During these times, we may capitalize on this rush to liquidity by prudently increasing our investment if the opportunity is compelling and the underlying company has enough liquidity to ride out the storm.

In addition to the risks specific to a particular investment, the Fund is exposed to changes in foreign exchange rates, interest rates, credit conditions and other economic factors as described in the Annual Information Form, on the Ravensource website and in the notes attached to our financial statements. We encourage all investors to carefully read the Fund's financial statements, including the additional disclosure in the notes to the financial statements, as we do prior to investing.

There has been no change in the Fund's stated investment strategy or in the execution of the investment mandate that would materially affect the risk of investing in Ravensource during 2019. We continue to believe the Fund is suitable for those investors seeking long-term capital growth rather than income, have a long-term investment horizon, and possess a medium to high risk tolerance to withstand the ups and downs that go along with investing in out-of-favor securities.

Portfolio Composition

To give you a better understanding of the risks to which Ravensource is exposed, we have broken out the portfolio by investment strategy and concentration.

Investment Portfolio by Strategy

During 2019, the investment portfolio's weightings remained relatively similar to 2018. However, this was not a product of a decision at the strategy level as we do not target specific strategy weightings. Rather, we select the most attractive investment opportunities wherever they are found. During 2019, Ravensource exited and established positions relating to all three investment strategies.

By Investment Strategy	% of Investment Portfolio	
	31-Dec-19	31-Dec-18
Special Situation Equities	37.4%	38.3%
Distressed Securities	55.1%	54.1%
Alternative Credit	7.5%	7.6%
Total	100.0%	100.0%

Concentration

We believe that the most effective method to reduce/manage risk is to know your investments inside and out, be actively involved and have sufficient influence on them to help effect change such as a restructuring. This will often lead to Ravensource having a more concentrated portfolio than other investment funds. Ravensource's position limit is 10% on a *cost* basis for a given corporate entity. For investments that we have our highest conviction in, we will invest up to the limit if prudent. Post our investment, market fluctuations may increase an investment in excess of 10% of the Fund's net assets on a *market value* basis.

As of December 31, 2019, the Fund had seven investments exceeding 5% of NAV on a market value basis. The top 10 investments ranked by market value, excluding cash, represented 78.5% of NAV as of December 31, 2019. We expect that the Fund will continue to concentrate our capital in positions that we know the best and where we hold the strongest convictions.

“Skin in the Game”

The Stornoway Team is passionate about the approach and philosophy that drives our investment decisions, our active involvement in the companies we invest in, and the steps we take to reduce risk and generate compelling long-term investment returns. We believe that an investment manager should have significant “skin in the game”, sharing in the risk and reward of our decisions alongside other investors. Accordingly, each member of the Stornoway Team has a substantial personal investment in Ravensource and as of December 31, 2019, I owned approximately 9.8% of the total units of Ravensource outstanding. In short, we eat our own cooking. We are your partner.

Team Update

I am pleased to announce that Brandon Moyse and Daniel Metrikin have been recently promoted from their position of Investment Analyst to Partner of Stornoway. They have certainly earned it. Brandon and Daniel, and our operations expert Mahesh, have not only deepened our expertise but have injected energy into Stornoway from which we all have benefited. Along with you, my fellow unitholders, I am very fortunate to be surrounded by such trusted and gifted partners.

Concluding Remarks

Over the course of this letter, we have shared with you the developments and actions taken over 2019 to de-risk, create and capture value on our investments. Despite our skinny returns, it was a year of tremendous progress as many of our investments made significant strides towards revitalization. Such progress makes us optimistic about the potential of our investment portfolio to generate significant future returns.

However, I write this review amid the COVID-19 pandemic. Investor greed has turned into fear and panic. Everyone is searching for the elusive safe haven but there is really no place to hide. We at Stornoway cannot predict where the market will go from here — that is not our skill set nor our value proposition to you as investors. Our capital remains allocated to those long-term investments where we have the strongest convictions and there is a clear path to achieve our identified result rather than trying to profit by anticipating short-term market gyrations. While we believe our investment theses are largely intact, we acknowledge COVID-19 will likely delay the time to which we will be ultimately rewarded.

The Stornoway Team sits on a unique perch as we are one of few investors with a long-term track record of successfully capitalizing on Canadian distressed opportunities. Further, Ravensource currently has more than 25% of its net assets in cash, allowing us to be the hunter rather than the hunted. Over the coming months, there will be opportunities to both deepen our existing investments at compelling prices and to establish new investments that will likely fall out from this global shock. However, we will be patient and prudent when deploying / reducing capital and will

not sacrifice our due diligence. As we have proven in the past, we will take action only when the opportunity is compelling and we have a discernible edge. Our contingency plans, established well before COVID-19, allow us to take decisive action to protect your capital. We will continue to monitor this global health crisis and adapt accordingly to keep our partnership strong.

In writing this review, we wrestle with the twin objectives of being thorough yet succinct. We recognize that despite our effort to cut to the essentials, there remains a lot of information to digest. We are available via phone and/or in person to discuss your investment further. Please don't hesitate to contact us. We always look forward to hearing from unitholders and enjoy discussing our investments and strategy with you.

On behalf of Brandon, Daniel, Mahesh and me, we greatly appreciate the partnership, trust and long-term perspective of our fellow investors, aka you. We are dedicated to protecting and growing your capital for years to come.

Be well and stay healthy.



Scott Reid
President and Chief Investment Officer
Stornoway Portfolio Management Inc.
Investment Manager of the Ravensource Fund

April 2020

Appendix 1 - Ravensource's Use of Comparable Indices

Given the idiosyncratic nature of the Fund's investment strategy, the Investment Manager does not believe there is an index that sufficiently resembles the Fund to the degree it should be considered or used as a "benchmark". However, the Investment Manager provides historical performance data for several indices in addition to the results of the Fund for comparison purposes. The Investment Manager has chosen indices that it believes are relevant to the investment mandate of the Fund and / or to capital markets in general. However, while each of these indices overlap with certain aspects of the Fund's mandate, none of them share significant similarities with the Fund's investment portfolio:

- The S&P/TSX Composite Total Return Index ("S&P/TSX") is the principal broad-based measure commonly accepted by investors to measure the performance of Canadian equity markets. The S&P/TSX is a relevant index for comparison purposes as the Fund's investment portfolio contains Canadian equity investments and the Fund's debt investments are frequently converted into equity securities as part of the restructuring process. However, the performance of the S&P/TSX will vary greatly from the Fund as its investment portfolio is primarily comprised of securities that are not included in the S&P/TSX.
- The S&P/TSX Small Cap Total Return Index ("TSX Small Cap") tracks the performance of the Canadian small cap equity market. The TSX Small Cap is a relevant index for comparison purposes as the Fund invests in Canadian small cap companies that are attractively valued with catalysts to unlock value. However, the performance of the TSX Small Cap will vary greatly from the Fund as its investment portfolio is primarily comprised of securities that are not included in the TSX Small Cap.
- The ICE BofAML US High Yield Index ("BAMLHY") is a USD-denominated index that tracks the performance of USD, sub-investment grade rated corporate debt. BAMLHY is a relevant index for comparison purposes as the Fund invests in corporate debt securities that are rated below investment grade. However, the Fund's investment portfolio also includes defaulted debt and equity securities which are not included in the BAMLHY and thus the Fund's performance may vary greatly from BAMLHY.
- The Credit Suisse Distressed Hedge Fund Index ("CSDHFI") is a USD-denominated index that tracks the aggregate performance of investment funds that focus on investing in companies that are subject to financial or operational distress or bankruptcy proceedings. The CSDHFI is a relevant index for comparison purposes as the Fund's investment mandate broadly overlaps that of the funds that make up the CSDHFI. However, it is likely that the composition of the Fund's investment portfolio is unique from these peers and thus the Fund's performance may vary greatly from the CSDHFI.

As the Fund makes idiosyncratic investments in securities which are overlooked by the capital markets, the Fund's investment portfolio contains investments that are not likely included in any of the above indices and thus an investment in the Fund should not be considered a substitute or proxy for the underlying index. For the reasons stated above, these indices should not be considered a benchmark for the Fund and there can be no assurance that any historical correlation or relationship will continue in the future. Index data is provided by Credit Suisse and ICE Data Services.



EXHIBIT 14 TO THE
CROSS-
EXAMINATION
OF S. REID

Court File No. CV-11-9532-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
CRYSTALLEX INTERNATIONAL CORPORATION**

AFFIDAVIT OF SCOTT REID
SWORN APRIL 26, 2019

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Court File No. CV-11-9532-00CL

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**AFFIDAVIT OF SCOTT REID
SWORN APRIL 26, 2019**

I, Scott Reid, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

I. INTRODUCTION

1. I am the President and Chief Investment Officer of Stornoway Portfolio Management Inc. ("**Stornoway**"), investment manager to Stornoway Recovery Fund LP and Ravensource Fund. Stornoway is a participant in an *ad hoc* committee (the "**Noteholder Committee**") of beneficial holders of the \$100,000,000 (principal amount) of senior 9.375% notes due December 2011 (the "**Notes**" and the beneficial holders thereof, "**Noteholders**") issued by Crystallex International Corporation ("**Crystallex**"). Participants in the Noteholder Committee beneficially own in excess of 66 2/3% of the principal amount of the Notes.
2. I have personally participated in the Noteholder Committee since very early on in these *Companies' Creditors Arrangement Act* ("**CCAA**") proceedings, which commenced in December 2011. As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and whereso stated I verily believe it to be true and have identified the source of my information.
3. I swear this Affidavit in support of the motion by the Trustee (as defined below) and the Noteholder Committee for two orders:

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- (a) a Meeting Order that, among other things, approves the filing of a proposed plan of compromise and arrangement in respect of Crystallex (the “**Plan**”) and authorizes the holding of a meeting of Affected Creditors to consider and vote on the Plan; and
 - (b) a Governance and Disclosure Order that, among other things, (i) directs the Monitor to engage an independent governance specialist to review governance and conflict of interest matters in respect of Crystallex and to report to the Court in respect of such matters prior to the sanction hearing in respect of the Plan, and (ii) amends the Initial Order to enable the Monitor to exercise its independent judgment with respect to the public disclosure of information to stakeholders in these CCAA proceedings, while enabling any party to bring a motion before the Court seeking disclosure.
4. I swear this affidavit in support of the Meeting Order and Governance and Disclosure Order and for no improper purpose. I do not, and do not intend to, waive privilege by any statement herein.
5. Unless otherwise specified, all amounts referenced herein are in U.S. dollars.

II. OVERVIEW

6. Crystallex was a Canadian gold mining company whose principal asset was its right to develop Las Cristinas, a Venezuelan gold project estimated to contain more than 20 million ounces of gold. In February 2011, the Venezuelan government unilaterally rescinded Crystallex’s mining operation contract for Las Cristinas. Shortly thereafter, Crystallex filed a request for arbitration with the International Centre for the Settlement of Investment Disputes (“**ICSID**”) pursuant to the bilateral investment treaty in place between Venezuela and Canada, claiming \$3.8 billion from Venezuela for the loss of its investment in Las Cristinas. Since this time, Crystallex’s sole business activity has been pursuing its arbitration claim against Venezuela for the unlawful expropriation of its investment in Las Cristinas.

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7. The Notes constitute substantially all of Crystallex's pre-filing indebtedness. They were issued by Crystallex on December 23, 2004 to fund the development of Las Cristinas. The Notes matured seven years later on December 23, 2011. On the same day the Notes matured, Crystallex filed for protection from its creditors under the CCAA.
8. More than seven years have passed since Crystallex's CCAA filing. During this time, Noteholders and other pre-filing creditors have not been paid any of the principal, interest or other amounts due and owing to them.
9. At the commencement of the CCAA proceedings, Crystallex provided evidence to the Court that the CCAA proceedings were required to maximize the value of its arbitration claim against Venezuela and so that any resulting settlement or award would be available for the benefit of "...**all Crystallex stakeholders** and not simply for the benefit of a few strategic players." [emphasis added] Crystallex also stated that it **required** CCAA protection in order to bring about a result that would enable it to **pay all of its creditors in full**.
10. At the time of the CCAA filing, I believe Crystallex recognized that fair consideration (i.e. payment of principal and interest with additional compensation) needed to be paid to Noteholders to compensate them for the delay in repayment of the Notes. In fact, the DIP Credit Agreement (as defined below) negotiated by Crystallex and the DIP Lender (as defined below) enables Crystallex to pay a premium to Noteholders and other pre-filing creditors as long as the interest payable on any pre-filing claim does not exceed 15% per annum (not compounded).
11. Indeed, Crystallex stated the following in its factum filed with the Ontario Court of Appeal in 2012:

Crystallex is not asking the Noteholders to compromise their claims. **Crystallex wants to pay their claims in full with interest and a premium**. The dispute between Crystallex and the Noteholders is about the size of the premium. [emphasis added]
12. After these many years of waiting, on November 25, 2018, the Monitor publically disclosed that Crystallex had entered into an amended and restated settlement agreement

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with Venezuela (the “**Amended Settlement**”), a copy of which is attached as Exhibit “A”, pursuant to which Venezuela had paid \$425 million in cash and liquid securities to Crystallex (the “**Initial Payment**”). The Monitor had previously reported that Crystallex received approximately \$74 million under an earlier settlement with Venezuela, bringing total arbitration proceeds (“**Arbitration Proceeds**”) received by Crystallex from Venezuela to date to nearly \$500 million.

13. Notwithstanding the receipt of nearly \$500 million of Arbitration Proceeds, Crystallex has taken no steps towards distributing all or any portion of this amount to its creditors. In addition, Crystallex has not even advanced any detailed path or timeline to address the repayment in full of the obligations owing to its creditors.
14. I believe Crystallex should now be taking steps to make distributions to the DIP Lender, the Noteholders and other pre-filing creditors. I further believe that proceeding with the proposed Plan is a fair and reasonable way of achieving this objective and progressing Crystallex’s stated objective of paying its creditors in full. The timely progression of the proposed Plan and distributions to creditors will also serve the interest of junior stakeholders by stopping (or at least reducing) the significant interest expense being incurred by Crystallex on a daily basis.

III. BACKGROUND

A. Stornoway

15. Stornoway is an investment management firm located in Toronto that manages the Stornoway Recovery Fund LP and the TSX listed Ravensource Fund. Stornoway principally invests in the securities of financially troubled companies. I have personally been involved in overseeing Stornoway’s investment in Crystallex since Stornoway made its initial investment in 2006.
16. Stornoway has been a frequent investor in the debt of distressed companies that are subject to restructuring proceedings in Canada. In addition, prior to starting Stornoway I was a financial advisor at a major Canadian financial institution that was involved in various Canadian restructurings. Over the course of the past 20 years, I estimate I have

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personally been involved in more than 20 restructuring cases. As such, I am familiar with restructuring practice generally in Canada.

17. As noted above, Stornoway participates in the Noteholder Committee that has been a main participant in the CCAA proceedings since their commencement. Based on prior disclosures by the Monitor in this case, I understand the Notes constitute the vast majority of Crystallex's pre-filing indebtedness.

B. The Notes

18. The Notes were issued pursuant to a Trust Indenture made by Crystallex dated December 23, 2004, as supplemented by a First Supplemental Trust Indenture made by Crystallex dated the same date (collectively, the "**Trust Indenture**"), copies of which are attached as Exhibits "B" and "C", respectively. Computershare Trust Company of Canada is the replacement trustee (the "**Trustee**") under the Trust Indenture.
19. The Notes were issued to fund the development of Las Cristinas, including the purchase of mining equipment and the development of the mine plan. The Notes were issued in the original principal amount of \$100 million. As at the CCAA filing date, \$4,135,273.97 of interest was accrued and owing by Crystallex in respect of the Notes. The Trust Indenture and the Notes provide that the principal amount of the Notes shall bear interest at a rate of 9.375% per annum, payable semi-annually in arrears. The Trust Indenture and the Notes also provide that interest shall be payable on any amounts in default (including overdue interest) at the same rate, after as well as before maturity, default and judgment.

C. Early History of the CCAA Proceedings

20. The early stages of these CCAA proceedings were contentious and characterized by significant litigation, with Crystallex, on the one hand, and the Trustee and Noteholder Committee, on the other, bringing on competing CCAA applications in December 2011 and the Trustee and Noteholder Committee contesting the approval of the Senior Secured Credit Agreement entered into between Crystallex and Tenor Special Situation Fund I,

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LLC (with its affiliated lenders, “**Tenor**” or the “**DIP Lender**”) dated April 23, 2012 (as amended, the “**DIP Credit Agreement**”).¹

21. In January 2013, the Trustee filed a proposed plan of arrangement in respect of Crystallex and sought a plan filing and meeting order. Although the Court dismissed this motion (without prejudice to it being brought back on), as a condition of extending the CCAA stay it ordered Crystallex to deliver a response to the proposed plan to the Trustee and Noteholder Committee within approximately two weeks, and also directed the parties to attend a mediation session with former Justice Campbell.

D. The Standstill Order

22. Following mediation before Justice Campbell and further direct negotiations among Crystallex, Tenor, the Noteholder Committee and the Monitor, a “standstill” agreement was reached among the parties. That agreement was approved and incorporated into this Court’s Stay Extension and Standstill Order dated June 5, 2013, a copy of which is attached as Exhibit “D” (as amended, the “**Standstill Order**”). Among other things, the Standstill Order:
 - (a) provided for a consent extension of the CCAA stay through December 31, 2014 (as extended, the “**Standstill Period**”) to allow Crystallex to pursue its ICSID arbitration claim against Venezuela;
 - (b) provided that Crystallex would have no obligation to file a CCAA plan during the Standstill Period, and that no party would be allowed to bring any motion in respect of the filing of a CCAA plan or file a plan pursuant to any other statute;
 - (c) provided that no motions would be brought in the CCAA proceedings during the Standstill Period without leave of the Court;

¹ I understand from counsel that they will file a copy of the DIP Credit Agreement separately as portions of it remain sealed.

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- (d) provided for additional interest to accrue on the Notes during the Standstill Period at an aggregate interest rate equal to 20% simple interest per annum, and also provided for additional interest to accrue on the claims of other pre-filing creditors at a specified rate;
 - (e) established an irrevocable proven claim against Crystallex on account of the Notes through the end of the Standstill Period in the amount of \$188,198,233.18 (as detailed below); and
 - (f) provided for the exchange of certain releases among Crystallex, Tenor, the Trustee, participants in the Noteholder Committee and certain other specified parties.
23. The aggregate 20% simple interest rate on the Notes under the Standstill Order was comprised of the following components: (i) a base rate of 9.375%; (ii) 2.625% post-filing default interest; (iii) 5% interest for allowing the Notes to remain outstanding for the Standstill Period without requiring Crystallex to file a CCAA plan; and (iv) 3% standstill interest. The aggregate 20% interest rate payable under the Standstill Order was agreed among Crystallex, Tenor and the Noteholder Committee on an arm's length basis following extensive negotiations and approved by this Court. In his Affidavit sworn May 2013, Mr. Fung described the standstill terms as "...just, reasonable and appropriate."
24. By its terms, the Standstill Order is without prejudice to any position any party may wish to take with respect to the interest accruing (including the applicable rate thereon) and payable on the Notes or other claims of pre-filing creditors for the period from and after the expiry of the Standstill Period.

E. The Waterfall

25. The Standstill Order also established that amounts payable by Crystallex to the Trustee on account of the Notes would be payable in full in accordance with a "waterfall" provided for in the DIP Credit Agreement (the "**Waterfall**" and the "**Waterfall**

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Provision", respectively) after Arbitration Proceeds were received by Crystallex.² A summary description of the payments provided for in the Waterfall is as follows:

- (a) **First** – Accrued and unpaid post-filing expenses reasonably incurred by Crystallex.
- (b) **Second** – Any taxes payable or required to be withheld by Crystallex or by any government in respect of the Award (as defined below).
- (c) **Third** – Principal amount owing under the DIP Credit Agreement.
- (d) **Fourth** – Accrued and unpaid interest owing under the DIP Credit Agreement.
- (e) **Fifth** – Claims of pre-filing creditors, including on account of the Notes.
- (f) **Sixth** – “CVRs” payable to Tenor, being a percentage of the difference between the Arbitration Proceeds received by Crystallex and the aggregate of the amounts referred to in the foregoing (a) through (e), above (the “**Net Arbitration Proceeds**”).³ I understand from the Monitor’s Eighteenth Report and certain other public filings in the CCAA case that Tenor has transferred a portion of its CVRs to two members of Crystallex’s management team that are also directors of Crystallex. Crystallex has not disclosed the exact portion of the CVRs transferred to these insiders or the terms or conditions of such transfers.

² Pursuant to the Standstill Order, the “Waterfall Provision” is defined by reference to Exhibit F of the Amended DIP Credit Agreement (as defined in the Standstill Order) titled “Order of Application Proceeds”. The Standstill Amendment Order (as defined below) amended the definition of the Amended DIP Credit Agreement to mean: “...the senior secured credit agreement dated April 23, 2012 as amended by the first credit agreement amending and confirming agreement dated May 15, 2012 and the second credit agreement amendment agreement dated as of June 5, 2013, as such agreements and amendments existed as at June 5, 2013 as reflected in copies delivered by [Crystallex] to the Monitor and counsel to the Noteholder Committee and the Trustee on May 31, 2013 and to be further amended by a third credit agreement amendment agreement to be entered into between the DIP Lender and [Crystallex] (the “Third Amendment Agreement”) substantially in the form of the draft Third Amendment Agreement delivered by counsel for [Crystallex] to the counsel for the Monitor, counsel for the DIP Lender and counsel for the Noteholder Committee and the Trustee on April 13, 2014.”

³ For ease of reference, the participants in these proceedings generally refer to Tenor and management’s percentage entitlement to the Net Arbitration Proceeds as “CVRs” (i.e. contingent value rights).

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- (g) **Seventh** – Any amounts payable pursuant to the management incentive plan (the “MIP”) approved by this Court. Crystallex management is entitled to up to the lesser of: (i) 10% of the Net Arbitration Proceeds; and (ii) 25% of the “Residual Pool” (being the total Net Arbitration Proceeds less the portion of the Net Arbitration Proceeds Tenor is entitled to).
 - (h) **Eighth** – Crystallex. Crystallex is entitled to the remaining Net Arbitration Proceeds, if any, following payment of the aforementioned amounts. However, prior to retaining any such funds or distributing any such amount to a holder of any equity security of Crystallex (a “Shareholder”), Crystallex is required to pay the Trustee Pre-Filing Fees and Expenses Claim (as defined below).
26. Pursuant to the Standstill Order, Crystallex is obligated to pay amounts owing on account of the Notes in accordance with the Waterfall Provision after Arbitration Proceeds are received by Crystallex:

THIS COURT ORDERS that amounts shall be payable by [Crystallex] to the Trustee in accordance with the Waterfall Provision after Arbitration Proceeds are received by [Crystallex] [...].

27. In addition, pursuant to the Standstill Order this Court ordered that:

THIS COURT ORDERS that, notwithstanding termination of the Standstill Period for any reason, the Proven Standstill Noteholder Claim shall be payable in full in accordance with the Waterfall Provision after Arbitration Proceeds are received by [Crystallex], free from any reduction for set-off or any other counter-claims (whether past, present or future) that [Crystallex] may allege.

F. Crystallex Terminates the Standstill

28. In April 2014, on consent of Crystallex, Tenor, the Trustee and the Noteholder Committee, the CCAA stay and the Standstill Period were extended to December 31, 2015. A copy of the Order (Amendment to Stay Extension and Standstill Order) dated April 14, 2014, providing for this extension is attached as Exhibit “E” hereto (the “Standstill Amendment Order”).

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29. By its terms, the Standstill Period would automatically continue past December 31, 2015, for successive one-year periods unless terminated by any of Crystallex, Tenor or the Trustee. In December 2015, Crystallex elected to terminate the Standstill Period effective December 31, 2015. A copy of Crystallex's notice terminating the Standstill Period is attached as Exhibit "F" hereto.
30. The effect of Crystallex terminating the standstill was, among other things, to stop the accrual of the additional Standstill Period interest on the Notes and the claims of other pre-filing creditors pursuant to the Standstill Order, and to remove the prohibition on any party bringing a motion in respect of the filing of a plan of compromise and arrangement.
31. Notwithstanding the termination of the standstill by Crystallex, the Trustee and Noteholder Committee elected not to advance a plan or other restructuring transaction over the past three years, instead choosing to allow Crystallex to focus its efforts on its "dual-track" strategy of simultaneously negotiating a settlement with Venezuela while also pursuing enforcement efforts.

G. Proven Standstill Noteholder Claim as at the End of the Standstill Period

32. The Standstill Order established an irrevocable proven claim against Crystallex on account of the Notes of \$123,383,269.90 (the "**Proven Principal Senior Note Amount**"), plus all interest accruing on the Proven Principal Senior Note Amount during the Standstill Period, being \$64,564,943.98, bringing the total irrevocable proven claim on account of the Notes to \$187,948,213.88 as at the end of the Standstill Period. I note the Monitor provided the same calculation in respect of this claim in its Eighteenth Report.
33. The Standstill Order also provided for an "Additional Expense Amount" claim of \$250,000 on account of certain additional expenses that were incurred by the Trustee and the Noteholder Committee in the lead-up to the finalization of the standstill agreement, subject to confirmation by the Monitor of such fees and expenses having been incurred. I am advised by counsel that the Monitor confirmed the Additional Expense Amount by email to counsel to the Trustee and Noteholder Committee dated May 19, 2016.

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34. Accordingly, the Proven Standstill Noteholder Claim (as such term is defined in the Standstill Order) as at December 31, 2015, was \$188,198,213.88. The Proven Standstill Noteholder Claim is secured by the Prefiling Unsecured Creditors' Charge established by this Court in its CCAA Financing Order dated April 16, 2012, a copy of which is attached as Exhibit "G" hereto. As noted above, the Standstill Order provides that the Proven Standstill Noteholder Claim shall be payable in full in accordance with the Waterfall Provision after Arbitration Proceeds are received by Crystallex, free from any reduction for set-off or any other counter-claims (whether past, present or future) that Crystallex may allege.
35. In addition to the Proven Standstill Noteholder Claim, the Standstill Order also established an irrevocable proven claim of \$5,165,917.39 on account of certain pre-filing expenses incurred by the Trustee and participants in the Noteholder Committee (the **"Trustee Pre-Filing Fees and Expenses Claim"**). Unlike the other claims on account of the Notes, the Trustee Pre-Filing Fees and Expense Claim is junior to the Tenor CVRs and the MIP; however, as noted above, pursuant to the Standstill Order it must be paid before any Arbitration Proceeds are retained by Crystallex or distributed to a Shareholder.⁴
36. I note that, pursuant to paragraph 22 of the Standstill Order, had the Proven Standstill Noteholder Claim been paid in full in accordance with the Standstill Order during the Standstill Period, the Trustee and Noteholders would have been precluded from seeking any further or additional compensation, remuneration or entitlements of any kind or nature from Crystallex, save for the Trustee Pre-Filing Fees and Expenses Claim and certain Trustee fee amounts. As discussed in greater detail below, no portion of the Proven Standstill Noteholder Claim was paid during the Standstill Period (and no portion has been paid to date).

⁴ Like the Additional Expense Amount, the Trustee Pre-Filing Fees and Expenses Claim was subject to confirmation by the Monitor. I am advised by counsel to the Trustee and the Noteholder Committee that the Monitor confirmed the Trustee Pre-Filing Fees and Expense Claim by email to counsel to the Trustee and the Noteholder Committee and others dated August 13, 2013. I note that the amount confirmed was approximately \$3,000 less than the amount specified in the Standstill Order. For sake of completeness, I am advised by counsel to the Trustee and Noteholder Committee that the Monitor also confirmed the Trustee Post-Filing Fees and Expenses (as defined in the Standstill Order) of \$5,500,000 by email to counsel to the Trustee and Noteholder Committee and others dated June 14, 2013.

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37. For ease of reference, the table below sets forth the elements of the Proven Standstill Noteholder Claim as at December 31, 2015, along with the applicable references to the relevant provisions of the Standstill Order:

<u>Item</u>	<u>Amount</u>	<u>Reference</u>
1. Original Principal Amount	\$104,135,273.97	para. 8
2. Trustee Post-Filing Fees and Expenses	\$5,500,000.00	para. 10
3. Pre-Standstill Interest	\$13,747,995.93	para. 11
4. Proven Principal Senior Note Amount	\$123,383,269.90	para. 12
6. Proven Standstill Interest Claim	\$64,564,943.98	paras. 13, 14, 15 & 16
7. Additional Expense Amount	\$250,000.00	para. 10
8. Proven Standstill Noteholder Claim	\$188,198,213.88	para. 16
9. Trustee Pre-Filing Fees and Expenses Claim	\$5,165,917.39	para. 9

38. I note that had the Notes accrued interest at the contractual rate of 9.375% per annum (compounded semi-annually) from the commencement of the case, the total claim in respect of the Notes as at December 31, 2015, would have been \$150,569,708.17. Accordingly, the additional entitlements earned on the Notes pursuant to the Standstill Order totalled \$37,628,505.71 (i.e. \$188,198,213.88 - \$150,569,708.17 = \$37,628,505.71), plus the Trustee Pre-Filing Fees and Expenses Claim.

H. Amounts Outstanding under the DIP Loan

39. The Supplement to the Twenty-Second Report of the Monitor dated December 19, 2017, states that as at September 30, 2017, the principal amount owing under the DIP Credit Agreement was \$75,733,333.33 and that, together with accrued interest, the amount outstanding under the DIP Credit Agreement was \$111,312,397.75. To my knowledge, this was the last public disclosure by Crystallex or the Monitor of the amount outstanding under the DIP Credit Agreement. Based on this disclosure (and assuming no paydowns), I estimate that the total amount of principal and interest owing under the DIP Credit Agreement as at June 30, 2019, would be approximately \$132 million.
40. The interest rate under the DIP Credit Agreement is 10% per annum, compounded semi-annually.

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I. The CVRs

41. In connection with the original loan under the DIP Credit Agreement, Crystallex agreed to pay an amount equal to 35% of the Net Arbitration Proceeds to Tenor. I note that pursuant to the DIP Credit Agreement, Tenor's CVRs can be converted into preferred shares, which in turn can be converted into a proportionate amount of common shares of Crystallex (for example, 35% of the CVRs can be converted into 35% of the common shares of Crystallex).
42. As Tenor advanced further loans under the DIP Credit Agreement, Crystallex agreed to provide it with more CVRs. The most current public disclosure by Crystallex or the Monitor (which is nearly five years old) stated that Tenor would be entitled to 70.554% of the Net Arbitration Proceeds following Crystallex and Tenor entering into the third amendment to the DIP Credit Agreement (assuming all available loan amounts were drawn by Crystallex). However, based on reviewing the public versions of the Fourteenth and the Eighteenth Reports of the Monitor, I expect that Tenor is likely entitled to a greater percentage of the Net Arbitration Proceeds as a result of having advanced further funds to Crystallex. Assuming Crystallex agreed to provide Tenor with the same amount of CVRs per million dollars of principal amount loaned on its more recent loans as it did on its earlier loans, Tenor's current CVR entitlement would be approximately 88.24% (inclusive of whatever amount it has agreed to transfer to Crystallex management).
43. Assuming Tenor's CVR entitlement is as stated in the foregoing paragraph, the resulting maximum MIP CVR entitlement would be approximately 2.94% of the Net Arbitration Proceeds, and Crystallex would be entitled to approximately 8.82% of the Net Arbitration Proceeds at the bottom of the Waterfall (i.e. the amount remaining after accounting for the Tenor and MIP CVRs).
44. Tenor has previously confirmed that all indebtedness owing to Noteholders would be paid in full with interest in priority to Tenor's CVRs. Specifically, in its factum filed with the Ontario Court of Appeal in 2012 Tenor stated:

Under the Tenor DIP financing, Tenor will not receive any of its contingency fee of 35% **unless and until the indebtedness to the**

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Noteholders has been paid in full with interest. Therefore, the Tenor DIP financing is the bet on the arbitration and Tenor is taking the risk not only that Crystallex will be successful in the arbitration but also that the quantum of recovery will be sufficient to repay the Noteholders in full with interest. [emphasis added]

J. The Override

45. I note that the CVR entitlements of Tenor and amounts payable under the MIP are calculated pursuant to a special “override provision” (the “**Override**”) under the DIP Credit Agreement that is incorporated into the Standstill Order at paragraph 25 thereof.
46. Pursuant to the Override – which applies solely for purposes of calculating the CVR amounts payable to Tenor and under the MIP – the claims of the Noteholders and other pre-filing creditors are deemed to be reduced to amounts that are significantly less than the actual amounts due and owing by Crystallex in respect of these claims by excluding, among other items, interest on the Notes from the Filing Date to the beginning of the Standstill Period and the additional Standstill Period interest payable to pre-filing creditors pursuant to the Standstill Order.
47. The result is that Tenor and management’s CVR entitlements are calculated based on a “deemed” amount of Net Arbitration Proceeds that is significantly greater than the actual Net Arbitration Proceeds available for distribution, if any, thereby reducing (or potentially eliminating) any Net Arbitration Proceeds Crystallex is entitled to at the bottom of the Waterfall. Put another way, the practical effect of the Override is to increase Tenor’s and management’s collective percentage entitlement to the Net Arbitration Proceeds to an amount that approaches (or exceeds) 100% of the actual Net Arbitration Proceeds available for distribution in many scenarios, thereby significantly reducing or potentially eliminating any recovery for Shareholders irrespective of the amount of Arbitration Proceeds Crystallex ultimately recovers.
48. I note that as a result of the Override, the actual amount of the claim of Noteholders and other pre-filing creditors in excess of the amounts proven under the Standstill Order has relatively little impact on potential Shareholder recoveries (if any), as the vast majority, if

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not all, of every dollar that is not paid to pre-filing creditors ultimately flows to Tenor and Crystallex's management.

49. I note that to date neither Crystallex nor the Monitor has provided this Court or Crystallex's stakeholders with an analysis demonstrating the significant impact of the Override on Shareholders and its potential to materially reduce or eliminate any recoveries for Shareholders.

K. The Arbitration Award and Crystallex's Enforcement Efforts

50. Crystallex announced that on April 4, 2016, it was granted an ICSID award against Venezuela in the amount of \$1.202 billion, plus interest, for a total award as at April 4, 2016 of \$1.386 billion (the "**Award**"). The Award accrues post-award interest at the rate of the 6-month average U.S. dollar LIBOR + 1%, compounded annually, calculated from the date of the Award until full payment.

51. I understand based on publically available court filings that:

- (a) Crystallex sought and obtained recognition and enforcement of the Award in Ontario. A copy of this Court's Order recognizing and enforcing the Award is attached as Exhibit "H". I understand from counsel that the time period for seeking to appeal this Order has expired.
- (b) Crystallex sought and obtained recognition of the Award in the District of Columbia (U.S.) (the "**DC Recognition Order**"). The DC Recognition Order and a related order dismissing Venezuela's motion to vacate the Award were appealed by Venezuela to the United States Court of Appeals for the District of Columbia (the "**DC Appeals Court**"). On February 14, 2019, the DC Appeals Court issued a judgement affirming the DC Recognition Order and the dismissal of Venezuela's motion to vacate.
- (c) Crystallex has brought various enforcement actions pertaining to the Award, most notably actions in the United States District Court for the District of Delaware (the "**Delaware Court**") against Petroleos de Venezuela, S.A. ("**PDVSA**"), PDV

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Holding, Inc. (“**PDVH**”) and CITGO Holding, Inc. (“**CITGO**”). PDVSA is the Venezuelan state-owned oil company and PDVH and CITGO are direct and indirect subsidiaries thereof. Notably, one of the actions brought by Crystallex sought to execute on PDVSA’s shares in PDVH on the basis that PDVSA is the alter ego of Venezuela. On August 9, 2018, the Delaware Court granted an order (the “**Delaware Order**”) authorizing the issuance of a writ of attachment against the shares of PDVH with respect to the enforcement of the DC Recognition Order. I understand the Delaware Order is subject to appeal by PDVSA before the United States Court of Appeals for the Third Circuit (the “**Third Circuit**”), which appeal was heard on April 15, 2019.

L. Settlements with Venezuela

52. Crystallex originally entered into a settlement agreement with Venezuela in November 2017, which, following resolution of the Trustee and Noteholder Committee’s objection to the settlement on the basis that insufficient disclosure had been provided by Crystallex, was approved by this Court on November 24, 2017 (the “**Original Settlement**”). I understand from the Monitor’s Twenty Eighth Report dated October 25, 2018, that Crystallex received approximately \$74 million from Venezuela under the Original Settlement. I further understand from the Monitor’s reports that Venezuela failed to make further required payments under the Original Settlement, with the result that Crystallex was permitted to recommence enforcement actions against Venezuela.
53. I understand from the Monitor’s Twenty Ninth Report that following the issuance of the Delaware Order, Crystallex and Venezuela engaged in further negotiations which resulted in the Amended Settlement. The total settlement amount payable by Venezuela to Crystallex under the Amended Settlement is \$1,239,632,217, subject to certain potential adjustments as described therein. I note that the amount payable by Venezuela under the Amended Settlement is apparently exclusive of the approximately \$74 million received under the Original Settlement, bringing total potential settlement recoveries from Venezuela to approximately \$1.314 billion.

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54. The Monitor has reported that Crystallex received an Initial Payment under the Amended Settlement of cash and liquid securities (“**Liquid Securities**”) with a market value equal to \$425,000,000. Crystallex has not disclosed any details regarding the Liquid Securities it received from Venezuela nor the proportion of the Initial Payment that was received in cash.
55. I note that under the terms of the Amended Settlement, to the extent Crystallex sells any Liquid Securities prior to the date that is six months after the Initial Payment and realizes an amount that is less than their market value at the time of delivery to Crystallex, the Initial Payment will be deemed to be decreased to the same extent, with the result that the remaining settlement payment obligation of Venezuela will be increased. To the extent Liquid Securities are sold after such six month period, there is no such adjustment. Accordingly, the expiry of the six month period without selling the Liquid Securities has financial implications for Crystallex and its stakeholders.
56. Pursuant to the terms of the Amended Settlement, Venezuela also agreed to deliver a note and acceptable collateral to Crystallex in respect of the balance of the settlement amount (\$814,632,217, subject to certain potential adjustments) on or before January 10, 2019. I understand from Crystallex’s U.S. Court filings that Venezuela did not fulfil this obligation. I also understand from U.S. court filings that Crystallex has declared Venezuela in breach of the Amended Settlement as a result of PDVSA continuing the Third Circuit appeal.

M. Crystallex’s Board and its Conflicts of Interest

57. Crystallex’s board of directors is comprised of five members: (i) two representatives of Tenor (Robin Shah and David Kay); (ii) two members of management (Robert Fung and Marc Oppenheimer); and (iii) Harry Near.
58. As I understand it from a June 27, 2012, Crystallex press release, Mr. Near was appointed by Crystallex as a “designated director” with the authority to, among other things, direct the conduct of the CCAA proceedings. To the best of my knowledge, Mr. Near does not have a direct economic interest in the CVRs.

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59. The extent of Mr. Near's ongoing involvement with Crystallex and the CCAA proceedings is unclear to me. To my knowledge, he has not participated in any recent discussions that the Noteholder Committee has had with representatives of Crystallex. Further, as far as I am aware, Mr. Near has not retained independent financial advisors or counsel and Crystallex has not added any independent directors or established a special committee of independent directors.
60. In contrast to Mr. Near, the Tenor nominee and management directors have an economic interest in the CVRs and are therefore incentivized to maximize their value. As: (i) the CVRs are subordinate to the Notes and the claims of other pre-filing creditors; and (ii) the value of the CVRs is, in part, a function of the amount of pre-filing creditor claims (i.e. the less Crystallex has to pay on account of pre-filing creditor claims, the greater the amount of Net Arbitration Proceeds and the greater the value of the CVRs), these directors have an economic interest in minimizing the amounts payable to pre-filing creditors.
61. I am concerned that the Tenor nominee and management directors interest in the CVRs (the specific amounts of which have never been publically disclosed to stakeholders) puts them in a conflict of interest position in negotiating the terms of a plan of arrangement or the entitlements of Noteholders or other pre-filing creditors on behalf of Crystallex.
62. Moreover, in light of Crystallex's directors and management's interest in the CVRs, I am very concerned that Crystallex is not moving forward with a plan or distributions to creditors at this time as a means of attempting to achieve some form of leverage over the Noteholders and other pre-filing creditors with a view to enhancing the value of the CVRs for their own account.
63. My concern in this regard is enhanced by the present uncertainty regarding Crystallex's ability to recover the remaining approximately \$814 million owing by Venezuela under the Amended Settlement, and the impact this has on the value of the CVRs. Specifically, as demonstrated by the illustrative Waterfall appended at Exhibit "I" hereto, there are likely no Net Arbitration Proceeds in a scenario where Crystallex has only \$500 million of Arbitration Proceeds available for distribution (i.e. the amount of the recoveries from