

**RICHTER**

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Court File No.: CV-19-614614-00CL

**IMERYS TALC AMERICA, INC., IMERYS TALC VERMONT, INC.  
AND IMERYS TALC CANADA INC.**

**SEVENTH REPORT OF RICHTER ADVISORY GROUP INC.,  
IN ITS CAPACITY AS INFORMATION OFFICER**

**June 30, 2020**

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**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 IMERYS TALC AMERICA, INC., IMERYS TALC VERMONT, INC. AND  
IMERYS TALC CANADA INC.**

**APPLICATION OF IMERYS TALC CANADA INC., UNDER SECTION 46 OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**SEVENTH REPORT OF THE INFORMATION OFFICER  
RICHTER ADVISORY GROUP INC.**

**JUNE 30, 2020**

## I. INTRODUCTION

1. On February 13, 2019 (the “**Petition Date**”), Imerys Talc America, Inc. (“**ITA**”), Imerys Talc Vermont, Inc. (“**ITV**”) and Imerys Talc Canada Inc. (“**ITC**” and together with ITA and ITV, the “**Debtors**”), commenced voluntary reorganization proceedings (the “**Chapter 11 Proceedings**”) in the United States Bankruptcy Court for the District of Delaware (the “**US Court**”) by each filing a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”).
2. Also on the Petition Date, the Debtors filed various motions for interim and/or final orders (the orders entered by the US Court in respect thereof, the “**First Day Orders**”) in the Chapter 11 Proceedings to permit the Debtors to advance their reorganization. The First Day Orders included an order authorizing ITC to act as the foreign representative (in such capacity, the “**Foreign Representative**”) of the Debtors for the within proceedings (the “**Foreign Representative Order**”).
3. On February 14, 2019, the US Court granted the Foreign Representative Order and other First Day Orders.
4. On February 15, 2019, ITC, in its capacity as Foreign Representative, commenced an application before the Ontario Superior Court of Justice (Commercial List) (the “**Canadian Court**”) pursuant to Part IV of the *Companies’ Creditors Arrangement Act* (R.S.C. 1985, c. C-36, as amended) (the “**CCAA**”).
5. On February 20, 2019, the Canadian Court granted an initial recognition order, *inter alia*: (i) declaring that ITC is a “foreign representative” as defined in section 45 of the CCAA; (ii) declaring that the Chapter 11 Proceedings are recognized as a “foreign main proceeding” under the CCAA; and (iii) granting a stay of proceedings against the Debtors in Canada. The Debtors’ proceedings under the CCAA are referred to herein as the “**Recognition Proceedings**”.
6. Also on February 20, 2019, the Canadian Court granted a supplemental order (the “**Supplemental Order**”), pursuant to section 49 of the CCAA, *inter alia*: (i) recognizing and giving full force and effect in Canada to certain of the First Day Orders; (ii) appointing Richter Advisory Group Inc. (“**Richter**”) as the information officer (the “**Information Officer**”) in respect of these proceedings; (iii) staying any proceedings, rights or remedies against or in respect of the Debtors, the business and property of the Debtors, the directors and officers of the Debtors in Canada, and the Information Officer; (iv) restraining the right of any person or entity to, among other things, discontinue or terminate any supply of products or services required by the Debtors in Canada; and (v) granting a super-priority charge over the Debtors’ property in Canada in favour of the Information Officer and its counsel, as security for their professional fees and disbursements incurred in respect of these proceedings, up to a maximum amount of \$200,000.

7. On March 19, 2019 and March 22, 2019, the US Court entered various orders (the “**March 19 & 22 Entered Orders**”) sought by the Debtors at their “second day hearing”, including but not limited to:
  - (a) an Order Authorizing the Employment and Retention of KCIC, LLC (“**KCIC**”) as Insurance and Valuation Consultant, *Nunc Pro Tunc* to the Petition Date (the “**KCIC Retention Order**”);
  - (b) an Order Authorizing the Debtors to Employ and Retain Richards, Layton & Finger, P.A. (“**RL&F**”) as Co-Counsel to the Debtors, *Nunc Pro Tunc* to the Petition Date (the “**RL&F Retention Order**”);
  - (c) an Order Authorizing Employment and Retention of Stikeman Elliott LLP (“**Stikeman**”) as Canadian Counsel, *Nunc Pro Tunc* to the Petition Date (the “**Stikeman Retention Order**”); and
  - (d) an Order Authorizing the Employment and Retention of Prime Clerk LLC (“**Prime Clerk**”) as Administrative Advisor *Nunc Pro Tunc* to the Petition Date (the “**Administrative Advisor Order**”).
8. On March 25, 2019, the US Court entered an Order Establishing Procedures for Interim Compensation and Reimbursement of Professionals (the “**Interim Compensation & Reimbursement Order**”).
9. On March 26, 2019, the US Court entered an Order Authorizing Debtors to (I) Pay Their Prepetition Insurance Obligations, (II) Pay Their Prepetition Bonding Obligations, (III) Maintain Their Postpetition Insurance Coverage, and (IV) Maintain Their Bonding Program (the “**Final Insurance and Bonding Order**” and, together with the March 19 & 22 Entered Orders and the Interim Compensation & Reimbursement Order, the “**Second Day Orders**”).
10. On April 1, 2019, the US Court entered an Order Authorizing the Employment and Retention of Alvarez & Marsal North America, LLC (“**A&M**”) as the Debtors’ financial advisor *nunc pro tunc* to the Petition Date (the “**A&M Retention Order**”).
11. On April 2, 2019, the US Court entered an Order Authorizing the Employment and Retention of Latham & Watkins LLP (“**Latham**”) as the Debtors’ bankruptcy co-counsel *nunc pro tunc* to the Petition Date (the “**L&W Retention Order**”).
12. On April 3, 2019, the Canadian Court granted an order which recognized and gave full force and effect in Canada to certain of the Second Day Orders, including the KCIC Retention Order, the RL&F Retention Order, the Stikeman Retention Order and the Administrative Advisor Order.

13. On April 4, 2019, the US Court entered an Order Authorizing the Employment and Retention of Neal, Gerber, & Eisenberg LLP ("**NGE**") as the Debtors' special insurance coverage and indemnification counsel *nunc pro tunc* to the Petition Date (the "**NGE Retention Order**").
14. On April 24, 2019, the US Court entered a final Order (I) Authorizing Continued Use of Existing Cash Management System, Including Maintenance of Existing Bank Accounts, Check, and Business Forms, (II) Authorizing Continuation of Existing Deposit Practices, (III) Approving the Continuation of Intercompany Transactions, and (IV) Granting Superpriority Administrative Expense Status to Certain Postpetition Intercompany Claims (the "**Final Cash Management Order**").
15. On May 21, 2019, the US Court entered Orders:
  - (a) Authorizing the Employment and Retention of Willkie Farr & Gallagher LLP as special litigation and corporate counsel to the Official Committee of Tort Claimants (the "**Committee**") (the "**Willkie Farr & Gallagher Order**"); and
  - (b) Authorizing the Employment and Retention of Robinson & Cole LLP as counsel to the Committee (the "**Robinson & Cole Order**").
16. On May 22, 2019 and June 25, 2019, respectively, the US Court entered Orders Appointing M. Jacob Renick of M.J Renick & Associates LLC as Fee Examiner and Establishing Related Procedures for the Review of Applications of Retained Professionals (collectively, the "**Fee Examiner Orders**").
17. On May 24, 2019, the Canadian Court granted an order which recognized and gave full force and effect in Canada to the A&M Retention Order, the L&W Retention Order, the NGE Retention Order and the Final Cash Management Order.
18. On June 3, 2019, the US Court entered an order appointing James L. Patton, Jr. as legal representative for future talc personal injury claimants (the "**FCR**") *nunc pro tunc* to the Petition Date (the "**FCR Order**").
19. On June 6, 2019, the US Court entered Orders:
  - (a) Authorizing the Employment and Retention of Young, Conaway, Stargatt & Taylor LLP as attorneys for the FCR *nunc pro tunc* to the Petition Date (the "**Young Conaway Order**"); and
  - (b) Authorizing the Employment and Retention of Gilbert LLP ("**Gilbert**") as special insurance counsel to the Committee (the "**Gilbert Order**").

20. On June 12, 2019, the US Court entered an Order Authorizing the Employment and Retention of Ankura Consulting Group, LLC as claims evaluation and financial valuation consultants for the FCR *nunc pro tunc* to the Petition Date (the “**Ankura Order**”).
21. On June 25, 2019, the US Court entered an Order Authorizing the Employment and Retention of Legal Analysis Systems, Inc as tort liability consultant to the Committee (the “**Legal Analysis Systems Order**”);
22. On July 25, 2019, the US Court entered an Order (I) Establishing Bar Dates and Related Procedures for Filing Proofs of Claim Other than With Respect to Talc Personal Injury Claims and (II) Approving Form and Manner of Notice Thereof (the “**Bar Date Order**”).
23. On August 7, 2019, the US Court entered Orders:
  - (a) Authorizing the Employment and Retention of Ducera Partners LLC and Ducera Securities LLC (collectively, “**Ducera**”) as investment banker for the Committee (the “**Ducera Order**”); and
  - (b) Authorizing the Employment and Retention of GlassRatner Advisory & Capital Group, LLC as financial advisor to the Committee (the “**GlassRatner Order**”, and together with the Willkie Farr & Gallagher Order, the Robinson & Cole Order, the Gilbert Order, the Legal Analysis Systems Order and the Ducera Order, the “**Committee Professional Advisors Retention Orders**”).
24. Also on August 7, 2019, the Canadian Court granted an order which recognized and gave full force and effect in Canada to the Bar Date Order and the Fee Examiner Orders.
25. On August 16, 2019, the US Court entered an Order (A) Authorizing the Debtors to Assume Certain Unexpired Leases of Nonresidential Real Property and (B) Granting Related Relief (the “**Assumption of Leases Order**”).
26. On September 26, 2019, the US Court entered an Order Authorizing the Co-Retention of Ducera as investment banker for the Committee and the FCR (the “**Ducera Co-Retention Order**”).
27. On September 27, 2019, the US Court entered an Order Authorizing the Co-Retention of Gilbert as special insurance counsel for the FCR and the Committee (the “**Gilbert Co-Retention Order**”, and together with the Young Conaway Order, the Ankura Order and the Ducera Co-Retention Order, the “**FCR Professional Advisors Retention Orders**”). Also on September 27, 2019, the US Court entered an Order Approving the Stipulated Protective Order (the “**Stipulated Protective Order**”), which would govern the disclosure of information and documents, including testimony and transcripts, in connection with the Chapter 11 Proceedings.

28. On October 28, 2019, the Canadian Court granted an order which recognized and gave full force and effect in Canada to the FCR Order, the FCR Professional Advisors Retention Orders, the Committee Professional Advisors Retention Orders, the Assumption of Leases Order, and the Stipulated Protective Order.
29. On November 22, 2019, the US Court entered an Order (I) Authorizing Implementation of a Key Employee Retention Program, (II) Approving the Terms of the Debtors' Key Employee Retention Program, and (III) Granting Related Relief (the "**KERP Order**").
30. On November 22, 2019, the US Court also entered an Order (I) Establishing a Bar Date for Indirect Talc Claims and Related Procedures for Filing Proofs of Claim for Indirect Talc Claims and (II) Approving Form and Manner of Notice Thereof (the "**Indirect Talc Claims Bar Date Order**").
31. On December 3, 2019, the Canadian Court granted an order which recognized and gave full force and effect in Canada to the KERP Order and Indirect Talc Claims Bar Date Order.
32. On March 9, 2020, the US Court granted an order (the "**Non-Debtor Professional Fee Stipulation Order**") approving a stipulation (the "**ITC Stipulation**") and agreement permitting ITC to make payments to ITA for the fees and expenses of professionals retained by the Committee and the fees and expenses of professionals retained by the FCR.
33. On April 1, 2020, the Canadian Court granted an order which recognized and gave full force and effect in Canada to the Non-Debtor Professional Fee Stipulation Order.
34. The primary purpose of the Chapter 11 Proceedings is to confirm a plan of reorganization pursuant to the Bankruptcy Code that channels all present and future talc personal injury claims (the "**Talc Personal Injury Claims**") against the Debtors to a trust so that the Debtors can emerge from these restructuring proceedings free of historic talc-related liabilities.
35. Richter, in its capacities as Proposed Information Officer and Information Officer, has previously provided the Canadian Court with six reports (the "**Prior Reports**"). The Prior Reports, copies of the orders granted by the Canadian Court and other material documents pertaining to the Recognition Proceedings are available on the Information Officer's website at <http://www.richter.ca/insolvencycase/imerys-talc-canada-inc>. As well, there is a link on the Information Officer's website to the Debtors' restructuring website maintained by Prime Clerk, which includes copies of the US Court materials and orders, notices and additional information in respect of the Chapter 11 Proceedings.

## II. PURPOSE OF REPORT

36. The purpose of this seventh report (the “**Seventh Report**”) of the Information Officer is to provide the Canadian Court with information concerning:
- (a) the motion of the Foreign Representative returnable July 3, 2020, for recognition in Canada of the Bidding Procedures Order and the PJT Retention Order (each as hereinafter defined).
  - (b) an update on other matters relating to the Chapter 11 Proceedings;
  - (c) an update on matters relating to ITC; and
  - (d) the activities of the Information Officer since the sixth report dated March 28, 2020.

## III. TERMS OF REFERENCE

37. In preparing this Seventh Report, the Information Officer has relied solely on information and documents provided by the Debtors and their advisors, including unaudited financial information, declarations and affidavits of the Debtors’ executives and other information provided in the Chapter 11 Proceedings (collectively, the “**Information**”). In accordance with industry practice, except as otherwise described in the Seventh Report, Richter has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, Richter has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing Standards (“**GAAS**”) pursuant to the *Chartered Professional Accountant of Canada Handbook* and, as such, Richter expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
38. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.
39. Capitalized terms not otherwise defined herein are as defined in the motion materials, including the affidavit of Anthony Wilson, Treasurer and Director of Finance, sworn on June 29, 2020 (the “**June 29 Wilson Affidavit**”) and filed in support of the Foreign Representative’s motion. This Seventh Report should be read in conjunction with the June 29 Wilson Affidavit, as certain information contained in the June 29 Wilson Affidavit has not been included herein in order to avoid unnecessary duplication.

## IV. ORDERS OF THE US COURT FOR WHICH RECOGNITION IS SOUGHT

### Bidding Procedures Order

40. The background to the Bidding Procedures Order is detailed in the *Joint Chapter 11 Plan of Reorganization of Imerys Talc America, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code*, which was filed with the US Court on May 15, 2020 (the “**Plan**”) and the *Disclosure Statement for Joint Chapter 11 Plan of Reorganization of Imerys Talc America, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* which was filed on May 15, 2020 (the “**Disclosure Statement**”). It is further summarized in the June 29 Wilson Affidavit, and, to avoid duplication, is not summarized further in this Seventh Report other than as necessary to give context for the Information Officer’s position on the within motion.<sup>1</sup>
41. In brief, the Plan filed by the Debtors provides the foundation for a resolution of the Chapter 11 Proceedings and the within Recognition Proceedings, and includes a settlement (the “**Imerys Settlement**”) by and among the Debtors, the Committee, the FCR, Imerys Talc Italy S.p.A. and the Non-Debtor Affiliates (together, the “**Plan Proponents**”). The Plan, if approved, would resolve the historic talc-related liabilities that drove the Chapter 11 Proceedings. The Imerys Settlement will be ratified by the Plan.
42. The Plan contemplates that Talc Personal Injury Claims will be channeled by permanent injunction to a trust (the “**Talc Personal Injury Trust**”) established under sections 524(g) and 105(a) of the US Bankruptcy Code.
43. As part of the Imerys Settlement, as incorporated into the Plan, the Debtors will commence a process to sell substantially all of their assets (one notable exception being assets already earmarked to be contributed to the Talc Personal Injury Trust) pursuant to the Bidding Procedures Order and an order approving such sale. The sales process is intended to provide an opportunity to realize additional funding for the benefit of the Debtors and the Talc Personal Injury Trust, as the sale proceeds will be contributed to the Talc Personal Injury Trust.
44. On May 15, 2020, the motion to approve Orders (I)(A) Establishing Bidding Procedures, Assumption and Assignment Procedures, and Stalking Horse Procedures for Sale of Substantially All Assets, (B) Scheduling Auction and Sale Hearing, and (C) Approving Form and Manner of Notice Thereof, (II) Approving Sale of Substantially All Assets Free and Clear of Liens, Claims, Encumbrances, and Other Interests, (III) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief (the “**Proposed Bidding Procedures Order**”) was filed in the US Court, which contemplates:

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<sup>1</sup> The information contained in this Seventh Report is a summary and is not intended to be relied upon as a full description of the Plan. The Information Officer encourages interested parties to review the Plan and the Disclosure Statement for full details.

- (a) authorizing and approving procedures for the sale of all or substantially all of the Debtors' assets;
  - (b) establishing procedures for the assumption and assignment of executory contracts and unexpired leases and the determination of the Cure Amounts (as defined in the Bidding Procedures Order);
  - (c) establishing procedures in connection with the selection of a Stalking Horse Bidder (as defined in the Bidding Procedures Order), if any, and protections to be afforded thereto;
  - (d) scheduling an auction of the Assets;
  - (e) scheduling a hearing to consider approval of any Sale;
  - (f) approving the form and manner of notice of all procedures, protections, schedules, and agreements; and
  - (g) granting related relief.
45. The Proposed Bidding Procedures Order was developed in consultation with, among others, the Committee and the FCR.
46. The US Trustee had informal comments on the Proposed Bidding Procedures Order, which were resolved by the Debtors. An amended Bidding Procedures Order (the "**Bidding Procedures Order**") incorporating the US Trustee's comments was filed with the US Court on June 26, 2020.
47. The key dates and timelines pursuant to the Bidding Procedures Order are as follows:

Date	Activity
July 17, 2020 at 4:00 pm (EST)	Indication of Interest Deadline
July 24, 2020 at 4:00 pm (EST)	Deadline to select Potential Bidders
August 28, 2020 at 4:00 pm (EST)	Deadline to select Stalking Horse Bidder, if any
September 24, 2020 at 4:00 pm (EST)	Bid Deadline
September 29, 2020 at 10:00 am (EST)	Auction (if necessary)
October 14, 2020 at 10:00 am (EST)	Sale Hearing
Within fourteen (14) business days from entry of the Sale Order	Hearing in Recognition Proceedings to recognize the Sale Order

48. The assets of ITC are included in the sales process and could be sold separately or together with some or all of the assets of the other Debtors.

49. As noted in the June 29 Wilson Affidavit, Imerys S.A. and the Non-Debtor Affiliates are not prohibited from participating in the sales process but will not be designated as stalking horse bidders or entitled to any bid protections.
50. It is a condition precedent to the Plan that the Bidding Procedures Order be recognized by the Canadian Court. The US Court entered the Bidding Procedures Order on June 30, 2020.
51. Certain of the historical excess insurers (the “**Cyprus Historical Excess Insurers**”) filed an objection to the Bidding Procedures Order on the grounds that, among other things, the assets subject to the sale are not sufficiently clearly identified. The US Court overruled the objection at the June 30 hearing and the Bidding Procedures Order was granted.
52. Based on the cashflow forecast provided to the Information Officer by the Debtors in March 2020 in support of the ITC Stipulation, ITC is projected to have sufficient liquidity through to at least November 2020. The Information Officer has requested an updated forecast from the Debtors and will report further to the Canadian Court on any material variances or concerns.
53. In the view of the Information Officer, the recognition of the Bidding Procedures Order in Canada is appropriate as:
  - (a) the Bidding Procedures Order affects the property of ITC;
  - (b) the Plan, an essential step in the Chapter 11 Proceedings which will affect all Debtors, requires the Bidding Procedures Order be recognized by the Canadian Court; and
  - (c) recognition will help coordinate these proceedings in the U.S. and Canada.

#### **PJT Retention Order**

54. The Debtors are seeking the recognition of an order, among other things, authorizing the retention of PJT Partners LP (“**PJT**”) as investment banker to the Debtors, *nunc pro tunc* to November 7, 2019, which was entered by the US Court on February 25, 2020 (the “**PJT Retention Order**”).
55. PJT was initially retained by the Debtors on or about November 7, 2019 to assist the Debtors with their evaluation of a potential sale, merger, or other disposition of all or a portion of their assets, and has been so assisting the Debtors since that time.

56. The Information Officer understands that PJT is one of the industry's leading advisors to companies and creditors in a variety of complex restructurings and bankruptcies. The partners and members of PJT's Restructuring and Special Situations Group have assisted and advised in numerous Chapter 11 cases.
57. The services provided by PJT are intended to complement, and not duplicate, the services to be rendered by any other professional retained by the Debtors in the Chapter 11 Proceedings.
58. PJT will be paid a transaction fee equal to the greater of (i) 1.25% of Transaction Value and (ii) \$2.75M (the "**Transaction Fee**"). PJT must file a fee statement with the Court at the earlier of (a) the consummation of the applicable transaction and (b) the consummation of a Chapter 11 Plan, in each case, subject to subsequent approval by the Court. PJT shall be paid 80% of the Transaction Fee 10 days after filing a fee statement with the Court. Any portion of the Transaction Fee subject to an objection filed with the Court shall not be payable to PJT until such objection has been resolved. The remaining 20% will be payable in accordance with PJT's interim or final fee application.
59. PJT is in the process of executing the sales process contemplated by the Bidding Procedures Order, which services will help the Debtors maximize the value of their estates.
60. The US Court entered the PJT Retention Order on February 25, 2020 without hearing as no objection was filed prior to the objection deadline.
61. In the view of the Information Officer, the recognition of the PJT Order in Canada is appropriate as PJT has been providing services to all the Debtors in connection with their role, all of which potentially affect ITC and Canadian creditors.

## **V. UPDATE ON CERTAIN OTHER MATTERS IN THE CHAPTER 11 PROCEEDINGS**

### **Claims Process Update**

62. On August 7, 2019, the Canadian Court recognized the Bar Date Order, which established October 15, 2019 as the date by which all entities, except as otherwise provided therein, and expressly excluding Talc Personal Injury Claims, must file proofs of claim in the Chapter 11 Proceedings.
63. On December 3, 2019, this Court recognized the Indirect Talc Claims Bar Date Order, which established January 9, 2020 as the date by which all persons or entities that wish to assert Indirect Talc Claims (as defined in the Prior Reports) against the Debtors must file a proof of claim in the Chapter 11 Proceedings.

64. On February 28, 2020, the Debtors filed the First Omnibus (Non-Substantive) Objection to Amended Claims and Duplicative Claims (the “**First Claims Objection**”). The First Claims Objection seeks to disallow, expunge, and/or modify certain amended or duplicative claims identified in the Claims Objection (the “**Disputed Claims**”).
65. The Debtors assert that failure to disallow the Disputed Claims will result in the applicable claimants receiving an unwarranted double recovery against the Debtors’ estates, to the detriment of other unsecured creditors in the Chapter 11 Proceedings.
66. On March 26, 2020, the Debtors filed a form of Order sustaining the First Claims Objection under the certification of counsel.
67. On May 29, 2020, the Debtors filed:
  - (a) a second omnibus (substantive) objection to certain no liability claims and overstated claims (the “**Second Claims Objection**”), seeking authority to disallow and/or modify certain claims identified in the Second Claims Objection;
  - (b) a third omnibus (non-substantive) objection to amended claims (the “**Third Claims Objection**”), seeking authority to disallow, expunge, and/or modify amended claims, identified in the Third Claims Objection, which were superseded by subsequently filed proofs of claim; and
  - (c) a motion (the “**Classification Motion**”) seeking (i) confirmation of the classification of certain claims filed in the Chapter 11 Proceedings as “Talc Personal Injury Claims” under the Plan (which Plan is detailed below) and (ii) authorization to expunge such Filed Talc Claims (as defined in the Classification Motion) from the claims register upon the Effective Date of the Plan.
68. All Allowed Non-Talc Claims other than Non-Debtor Intercompany Claims are expected to be paid in full under the Plan, which includes Allowed Non-Talc Claims other than Non-Debtor Intercompany Claims filed against ITC.
69. The Plan contemplates that all Talc Personal Injury Claims will be channeled to the Talc Personal Injury Trust (as defined below), where they will be resolved pursuant to the Trust Distribution Procedures. The effect of the treatment and resolution of these Talc Personal Injury Claims is detailed in the June 29 Wilson Affidavit.

### **The Plan and Disclosure Statement**

70. As noted above, the Debtors have filed the Plan and Disclosure Statement with the US Court on May 15, 2020. Additional details on the Plan and the Disclosure Statement, including the Talc Personal Injury Trust and the treatment of various creditor classes, are discussed extensively in the June 29 Wilson and not repeated herein.

71. In addition to the sales process described above, the Information Officer has summarized certain of the other features of the Plan which affect ITC and its stakeholders:
- (a) Treatment of Claims Filed Against ITC - Claims of Canadian-based creditors, other than (i) Talc Personal Injury Claims; (ii) intercompany claims from non-Debtor affiliates; and (iii) equity claims, as detailed in the June 29 Wilson Affidavit, will be unimpaired, and satisfied in full under the Plan. Canadian-based creditors with intercompany claims from non-Debtor affiliates and equity claims will be deemed to have consented to their treatment as Plan Proponents. Canadian-based creditors with Talc Personal Injury Claims will be treated in the same way as US-based creditors with Talc Personal Injury Claims.
  - (b) ITC Stipulation - Pursuant to the ITC Stipulation, ITC had been granted with superpriority administrative expense status (the “**ITC Stipulated Claim**”) against ITA on account of payments made by ITC to ITA for the fees and expenses of professionals retained by the Committee and the FCR. In accordance with, and furtherance of, the terms of the Non-Debtor Professional Fee Stipulation Order, any ITC Stipulated Claim against ITA shall be (i) automatically disallowed upon entry of an order confirming the Plan and (ii) deemed discharged upon the effective date of the Plan.
  - (c) Joint Plan of Reorganization – The Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only and constitutes a separate Chapter 11 Plan of Reorganization for each of ITC, ITA and ITV (and potentially, ITI). The Plan is not premised upon the substantive consolidation of the Debtors with respect to the classes or interests set forth in the Plan.
72. Effectiveness of the Plan remains subject to the satisfaction or waiver of certain conditions precedent specified in the Plan, including the Plan Confirmation Order being a Final Order (as defined in the Plan), the Canadian Court issuing a recognition order in respect of the Plan Confirmation Order on the terms specified in the Plan, and the transactions contemplated by the Talc Personal Injury Trust have been consummated. Based on discussions with the Debtors’ professional advisors, the Information Officer understands the Debtors are currently targeting to consummate the Plan and the transactions contemplated thereby before the end of 2020, with the current deadline for the hearing to confirm the Plan on or about October 21, 2020.
73. The Information Officer expects to provide further information to the Canadian Court in respect of the Plan when the Foreign Representative seeks recognition of an Order of the US Court confirming the Plan.

## **VI. UPDATE ON CERTAIN MATTERS RELATING TO IMERY'S TALC CANADA INC.**

### **Cash Flows**

74. Subsequent to the granting of the Supplemental Order, the Debtors have provided reporting to the Information Officer with respect to the cash flows of ITC. For the 18-week period from March 21, 2020 to June 19, 2020, ITC had total cash receipts of approximately \$8.1 million (as compared to forecast cash receipts of \$7.4 million) and total cash disbursements of \$12.7 million, including \$5.0 million paid to ITA as reimbursement of fees and expenses relating to professionals retained by the Debtors and the Non-Debtor Professional Fee Stipulation Order (as compared to forecast cash disbursements of \$16 million, including \$4.8 million paid to ITA), for a net cash outflow of \$4.6 million (as compared to forecast net cash outflow of \$8.6 million) over the period.
75. As at June 19, 2020, the Information Officer understands that ITC had approximately \$8.3 million of cash on hand, which includes balances held in ITC's accounts at SunTrust Bank pursuant to the Final Cash Management Order.

## **VII. ACTIVITIES OF THE INFORMATION OFFICER**

76. The activities of the Information Officer since the Sixth Report include:
- (a) responding to creditor inquiries regarding the Chapter 11 Proceedings and the Recognition Proceedings;
  - (b) communicating with the Debtors' advisors and the Information Officer's counsel regarding the status of matters related to the Chapter 11 Proceedings and the Recognition Proceedings;
  - (c) reviewing materials filed by various parties in the Chapter 11 Proceedings in connection with the Bidding Procedures Order and the PJT Retention Order;
  - (d) reviewing ITC's cash flow reporting and corresponding with A&M on same;
  - (e) attending before the Canadian Court for recognition of the Non-Debtor Professional Fee Stipulation Order;  
and
  - (f) preparing this Seventh Report.

## VIII. INFORMATION OFFICER'S RECOMMENDATION

77. Based on the Information received and reviewed to date, the Information Officer is of the view that it is reasonable to recognize the Bidding Procedures Order and the PJT Retention Order, and respectfully recommends that the Canadian Court grant the recognition order sought by the Foreign Representative.

All of which is respectfully submitted on this 30<sup>th</sup> day of June, 2020.

**Richter Advisory Group Inc.**  
**in its capacity as Information Officer of**  
**Imerys Talc America, Inc., Imerys Talc Vermont, Inc. and Imerys Talc Canada Inc.**  
**and not in its personal capacity**

Per:



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**Pritesh Patel,**  
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Senior Vice President

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.  
1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF IMERYYS TALC AMERICA, INC., IMERYYS TALC VERMONT,  
INC., AND IMERYYS TALC CANADA INC.  
APPLICATION OF IMERYYS TALC CANADA INC. UNDER SECTION 46 OF THE  
*COMPANIES' CREDITORS ARRANGEMENT ACT*, 1985, c. C-36, AS AMENDED

Court File No. CV-19-614614-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
PROCEEDING COMMENCED AT TORONTO

**SEVENTH REPORT OF THE INFORMATION OFFICER**  
**June 30, 2020**

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