IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
White Forest Resources, Inc., *et al.*,	Case No. 25-10195 (xxx)
Debtors.[1]	(*Joint Administration Pending*)

DECLARATION OF BRIAN RYNIKER IN
SUPPORT OF THE DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY PLEADINGS

Under 28 U.S.C. § 1764, I, Brian Ryniker, declare as follows under the penalty of perjury:

1. White Forest Resources, Inc. and certain of its affiliates are the debtors and debtors-in-possession in the above-captioned cases (collectively, the "**Debtors**" or the "**Company**"). I am currently serving as the Chief Restructuring Officer of the Debtors.

2. I am a founding member at RK Consultants LLC. Prior to forming RK Consultants, for more than 20 years, I provided bankruptcy consulting and forensic services with a top 10 accounting and advisory firm.

3. I am over 18 years of age. If called as a witness, I could and would competently testify with respect to the matters set forth in this declaration from my own personal knowledge or from knowledge gathered from others within the Debtors' organization and the Debtors' advisors, my review of relevant documents, or my opinion based upon my experience concerning the Debtors' business and operations.[2] References to the Bankruptcy Code (as hereafter defined), the

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are: White Forest Resources, Inc. (3764); Xinergy Corp. (3865); Xinergy of West Virginia, Inc. (2401); Shenandoah Energy, LLC (6770); South Fork Coal Company, LLC (3113); Bull Creek Processing Company, LLC (0894); Raven Crest Mining, LLC (0122); Brier Creek Coal Company, LLC (9999) Raven Crest Contracting, LLC (7796); Raven Crest Leasing, LLC (7844); and Raven Crest Minerals, LLC (7746). The Debtors' service address is 1295 Ashford Hill Rd., Ashford, WV 25009.

[2] The historical information contained in this Declaration is derived from information provided by the Debtors' management, board and/or advisors.

chapter 11 process, and related legal matters are based on my understanding of such matters in reliance on the explanation provided by, and the advice of, counsel.

4. I submit this declaration on behalf of the Debtors (a) in support of the Debtors' voluntary petitions for relief that were filed under chapter 11 of the Bankruptcy Code, (b) in support of the Debtors' request for relief in the form of motions and applications (collectively, the "**First Day Pleadings**") filed contemporaneously with this declaration, and (c) to assist this Court and other interested parties in understanding the circumstances giving rise to the commencement of the Debtors' chapter 11 cases (the "**Chapter 11 Cases**"). I have reviewed the Debtors' petitions and the First Day Pleadings, or have otherwise had their contents explained to me, and it is my belief that the relief sought therein is essential to ensure the uninterrupted operation of the Debtors' business and the maximization of the value of the Debtors' estates.

5. To familiarize the Court with the Debtors and the relief that the Debtors seek early in these Chapter 11 Cases, this Declaration is organized in four parts. **Part I** provides an introduction to the Debtors and detailed information on their corporate history and business operations. **Part II** describes the Debtors' prepetition organization and capital structure. **Part III** describes the events that led to the commencement of these Chapter 11 Cases and the Debtors' prepetition restructuring efforts. **Part IV** provides an overview of the First Day Pleadings.

PART I:
INTRODUCTION

A. THE CHAPTER 11 CASES

6. On February 7, 2025 (the "**Petition Date**"), each Debtor commenced a case by filing a petition for relief under chapter 11 of the Bankruptcy Code. The Debtors have requested that the Chapter 11 Cases be jointly administered for administrative purposes only.

7. The Debtors continue to operate their businesses and manage their properties as debtors and debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.

8. To date, the Office of the United States Trustee for Region 3 (the "**U.S. Trustee**") has not appointed a creditors' committee in these Chapter 11 Cases, nor has any trustee or examiner been appointed therein.

B. THE DEBTORS' BUSINESS OPERATIONS

9. The Debtors are privately-held producers of premium metallurgical and thermal coal in the Central Appalachian coal basin. The Debtors operate two mining operations in West Virginia. The primary customers for the Debtors' premium metallurgical coal – used in a process that yields coke for the manufacture of steel – are steel producers, commodities brokers and industrial customers. Electric utilities and industrial companies are the principal customers for the Debtors' thermal coal.

10. The Debtors' South Fork mining operations (the "**South Fork Mine**") are located in Greenbrier County, West Virginia. The South Fork Mine controls 36,000+ acres under lease. The Debtors mine premium mid-volatile metallurgical coal at the South Fork Mine, primarily through countour/area mining, along with highwall mining. For the year 2024, through November, the South Fork Mine produced 304,094 tons of coal. Mined coal from the South Fork mine is trucked to the Clearco Preparation Plant and loadout. Coal is then shipped via CSX out of the New River Freight District. In connection with the South Fork Mine, Debtor South Fork Coal Company, LLC ("**South Fork**") holds ten (10) active Article III Mining Permits issued by the West Virginia Department of Environmental Protection (the "**WVDEP"**), along with accompanying water discharge and other permits. The Debtors have certain reclamation obligations with respect to the South Fork Mine and have posted surety bonds in connection therewith.

11. The Debtors' Raven Crest mining operations (the "**Raven Crest Mine**") are located in Boone and Kanawha Counties of West Virginia. The Raven Crest Mine controls 26,000+ acres under lease. The Debtors primarily mine thermal coal at the Raven Crest Mine. For the year 2024, through November, the, the Raven Crest Mine produced 197,356 tons of coal. Mining at the Raven Crest Mine involves contour mining along with highwall mining. Mined coal from the Raven Crest Mine is transported to the Bull Creek preparation plant and loadout. Coal then is primarily shipped via CSX out of the Kanawha Freight District. In connection with the Raven Crest Mine, Debtor Raven Crest Contracting, LLC holds sixteen (16) active Article III Mining Permits issued by the WVDEP, along with accompanying water discharge and other permits. The Debtors have certain reclamation obligations with respect to the Raven Crest Mine and have posted surety bonds in connection therewith.

12. The Debtors sell approximately 90% of their metallurgical coal (which is from the South Fork Mine) coal through long-term contracts exceeding twelve months, whereby coal is sold at a specified per ton amount at a negotiated price or based on index pricing. Many of the long-term contracts are subject to pricing uncertainty linked to the spot market, although some of the long-term contracts include floor pricing terms that reset annually. All of the coal sold from the Raven Crest Mine is currently sold pursuant to long-term contracts. The Debtors sell some coal via short-term contracts and/or on one-day or one-shipment tonnage amount, which is known as the "spot price." Coal sold pursuant to long-term contracts based on index pricing, short-term contracts, or at spot price is subject to current market pricing that can be significantly more volatile than the pricing structure achieved through long-term negotiated supply agreements, that include floor pricing.

13. The Debtors' operational results are highly dependent on the costs of coal production and the costs of and ability to transport coal to customers. Beyond the cost of washing, preparing, and loading the coal for market, the primary mining-related expenses are wages and benefits, repairs and maintenance, diesel fuel, blasting and related supplies, coal transportation costs, freight and handling costs, royalties, lease obligations, and taxes incurred in selling coal. The majority of the Debtors' coal is shipped via rail on CSX-controlled railways. The remaining coal is shipped via truck. Severe weather, rail stoppages, availability of equipment or other issues affecting CSX's operations or trucking could significantly impact the ability of the Debtors to ship coal.

14. For the year 2024, through November, the Debtors had revenues from coal sales of approximately \$80.3 million and negative EBITDA of approximately \$3.55 million.

15. As of the Petition Date, the Debtors have approximately 125 employees working in full or part-time positions. Approximately 25 of the Debtors' employees are salaried and the remaining employees are paid on an hourly basis. Other than two employees, all of the Debtors' employees work at either the South Fork Mine or the Raven Crest Mine. The Debtors currently utilize one independent contractor in an engineering capacity. None of the Debtors' employees are unionized.

PART II:
THE DEBTORS' CORPORATE AND CAPITAL STRUCTURE

16. Debtor, White Forest Resources, Inc. ("**White Forest**") is a Delaware corporation and the direct or indirect parent company of each of the other Debtors. A corporate organization chart of the Debtors and their non-debtor affiliates is attached hereto as **Exhibit A.**[3] White Forest is majority owned by certain investment funds managed by Spectrum Group Management LLC.

[3] The Debtor entities are highlighted in blue on the corporate organization chart.

17. As of the Petition Date, certain of the Debtors are obligated as borrowers or guarantors on three secured credit facilities, referred to as the 2017 Prepetition Credit Agreement 2020 Prepetition Credit Agreement, and the Aegis Prepetition Loan Agreement (*each as defined below*).

A. THE 2017 PREPETITION CREDIT AGREEMENT

18. On May 19, 2017, Debtor Xinergy Corp. ("**Xinergy**") entered into a term loan agreement (as amended or otherwise modified from time to time, the "**2017 Prepetition Credit Agreement**"), with the lenders party thereto (the "**2017 Prepetition Lenders**") and Cantor Fitzgerald Securities, as administrative agent and collateral agent (the "**Original 2017 Prepetition Agent**"). The 2017 Prepetition Credit Agreement has been amended six (6) times, including in 2024 to replace the Original 2017 Prepetition Agent with Spectrum Origination LLC as administrative agent and collateral agent (the "**2017 Prepetition Agent**," and together with the 2017 Prepetition Lenders, the "**2017 Prepetition Secured Parties**"). The original purpose of the 2017 Prepetition Credit Agreement was to provide the Debtors with funding to purchase a high wall miner, but the 2017 Prepetition Credit Agreement purpose was expanded in 2019 to help facilitate an out-of-court restructuring of the Debtors.

19. As of the Petition Date, the Debtors are indebted to the 2017 Prepetition Secured Parties, under the 2017 Prepetition Credit Agreement, in an aggregate principal amount of approximately $27.4 million, including accrued and unpaid interest, fees and other claims (the **"2017 Prepetition Obligations"**). The liens granted by the Debtors under the 2017 Prepetition Credit Agreement to the 2017 Prepetition Agent (the "**2017 Prepetition Liens**") for the benefit of the 2017 Prepetition Secured Parties as security for the 2017 Prepetition Obligations encumber all Collateral (as defined in the 2017 Prepetition Credit Agreement), which includes substantially all

of the Debtors' assets and property and all proceeds thereof (collectively, the "**2017 Prepetition Collateral**").

B. THE 2020 PREPETITION CREDIT AGREEMENT

20. On December 14, 2020, Xinergy entered into a term loan agreement (as amended or otherwise modified from time to time, the "**2020 Prepetition Credit Agreement**"), with the lenders party thereto (the "**2020 Prepetition Lenders**") and Spectrum Origination LLC, as administrative agent and collateral agent (the "**2020 Prepetition Agent**," and together with the 2017 Prepetition Agent, the "**Prepetition Agent**"). The 2020 Prepetition Credit Agreement has been amended ten (10) times, to, among other things, provide the Debtors additional liquidity to continue to operate in the face of recent set-backs that are described in this Declaration. The 2020 Prepetition Lenders and 2020 Prepetition Agent are together referred to the "**2020 Prepetition Secured Parties**".

21. As of the Petition Date, the Debtors are indebted to the 2020 Prepetition Secured Parties, under the 2020 Prepetition Credit Agreement, in an aggregate principal amount of approximately $29.4 million, including accrued and unpaid interest, fees and other claims (the **"2020 Prepetition Obligations"**). The liens granted by the Debtors under the 2020 Prepetition Credit Agreement to the 2020 Prepetition Agent (the "**2020 Prepetition Liens**") for the benefit of the 2020 Prepetition Secured Parties as security for the 2020 Prepetition Obligations encumber all Collateral (as defined in the 2020 Prepetition Credit Agreement), which includes substantially all of the Debtors' assets and property and all proceeds thereof (collectively, the "**2020 Prepetition Collateral**").

C. THE AEGIS PREPETITION LOAN AGREEMENT

22. On July 15, 2021, Debtors White Forest, South Fork, and Raven Crest Mining, LLC ("**Raven Crest Mining**") entered into an ABL Facility (as amended or otherwise modified from time to time, the "**Aegis Prepetition Loan Agreement**), with Aegis Business Credit, LLC, as lender (the "**Prepetition Revolving Lender,**" and together with the 2017 Prepetition Secured Parties and the 2020 Prepetition Secured Parties, the "**Prepetition Secured Parties**").

23. As of the Petition Date, the Debtors are indebted to the Prepetition Revolving Lender, under the Aegis Prepetition Loan Agreement, in an aggregate principal amount of approximately $1.411 million, including accrued and unpaid interest, fees and other claims (the **"Aegis Prepetition Obligations"** and together with the 2017 Prepetition Obligations and the 2020 Prepetition Obligations, the "**Prepetition Obligations**"). The liens granted under the Aegis Prepetition Loan Agreement to the Prepetition Revolving Lender (the "**Aegis Prepetition Liens**," together with the 2017 Prepetition Liens and 2020 Prepetition Liens, the "**Prepetition Liens**") for the benefit of the Aegis Prepetition Lender as security for the Aegis Prepetition Obligations encumber all Collateral (as defined in the Aegis Prepetition Loan Agreement) (collectively, the "**Aegis Prepetition Collateral**," and together with the 2017 Prepetition Collateral and 2020 Prepetition Collateral, the "**Prepetition Collateral**").

24. The Prepetition Liens encumber substantially all of the Debtors' assets and property and all proceeds thereof. The relative priority of the Prepetition Liens in the Prepetition Collateral are governed by (i) the terms of that certain Intercreditor Agreement, originally dated as of December 14, 2020, among the 2020 Prepetition Agent, the Original 2017 Prepetition Agent, and the Grantors party thereto (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the **"Term Loan Intercreditor Agreement"**) , and (iii) the terms

of that certain ABL Intercreditor Agreement, originally dated as of July 15, 2021, among the Prepetition Revolving Lender, the 2020 Prepetition Agent, the Original 2017 Prepetition Agent, White Forest, South Fork, and Raven Crest Mining (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the **"ABL Intercreditor Agreement"**, and together with the Term Loan Intercreditor Agreement, the "**Intercreditor Agreements"**).

D. SEVERANCE AND RECLAMATION TAXES

25. In the ordinary course of business, certain of the Debtors, namely South Fork and Raven Crest Minerals, LLC ("**Raven Crest Minerals**"), incur severance taxes and fees (collectively, the "**Severance Taxes**") in connection with extracting coal. Generally, the Severance Taxes are a tax on removing, or "severing," natural resources, such as coal, from the land or waters within a state or jurisdiction. In West Virginia, Severance Taxes are calculated based on tons of coal produced. *See* W. Va. Code, § 11-12B-3 (West, Westlaw through 2018 Sess.). The Severance Taxes are payable to the West Virginia State Tax Department (the "**WV Tax Departmen**t"), on a monthly basis. South Fork and Raven Crest Minerals also remit reclamation taxes to the WV Tax Department in relation to the costs associated with the environmental restoration of land in West Virginia that has been disturbed by mining activities (the "**Reclamation Taxes**"). The Reclamation Tax is also payable monthly.

26. As of the Petition Date, Raven Crest Minerals and South Fork have unpaid Severance Tax and Reclamation Tax liabilities owed to the WV Tax Department. Raven Crest Minerals and South Fork have entered into Offers of Compromise with the WV Tax Department with respect to Severance Tax and Reclamation Tax liabilities owed for the years 2019 through

2023. Raven Crest Minerals and South Fork also owe unpaid Severance Tax liabilities for certain periods in 2024 as well.

27. The State of West Virginia has filed tax liens for unpaid Severance Taxes and Reclamation Taxes. The Debtors do not concede and reserve all rights with respect to the extent, validity and priority of any tax liens filed or asserted by the State of West Virginia.

E. Material Leases

28. In connection with the operation of the Raven Crest Mine, Raven Crest Minerals is a counterparty to the following material contracts with Penn Virginia Operating Co., LLC, or its subsidiaries: (i) a Coal Lease; (ii) a Coal Loading Facility Lease and Operating Agreement; and (iii) a Surface Lease (as subsequently amended, the "**Raven Crest Leases**"). In connection with the operation of the South Fork Mine, South Fork is a counterparty to the following material leases: (i) a Coal Load-Out and Coal Lease and Easement;(ii) two Coal Mining Leases; and (iii) various other agreements (as subsequently amended, the "**South Fork Leases**" and together with the Raven Crest Leases, the "**Operating Leases**"). Under the terms of the Operating Leases, Raven Crest Minerals and South Fork are required to pay royalties and related obligations to the lessors of the Operating Leases.

29. In addition to the Operating Leases, the Debtors currently lease certain equipment through various lessors (the "**Equipment Leases**"). The interest and maturity terms of the Equipment Leases vary. The Debtors do not take any position as to whether the Equipment Leases are true leases or financing arrangements, and reserve all rights in connection therewith.

F. Trade Payables

30. As of the Petition Date, the Debtors had approximately $20.7 million in unsecured trade debt.

PART III:
EVENTS LEADING TO COMMENCEMENT OF CHAPTER 11 CASES

A. THE DEBTORS' FINANCIAL DIFFICULTIES

31. The Debtors' financial difficulties began in or about March 2019, when the South Fork Mine unexpectedly lost over four weeks of production, and the Debtors experienced reduced production at the Raven Crest Mine over the same period. These production disruptions came on the heels of a difficult weather season beginning during the first quarter of 2019 for the Debtors, as the Debtors had already dealt with typically lower production from weather delays, holidays, and other factors, which had removed a portion of the liquidity cushion that the Debtors had built up during 2018. This led to a $5-$7 million liquidity shortfall in May 2019, when the Debtors did not receive payment for the coal they were unable mine during the disruptions. The Debtors' board, investors, and lenders discussed various options to bridge the liquidity gap. Ultimately, the Debtors underwent a recapitalization which simplified the capital structure, and improved the leverage profile of the business.

32. In early June 2019, two days after effectuation of the recapitalization, the high wall miner machine at the South Fork Mine suffered an accident, when the high wall (e.g. the vertical pitch of the mountain into which the high wall miner was mining) collapsed, covering the high wall miner. Coal is mined most efficiently with a high wall miner, and the loss of a high wall miner is a catastrophic event for a coal mine. Thankfully, no miners were injured in the incident, but the high wall miner machine was buried, suffering significant damage, and was subsequently declared a total loss. As a result, the Debtors lost the production and efficiency that comes from a high wall miner for most of June, and all of July, and the Debtors were forced to make significant unbudgeted expenditures to obtain a replacement high wall miner. The result was reduced liquidity in late third quarter and early fourth quarter of 2019.

33. In early 2020, just as production was recovering from the disruptions in 2019, the Coronavirus pandemic severely disrupted prices of both thermal and metallurgical coal, causing the prices to drop significantly, below break-even points. Also due to the effects of the pandemic, one of the Debtors' major thermal customers in connection with the Raven Crest mine effectively cancelled all of its orders. This left the Raven Crest Mine with over 60,000 tons of thermal coal in inventory, valued at approximately $4 million (based on 2019 prices), without a buyer. The $4 million increase in inventory created a severe working capital drag on Raven Crest and the Debtors. In addition, compounding problems with its thermal coal mine, the Raven Crest Mine's contract with its largest thermal coal customer was not renewed for 2020. Without a buyer for thermal coal, the Raven Crest Mine was idled for the first quarter of 2020. The shutdown of the Raven Crest Mine, coupled with dropping coal prices left the Debtors in a tenuous position. In the second half of 2020, the Debtors battled through liquidity constraints as coal markets continued to flounder around break-even. In December 2020, the Debtors entered into the 2020 Prepetition Credit Agreement.

34. Operations began a slow rebound in 2021, and by 2022, production and earnings had begun to improved. June 2022 was the Debtors' best EBITDA in the past 5 years. However, in 2023, the Debtors started experiencing intermittent working capital challenges due to lengthy gaps between customer receipts for both the Raven Crest Mine and the South Fork Mine. In March 2023, the Debtors' trucking company refused to continue service for both the Raven Crest Mine and the South Fork Mine, due to a dispute over payment. The service disruption from the trucking company brought production shipments to a near-standstill and resulted in approximately $2 million of reduced liquidity. Additionally, in March and April of 2023, the high wall miner at the South Fork Mine had to be shutdown, thereby significantly slowing production. Production fell

sharply in the second quarter of 2023 and costs per ton increased, as the Debtors had to cancel at least two shipments which were scheduled in the second quarter.

35. During the first half of 2024, operations began to recover. May 2024 was the Debtors' best month of the year, as the Debtors exceeded production and EBITDA targets. However, in June, the high wall miners at both mines went down. In particular, the high wall miner at the Raven Crest Mine was inoperable for several weeks while it was down for repairs. This resulted in the loss of two coal shipments out of the Raven Crest Mine in June 2024.

36. Then, acute operational issues began to resurface in November 2024. The Thanksgiving holiday caused a delay in timing of the shipping coal via rail, which adversely affected the Debtors' borrowing base with its revolving lender. This reduced available liquidity for the Debtors and affected operations

37. During the first week of December 2024, a large snowstorm shut down operations at the South Fork Mine. This slowed production, putting pressure on the Debtors to meet shipment timing for coal mined at the South Fork Mine. Further compounding matters, water pumps at the South Fork Mine failed because they were unable to handle the volume of water from the melting snow. This shut down operations for a number of days. Finally, during the third week of December 2024, a large rockslide damaged the railroad line just outside the coal loadout at the South Fork Mine, preventing the Debtors from shipping coal. The rail line was not fully fixed and open for two weeks. This resulted in a significant delay of a major shipment of metallurgical coal from the South Fork Mine to the Debtors' largest customer. The South Fork Mine was not the only problem for the Debtors in December 2024. In the second week of December, the Raven Crest high wall miner went down due to a failed generator. This slowed production at the Raven Crest Mine. The delay in shipment, coupled with the setbacks described above, and the fact that both

the South Fork Mine and the Raven Crest Mine were operating slowly due to the holiday break, created a severe liquidity crunch.

38. Operational issues continued in January 2025. On January 2, 2025, the high wall miner loading tool at the South Fork Mine went down, resulting in two days of lost production. Early January snowstorms shut down the South Fork Mine and blocked the CSX rail line. Thereafter, a train loaded with coal from the South Fork Mone had a frozen brake line, further delaying shipment. Ultimately, the major shipment to the Debtors largest customer departed on vessel in mid-January, more than a month beyond expectations, thereby delaying receipt of payment and further stretching the Debtors' liquidity. In addition, the Debtors received a Cessation Order from the federal Office of Surface Mining in mid-January related to the haul road for the South Fork Mine. The Debtors were able to file an emergency motion for relief, which was granted eight days later, but the inability to haul the mined coal interrupted operations. As an additional matter, around the same time that the Debtors received the Cessation Order, the high wall miner at the South Fork Mine required repair and was inoperable. All of these operational issues inhibited production and impacted the Debtors' borrowing base. This compounded the liquidity challenges already present for the Debtors.

39. In light of the significant liquidity issues suffered by the Debtors in November 20204 through January 2025, Spectrum agreed to provide additional availability under the 2020 Prepetition Credit Agreement to the Debtors, to help to stabilize the Debtors' operations and to provide the Debtors with liquidity to pay necessary operating costs.

40. However, the Debtors' liquidity challenges have created the need for the Debtors to file these chapter 11 cases in order to obtain DIP Financing and engage in a reorganization process. Currently, the Debtors anticipate selling their assets associated with the Raven Crest Mine via a

section 363 process, and anticipate undergoing a balance sheet restructuring for the remainder of the Debtors to permit the South Fork Mine to continue as a going concern.

B. Prepetition Marketing of Raven Crest Mine and the Stalking Horse Bid

41. In October 2023, the Debtors retained Energy Ventures Analysis, Inc. ("**EVA**") to assist the Debtors in marketing (the "**Raven Crest Marketing Process**") the Debtors' assets associated with the Raven Crest Mine (the "**Raven Crest Assets**"). Given the nature of the Raven Crest Mine, the Raven Crest Assets, and the coal produced from the Raven Crest Mine, the Debtors and EVA determined that there were a finite number of potential purchasers of the Raven Crest Assets. EVA worked with the Debtors to identify potential purchasers, including coal producers operating surface mines like Raven Crest in Southern West Virgina. Thereafter, EVA reached out to potential purchasers, of which, three executed non-disclosure agreements. Potential purchasers who signed non-disclosure agreements were provided access to financial and operating information regarding the Raven Crest Assets. EVA also arranged for the potential purchasers to perform site visits.

42. The Debtors received an offer to purchase the Raven Crest Assets from one potential purchaser (the "**Stalking Horse Bidder**"). After receiving the offer, the Debtors engaged with the Stalking Horse Bidder concerning the terms of a purchase agreement. The Debtors and the Stalking Horse Bidder have finalized the terms of a stalking horse purchase agreement for the Raven Crest Assets (the "**Raven Crest Stalking Horse APA**").

43. The Debtors anticipate that in accordance with the milestones set forth in the DIP Facility (as defined below), the Debtors will very shortly after the Petition Date file a motion seeking the Court's approval of the Debtors' entry into the Raven Crest Stalking Horse APA and certain procedures to govern the submission, evaluation, and selection of bids for the Raven Crest

Assets, and, if necessary, conducting an auction (the "**Raven Crest Bidding Procedures**"). Due to the very limited funding available, and to preserve the going-concern value of the Raven Crest Assets, the Debtors anticipate that the sale process will progress quickly.

C. POST-PETITION FINANCING

44. Given the Debtors' liquidity issues and inability to raise new funds to continue operations in the ordinary course of business, as more fully set forth above, the Debtors have an urgent need for post-petition financing. The Debtors have negotiated with the Prepetition Secured Parties the terms of a postpetition financing facility, which includes up to $8.32 million of new money term loans and up to $4 million of new money revolving loans, and which will provide continued liquidity to the Debtors (the "**DIP Facility**"). The DIP Facility will provide new financing to fund these Chapter 11 Cases and preserve the value of the Debtors' assets as the Debtors work expeditiously toward a sale and reorganization. Access to the DIP Facility is necessary to avoid the immediate and irreparable harm that would otherwise result if the Debtors were denied incremental liquidity. Without the DIP Facility, the Debtors will have insufficient cash on hand to pay their ordinary course obligations as they come due during the pendency of these Chapter 11 Cases. The DIP Facility will provide sufficient liquidity to fund these Chapter 11 Cases and the Debtors' operations, and allow the Debtors to run the contemplated sale process and file a plan of reorganization that maximizes value for all stakeholders.

45. Further, the terms of the DIP Facility, including the rollups and the proposed fees under the DIP Facility, are reasonable under the circumstances. The DIP Facility also has the support and consent of the Prepetition Secured Parties, notwithstanding priming liens on all Prepetition Collateral being granted to the DIP Lenders, in exchange for the roll up and adequate protection contemplated to be provided.

46. As described further in the DIP Declaration filed in support of the DIP Facility, the Debtors, conducted a market check by seeking competing DIP financing offers. No other proposals were received. Based upon the Debtors' efforts to arrange refinancing with prospective lenders, the Debtors and their advisors believe that no other, better options for DIP financing are available to them other than the proposed DIP Facility.

47. Ultimately, the Debtors, in conjunction with their advisors, determined that the terms and conditions of the proposed DIP Facility were and remain the best and only available under the circumstances and adequately addresses the Debtors' financing needs during these Chapter 11 Cases. Importantly, the DIP Facility was negotiated at arms' length among the proposed DIP Lenders and the Debtors' proposed counsel and advisors.

PART IV
FIRST DAY PLEADINGS

48. To facilitate their restructuring efforts, the Debtors have filed various First Day Pleadings concurrently with this Declaration.

49. I have reviewed each of the First Day Pleadings and proposed orders (including the exhibits thereto), and the facts set forth therein are true and correct to the best of my knowledge, information, and belief and are incorporated herein by reference.

50. I believe that the relief sought in each First Day Pleading is vital to enable the Debtors' transition into Chapter 11 with minimum interruption or disruption to their businesses or loss of productivity or value, is necessary to avoid immediate and irreparable harm, and constitutes a critical element in maximizing value during these Chapter 11 Cases.

51. Accordingly, for the reasons stated herein and in each of the First Day Pleadings, I respectfully request that each of the First Day Pleadings be granted in its entirety.

DECLARATION

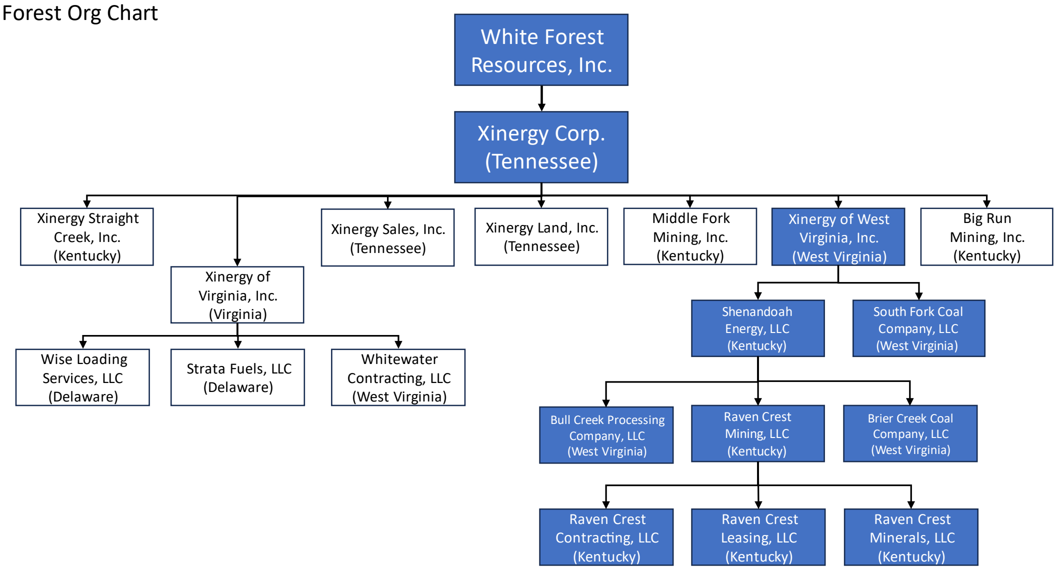
Pursuant to Section 1746 of Title 28 of the United States Code, I declare under penalty of perjury that the foregoing is true and correct.

Dated: February 7, 2025

By: /s/ Brian Ryniker
Name: Brian Ryniker
Title: Chief Restructuring Officer

EXHIBIT A

White Forest Org Chart



**** Debtor entities are highlighted in blue****