Court File No. 2022 01G 0709

IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
GENERAL DIVISION

BETWEEN:

PRICEWATERHOUSECOOPERS INC. in its capacity as court-appointed receiver and manager of BRIDGING FINANCE INC. and BRIDGING INCOME FUND LP

APPLICANT

AND:

CANADA FLUORSPAR (NL) INC. and CANADA FLUORSPAR INC.

RESPONDENTS

SECOND REPORT OF GRANT THORNTON LIMITED,
IN ITS CAPACITY AS MONITOR
UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36
OF CANADA FLUORSPAR (NL) INC., CANADA FLUORSPAR INC. AND NEWSPAR.

MARCH 15, 2022

GrantThornton

Grant Thornton Limited,
Court Appointed Interim Receiver
and Proposed Monitor

Suite 300 - 15 International Place
St. John's, NL A1A 0L4

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INTRODUCTION

1. On February 21, 2022 (the "**Date of Appointment**"), upon the application of PricewaterhouseCoopers Inc., in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and Bridging Income Fund LP (collectively referred to as "**Bridging**"), Grant Thornton Limited ("**GTL**") was appointed as Interim Receiver (the "**Interim Receiver**") of all the current and future assets, undertakings and properties (the "**Property**") of Canada Fluorspar (NL) Inc. and Canada Fluorspar Inc. by Order of the Supreme Court of Newfoundland and Labrador (the "**Court**").

2. The Interim Receivership Order authorized the Interim Receiver, among other things, to:

    (a) receive, preserve, protect and maintain control over the Property;

    (b) to retain or hire any employees on behalf of the Company;

    (c) to report to, meet with and discuss with such Affected Persons (as defined in the Interim Receivership Order) as the Interim Receiver deems appropriate;

    (d) to utilize monies on hand or borrowed by the Interim Receiver to fund payments of employee payroll obligations, rent, insurance, utilities, and other obligations determined by the Interim Receiver to be integral to the preservation of the Property;

    (e) to commence proceedings for the Company pursuant to the *Bankruptcy and Insolvency Act* or the *Companies' Creditors Arrangement Act* ("**CCAA**"); and

    (f) to report to the Court and the creditors of CFI regarding the status of the business and financial affairs of CFI, including its assets, liabilities, accounts payable and other matters deemed relevant by the Interim Receiver.

3. On March 8, 2022, the Interim Receiver made application to commence proceedings pursuant to the CCAA and the Court issued an Initial Order on March 11, 2022. Grant Thornton Limited was appointed Monitor ("**Monitor**").

4. The Initial Order imposed a stay of proceeding against Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., and Newspar (a General Partnership) (collectively referred to as the "**Company**" or "**CFI**").

5. The Initial Order granted an initial stay of proceedings and authorized the Monitor, among other things, to:

(a) Preserve and protect the Business and Property of CFI excluding certain property in favour of HSBC Bank of Canada ("**HSBC**");

(b) Providing the Monitor with certain enhance powers;

(c) Approving debtor in possession financing to allow CFI to continue to operate in the ordinary course pending the comeback hearing; and

(d) Setting down the comeback hearing for March 18, 2022 at 10am.

6. The Interim Receiver's report / Proposed Monitor's prefiling report, and other information in respect of the interim receivership (the "**Interim Receivership Proceedings**"), and all information in respect to the CCAA proceeding, including the the Monitor's prefiling report ("**First Report**") and application materials are posted on the Interim Receiver's and Monitors website at www.GrantThornton.ca/CFI.

7. This is the Second Report of the Monitor.

PURPOSE OF THE REPORT

8. The purpose of this report (the "**Second Report**") is to inform the Court and stakeholders, and to support the Monitor's request for relief from this Honourable Court as follows:

(a) the activities of the Monitor since the Initial Order;

(b) Compliance with the notice requirements of the CCAA;

(c) Changes requested by the Monitor to the Amended and Restated Initial Order ("**ARIO**");

(d) Requested extension to the period of the stay of proceedings;

(e) Increasing the Company's proposed Debtor-in-Possession financing ("**DIP Financing**") and a related charge in favour of the DIP Lenders over the Company's Property; and

(f) The Monitor's proposed Sales and Investment Solicitation Process ("**SISP**").

TERMS OF REFERENCE

9. In preparing this Second Report, the Monitor has relied upon unaudited financial information, certain Company's records, financial information and projections, and

discussions with the Management of the Company, and its legal advisors Cox & Palmer LLP ("**CP**"). While the Monitor reviewed various documents provided by the Company and CP (including, among other things, unaudited internal financial statements and financial projections) and believes that the information therein provides a fair summary of the transactions as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles ("**GAAP**") or International Financial Reporting Standards ("**IFRS**"). Accordingly, the Monitor expresses no opinion or other form of assurance pursuant to GAAP or IFRS with respect to such information.

10. Some of the information used in preparing this Second Report consists of financial projections, including the Cash Flow Projection. The Interim Receiver cautions that these projections are based upon assumptions about future events and conditions that are not ascertainable. The Company's actual results may vary from the Cash Flow Projection, even if the Hypothetical and Probable Assumptions (defined herein) contained therein materialize, and the variations could be significant. The Monitor's review of the future oriented information used to prepare this First Report did not constitute an audit of such information under Generally Accepted Auditing Standards, GAAP or IFRS.

11. In the course of its mandate, the Monitor has assumed the integrity and truthfulness of the information and explanations presented to it by the Company, its Management and other stakeholders, within the context in which such information was presented. To date, nothing has come to the Monitor's attention that would cause it to question the reasonableness of these assumptions. The Monitor has requested that Management, bring to its attention any significant matters which were not addressed in the course of the Monitor's specific inquiries. Accordingly, this Report is based solely on the information (financial or otherwise) made available to the Monitor by the Company, its Management and other stakeholders.

12. This Second Report has been prepared for the use of this Court and the Company's stakeholders as general information relating to the Company and to assist the Court in determining whether to grant the relief sought by the Monitor. Accordingly, the reader is cautioned that this Report may not be appropriate for any other purpose. The Monitor will not assume responsibility or liability for losses incurred by the reader as a result of the

circulation, publication, reproduction or use of this Second Report contrary to the provisions of this paragraph.

13. All references to dollars are in Canadian currency unless otherwise noted.

14. Readers of the Second Report are encouraged to review the First Report, the materials from the Interim Receivership Proceeding, and the materials filed in relation to the CCAA proceeding. These materials provide additional background and context in this proceeding and can all be found at www.grantthornton.ca/cfi.

ACTIVITIES OF THE MONITOR

15. Given the limited passage of time between the issuance of the Initial Order and the date of this report, the Monitor has:

(a) Continued to preserve and protect the Business and Property in the normal course of business;

(b) Continued communicating with the DIP Lenders, HSBC, creditors and other stakeholders;

(c) Issued the required notices under the CCAA; and

(d) Prepared for the comeback hearing set for March 18, 2022.

NOTICE TO CREDITORS AND STAKEHOLDERS

16. The Monitor has issued the following required notices pursuant to s.23(1):

(a) The Monitor has made arrangements to publish notice of the Initial Order and this CCAA proceeding in:

i. The Telegram on Wednesday March 16, 2022 and Wednesday March 23, 2022;

ii. The National Post on Wednesday March 16, 2022 and Wednesday March 23, 2022; and

iii. The Globe and Mail on Thursday March 17, 2022 and Thursday March 24, 2022.

A copy of the newspaper ad is attached hereto as **Appendix "A"**.

(b) The Monitor:

i. On March 14, 2022, posted a Notice to Creditors on the Monitor's website at www.grantthornton.ca/cfi;

ii. On March 14, 2022, sent to every known creditor, by ordinary mail, advising them that the Initial Order is publicly available. A copy of the Notice to Creditors is attached hereto as **Appendix "B"**. The Monitor had insufficient information to send the notices by electronic transmission; and

iii. On March 15, 2022 the Monitor's posted to the Monitor's website a list, showing the names and addresses of those creditors and the estimated amounts of those claims.

(c) Pursuant to s.23(1)(b), The Monitor, as noted in the First Report, assisted the Company in the preparation of the cashflow statement and reviewed that statement as to its reasonableness. That information is contained in the First Report in paragraphs 53 through 56 with the cashflow statement attached as Appendix "E" of the First Report.

(d) Pursuant to s.23(1)(c), The Monitor in the First Report outlined the cause of the financial difficulties and insolvency of the Companies.

(e) As required by s.23(1)(e) the Creditors, pursuant to the Notice to Creditors attached as **Appendix "B"**, have been advised of the Monitor's reporting required by s.23(1)(b); and

(f) On March 14, 2022, the Monitor filed with the Superintendent of Bankruptcy the prescribed forms pursuant to s.23(1)(f). Form 1 and Form 2 is attached hereto as Appendix "C".

17. The Monitor has created a website at www.grantthornton.ca/cfi to provide stakeholders information on both the Interim Receivership and the CCAA Proceeding.

AMENDED AND RESTATED INITIAL ORDER

18. The Monitor, in addition to affirming the terms of the Initial Order, is requesting the following changes to the ARIO:

(a) Paragraph 4 – The Monitor requests the authority to file, if deemed appropriate and subject to further order of the Court, a plan of compromise and arrangement ("**Plan**"). This activity is normally done by the directors and officers of the corporation, with the assistance of the Monitor. However, in this circumstance, all the directors and officers have resigned. Therefore, it could be in the best interests of stakeholders for the Monitor to file a Plan, with the assistance of the Company and its Assistants, thereby giving the Company an opportunity to restructure or complete a transaction contemplated in the SISP.

(b) Paragraph 11 – The Monitor requests the authority to effect operational changes and pursue restructuring opportunities on behalf of the Company, such as <u>permanently</u> ceasing, downsizing or shut down any of its businesses; terminate employment or temporarily lay off employees; and pursue avenues of refinancing of the Business or Property subject to approval of this Court before any material refinancing. Again, this activity is normally led by the directors and officers of the company, who in this circumstance, have all resigned.

(c) Paragraph 12 and 13 – The Monitor requests the authority provided in s.32 of the CCAA to disclaim or resiliate agreements for real property.

(d) Paragraph 14 – The Monitor requests the stay of proceeding to be extended to July 10, 2022. This period was selected as it gives the Monitor the time to complete the SISP, should the Court approve the proposed SISP.

(e) Paragraph 21 – The Monitor is requesting to be empowered to run the SISP as outlined in the SISP process. The SISP would normally be run by the Company, supported by the Monitor. However, as all the Directors and Officers have resigned, providing the authority to the Monitor, subject to the supervision of the Court, is in the best interest of the stakeholders and provides the best opportunity for the Company in these circumstances to run a successful SISP and file a Plan to the creditors. Specifically added to this paragraph are the following powers:

   i. Execute any and all documentation pursuant to the proposed SISP process;

   ii. Run the SISP pursuant to the SISP Order;

   iii. Advise, in consultation with the Company, in the development of the Plan and any amendment.

In addition, the removing ordinary course of business language in this section is intended to empower the Monitor, with the assistance of the Company, to effect any restructuring, subject to oversight and approval of the Court.

(f) Paragraph 28 – The Monitor is NOT requesting any change to the administrative charge. In the Initial Order this charge was set at $250,000. The ARIO contemplates that is remain at $250,000.

(g) Paragraph 30 – The Monitor is requesting enhanced powers within the CCAA Proceeding given that all the directors and officers have resigned. These enhanced powers, provide that the Monitor may take steps that would normally be taken by the Company under the direction by the directors and officers. The objective being to give the Company the best opportunity to restructure and file a Plan, subject to the oversight of this Court. Additional enhanced powers include:

   i. Any actions or steps the Monitor considers necessary or desirable to proceed with an orderly liquidation of the business;

   ii. Permanently ceasing, downsizing or shut down any of its operations;

   iii. Pursuing all avenues of refinancing the Business or Property, except Excluded Property, subject to prior approval of the Court before any material refinancing;

   iv. Prepare a Plan of Arrangement on behalf of one, or more, of the Applicants;

   v. Settle, extend or compromise any indebtedness of the Company;

   vi. Initiate and defend proceedings with respect to the Company; and

   vii. Market, sell, transfer, lease, or assign the Property including running a SISP out of the ordinary course of business, without approval of the Court for one transaction not exceeding $500,000, or $2,500,000 in the aggregate, otherwise subject to approval of the Court.

(h) Paragraph 35 – The Monitor requests that it be authorized, but not required, to borrow on behalf of the Company, in accordance with the DIP Financing Agreement, up to $4,700,000. This is an increase of $2,900,000 from the Initial Order amount of $1,800,000. As outlined in the cash flow report attached as Appendix E of the First Report, the funding is required to allow the Monitor and Company to complete Phase 2 of the SISP and close a transaction within the timeframes contemplated in the SISP, while at the same time keeping the mine in care and maintenance mode. Absent this additional funding, it is estimated the Company will be out of cash on or around April 25, 2022, assuming no material unfavourable cash flow variances in the interim period. The additional DIP borrowing may not happen. The DIP Financing Agreement contemplates that at least one letter of intent be received as a precondition for continuing Phase 2 of the SISP.

EXTENSION OF THE STAY OF PROCEEDINGS

19. The Monitor is requesting the stay of proceeding to be extended to July 10, 2022 to allow it to run the proposed SISP. Should the SISP be approved by the Court, it is thought this is the most efficient period to administer the CCAA Proceeding as the SISP process will either result in a transaction that will require approval of the Court, or be unsuccessful at which point a proceeding under the Bankruptcy and Insolvency Act maybe more beneficial to the Company's creditors.

20. This period of extension is, in the Monitor's opinion, the most efficient for the estate. Creditors, the Court, and the Monitor, still have recourse should it be required during this period:

    (a) s.23(1)(d)(i) of the CCAA requires the Monitor, without delay, to report to the Court, after ascertaining a material adverse change in the Company's cash flow or financial circumstances;

    (b) The Monitor, as outlined in the ARIO, can seek direction from the Court;

    (c) Any creditor can seek recourse from this Court, either with the consent of the Monitor, or with leave of the Court; and

    (d) S.23(1)(d)(iii) requires the Monitor to report to the Court on the Company's business and financial affairs any time the Court may order thereby giving the Court oversight and control over the CCAA Proceeding.

MONITOR'S PROPOSED SALES AND INVESTMENT SOLICITATION PROCESS

21. The Interim Receiver outlined in the First Report in paragraphs 43 through 46 the reason why it is of the view that the SISP is appropriate. The proposed SISP is attached hereto as **Appendix "D"**. Nothing has come to the Monitor's attention that would cause it to have

a different opinion than the Interim Receiver and is also of the view that the proposed SISP is appropriate in the circumstances.

OTHER MATERIAL MATTERS

22. On March 14, 2022 HSBC issued its Notice of Intention to Enforce Security to the Company. A copy of that demand is attached hereto as Appendix E.

NEED FOR A STAY OF PROCEEDINGS AND THE CCAA PROCEEDINGS

23. Over the past two years the Company's operations have been negatively impacted by production problems, mill and mine development challenges, Covid-19, and ultimately the decision by the majority shareholder to cease funding operating losses which has resulted in significant liquidity issues. The CCAA Proceedings, including the amended stay of proceedings and DIP Facility, will allow the Company to preserve its assets at a "care and maintenance" level whilst concurrently seeking out a purchaser through the SISP described above, which is in the interests of the Company and its stakeholders.

24. For the reasons set out in this Report, the Monitor is of the view that the relief requested is reasonable and respectfully recommends that this Court make the Order granting the requested relief.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 15th day of March 2022.

GRANT THORNTON LIMITED,
SOLELY IN ITS CAPACITY AS MONITOR
OF THE COMPANY, AND NOT IN ITS PERSONAL CAPACITY

Per: ______________________________

Phil Clarke, CPA, CA, CIRP, LIT

Senior Vice-President

TAB A

NEWFOUNDLAND AND LABRADOR
SUPREME COURT
(BANKRUPTCY AND INSOLVENCY)

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

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF CANADA FLUORSPAR (NL) INC., CANADA FLUORSPAR INC. AND NEWSPAR (a General Partnership) (collectively, ("CFI" or the "Companies")

PLEASE TAKE NOTICE that an Initial Order was made by the Supreme Court of Newfoundland and Labrador, on March 11, 2022, following the hearing of an application by the Interim Receiver and that Grant Thornton Limited was appointed as Monitor;

PLEASE TAKE NOTICE that any person with a claim, grievance, application, suit, right or remedy, or proceeding or enforcement process in any, tribunal, or arbitration association, relating to the Companies are stayed on terms as set out in the Initial Order, with the exception of certain property in favour of HSBC Bank Canada.

PLEASE TAKE FURTHER NOTICE that a copy of the Initial Order and additional information regarding this proceeding has been made available on the Monitor's website at: www.GrantThornton.ca/CFI. If you require further information please contact a representative of the Monitor (Corey Hines, T: 902-491-7704, E: canadafluorspar@ca.gt.com).

Grant Thornton

TAB B

Grant Thornton

March 14, 2022

Court No. 2022 01G 0709

NOTICE TO CREDITORS

In the Matter of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C. c-36, as amended and in the Matter of Canada Fluorspar (NL) Inc., Canada Fluorspar Inc. and Newspar (a General Partnership) (collectively, "CFI" or the "Companies")

TAKE NOTICE that on the 11th day of March, 2022, CFI made an application for protection from its creditors under the *Companies' Creditors Arrangement Act* ("**CCAA**") and an Order was granted by the Honourable Chief Justice Raymond P. Whalen of the Supreme Court of Newfoundland and Labrador (the "**Initial Order**"). Pursuant to the Initial Oder, Grant Thornton Limited was appointed as monitor of the Companies (the "**Monitor**"). In accordance with section 23(1)(a) of the CCAA and the Initial Order, a copy of the Initial Order and copied of the materials filed in the CCAA proceedings are available on the Monitor's Website at www.GrantThornton.ca/CFI, or by contacting the Monitor as outlined below.

The Initial Order granted the Companies various relief, including but not limited to, imposing a stay of proceedings against CFI and its assets, empowering the Monitor to preserve and protect the Business and Property, excluding certain property in favour of HSBC, providing the Monitor certain enhanced powers, approving certain debtor in possession financing, and setting down the **comeback hearing for Friday March 18th, 2022 at 10am (NL time)** with the intention of providing CFI an opportunity to prepare and file a plan of arrangement or compromise under the CCAA for consideration of its creditors and other stakeholders. Under the Initial Order, CFI is to continue to carry on business in a manner consistent with the commercially reasonable preservation of its respective Business and Property.

Please be advised that the Initial Order prohibits the termination of any services provided to the Companies during the stay period. Please contact either the Monitor or CFI to discuss any concerns regarding future services.

Copies of current and future Court orders and other materials relating to these proceedings will be posted to the Monitor's website during these proceedings. We recommend that creditors who have questions check this website regularly at www.grantthornton.ca/cfi.

To date, no claims procedure has been approved by the Court and creditors therefore are not required to file a proof of claim at this time.

If you have any questions or with to speak to a representative of Grant Thornton Limited, please contact us at:

Corey Hines

Grant Thornton Limited

CanadaFluorspar@ca.gt.com

T: + 1 902 491 7704

www.GrantThornton.ca/CFI

Sincerely,

GRANT THORNTON LIMITED
In its Capacity as Monitor of
Canada Fluorspar (NL) Inc., and Canada Fluorspar Inc.

Phil Clarke, KStJ, CPA, CA, CIRP, LIT
Senior Vice President

TAB C

FORM 1

INFORMATION PERTAINING TO INITIAL ORDER

(To be filed with the Superintendent of Bankruptcy under paragraph 23(1)(f) of the Companies' Creditors Arrangement Act)

The following information pertains to the order made on the initial application in respect of (*name of debtor company*): **Canada Fluorspar (NL) Inc., Canada Fluorspar Inc. and Newspar (a General Partnership).**

1. Name of court, judicial district and court file number:

   Supreme Court of Newfoundland and Labrador
   Court File No.: 2022 01G 0709

2. Date on which order is made:

   March 11, 2022

3. Debtor company's head office address, telephone number and Web site address, if any:

   1 Clarke's Pond Rd,
   Saint Lawrence, NL
   A0E 2V0
   709-873-3331
   www.canadafluorspar.ca

4. Names under which debtor company carries on business, if different from name set out above:

   N/A

5. Name and Web site address of monitor:

   Grant Thornton Limited
   www.grantthornton.ca

6. Name, address, telephone number and e-mail address of monitor's representative responsible for the proceedings:

   Phil Clarke
   Nova Centre, North Tower,
   Suite 1000 - 1675 Grafton Street,
   Halifax. Nova Scotia,
   B3J 0E9
   902-420-7191
   Phil.Clarke@ca.gt.com

7. Web page address created for the proceedings, if any:

   www.GrantThornton.ca/CFI

Dated at Halifax, Nova Scotia, on March 14, 2022.

Phil Clarke, KStJ, CPA, CA, CIRP, LIT
Monitor's representative
responsible for the proceedings

FORM 2

DEBTOR COMPANY INFORMATION SUMMARY (COMMENCEMENT OF PROCEEDINGS)

(To be filed with the Superintendent of Bankruptcy under paragraph 23(1)(f) of the Companies' Creditors Arrangement Act)

PART 1 – INFORMATION RESPECTING DEBTOR COMPANY

1. Name, including names under which the debtor company carries on business, if any:

   Canada Fluorspar (NL) Inc., Canada Fluorspar Inc. and Newspar (a General Partnership).

2. Debtor company's head office address, telephone number and Web site address, if any:

   1 Clarke's Pond Rd,
   Saint Lawrence, NL
   A0E 2V0
   709-873-3331
   www.canadafluorspar.ca

3. The debtor company is

   ☐ a not-for-profit body corporate,

   ☐ an income trust, or

   ■ other (*Specify*: Corporation)

4. Industry type code using the North American Industry Classification System:

   212398 Fluorspar Mining

5. Names and titles of directors and officers:

   Bill Dobbs
   Dan Hecht
   Dave Thomas
   Casey Walsh

6. Any other names used by the debtor company during the 24-month period before the making of the order on the initial application, including names under which the company carried on business:

   N/A

7. Previous proceedings:

- under the *Bankruptcy and Insolvency Act*: ■ **yes** ☐ **no**

If yes, estate number: **2022 01G 0709 – Interim Receiver**

- under the *Companies' Creditors Arrangement Act*: ☐ yes ■ **no**

If yes, name of court, judicial district and court file number:

- foreign proceedings: ☐ yes ■ **no**

If yes, country, name of court, judicial district and court file number: **N/A**

8. Are debtor company's shares or units publicly traded? ☐ Yes ■ no

If yes, index symbol: country:

9. Incorporation number, if applicable:

☐ Federal

■ Provincial (*Specify*:

- **Canada Fluorspar Inc. (Alberta – 60033)**
- **Canada Fluorspar (NL) Inc. (Newfoundland and Labrador – 34814)**
- **Canada Fluorspar Inc. (Ontario – 73160)**

☐ Other (*Specify*:)

10. Are there companies that are affiliated with or subsidiaries of the debtor company?

☐ yes ■ **no**

If yes, names of affiliated and subsidiary companies:

Date of the most recent consolidated financial statements of debtor company:

2020/12/31

11. The statements referred to in item 11 are:

■ audited (*Name of auditor:* ***Deloitte LLP***)

☐ unaudited

12. Book values for the debtor company set out in the statements referred to in item 11:

- Book value of total assets: **$410,915,340**

- Book value of total liabilities: **$285,778,760**
- Book value of total liabilities that are contingent: **n/a**

13. Does the debtor company participate in any prescribed pension plans for the benefit of its employees? yes **No** ☐ ■

If yes, give name of each plan and indicate whether it is a defined benefit or defined contribution plan: ____________________

14. Name, address, telephone number and e-mail address of debtor company's legal counsel:

Cox & Palmer LLP
Scotia Centre, Suite 1100,
235 Water St,
St. John's, NL
A1C 1B6
Darren O'Keefe
dokeefe@coxandpalmer.com
709-570-5509

PART 2 – INFORMATION RESPECTING MONITOR

15. Monitor's toll-free number for the proceedings, if any: **902-421-1734**

Monitor's Web page created for the proceedings, if any: **www.GrantThornton.ca/CFI**

16. Name, address, telephone number and e-mail address of monitor's legal counsel:

McInnes Cooper LLP
10 Fort William Pl., 5th Floor
Baine Johnston Centre
St. John's, NL
A1C 1K4
Geoffrey Spencer
geoffrey.spencer@mcinnescooper.com
709-722-8735

PART 3 – TO BE COMPLETED IF THERE IS A FOREIGN PROCEEDING

17. Name of foreign representative: N/A

18. Country, name of court, judicial district and court file number:

    N/A

19. Indicate whether the proceeding is

    ☐ a foreign main proceeding, or

    ☐ a foreign non-main proceeding.

20. Date of first order in foreign proceeding: (*YYYY/MM/DD*)

Dated at Halifax, Nova Scotia on March 14, 2022.

Phil Clarke, KStJ, CPA, CA, CIRP, LIT
Monitor's representative
responsible for the proceedings

TAB D

Procedures for the Sale and Investment Solicitation Process

On March 7, 2022, Canada Fluorspar Inc., and Canada Fluorspar (NL) Inc., by their Interim Receiver, Grant Thornton Limited, and Newspar (a General Partnership) (collectively the "**Company**" or the "**Applicant**") commenced proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") before the Supreme Court of Newfoundland and Labrador (in Bankruptcy and Insolvency) in the City of St. John's, in the Province of Newfoundland and Labrador (the "**Court**") pursuant to an order granted by the Court on March 11, 2022. Said order was amended and restated by the Court on March 18, 2022 (collectively, as further amended or restated from time to time, the "**Initial Order**").

Pursuant to the Initial Order, Grant Thornton Limited was appointed as monitor in the CCAA Proceedings (in such capacity, the "**Monitor**").

On March 18, 2022, the Court granted an order (the "**Bidding Procedures Order**"), authorizing the Applicant to undertake a sale and investment solicitation process ("**SISP**") for the sale of the Company's business, property, assets and undertakings (collectively, the "**Business**"). The SISP shall be conducted by the Monitor, supported by the Company as required, in the manner set forth herein.

Among other things, the Bidding Procedures Order authorizes and directs the Monitor and the Company to conduct the SISP in accordance with the bidding procedures set out herein (the "**Bidding Procedures**") governing the solicitation of offers or proposals (each a "**Bid**") for the acquisition of the Business or some portion thereof.

Defined Terms

1. Capitalized terms used in this SISP have the meanings given thereto in Appendix A.

Bidding Procedures

Opportunity

2. The SISP is intended to solicit interest in, and opportunities for: (i) one or more sales or partial sales of all, substantially all, or certain portions of the Business; and/or (ii) for an investment in, restructuring, recapitalization, refinancing or other form of reorganization of the Company or its Business. Bids considered pursuant to the SISP may include one or more of an investment, restructuring, recapitalization, refinancing or other form of reorganization of the business and affairs of the Company as a going concern or a sale (or partial sales) of all, substantially all, or certain aspects of the Business, or a combination thereof (the "**Opportunity**").

3. All interested parties are encouraged to submit bids based on any form of Opportunity that they may elect to advance pursuant to the SISP, including as a Sale Proposal or an Investment Proposal.

4. The Bidding Procedures describe the manner in which prospective bidders may gain access to due diligence materials concerning the Company and the Business, the manner in which

bidders may participate in the SISP, the requirement of and the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder and the requisite approvals to be sought from the Court in connection therewith. The Monitor shall conduct the SISP in the manner set forth herein.

The Monitor, in consultation with the Company and the DIP Lenders, may at any time and from time to time, modify, amend, vary or supplement, whether material or immaterial the SISP or the Bidding Procedures, if necessary or useful in order to give effect to the substance of the SISP, the Bidding Procedures and the Bidding Procedures Order.

The Monitor shall post on the Monitor's website, as soon as practicable, any such modification, amendment, variation or supplement to the Bidding Procedures and inform the bidders impacted by such modifications.

In the event of a dispute as to the interpretation or application of the SISP or Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute.

5. No bidder may request or receive any form of bid protection as part of any bid made pursuant to the SISP.

As more particularly set out herein, a summary of the key dates pursuant to the SISP are as follows:[1]

Event	**Date**
1. Solicitation Letter Monitor to distribute Solicitation Letter, to potentially interested parties	By no later than March 20 2022, at 5:00 p.m. (Newfoundland Standard Time)
2. CIM and VDR Monitor to prepare and have available for parties having executed the NDA (Potential Bidders) the CIM and VDR	By no later than March 23, 2022, at 5:00 p.m. (Newfoundland Standard Time), or at such later time as the Monitor, in consultation with the Company, deems appropriate
3. Phase 1 Qualified Bidders & Bid Deadline Phase 1 Bid Deadline (for delivery of non-binding LOIs by Phase 1 Qualified Bidders in accordance with the requirement of paragraph 14 of the Bidding Procedures)	By no later than April 17, 2022, at 5:00 p.m. (Newfoundland Standard Time)

[1] All capitalized terms not already defined are defined further below. Titles in the chart are for presentation purposes only.

Event	Date
4. Phase 1 Successful Bid Monitor to notify each Phase 1 Qualified Bidder in writing as to whether its bid constituted a Phase 1 Successful Bid	By no later than April 24, 2022, at 5:00 p.m. (Newfoundland Standard Time)
5. Phase 2 Bid Deadline & Qualified Bidders Phase 2 Bid Deadline (for delivery of definitive offers by Phase 2 Qualified Bidders in accordance with the requirement of paragraph 21 of the Bidding Procedures)	By no later than June 12, 2022, at 5:00 p.m. (Newfoundland Standard Time)
6. Auction Auction Commencement Date (if needed)	By no later than June 19, 2022
7. Selection of final Successful Bid Deadline for selection of final Successful Bid	By no later than June 19, 2022, at 5:00 p.m. (Newfoundland Standard Time)
8. Definitive Documentation Deadline for completion of definitive documentation in respect of Successful Bid	By no later than June 26, 2022
9. Approval Motion – Successful Bid Deadline for filing of Approval Motion in respect of Successful Bid	By no later than July 3, 2022
10. Closing – Successful Bid Anticipated deadline for closing of Successful Bid being the Target Closing Date	July 10, 2022 or such earlier date as is achievable
11. Outside Date – Closing Outside Date by which the Successful Bid must close	July 10, 2022

Solicitation of Interest: Notice of the SISP

6. As soon as reasonably practicable after the granting of the Bidding Procedures Order:

   (a) a notice of the SISP and such other relevant information which the Company, in consultation with the Monitor and the DIP Lenders, considers appropriate shall be published in the *National Post*, the *Telegram (NL)* and *The Globe & Mail* and such other publications as may be considered appropriate;

   (b) a press release setting out the notice and such other relevant information regarding the Opportunity as may be considered appropriate, shall be issued with *Canada Newswire* designating dissemination in Canada; and

   (c) any parties that have already reached out to the Monitor expressing their interest.

7. The Monitor shall send a letter describing the Opportunity (a "**Solicitation Letter**"), outlining the SISP and inviting recipients of the Solicitation Letter to express their interest pursuant to the SISP, for distribution to potential bidders as soon as practical.

Virtual Data Room

8. A confidential virtual data room (the "**VDR**") in relation to the Opportunity will be made available by the Company or the Monitor to Potential Bidders that have executed the NDA (as defined below) in accordance with paragraph 9 herein. The VDR will be made available as soon as practicable. Following the completion of "**Phase 1**", but prior to the completion of "**Phase 2**", additional information may be added to the VDR to enable Phase 2 Qualified Bidders to complete any confirmatory due diligence in respect of the Company and the Opportunity. The Monitor, in consultation with the Company and the DIP Lenders, may establish or cause the Company to establish separate VDRs (including "**clean rooms**"), if the Monitor reasonably determines that doing so would further the Company's and any Potential Bidders' compliance with applicable antitrust and competition laws, or would prevent the distribution of commercially sensitive competitive information. The Monitor may also, in consultation with the Company and the DIP Lenders, limit the access of any Potential Bidder to any confidential information in the VDR where the Monitor reasonably determines that such access could negatively impact the SISP, the ability to maintain the confidentiality of the information, the Business or its value.

PHASE 1: NON-BINDING LOIS

Phase 1 Qualified Bidders and Delivery of Confidential Information Memorandum

9. In order to participate in the SISP, and prior to the distribution of any confidential information to an interested party (including access to the VDR), such interested party must deliver to the Monitor at the address specified in Appendix B hereto (including by email) a Non Disclosure Agreement (an "**NDA**") which shall enure to the benefit of any Successful Bidder that closes a transaction contemplated by the Successful Bid. Pursuant to the terms of the NDA to be signed by a potential bidder (each potential bidder who has executed an NDA with the Monitor, a "**Potential Bidder**"), each Potential Bidder will be

prohibited from communicating with any other Potential Bidder regarding the Opportunity during the term of the SISP, without the consent of the Monitor. Prior to the Monitor executing an NDA with any potential bidder, any potential bidder may be required to provide evidence, reasonably satisfactory to the Monitor, in consultation with the Company, of its financial wherewithal to complete a transaction in respect of the Opportunity (either with existing capital or with capital reasonably anticipated to be raised prior to closing) and/or to disclose details of their ownership and/or investors. For the avoidance of doubt, a party who has executed an NDA or a joinder with a Potential Bidder for the purpose of providing financing to a Potential Bidder in connection with the Opportunity (such party a "**Financing Party**") shall not be deemed a Potential Bidder for purposes of the SISP, provided that such Financing Party undertakes to inform the Monitor in the event that it elects to act as a Potential Bidder.

10. A Potential Bidder that has executed an NDA and provided any additional information required pursuant to paragraph 9, will be deemed a "**Phase 1 Qualified Bidder**" and will be promptly notified of such classification by the Monitor.

11. The Monitor with the assistance of the Company and the DIP Lenders, as required, will prepare and send to each Phase 1 Qualified Bidder a confidential information memorandum providing additional information considered relevant to the Opportunity (a "**CIM**") as soon as practicable. The Monitor, the Company, the DIP Lenders and their respective advisors make no representation or warranty as to the information contained in the CIM or otherwise made available pursuant to the SISP.

12. The Monitor shall provide any person deemed to be a Phase 1 Qualified Bidder with access to the VDR. The Monitor, the Company, the DIP Lenders and their respective advisors make no representation or warranty as to the information contained in the VDR. The VDR shall contain a template letter of intent (the "**Template LOI**") and a template purchase and sale agreement ("**Template PSA**").

13. If a Phase 1 Qualified Bidder wishes to submit a bid, it must deliver a non-binding letter of intent (an "**LOI**") (each such LOI, provided in accordance with paragraph 14 below, a "**Phase 1 Qualified Bid**"), to the Monitor at the address specified in Appendix B hereto (including by email) so as to be received by the Monitor not later than 5:00 p.m. (Newfoundland Standard Time) on April 17, 2022, or such other date or time as may be agreed by the Monitor in consultation with the Company and the DIP Lenders (the "**Phase 1 Bid Deadline**"). To the extent possible, the Phase 1 Qualified Bid should follow the format as set out in the Template LOI.

14. An LOI submitted by a Phase 1 Qualified Bidder will only be considered a "**Phase 1 Qualified Bid**" if the LOI complies at a minimum with the following:

    (a) it has been duly executed by all required parties;

    (b) it is received by the Phase 1 Bid Deadline;

    (c) it provides written evidence, satisfactory to the Monitor, in consultation with the Company and the DIP Lenders, of the ability to consummate the transaction within the timeframe contemplated by the SISP and to satisfy any obligations or liabilities to be assumed on closing of the transaction, including, without limitation, a specific indication of the sources of capital;

(d) it identifies all proposed material conditions to closing including, without limitation, any internal, regulatory or other approvals and any form of agreement or other document required from a government body, stakeholder or other third party, and an estimate of the anticipated timeframe and any anticipated impediments for obtaining such approvals;

(e) it: (i) identifies the Qualified Phase 1 Bidder and representatives thereof who are authorized to appear and act on behalf of the Qualified Phase 1 Bidder for all purposes regarding the contemplated transaction; and (ii) fully discloses the identity of each entity or person that will be sponsoring, participating in or benefiting from the transaction contemplated by the LOI;

(f) an outline of any additional due diligence required to be conducted in order to submit a binding offer;

(g) it clearly indicates:

(i) that the Phase 1 Qualified Bidder is seeking to acquire all or substantially all of the Business whether through an asset purchase, a share purchase or a combination thereof (either one being, a "**Sale Proposal**") or some other portion of the Business (a "**Partial Sale Proposal**"); and/or

(ii) whether the Phase 1 Qualified Bidder is offering to make an investment in, restructure, recapitalize, reorganize or refinance the Company or their business (an "**Investment Proposal**");

(h) it contains such other information as may be reasonably requested by the Monitor, in consultation with the Company and the DIP Lenders;

(i) it does not provide for any break fee or expense reimbursement;

(j) in the case of a Sale Proposal, it identifies or contains the following:

(i) the purchase price or price range and key assumptions supporting the valuation and the anticipated amount of cash payable on closing of the proposed transaction;

(ii) any contemplated purchase price adjustment;

(iii) a description of the specific assets that are expected to be subject to the transaction and any assets or obligations expected to be excluded;

(iv) a description of those liabilities and obligations (including operating liabilities, obligations to employees, and reclamation obligations) which the

Phase 1 Qualified Bidder intends to assume and which such liabilities and obligations it does not intend to assume;

(v) information sufficient for the Monitor, in consultation with the Company and the DIP Lenders, to determine that the Phase 1 Qualified Bidder has sufficient ability to satisfy and perform any liabilities or obligations assumed pursuant to subparagraph (iv) above; and

(vi) any other terms or conditions of the Sale Proposal that the Phase 1 Qualified Bidder believes are material to the transaction; and

(k) in the case of an Investment Proposal, it identifies the following:

(i) a description of how the Phase 1 Qualified Bidder proposes to structure the proposed investment, restructuring, recapitalization, refinancing or reorganization;

(ii) the aggregate amount of the equity and/or debt investment to be made in the Company or their business;

(iii) the underlying assumptions regarding the *pro forma* capital structure;

(iv) a description of those liabilities and obligations (including operating liabilities, obligations to employees, and reclamation obligations) which the Phase 1 Qualified Bidder intends to assume and which such liabilities and obligations it does not intend to assume;

(v) information sufficient for the Monitor, in consultation with the Company, to determine that the Phase 1 Qualified Bidder has sufficient ability to satisfy and perform any liabilities or obligations assumed pursuant to subparagraph (iv) above; and

(vi) any other terms or conditions of the Investment Proposal that the Phase 1 Qualified Bidder believes are material to the transaction.

15. Notwithstanding the foregoing, the Monitor in consultation with the Company and the DIP Lenders may waive compliance with any one or more of the requirements in paragraph 14 and deem any such non-compliant LOI to be a Phase 1 Qualified Bid, provided that doing so shall not constitute a waiver by the Monitor of the requirements of paragraph 14 or an obligation on the part of the Monitor to designate any other LOI as a Phase 1 Qualified Bid. The Monitor will be under no obligation to negotiate identical terms with, or extend identical terms to, each Phase 1 Qualified Bidder;

Assessment of Phase 1 Qualified Bids and Subsequent Process

16. The Monitor, in consultation with the Company and the DIP Lenders, may, following the receipt of any LOI, seek clarification with respect to any of the terms or conditions of such LOI and/or request and negotiate one or more amendments to such LOI prior to

determining if the LOI should be considered a Phase 1 Qualified Bid or a Phase 1 Successful Bid (as defined below).

17. Following the Phase 1 Bid Deadline, the Monitor shall determine, in accordance with the requirements of paragraph 14 and in consultation with the Company, the LOI(s) that are selected as the most favourable Phase 1 Qualified Bid(s), which Phase 1 Qualified Bid(s) shall be deemed a "**Phase 1 Successful Bid(s)**" and which Phase 1 Qualified Bidder(s) accordingly shall be deemed a "**Phase 2 Qualified Bidder(s)**". For greater certainty, there can be more than one Phase 1 Qualified Bid that may be determined as being a Phase 1 Successful Bid, and more than one Phase 1 Qualified Bidder that may be determined as being a Phase 2 Qualified Bidder.

18. Only Phase 2 Qualified Bidders – being those that have submitted a Phase 1 Successful Bid – shall be permitted to proceed to Phase 2 of the SISP.

19. The Monitor shall notify each Phase 1 Qualified Bidder in writing as to whether its Phase 1 Qualified Bid constituted a Phase 1 Successful Bid – such that it is a Phase 2 Qualified Bidder – within five (5) Business Days of the Phase 1 Bid Deadline, or at such later time as the Monitor deems appropriate, in consultation with the Company.

20. Without limiting the provisions governing amendment of the SISP set out in paragraph 32 below, and notwithstanding the process and timeline for Phase 1, the process to identify and designate Phase 2 Qualified Bidders and the terms upon which Phase 2 may be continued as described below, the Monitor may at any time before or after the Phase 1 Bid Deadline, determine that Phase 2 is not required and may proceed to execute a definitive agreement (which shall be subject to Court approval) with respect to a transaction contemplated in a Phase 1 Qualified Bid submitted at any time on or before the Phase 1 Bid Deadline.

PHASE 2: FORMAL OFFERS AND REMOVAL OF CONDITIONS

Formal Binding Offers

21. Any Phase 2 Qualified Bidder that wishes to make a formal offer with respect to his/her/its Sale Proposal or Investment Proposal shall submit a binding offer (a "**Binding Offer**"): (a) in the case of a Sale Proposal, in the form of the Template PSA provided in the VDR, along with a marked version showing edits to the original form of Template PSA provided in the VDR; or (b) in the case of an Investment Proposal, a plan or restructuring support agreement in form and substance satisfactory to the Monitor, in consultation with the Company and the DIP Lenders (each, such Binding Offer submitted in accordance with paragraph 22 below, a "**Phase 2 Qualified Bid**") in each case to the Monitor, at the address specified in Appendix B hereto (including by email) so as to be received by the Monitor not later than 5:00 p.m. (Newfoundland Standard Time) on June 12, 2022, or such other date or time as may be agreed by the Monitor in consultation with the Company and the DIP Lenders (as may be extended, the "**Phase 2 Bid Deadline**").

22. A Binding Offer will only be considered as a Phase 2 Qualified Bid if the Binding Offer:

(a) has been received by the Phase 2 Bid Deadline;

(b) is a Binding Offer: (i) to purchase all, substantially all, or a portion of the Business; and/or (ii) to make an investment in, restructure, recapitalize, reorganize or refinance the Company or their business, on terms and conditions reasonably acceptable to the Company and the DIP Lenders;

(c) identifies all executory contracts of the Company that the Phase 2 Qualified Bidder will assume and clearly describes, for each contract or on an aggregate basis, how all monetary defaults and non-monetary defaults will be remedied, as applicable;

(d) is not subject to any financing conditionality;

(e) is unconditional, other than upon the receipt of the Approval Order(s) (as defined below) and satisfaction of any other conditions expressly set forth in the binding offer;

(f) includes acknowledgments and representations of the Phase 2 Qualified Bidder that it: (i) has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Business in making its Binding Offer; (iii) did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Opportunity or the completeness of any information provided in connection therewith, other than as expressly set forth in the Binding Offer or other transaction document submitted with the Binding Offer; and (iv) promptly will commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities;

(g) the Binding Offer must be accompanied by a letter that confirms that the Binding Offer: (i) may be accepted by the Monitor by countersigning the Binding Offer, and (ii) is irrevocable and capable of acceptance until the earlier of (A) two business days after the date of closing of the Successful Bid; and (B) the Outside Date;

(h) does not provide for any break fee or expense reimbursement;

(i) is accompanied by a deposit in the amount of not less than **5%** of the cash purchase price payable on closing or total new investment contemplated, as the case may be (the "**Deposit**"), along with acknowledgement that if the Phase 2 Qualified Bidder is selected as the Successful Bidder (as defined below), that the Deposit will be non-refundable subject to approval of the Successful Bid (as defined below) by the Court and the terms described in paragraph 31 below;

(j) contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on or before July 10 2022, or such earlier date as is practical for the parties to close the contemplated transaction, following the satisfaction or waiver of the conditions to closing (the "**Target Closing Date**") and in any event no later than July 10, 2022 (the "**Outside Date**"); and

(k) contains an agreement that the Phase 2 Qualified Bidder submitting such bid, if not chosen as the Successful Bidder, shall serve, without modification to such bid, as a Backup Bidder (as defined below), in the event the Successful Bidder fails to close.

23. The Monitor shall not purport to waive strict compliance with any one or more of the requirements specified above (for greater certainty, other than paragraph 21(c) above and paragraph 32 below and deem any such non-compliant Binding Offer to be a Phase 2 Qualified Bid.

Selection of Successful Bid

24. The Monitor, in consultation with the Company and the DIP Lenders, may, following the receipt of any Binding Offer, seek clarification with respect to any of the terms or conditions of such Binding Offer and/or request and negotiate one or more amendments to such Binding Offer prior to determining if the Binding Offer should be considered a Phase 2 Qualified Bid.

25. The Monitor, in consultation with the Company and the DIP Lenders, will: (a) review and evaluate each Phase 2 Qualified Bid; and (b) identify the highest or otherwise best bid (the "**Successful Bid**", and the Phase 2 Qualified Bidder making such Successful Bid, the "**Successful Bidder**") pursuant to the paragraphs below. Any Successful Bid shall be subject to approval by the Court.

26. In the event there is at least two Phase 2 Qualified Bids, the Successful Bid shall be identified through an Auction.

27. Auction: In the event that an auction (the "**Auction**") is required in accordance with the terms of this SISP, it shall be conducted in accordance with the procedures set forth in this paragraph:

(a) The Auction shall commence at a time to be designated by the Monitor, no later than June 19, 2022, and may, in the discretion of the Monitor, be held virtually due to the COVID-19 pandemic via videoconference, teleconference or such other reasonable means as the Monitor deems appropriate. The Monitor and the Company shall work in good faith with the parties entitled to attend the Auction to arrange for the Auction to be so held. The Monitor reserves the right to cancel or postpone the Auction in the consultation with the DIP Lenders.

(b) The identity of each Phase 2 Qualified Bidder participating in the Auction will be disclosed, on a confidential basis, to each other Phase 2 Qualified Bidder participating in the Auction.

(c) Except as otherwise permitted in the Monitor's discretion, only the Company, the Dip Lenders, the Monitor and the Phase 2 Qualified Bidders, and, in each case, their respective professionals shall be entitled to attend the Auction. Only a Phase 2 Qualified Bidder is eligible to participate in the Auction.

(d) Phase 2 Qualified Bidders shall appear at the Auction, or through a duly authorized representative.

(e) Except as otherwise set forth herein, the Monitor, in consultation with the Company and the DIP Lenders, may waive and/or employ and announce at the Auction additional rules, including rules to facilitate the participation of parties participating in an aggregated bid, that are reasonable under the circumstances for conducting the Auction, provided that such rules are: (i) not inconsistent with the Initial Order, the SISP, the Bidding Procedures, the DIP, the CCAA, or any order of the Court entered in connection with the CCAA Proceedings; (ii) disclosed to each Phase 2 Qualified Bidder; and (iii) designed, in the Monitor's business judgment, to result in the highest and otherwise best offer.

(f) The Monitor will arrange for the actual bidding at the Auction to be transcribed or recorded. Each Phase 2 Qualified Bidder participating in the Auction shall designate a single individual to be its spokesperson during the Auction.

(g) Each Phase 2 Qualified Bidder participating in the Auction must confirm on the record, at the commencement of the Auction and again at the conclusion of the Auction, that it has not engaged in any collusion with the Company or any other person regarding the SISP that has not been disclosed to all other Phase 2 Qualified Bidders.

(h) Prior to the Auction, the Monitor shall identify, in consultation with the Company and the DIP Lenders, the highest and best of the Phase 2 Qualified Bids received and such Phase 2 Qualified Bid shall constitute the opening bid for the purposes of the Auction (the "**Opening Bid**"). Subsequent bidding will continue in minimum increments valued at not less than **$[250,000]** cash in excess of the Opening Bid. For the purposes of facilitating bidding, the Monitor may ascribe a monetary value to non-cash considerations, including by way of example, to different levels of conditionality to closing. Each Phase 2 Qualified Bidder shall provide evidence of its financial wherewithal and ability to consummate the transaction at the increased purchase price, if so requested by the Monitor. Further, in the event that an Aggregated Bid qualifies to participate in the Auction, modifications to the bidding requirements may be made by the Monitor to facilitate bidding by the participants in the Aggregated Bid.

(i) All Phase 2 Qualified Bidders shall have the right to, at any time, request that the Monitor announce, subject to any potential new bids, the then-current highest and best bid and, to the extent requested by any Phase 2 Qualified Bidder, use reasonable efforts to clarify any and all questions such Phase 2 Qualified Bidder may have regarding the Monitor's announcement of the then-current highest and best bid.

(j) Each participating Phase 2 Qualified Bidder shall be given reasonable opportunity to submit an overbid at the Auction to any then-existing overbids. The Auction shall continue until the bidding has concluded and there is one remaining Phase 2 Qualified Bidder that the Monitor, in consultation with the Company and the DIP Lenders, determine has submitted the highest and otherwise best Phase 2 Qualified Bid of the Auction. At such time and upon the conclusion of the bidding, the Auction shall be closed and the final remaining Phase 2 Qualified Bidder shall be the Successful Bidder.

(k) Upon selection of a Successful Bidder, the Monitor shall require the Successful Bidder to deliver as soon as practicable an amended and executed transaction document that reflects its final bid and any other modifications submitted and agreed to during the Auction, prior to the filing of the application material for the hearing to consider the Approval Motion (as defined below).

(l) The Monitor shall not consider any bids submitted after the conclusion of the Auction.

28. The final Successful Bid and the Backup Bid (as defined below) shall be selected by no later than June 19, 2022 and the definitive documentation in respect of the Successful Bid must be finalized and executed no later than June 26, 2022, which definitive documentation shall be conditional only upon the receipt of the Approval Order(s) and the express conditions set out therein and shall provide that the Successful Bidder shall use all reasonable efforts to close the proposed transaction by no later than the Target Closing Date, or such longer period as shall be agreed to by the Monitor in consultation with the Company, the DIP Lenders and the Successful Bidder. In any event, the Successful Bid must be closed by no later than the Outside Date, unless with the authorization of the DIP Lenders, acting reasonably.

29. Notwithstanding anything in the SISP to the contrary, if an Auction is conducted, the Phase 2 Qualified Bidder with the next highest or otherwise best Phase 2 Qualified Bid at the Auction, as determined by the Monitor will be designated as the backup bidder (the "**Backup Bidder**"). The Backup Bidder shall be required to keep its initial Phase 2 Qualified Bid (or if the Backup Bidder submitted one or more overbids at the Auction, the Backup Bidder's final overbid) (the "**Backup Bid**") open until the earlier of: (A) two business days after the date of closing of the Successful Bid; and (B) the Outside Date.

Approval of Successful Bid

30. The Monitor shall apply to the Court (the "**Approval Motion**") for one or more orders: (i) approving the Successful Bid and the Backup Bid (as applicable) and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby; and (ii) granting a vesting order and/or reverse vesting order to the extent that such relief is contemplated by the Successful Bid or the Backup Bid, as applicable, so

as to vest title to any purchased assets in the name of the Successful Bidder or the Backup Bidder (as applicable) and/or vesting unwanted liabilities out of one or more of the Company (collectively, the "**Approval Order(s)**"). The Approval Motion will be held on a date to be scheduled by the Monitor and confirmed by the Court upon application by the Monitor, who shall use their best efforts to schedule the Approval Motion on or before July 3, 2022, subject to Court availability. The Approval Motion may be adjourned or rescheduled by the Monitor without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the service list of the CCAA Proceedings prior to the Approval Motion.

31. All Phase 2 Qualified Bids (other than the Successful Bid) shall be deemed rejected on and as of the date of the closing of the Successful Bid, with no further or continuing obligation of the Monitor to any unsuccessful Phase 2 Qualified Bidders.

Deposits

32. The Deposit(s):

(a) shall, upon receipt from the Phase 2 Qualified Bidder(s), be retained by the Monitor and deposited in a non-interest-bearing trust account.

(b) received from the Successful Bidder, shall:

(i) be applied to the purchase price to be paid by the applicable Successful Bidder whose Successful Bid is the subject of the Approval Order(s), upon closing of the approved transaction; and

(ii) shall otherwise be held and refundable in accordance with the terms of the definitive documentation in respect of any Successful Bid, provided that all such documentation shall provide that the Deposit shall be retained by the Monitor and forfeited by the Successful Bidder, if the Successful Bid fails to close by the Outside Date, and such failure is attributable directly to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of the Successful Bid;

(c) received from the Backup Bidder, unless it is subsequently selected as the Successful Bidder, shall be fully refunded, to the Backup Bidder on or before the earlier of: (i) two (2) Business Days after the date of the closing to the Successful Bid; or (ii) July 17, 2022; and

(d) received from the Phase 2 Qualified Bidder(s) that are not the Successful Bidder or the Backup Bidder shall be fully refunded, to the Phase 2 Qualified Bidder(s) that paid the Deposit(s) as soon as practical following the selection of the Successful Bidder and in any event no later than July 17, 2022.

Amendment

33. The Monitor shall have the right at any time, in consultation with the Company and the DIP Lenders, to: (i) make material amendments to the SISP (including by extending the Phase 1 Bid Deadline or the Phase 2 Bid Deadline); and (ii) make non-material amendments to the SISP, in each case if, in the Monitor's reasonable judgment in consultation with the Company and/or the DIP Lenders, such material or non-material amendment will enhance the procedure for conducting the SISP or maximize the value of a transaction pursuant to the SISP. The Monitor shall advise the Service List in the CCAA Proceedings of any material amendment to the SISP. Without limiting the foregoing and notwithstanding the process and timeline for Phase 1 and the continuation of the SISP into Phase 2, the Monitor may at any time during Phase 1 or Phase 2: (i) subject to Court approval, enter into a stalking horse agreement involving a transaction with respect to some or all of the Business with a party identified through the SISP or otherwise; or (ii) subject to Court approval, enter into a definitive agreement with respect to a transaction involving some or all of the Business with a party identified through the SISP or otherwise and suspend or terminate the SISP.

"As is, Where is"

34. Any sale (or sales) of the Business will be on an "**as is, where is**" basis except for representations and warranties that are customarily provided in purchase agreements for a company subject to CCAA proceedings and any such representations and warranties provided for in the definitive documents shall not survive closing.

Free of Any and All Claims And Interests

35. In the event of a sale, to the extent permitted by law, all of the rights, title and interests of the Company in and to the Business to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the "**Claims and Interests**") pursuant to section 36(6) of the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such Business (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant transaction documents with a Successful Bidder.

Credit Bidding

36. Any party or parties holding a valid, enforceable, and properly perfected security interest in the Business may, subject in all respects to such party's compliance with the Bidding Procedures, credit bid the amount of debt secured by such lien as part of any transaction contemplated by the Bidding Procedures; provided, however, that such transaction shall also provide for the indefeasible and irrevocable repayment in full in cash on the date of closing of any such transaction of any and all obligations: (i) owing to the DIP Lenders; (ii) owing pursuant to any charges granted by the Court in the CCAA Proceedings; and (iii) secured by a security interest in the Business that is to be acquired under such transaction that is senior to the security interest held in such Business by the party

submitting such credit bid unless the holder or indenture trustee or agent of any such senior security interest otherwise agrees. Nothing contained in this paragraph 34 is intended to, or shall, alter or amend the rights, terms or obligations under any intercreditor agreement or other form of agreement in respect of existing indebtedness of the Company.

Confidentiality

37. For greater certainty other than as shall be required in connection with any Auction or Approval Motion, neither the Company nor the Monitor will share: (i) the identity of any Potential Bidder, or Phase 1 Qualified Bidder; or (ii) the terms of any bid, LOI, Phase 1 Qualified Bid, Sale Proposal, Investment Proposal or Phase 2 Qualified Bid, with any other bidder without the consent of such party (including by way of email).

Further Orders

38. At any time during the SISP, the Monitor may apply to the Court for advice and directions with respect to any aspect of this SISP and the Bidding Procedures including, but not limited to, the continuation of the SISP or with respect to the discharge of its powers and duties hereunder.

Additional Terms

39. In addition to any other requirement of these Bidding Procedures:

(a) The Monitor, as applicable, shall at all times prior to the selection of a Successful Bid use commercially reasonable efforts to facilitate a competitive bidding process in the SISP including, without limitation, by actively soliciting participation by all persons who would be customarily identified as high potential bidders in a process of this kind or who may be reasonably proposed by any of the Monitor, the DIP Lenders or the Company's stakeholders as a high potential bidder.

(b) Any consent, approval or confirmation to be provided by the Company and/or the Monitor is ineffective unless provided in writing and any approval required pursuant to the terms hereof is in addition to, and not in substitution for, any other approvals required by the CCAA or as otherwise required at law in order to implement a Successful Bid. For the avoidance of doubt, a consent, approval or confirmation provided by email shall be deemed to have been provided in writing for the purposes of this paragraph.

(c) All Phase 1 Qualified Bidders and Phase 2 Qualified Bidders shall at all times be granted information, access and facilitation that is no less complete and timely than is granted by the Monitor, or their representatives, to other Phase 1 Qualified Bidders and Phase 2 Qualified Bidders pursuant to the SISP. This shall include, without limitation, reasonable access to the Company's books, records, financial information, management, advisors and business partners. The Monitor shall review all information and materials provided by the Company or its representatives to the DIP Lenders or their representatives pursuant to the DIP and, to the extent that the Monitor, in consultation with the Company, is of the view that any such information or materials are materially relevant to a Potential Bidder or Phase 1 Qualified Bidder or Phase 2 Qualified Bidder, then such information or materials shall be promptly posted to the VDR or otherwise made available to all Potential Bidders, Phase 1 Qualified Bidders and Phase 2 Qualified Bidders. Nothing in this paragraph creates binding obligations of third parties.

(d) Nothing in this SISP shall require that a Successful Bid, Backup Bid or any other bid must be approved by the Court. The Court at all times retains the discretion to direct the clarification, termination, extension or modification of the SISP and Bidding Procedures on application of any interested party.

(e) Prior to the seeking of Court approval for any transaction or bid contemplated by this SISP, the Monitor will provide a report to the Court on the SISP process, parts of which may be filed under seal, including in respect of any and all bids received.

APPENDIX A
DEFINED TERMS

"**Applicant**" shall have the meaning set forth in the preamble.

"**Approval Motion**" shall have the meaning set forth in paragraph 29.

"**Approval Order(s)**" shall have the meaning set forth in paragraph 29.

"**Auction**" shall have the meaning set forth in paragraph 26.

"**Backup Bid**" shall have the meaning set forth in paragraph 28.

"**Backup Bidder**" shall have the meaning set forth in paragraph 28.

"**Bid**" shall have the meaning set forth in the preamble.

"**Bidding Procedures**" shall have the meaning set forth in the preamble.

"**Bidding Procedures Order**" shall have the meaning set forth in the preamble.

"**Binding Offer**" shall have the meaning set forth in paragraph 20.

"**Business**" shall have the meaning set forth in the preamble.

"**Business Day**" means a day on which banks are open for business in St. John's, Newfoundland and Labrador but does not include a Saturday, Sunday or statutory holiday in the Province of Newfoundland and Labrador.

"**CCAA**" shall have the meaning set forth in the preamble.

"**CCAA Proceedings**" shall have the meaning set forth in the preamble.

"**CIM**" "shall have the meaning set forth in paragraph 11.

"**Claims and Interests**" shall have the meaning set forth in paragraph 33.

"**Court**" shall have the meaning set forth in the preamble.

"**Deposit**" shall have the meaning set forth in paragraph 21(i).

"**DIP**" means the DIP Financing Agreement dated March 11, 2022 among Grant Thornton Limited, as the Monitor/Interim Receiver of the Company and the lenders party thereto from time to time providing for DIP financing.

"**DIP Lenders**" means, collectively, Bridging Finance Inc. and/or an affiliate to be named, and Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Industry, Energy and Technology, each in its capacity as lender under the DIP.

"**Financing Party**" shall have the meaning set forth in paragraph 9.

"**Initial Order**" shall have the meaning set forth in the preamble.

"**Investment Proposal**" shall have the meaning set forth in paragraph 14(g)(ii).

"**LOI**" shall have the meaning set forth in paragraph 13.

"**Monitor**" shall have the meaning set forth in the preamble.

"**NDA**" shall have the meaning set forth in paragraph 9.

"**Opening Bid**" shall have the meaning set forth in paragraph 26(h)26(h).

"**Opportunity**" shall have the meaning set forth in paragraph 2.

"**Outside Date**" shall have the meaning set forth in paragraph 21(j).

"**Partial Sale Proposal**" shall have the meaning set forth in paragraph 14(g)(i).

"**Phase 1**" shall have the meaning set forth in paragraph 8.

"**Phase 1 Bid Deadline**" shall have the meaning set forth in paragraph 13.

"**Phase 1 Qualified Bid**" shall have the meaning set forth in paragraph 13.

"**Phase 1 Qualified Bidder**" shall have the meaning set forth in paragraph 10.

"**Phase 1 Successful Bid**" shall have the meaning set forth in paragraph 17.

"**Phase 2**" shall have the meaning set forth in paragraph 8.

"**Phase 2 Bid Deadline**" shall have the meaning set forth in paragraph 20.

"**Phase 2 Qualified Bid**" shall have the meaning set forth in paragraph 20.

"**Phase 2 Qualified Bidder**" shall have the meaning set forth in paragraph 17.

"**Potential Bidder**" shall have the meaning set forth in paragraph 9.

"**Sale Proposal**" shall have the meaning set forth in paragraph 14(g)(i).

"**SISP**" shall have the meaning set forth in the preamble.

"**Successful Bid**" shall have the meaning set forth in paragraph 24.

"**Successful Bidder**" shall have the meaning set forth in paragraph 24.

"**Target Closing Date**" shall have the meaning set forth in paragraph 21(j).

"**Solicitation Letter**" shall have the meaning set forth in paragraph 7.

"**Template LOI**" shall have the meaning set forth in paragraph 12.

"**Template PSA**" shall have the meaning set forth in paragraph 12.

"**VDR**" shall have the meaning set forth in paragraph 8.

APPENDIX B

TO the Company:

Canada Fluorspar Inc., Canada Fluorspar (NL) Inc, and Newspar (a General Partnership)

with a copy to:

Cox & Palmer

Attention: **Darren O'Keefe and Allison Philpott**
Email: dokeefe@coxandpalmer.com and aphilpott@coxandpalmer.com

TO THE MONITOR:

Grant Thornton Limited

Attention: **Phil Clarke and Sean MacNeil**
Email: phil.clarke@ca.gt.com and sean.macneil@ca.gt.com

with a copy to:

McInnes Cooper

Attention: **Meghan King and Geoff Spencer**
Email: meghan.king@mcinnescooper.com and geoff.spencer@mcinnescooper.com

TAB E

Robert J. Kennedy
Partner

robert.kennedy@dentons.com
D +1 416 367 6756

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON, Canada M5K 0A1

dentons.com

March 11, 2022

File No.: 207871-984

Delivered Via Courier

PRIVATE & CONFIDENTIAL

Canada Fluorspar (NL) Inc.
1 Clarke's Pond Road
St. Lawrence, Newfoundland
A0E 2V0

Dear Sir / Madam:

Re: **Credit Facilities Extended by HSBC Bank Canada to Canada Fluorspar (NL) Inc.**

We are counsel to HSBC Bank Canada (the "**Lender**") in connection with the credit facilities the Lender has extended to Canada Fluorspar (NL) Inc. ("**Fluorspar**").

In this regard, reference is made to the following agreements made between the Lender and Fluorspar:

1. Facility Letter dated August 28, 2018, as amended, between the Lender and Fluorspar;

2. Trade Invoice Recourse Financing Facility Agreement dated May 25, 2018, as amended, between the Lender and Fluorspar;

3. Letters of Credit issued by the Lender, on behalf of Fluorspar; and

4. General Security Agreement dated May 25, 2018, between the Lender and Fluorspar.

On behalf of the Lender, we hereby demand repayment of all amounts due and owing by Fluorspar to the Lender under the foregoing agreements, namely the amount of U.S.$11,881,582.05, plus discounting charges in the amount of U.S.$13,263.33, plus Mastercard charges in the amount of CDN$64,435.78, as of March 11, 2022, plus all accruing interest and incurred legal costs. Please note that this amount will continue to accrue interest at the rates agreed to, and costs and expenses will continue to be incurred by the Lender for which Fluorspar will be responsible, until payment of all amounts owing hereunder is received by the Lender. If full payment is not received by the close of business on March 21, 2022, the Lender will take whatever steps it deems appropriate to seek repayment of the said amount. To this end, we enclose for service upon you, a Notice of Intention to Enforce Security in accordance with section 244 of the *Bankruptcy and Insolvency Act (Canada)* (the "**Notice of Intention**"). If you are prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 on the Notice of Intention and return to the undersigned as soon as possible.

Please note that the Lender reserves its rights to proceed against you prior to the time stipulated above in the event that it determines that its position is further jeopardized.

If you have any questions or concerns, please contact the undersigned.

Yours truly,

Dentons Canada LLP

Robert J. Kennedy
Partner

RJK/ac

Enclosure

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

TO: Canada Fluorspar (NL) Inc., an insolvent company (the "**Debtor**")

TAKE NOTICE THAT:

1. HSBC Bank Canada (the "**Lender**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:

   (a) all present and after acquired real and personal property of the Debtor; and

   (b) all proceeds of the foregoing collateral.

2. The security that is to be enforced is in the form of a:

   (a) General Security Agreement dated May 25, 2018, between the Lender and the Debtor (the "**Security**").

3. The total amount of indebtedness secured by the Security is, as of March 11, 2022, the sum of U.S$11,894,845.38, and CDN$64,435.78, plus all accrued interest and legal costs incurred to date.

4. The Lender will not have the right to enforce its Security until after the expiry of the ten day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Toronto, in the Province of Ontario, this 11th day of March, 2022.

DENTONS CANADA LLP, solicitors and agents
for HSBC Bank Canada

Per: ______________________________
Robert J. Kennedy

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

1. Acknowledges receipt of the Notice herein;

2. Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

3. Consents to the immediate enforcement by Canada Fluorspar (NL) Inc. of the Security referred to herein.

DATED this _______ day of March, 2022.

CANADA FLUORSPAR (NL) INC.

____
Name:
Title