

2022 01G
IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF an application of
Canada Fluorspar (NL) Inc., and Canada
Fluorspar Inc., by their Court Appointed
Interim Receiver, Grant Thornton Limited

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

AFFIDAVIT OF PHIL CLARKE

SUMMARY OF CURRENT DOCUMENT

Court File Number(s):	2022 01G
Date of Filing of Document:	March 8, 2022
Name of Party Filing or Person:	Grant Thornton Limited, in its capacity as Court Appointed interim receiver (the " Interim Receiver " or " Applicant ") of the Company (as defined below)
Application to which Document being filed relates:	Interlocutory Application (Inter Partes) filed by the Applicant
Statement of Purpose in filing:	Interlocutory Application seeking appointment of Grant Thornton Limited as Monitor of the Company pursuant to the CCAA, seeking enhanced powers of the Monitor, seeing an Administrative Charge and seeking approval of the DIP Financing Agreement,
Court Sub-File Number, if any	N/A

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Creditors Arrangement Act, R.S.C. 1985, C.
c-36, as amended

AFFIDAVIT OF PHIL CLARKE

I, Phil Clarke, KStJ, CPA, CA, CIRP, LIT, of Halifax, in the Province of Nova Scotia,
MAKE OATH AND SAY THAT:

1. I am a Partner with Grant Thornton Limited, Interim Receiver of the property of Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., (collectively, the "**Company**").
2. The facts stated in this Affidavit are based on my knowledge of the Company and its business and affairs since being appointed as Interim Receiver on February 21, 2022, as well as information received from other individuals, including but not limited to former directors, officers and/or employees of the Company. Where I have relied upon information from others, I have stated the source of such information and I believe the information to be true.

I. OVERVIEW

3. This affidavit is sworn in support of an application made by the Interim Receiver of the Company pursuant to the *Companies' Creditors Arrangement Act* (Canada) R.S.C. 1985, c. C-36, as amended (the "**CCAA**").
4. I have reviewed the within application and the facts contained therein are true to the best of my knowledge, information and belief.

II. DESCRIPTION OF THE COMPANY

5. Canada Fluorspar (NL) Inc. is a company incorporated under the laws of the Province of Newfoundland and Labrador, and Canada Fluorspar Inc., is a company incorporated under the laws of the Province of Ontario and is extra-provincially registered in Newfoundland and Labrador. Newspar (NL) is a general partnership of which Canada Fluorspar (NL) Inc. is a 99.999% partner. Canada Fluorspar Inc. has been 100% owned by Golden Gate Capital ("GGC"), an American private equity firm, since 2014.

6. The Company's chief place of business is the Province of Newfoundland and Labrador, where all of its operational assets are located.

7. The Company is one of the few active producer of fluorspar in Canada and the United States. The Company is developing the St. Lawrence Fluorspar Mine Project in St. Lawrence, Newfoundland and Labrador, to mine high-quality fluorspar ore from the AGS Vein to produce acid-grade fluorspar concentrate and export to domestic and international markets. This is known as the AGS Fluorspar Project, discovered in 2013.

8. The current estimate of ore in the AGS Vein is expected to operate for approximately 10 years. The Company also has other fluorspar ore bodies in the vicinity of the AGS Fluorspar Project, which could be mined after the AGS Vein has been exhausted.

9. The fluorspar deposits of St. Lawrence are known for accessibility, high grades, and absence of impurities. The location of the AGS Fluorspar Project, with an ice-free, deep-water harbour close to the major North Atlantic and European shipping routes, enhances its strategic position.

10. Since 2018, shipments have been loaded from a pier in Marystown, Newfoundland and Labrador. However, in July 2021, the Company loaded its first shipment from its new Blue Beach Marine Terminal, 5 kilometers from the mine site in St. Lawrence.

11. Fluorspar is an essential mineral to many industries and applications, including lithium ion batteries; solar panels; refrigeration and air conditioners; high-performance polymers for aerospace; automotive and electronics applications; high-strength and purity glass for smart

phones and electronic devices; pharmaceuticals, anesthetics and medical devices; fire retardants and welding consumables; and steel and aluminum production.

12. In addition to mine development at the AGS Fluorspar Project and the Marine Terminal at Blue Beach Cove, the Company also operates the following:

- A Mill Facility with a production capacity of up to 200,000 tonnes per year of acidspar concentrate;
- Infrastructure to support the mine and mill, including access roads, conveyors, an administration building, a warehouse and maintenance building, employee facilities, a concentrate storage building, a security building, and an electrical building; and
- A Tailings Management Facility to store 2.8 million tonnes of flotation tailings over the life of the AGS Fluorspar Project.

III. EMPLOYEES

13. As a result of the financial difficulties facing the Company, approximately 229 employees were terminated by the Company immediately prior to and just after the appointment of the Interim Receiver on February 21, 2022. The Interim Receiver has terminated 7. As at the date of this Affidavit, there are 45 employees still employed by the Company.

14. Prior to February 21, 2022, the Company employed approximately 280 people in St. Lawrence, Newfoundland and Labrador. Of the total, 94% of these employees were from the Burin Peninsula, 98% are from the Province of Newfoundland and Labrador, and 18% of the workforce was female with 10% in managerial, technical, supervisory, and operational roles.

15. Between January 2016 and June 2021, the Company has spent over \$550 Million in (direct) value of goods and services, with 60% spent in Newfoundland and Labrador. There was in excess of \$115 Million paid to workers from the Province of Newfoundland and Labrador.

V. THE COMPANY'S FINANCIAL POSITION

16. Attached to this Affidavit as Exhibit A is the Company's Financial Statements dated December 23, 2021 for the period ending December 31, 2020. The financial statements do not appear to be approved by the board. (the "**Financial Statements**").

17. As appears from the Financial Statements, as at December 31, 2020, the assets of the Company have a net book value of \$410,915,340. As appears from the Financial Statements, as at December 31, 2020, the liabilities of the Company have a net book value of approximately \$285,778,760]. As at December 31, 2020 the Company only had \$301,161 in available cash, a working capital deficit of \$81,855,613, and a cumulative retained earnings deficit of \$38,561,308.

18. The Company had been experiencing liquidity challenges and experienced substantial operating losses over the calendar year 2021 and into 2022 and had been supported by its majority shareholder. As noted in the financial statements dated December 23, 2021, the Company had a loss in 2020 of \$29,241,211 and received additional financing from January 1, 2021 through to December 23, 2021 in the amount of \$17,320,037 USD.

19. The additional financing provided by the majority shareholder continued into February 2022, at which point that shareholder declined to provide continued financial support for ongoing obligations and investment purposes.

20. Without the continued support of the majority shareholder, the Company had limited cash available, and no known short-term prospect for additional financing. At that time of the application by Bridging Finance Inc. ("**BFI**"), the Company had approximately \$1,800,000 in cash in the bank with \$800,000 due to be paid to employees on February 25, 2022 for the pay period ending February 18, 2022.

21. On February 19, 2022, the Company's board of directors passed a resolution to make application pursuant to the CCAA as a result of the liquidity crisis. Subsequent to this meeting and prior to the hearing to appoint an Interim Receiver on February 22, 2022, all the directors resigned.

22. Discussions between BFI and the Province of Newfoundland and Labrador ("**PNL**") continued and it was determined that an Interim Receiver could be a mechanism to both protect

the assets of the Company, and seek a stay of proceedings to give BFI and PNL and other stakeholders time to determine if they were willing to provide additional funding to provide the Company an opportunity to restructure its affairs.

23. BFI made application to the Supreme Court of Newfoundland and Labrador to have Grant Thornton Limited ("GTL") appointed as Interim Receiver, which was granted, and GTL was appointed the Interim Receiver on February 21, 2022.

24. As appears from the above, the Company's current liabilities exceed the net book value of its current assets, and has no available funding such that on a going concern basis, the Company is insolvent.

25. A significant portion of the Company's liabilities consist of its secured debt, which is further described below:

- HSBC: (i) A Revolving Loan provided to the Company by HSBC in the principal amount of USD\$20,000,000.00, (ii) an overdraft account with a credit limit of up to USD\$2,000,000.00, (iii) a letter of credit facility with a credit limit of up to CAD\$1,500,000.00, and (iv) a credit card facility with a credit limited of up to CAD \$100,000.00 (collectively, the "**HSBC Facilities**");
- Bridging Finance Inc.: (i) A term loan in the principal amount of CAD\$27,000,000.00, (ii) A second term loan in the principal amount of CAD\$20,000,000.00, and (iii) A term loan in the principal amount of CAD\$8,000,000.00 (collectively, the "**Bridging Loans**"); and
- A Non-Revolving Term Loan provided by the Government of Newfoundland and Labrador to the Company in the principal amount of CAD\$17,000,000.00 (the "**Gov NL Loan Agreement**");

26. The Company's obligations under the HSBC Facilities are secured by a security interest granted in favour of HSBC with respect to the Company's Accounts Receivables (the "**HSBC GSA**"). A copy of the HSBC Loan Agreement and the HSBC GSA is attached hereto as Exhibit B.

27. The Company's obligations under the Bridging Loans are secured by a security interest granted in favour of BFI, with respect to all of the Company's present and after-acquired personal property (the "**Bridging GSAs**"). A copy of the Bridging Loan Agreements and the Bridging GSAs are attached hereto as Exhibit C.

28. The Company's obligations under the Gov NL Loan Agreement are secured by a security interest granted in favour of the Government with respect to all of the Company's present and after-acquired personal property (the "**Gov NL GSA**"). A copy of the Gov NL Loan Agreement and the Gov NL GSA are attached hereto as Exhibit D.

29. The shareholder of the Company, GGC, has invested approximately USD \$238,000,000 in equity financing into the Company since its acquisition of the Company in 2014.

VI. THE COMPANY'S FINANCIAL DIFFICULTIES

30. It is my understanding from discussions with the Company's former management team that production of fluorspar concentrate started to increase in the first half of 2021, with new production records achieved in May and June 2021.

31. However, as a result of COVID-19 pandemic and related restrictions and operational challenges related to the construction and operation of the mill, significant production issues occurred during November 2021 to January 2022.

32. While the Company has experienced problems, I understand that there are solutions for these problems and, importantly, I am advised that the Company does not have a problem generating sales and is consistently able to sell its production into the markets. Unfortunately, the Company's sales were constrained by operational challenges, extensive short term and long-term debt, and lack of liquidity which slowed production. The Company needs additional time and money to seek a purchaser or investor with the financial resources to recapitalize the Company, or purchase the Company, so that production levels can be achieved that deliver on contracted sales volumes.

33. Attached hereto as Exhibit E is a detailed 17-week Cash Flow Forecast ("**Cash Flow**") that has been prepared by the Interim Receiver outlining the cash requirements to complete putting the

Company's assets into care and maintenance mode, maintain the environmental management processes, and run a sales and solicitation process.

34. GGC has advised that, under the circumstances, it cannot provide any further equity financing to the Company.

35. BFI and PNL have agreed to provide the Interim Receiver / Proposed Monitor the DIP Financing required to allow the Company and the Proposed Monitor to pursue the SISP in accordance with the SISP Procedures further described herein.

36. The CCAA Proceedings are necessary to give the Company the opportunity to restructure its operations and implement strategic solutions or liquidate its assets, including through the SISP. The CCAA Proceedings provide the Company with the best chance to find a new owner and be a viable company in the long-term and to continue to be a valuable contributor to the Province of Newfoundland and Labrador economy.

37. Absent the CCAA Proceeding, and the DIP Financing required to run the SISP process contemplated therein, the Interim Receiver will have to make an assignment of the Company into bankruptcy.

38. The economic and social implications of a complete cessation of the operations of the Company would be serious for the Province of Newfoundland and Labrador. These implications include the permanent loss of employment for the individuals previously employed by the Company, and the numerous other individuals who are not employed by the Company, but whose jobs or livelihoods depend on the Company and the significant contribution it makes to the Province of Newfoundland and Labrador's economy.

VII. DIP FINANCING

39. As set out above, the Company is not able to fund its ongoing obligations. Accordingly, Bridging Finance Inc., and Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Industry, Energy and Technology has agreed to provide a DIP Facility and enter into a DIP Financing Agreement with the Proposed Monitor, subject to court approval, to

restructure the Company's operations. A copy of the DIP Financing Agreement is attached hereto as Exhibit F.

40. As appears from the Cash Flow prepared by the Interim Receiver, the Proposed Monitor expects the need for interim financing (including prior to the Comeback Hearing) to fund these CCAA Proceedings and the SISP.

41. The advances under the DIP Facility will benefit all stakeholders by allowing the Company the ability to meet its operational demands. The benefit of the DIP Facility outweighs the prejudice to the lenders whose security will be subordinated to the DIP security. Further, as the amount of the DIP Facility will be provided by Bridging Finance Inc., and Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Industry, Energy and Technology, who already benefit from a security interest in the Company's Property. Further the HSBC factoring agreement is carved out as Excluded Property as defined in the Interim Receivership order dated February 21, 2022. I do not expect any material prejudice to any of the other existing creditors of the Company should the Court approve the DIP Financing Agreement and the DIP Lender Charge.

42. The Proposed Monitor is supportive of the approval of the DIP Financing Agreement and the DIP Lender Charge.

43. Accordingly, I believe that it is appropriate in the circumstances for this Court to approve the DIP Financing Agreement and the DIP Lender Charge.

VIII. ADMINISTRATION CHARGE

44. In addition to the foregoing, the Proposed Monitor is seeking an Administration Charge in order to secure the professional services required to complete this CCAA proceeding, maintain the Company's continued operation during the Stay, and complete and implement the SISP.

45. During these proceedings, the Proposed Monitor will need assistance from the following professionals, for whom the Administration Charge is required:

- a. The Monitor and its legal counsel; and

b. The Company's legal counsel.

46. Accordingly, I believe that the requested Administration Charge is reasonable, necessary and appropriate in the circumstances.

IX. RANKING OF COURT ORDERED CHARGES

47. The proposed ranking of the court ordered charges is as follows:

(a) Administration Charge \$250,000 in the Initial Order and \$250,000 in the ARIO;
and

(b) DIP Lender Charge.

48. Pursuant to the proposed Initial Order, the charges on the assets and property of the Company would rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), except the Excluded Property, in favour of any person, notwithstanding the order of perfection or attachment, except for any secured creditor of the Company who does not receive notice of this Application. The proposed ARIO contemplates that the charges would rank ahead of all Encumbrances, except Excluded Property, on a subsequent motion on notice to those persons likely to be affected thereby.

X. THE PROPOSED SISP ORDER

49. As previously mentioned, the Company shall seek, at the Comeback Hearing, the issuance of the SISP Order which provides for the approval by this Honourable Court of the SISP and related SISP Procedures.

50. I believe that the SISP Procedures are fair, efficient and will maximize the chance to obtain the highest or otherwise best offer for the Company's equity, assets, rights, undertakings and properties, in the best interest of the Company's stakeholders, including its employees, its creditors, its suppliers and contracting parties. The SISP Procedures were designed in consultation with the Company and senior secured lenders.

51. I believe that the proposed SISP as well as the related milestones and SISP Procedures are reasonable in the circumstances. I believe that the SISP process has a good likelihood of being successful given, *inter alia*, the following:

a. Fluorspar was designated a "Critical Mineral" by Canada's Federal Government on March 11th, 2021:

- i. Fluorspar is important in the de-carbonization objectives of the Federal Government and the future electrification of the transportation sector;
- ii. Fluorspar is the basic material for all refrigerants used in home, automotive and commercial applications including the latest generation of low GWP refrigerants;
- iii. Fluorspar is a necessary component of all aluminum production worldwide, including the Rio Tinto Alcan aluminum facilities in Quebec; and
- iv. Fluorspar is a key component of 23% of all pharmaceuticals manufactured worldwide.

b. The Company is one of the few active producers of Fluorspar in Canada and the United States.

c. The mine can be to be profitable in the future.

52. I have been informed that PricewaterhouseCoopers Inc. ("PWC"), in its capacity as Receiver of Bridging Finance Inc., who previously attempted to market Bridging Finance's portfolio (including the Bridging Loan Agreements with the Company) through a Court supervised process. As a result of this process, there were over 50 potential investors who expressed interest in the Bridging Loan Agreements with the Company. I believe that this gives comfort to this Honourable Court and the Company's stakeholders that the SISP process has a real prospect of finding a buyer or new investor for the Company that will allow it to continue as a going concern.

53. The Interim Receiver has been contacted by numerous parties expressing interest in the Company's assets, and in addition was advised by the Company that many of the Company's customers may also be interested in participating in the SISP process.

XI ENHANCED POWERS

54. All of the officers and directors of the Company resigned on or around February 19, 2022.

55. In light of the resignation of the Company's officers and directors, the Proposed Monitor is seeking enhanced powers, as outlined in the proposed Initial Order, to be able to complete this CCAA proceeding, maintain the Company's continued operation during the Stay, and complete and implement the SISP.

56. I believe that the proposed enhanced powers are reasonable, necessary and appropriate in the circumstances.

XI INTERIM RECEIVER'S REPORT

57. A copy of the Interim Receiver's First Report is attached hereto as Exhibit G.

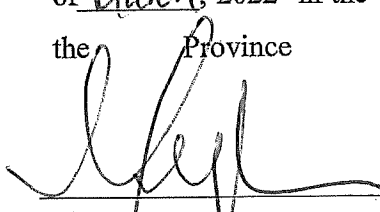
XII. CONCLUSION AND RELIEF SOUGHT

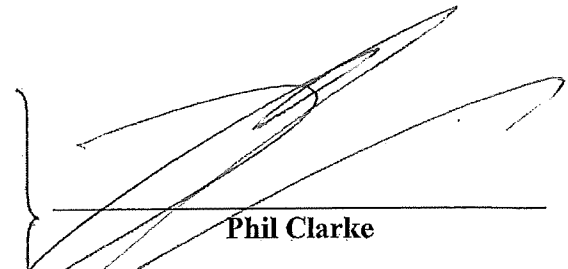
58. The Proposed Monitor, with the assistance of its legal advisors and the Company, have determined that the proposed CCAA proceedings represent the best available strategy to maximize value for its stakeholders and to find a potential solution that sees the Company continue as a going concern.

59. I believe that if the relief sought is granted, the Company will have an opportunity to effect a successful restructuring. If the order is not granted, I believe that the Company will have to cease operations immediately which would cause prejudice to the Company, its stakeholders, its many employees and the Province of Newfoundland and Labrador as a whole.

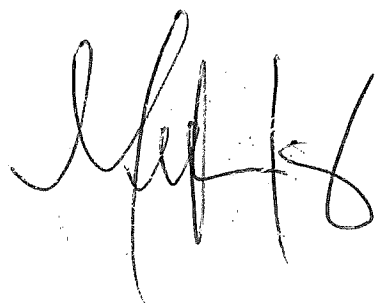
60. I make this Affidavit in support of the within Application.

SWORN BEFORE ME on this 8 day
of March, 2022 in the City of St John's in
the Province of NL.

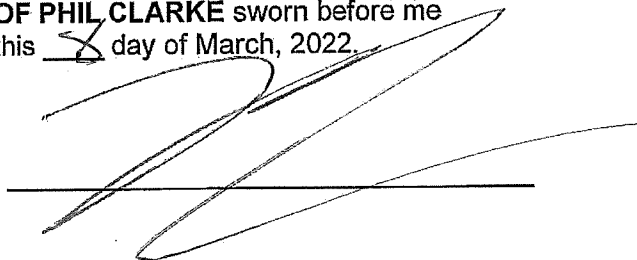

A. Barnster


Phil Clarke

TAB A

A handwritten signature in black ink, appearing to be 'Phil Clarke', written in a cursive style.

This is EXHIBIT "A" of the AFFIDAVIT
OF PHIL CLARKE sworn before me
this 8 day of March, 2022.

A handwritten signature in black ink, appearing to be 'Phil Clarke', written in a cursive style, positioned above a horizontal line.

Consolidated financial statements of Canada Fluorspar Inc.

December 31, 2020

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Independent Auditor's Report

To the Shareholders of
Canada Fluorspar Inc.

We have audited the consolidated financial statements of Canada Fluorspar Inc. (the "Corporation"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of comprehensive loss, the changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

We draw attention to Note 1, 13 and 25 in the financial statements, which indicates that the Corporation incurred a net and comprehensive loss of \$29,241,211 during the year ended December 31, 2020, and as of that date, the Corporation's current liabilities exceeded its current assets by \$81,855,613. In addition \$79,903,542 of debt was scheduled to mature during the year ended December 31, 2021, of which \$62,507,492 was extended to mature on March 31, 2022, and \$17,000,000 was extended to mature on December 31, 2022.

As stated in Note 1, these events or conditions, along with other matters as set forth in Note 13 and 25, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
December 23, 2021
St. John's, Newfoundland and Labrador

Canada Fluorspar Inc.
Consolidated statement of comprehensive loss
Year ended December 31, 2020
(Expressed in Canadian dollars)

		2020	2019
	Notes	\$	\$
Revenue			
Sales	1	24,391,202	—
Government wage subsidy	24	5,473,884	—
Interest and other income		224,548	423,066
		<u>30,089,634</u>	<u>423,066</u>
Cost of operations			
Mine	4	12,589,574	—
Mill	4	11,212,958	—
Depletion, depreciation and amortization		12,008,123	—
General and administrative	4	10,768,487	5,942,752
Freight on sales		3,917,459	—
		<u>50,496,601</u>	<u>5,942,752</u>
Loss before undernoted items		<u>(20,406,967)</u>	<u>(5,519,686)</u>
Other expenses (income)			
Interest expense		7,697,945	—
Unrealized/realized foreign exchange loss		786,687	479,733
Other expenses		506,985	1,162,619
Gain on modification of debt	13	(345,410)	—
Accretion expense	13	188,037	224,028
Loss on equity investment	12	—	450,459
Loss on disposal of property, plant & equipment		—	2,345,359
		<u>8,834,244</u>	<u>4,662,198</u>
Net loss and comprehensive loss before income taxes		(29,241,211)	(10,181,884)
Deferred income tax recovery	5	—	3,138,324
Net loss and comprehensive loss		<u>(29,241,211)</u>	<u>(7,043,560)</u>

The accompanying notes are an integral part of the consolidated financial statements.

Canada Fluorspar Inc.
Consolidated statement of financial position

As at December 31, 2020
(Expressed in Canadian dollars)

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash		301,161	4,504,520
Accounts receivable	6	15,573,874	11,247,008
Inventory	7	11,432,350	4,341,382
Prepays		1,241,988	1,637,117
		28,549,373	21,730,027
Non-current assets			
Long-term receivables	6	8,084,965	6,610,400
Exploration and evaluation expenditures	8	466,481	9,885,005
Mineral properties	9	117,972,497	48,347,291
Construction in progress	10	20,589,103	262,048,496
Property, plant and equipment	11	221,370,672	23,310,242
Goodwill	22	13,882,249	13,882,249
		410,915,340	385,813,710
Liabilities			
Current liabilities			
Credit facility	13	10,428,788	1,950,618
Accounts payable and accrued liabilities		17,214,027	25,117,329
Current portion of long-term debt	13	79,903,542	62,952,144
Current portion of lease liability	14	2,858,629	4,811,484
		110,404,986	94,831,575
Long-term liabilities			
Long-term debt	13	2,907,267	20,244,174
Deferred revenue	15	50,260,419	43,760,444
Provision for closure and reclamation	16	8,084,965	6,610,400
Lease Liability	14	3,716,137	5,113,238
		175,373,774	170,559,831
Basis of presentation	1		
Commitments and contingencies	21		
Subsequent events	25		
Total equity	18	235,541,566	215,253,879
Total liabilities and equity		410,915,340	385,813,710

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board

_____, Director

_____, Director

Canada Fluorspar Inc.

Consolidated statement of changes in equity

Year ended December 31, 2020

(Expressed in Canadian dollars)

	Share capital \$	Contributed surplus \$	Share-based payment reserve \$	(Deficit) retained earnings \$	Total equity \$
As at December 31, 2018	136,029,192	1,751,520	272,080	(2,276,537)	135,776,255
Comprehensive loss for the year	—	—	—	(7,043,560)	(7,043,560)
Equity contribution by owners, net of related costs	86,443,581	—	—	—	86,443,581
Purchase of shares	75,000	—	—	—	75,000
Share option forfeiture	—	—	2,603	—	2,603
As at December 31, 2019	222,547,773	1,751,520	274,683	(9,320,097)	215,253,879
Comprehensive loss for the year	—	—	—	(29,241,211)	(29,241,211)
Equity contribution by owners, net of related costs	49,528,898	—	—	—	49,528,898
As at December 31, 2020	272,076,671	1,751,520	274,683	(38,561,308)	235,541,566

The accompanying notes are an integral part of the consolidated financial statements.

Canada Fluorspar Inc.
Consolidated statement of cash flows
Year ended December 31, 2020
(Expressed in Canadian dollars)

	Notes	2020 \$	2019 \$
Operating activities			
Net loss		(29,241,211)	(7,043,560)
Adjustments for non-cash items			
Accretion of government grant	13	188,037	224,028
Gain on modification of debt	13	(345,410)	—
Share option forfeiture		—	2,603
Loss on equity investment	12	—	450,459
Loss on disposal		—	2,345,359
Depletion, depreciation and amortization		12,008,123	96,264
Deferred income taxes (recovery)	5	—	(3,138,324)
Interest expense on deferred revenue	15	3,249,987	—
Change in non-cash operating working capital			
(Increase)/decrease in accounts receivable		(4,326,866)	2,192,821
Increase in inventory		(7,090,968)	(2,693,885)
Decrease/(increase) in prepaids		395,129	(1,193,696)
(Decrease)/increase in accounts payable		(7,903,302)	8,199,223
Increase/(decrease) in credit facility		8,478,170	(4,369,903)
		(24,588,311)	(4,928,611)
Financing activities			
Repayment of long-term debt		(228,136)	(717,204)
Repayment of lease liability		(5,225,233)	(5,240,032)
Proceeds from disposal of assets		—	100
Equity investment by parent	18	49,528,898	86,443,581
Equity investment through share purchase		—	75,000
		44,075,529	80,561,445
Investing activities			
Mine rehabilitation and closure plan payment	16	(1,474,565)	(1,850,300)
Exploration and evaluation expenditures	8	(466,481)	(622,103)
Purchase of mineral properties	9	(3,547,452)	—
Purchases for construction of AGS Project	10	(10,890,427)	(60,196,392)
Purchase of property, plant and equipment	11	(7,311,652)	(10,910,239)
		(23,690,577)	(73,579,034)
Net (decrease) increase in cash		(4,203,359)	2,053,800
Cash at beginning of year		4,504,520	2,450,720
Cash at end of year		301,161	4,504,520
Supplemental disclosure			
Interest paid		9,378,562	10,010,982
Taxes paid		—	—

The accompanying notes are an integral part of the consolidated financial statements.

Canada Fluorspar Inc.
Notes to the consolidated financial statements

December 31, 2020

(Expressed in Canadian dollars)

1. Corporate information and basis of presentation

Canada Fluorspar Inc. (the "Corporation") was incorporated on June 30, 1993 as Northern Resource Investments Ltd. under the laws of Saskatchewan and was continued in Alberta as of July 31, 1996 as Burin Fluorspar Ltd. ("Burin"), until a merger on April 15, 2009 between Burin and Rivera Capital Corp ("Rivera") created Canada Fluorspar Inc. under the laws of Alberta.

The Corporation and CF Acquisition Inc., a wholly owned subsidiary of Golden Gate Capital, completed a court-approved plan of arrangement under Section 182 of the Business Corporations Act (Ontario) on March 6, 2014. The shares of the Corporation were then delisted from the TSX Venture Exchange immediately following the acquisition. The Corporation and CF Acquisition Inc. amalgamated, and the newly amalgamated entity is considered a continuation of Canada Fluorspar Inc.

The Corporation is domiciled in Canada. The Corporation's registered office is located at 155 Wellington Street West, Toronto, ON, M5V 3J7 and its head office is located at P.O. Box 337, 1 Clarke's Pond Road, St. Lawrence, Newfoundland and Labrador, A0E 2V0. The Corporation's parent is CF Holdings SARL and the ultimate parent of the group is Golden Gate Capital.

These statements are prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS").

The Corporation achieved commercial production on the AGS project in St. Lawrence, Newfoundland and Labrador in June 2020. Management considered several factors in determining when commercial production was achieved including, among other things, the ability to sustain ongoing production at a steady or increasing rate and at a level of pre-determined percentage of design capacity. From an accounting perspective, the Corporation recognized commercial production effective July 1, 2020, being the first day of the month following satisfaction of the commercial production criteria. Effective this date, the Corporation's stockpiled ore was reclassified from construction in progress (Note 10) to inventory (Note 7), construction in progress was componentized into mineral properties (Note 9) and appropriate asset classes (Note 11), depreciation and depletion commenced, and revenue and operating expenses related to the sale of fluorspar started being recognized through profit and loss.

These financial statements have been prepared on a going concern basis, which contemplates the realization of the Corporation's assets and discharge of liabilities and commitments in the normal course of business. The Corporation has a net and comprehensive loss of \$29,241,211 during the year ended December 31, 2020 (2019 - \$10,181,884), and as of that date, the Corporation's current liabilities exceeded its current assets by \$81,855,613 (2019 - \$73,101,548).

The continued operations of the Corporation are dependent upon its ability to increase operating cashflows from the AGS project and obtaining adequate external financing.

These consolidated financial statements were approved by the Board of Directors on November 19, 2021.

2. Summary of significant accounting policies

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Corporation, its subsidiaries and the Newspar Partnership as at December 31, 2020. Canada Fluorspar (NL) Inc. and the Newspar Partnership are wholly owned subsidiaries.

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company using consistent IFRS accounting policies. All intra-group balances, income and expenses, unrealized gains and losses, and dividends, if any, resulting from intra-group transactions are eliminated upon consolidation.

The Corporation accounts for its interests in Canada Fluorspar (NL) Inc. and Newspaper as subsidiaries and consolidates its 100% share of the assets, liabilities, income and expenses of both.

(b) Foreign currency translation

The Corporation's consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Corporation and its subsidiaries. Each entity determines its own functional currency and items included in the financial statements of each entity are measured using their respective functional currency.

Transactions in foreign currencies are initially recorded at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange prevailing at the reporting date.

All gains or losses on foreign currency translation are recognized in profit or loss.

(c) Revenue recognition

The Corporation evaluates all contractual arrangements it enters into and evaluates the nature of the promises it makes, and rights and obligations under the arrangement, in determining the nature of its performance obligations. Where such performance obligations are concluded to be distinct from each other, the consideration to which the Corporation expects to be entitled under the arrangement is allocated to each performance obligation based on its relative estimated stand-alone selling prices. Performance obligations that are concluded not to be distinct are combined together into a single unit of account. Revenue is recognized at an amount equal to the transaction price allocated to the specific performance obligation when it is satisfied.

Revenue from the direct sale of concentrate for a fixed price is recognized when the Corporation transfers control of the good to the customer.

Revenue excludes duties and taxes collected on behalf of third parties. Revenue also includes the net consideration to which the Corporation expects to be entitled. Revenue is recognized to the extent that it is highly probable that a significant reversal will not occur. Generally, payment of the transaction price is due within credit terms that are consistent with industry practices.

(d) Income taxes

Income tax comprises current and deferred income tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

2. Summary of significant accounting policies (continued)

(d) Income taxes (continued)

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to Canadian taxation authorities. Current tax expense comprises the expected tax payable on taxable income for the period using tax rates enacted or substantively enacted in Canada at the reporting date, and any adjustment to tax payable in respect of previous periods. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation.

Deferred tax

Deferred tax is measured using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(e) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognized in profit or loss over the useful life of a depreciable asset by way of a reduced depreciation charge. Certain government grants may also be measured at a nominal amount.

2. Summary of significant accounting policies (continued)

(f) Financial instruments

Financial assets and liabilities are initially measured at fair value and are recognized in the Corporation's Statements of Financial Position when the Corporation becomes a party to the contractual provisions of the instrument. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")), are added to or deducted from the fair value of the financial assets or liabilities on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

Financial assets are initially recorded at fair value and are measured subsequently at either amortized cost, fair value through other comprehensive income, or fair value through profit or loss depending on the classification of the financial assets.

Amortized cost

Financial assets are measured subsequently at amortized cost using the effective interest rate method if acquired principally to collect contractual cash flows of principal and interest on specified dates. Interest income calculated using the effective interest rate method is recognized in profit or loss through "interest and financing costs, net" on the Consolidated Statement of Comprehensive Loss.

Fair Value Through Other Comprehensive Income ("FVTOCI")

Financial assets are measured subsequently at FVTOCI using the effective interest rate method if acquired to collect contractual cash flows of principal and interest on specified dates and to sell the financial asset. Interest income calculated using the effective interest rate method is recognized in profit or loss through "interest and financing costs, net" on the Consolidated Statement of Comprehensive Loss. Any other changes to the carrying amount of the financial asset are recognized in OCI.

Fair Value Through Profit or Loss ("FVTPL")

Financial assets are measured subsequently at FVTPL by default or do not meet the criteria for being measured at amortized cost or FVTOCI. Fair value gains or losses at the end of each reporting period are recognized in profit or loss through "interest and financing costs, net" on the Consolidated Statement of Comprehensive Loss to the extent they are not part of a designated hedging relationship.

Impairment of Financial Assets

- At the end of each reporting period, the Corporation assesses whether to recognize a loss allowance for expected credit losses ("ECL") for a financial asset or a group of financial assets, other than those classified as FVTPL. If there is objective evidence that an ECL exists, the loss is recognized in profit or loss with a corresponding adjustment to the carrying amount of the financial asset through a loss allowance account. The ECL is estimated as the difference between the contractual cash flows that the Corporation is entitled to receive and the cash flows that the Corporation expects to receive.

2. Summary of significant accounting policies (continued)

(f) *Financial instruments (continued)*

Financial liabilities

Financial liabilities that are held-for-trading are measured subsequently at FVTPL, with gains and losses arising on changes in fair value recognized in profit or loss through "interest and financing costs, net" on the Consolidated Statement of Comprehensive Loss to the extent they are not part of a designated hedging relationship. Changes in fair value of the financial liability due to changes in the credit risk of the liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

All other financial liabilities not designated as at FVTPL are measured subsequently at amortized cost using the effective interest rate method.

Classification of Financial Instruments

The following table summarizes the Corporation's selected financial instrument classifications based on its intentions:

Financial Instruments	Classification
Other financial asset/liability	FVTPL
Cash	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Bank indebtedness	Amortized cost
Long-term debt	Amortized cost
Lease liability	Amortized cost

(g) *Mineral properties*

The costs associated with mining properties include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired. Mining properties include costs directly attributable to bringing a mineral asset into the state where it is capable of operating in the manner intended by management.

The Corporation estimates its mineral reserves and mineral resources based on information compiled by appropriately qualified persons. The estimation of recoverable reserves will be impacted by forecasted commodity prices, exchange rates, production costs and recoveries among other factors. Changes in the reserve or resource estimates may impact the carrying value of assets and depreciation and impairment charges recorded in the consolidated income statement.

A mining property is considered to be capable of operating in a manner intended by management when it commences commercial production. Upon commencement of commercial production, a mining property is depleted on a unit-of-production method. Unit-of-production depletion rates are determined based on the estimated recoverable proven and probable reserves at the mine.

(h) *Property, plant and equipment*

Property, plant and equipment is stated at cost, net of accumulated depreciation and impairment losses.

2. Summary of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is de-recognized.

The assets' residual values, useful lives, and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Mining equipment is predominantly depreciated using the machine hour rate of depreciation. This rate is calculated using cost less any residual value divided by useful life in machine hours, which range from 25,000–35,000 hours. The remaining property plant and equipment is depreciated on a straight line basis and have useful lives ranging from 3 to 10 years. Depreciation related to the construction of assets has been capitalized as costs of construction during the year.

Assets under construction are carried at cost, less any recognized impairment loss. Assets under construction will be classified to the appropriate category of property, plant and equipment when completed and ready for their intended use. Depreciation on these assets, on the same basis as other property, plant and equipment assets, commences when the assets are ready for their intended use.

(i) Exploration and evaluation expenditures

Exploration and evaluation expenditures relate to costs incurred on the exploration and evaluation of potential mineral reserves and resources and include costs such as exploratory drilling, sample testing and the costs of pre-feasibility studies. Exploration and evaluation expenditures for each area of interest are carried forward as an asset provided that one of the following conditions is met:

- Such costs are expected to be recouped in full through successful development and exploration of the area of interest or, alternatively, by its sale; or
- Exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing or planned for the future.

An impairment review is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

One or more of the following facts and circumstances may indicate that the Corporation should test exploration and evaluation assets for impairment:

- (a) The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- (b) Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- (c) Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or

2. Summary of significant accounting policies (continued)

(i) Exploration and evaluation expenditures (continued)

- (d) Sufficient data exist that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The Corporation has determined that there is no impairment of exploration and evaluation expenditures in the year ended December 31, 2020.

Exploration and evaluation expenditures are transferred to mineral properties once the work is completed to support the future development of the property and the mine moves into the development stage.

(j) Cash

Cash comprise cash on deposit at banks, cash on hand and net of outstanding bank overdrafts, if any.

(k) Inventory

Inventory consists of stockpile and supplies. Fluorspar concentrate stockpiles are valued at the lower of cost and net realizable value. Net realizable value is the relevant market price less estimated costs of completion and costs of selling the final product. Cost is determined by the weighted average method and comprises raw materials, direct labour, repairs and maintenance, utilities, and mine and mill site overhead expenses, including depreciation, incurred in producing finished goods.

Material supplies are used during various stages of the fluorspar mining, processing, and milling processes, and are valued at the lower of weighted average cost and net realizable value.

(l) Provisions

Decommissioning and restoration provision

The Corporation records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation, and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development and construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in profit or loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

As the Corporation's construction to date has resulted in site disturbance it has recorded a provision for closure and reclamation (Note 16).

2. Summary of significant accounting policies (continued)

(m) Share-based payments

The Corporation has a stock option plan which is considered an equity-settled share-based compensation plan. The fair value of stock options at the grant date is estimated using the Black-Scholes Option Pricing Model. Compensation expense is recognized over the stock option vesting period in profit or loss based on the number of options to vest. The Corporation estimates the number of awards likely to vest at the time of a grant and at each reporting date up to the vesting date and based on management's estimate of the outcome of the performance condition. When compensation expense is recognized the offset is credited to share-based payment reserve. Consideration received on the exercise of share options is recorded as share capital and the related share-based payment reserve is transferred to share capital.

(n) Business combinations and goodwill

Applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition-date fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of royalty interest in mineral properties and exploration and evaluation assets acquired generally requires a high degree of judgment, and include estimates of mineral reserves and resources acquired, expected production levels, future prices and discount rates.

Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Acquisition-related costs are recognized in the consolidated statement of comprehensive loss.

Where a business combination is achieved in stages, the Corporation's previously held interests in the acquired entity is remeasured to fair value at the acquisition date, which is the date the Corporation attains control, and any resulting gain or loss is recognized in the consolidated statement of comprehensive loss. Amounts previously recognized in other comprehensive income related to interests in the acquiree prior to the acquisition date are reclassified to the consolidated statement of comprehensive loss, where such treatment would be appropriate if the interest were disposed of.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition of the business less accumulated impairment losses, if any, and is tested for impairment annually. For the purposes of impairment testing, goodwill is allocated to each of the Corporation's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

2. Summary of significant accounting policies (continued)

(o) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction, and production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(p) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual cash-generating units or otherwise, they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or-cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(q) Leases

The Corporation as a lessee

The Corporation assesses whether a contract is or contains a lease at inception of the contract. The Corporation recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Corporation recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2. Summary of significant accounting policies (continued)

(q) Leases (continued)

The Corporation as a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Corporation remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Corporation did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Corporation incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Corporation expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2. Summary of significant accounting policies (continued)

(q) Leases (continued)

The Corporation applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss (see Note 13).

For a contract that contains a lease component and one or more additional lease or non-lease components, the Corporation allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(r) Adoption of new accounting standards

The following is a list of standards/interpretations that have been issued and are effective for accounting periods commencing on or after January 1, 2020.

- IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (Amendments to IAS 1 and IAS 8)
- IFRS 16 – Leases – COVID-19 Amendment
- IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (amendments to IAS 16)
- IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)
- IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current (Amendments to IAS 15)

(i) IAS 1 – Presentation of financial statements and IAS 8 – Accounting policies, Changes in accounting estimates and errors (Amendments to IAS 1 and IAS 8)

The International Accounting Standards Board issued amendments to IAS 1 and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition and to include the concept of 'obscuring information'.

The new definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

The amendments are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted. The amendments are intended to improve the understanding of the existing requirements rather than to significantly impact the Corporation's materiality judgments. Management assessed that this did not have a material impact during the year.

(ii) IFRS 16 – Leases – COVID-19 Amendment

On May 28, 2020, the International Accounting Standards Board published 'COVID-19-Related Rent Concessions' amending the standard to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after June 1, 2020. Management assessed that this did not have a material impact during the year.

2. Summary of significant accounting policies (continued)

(r) Adoption of new accounting standards (continued)

(iii) IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (amendments to IAS 16)

The IASB issued amendments to IAS 16 relating to proceeds before intended use. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

These amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

(iv) IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract, such as direct labour and materials, or an allocation of other costs that relate directly to fulfilling contracts, such as the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Management has not assessed if this amendment is currently applicable to the Corporation, however, it may be applicable to future transactions. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

(v) IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current (Amendments to IAS 15)

The IASB issued amendments to IAS 1 to promote consistency in applying the requirements by helping companies determine whether, in the Statement of Financial Position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The classification is based on rights that are in existence at the end of the reporting period and specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments are applied retrospectively upon adoption. The amendment is effective for annual reporting periods beginning on or after January 1, 2023.

3. Significant accounting judgments, estimates, and assumptions

The preparation of the Corporation's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities and the disclosure of contingent liabilities or contingent assets at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Exploration and evaluation expenditures

The application of the Corporation's accounting policy for exploration and evaluation expenditures requires judgment in determining whether future economic benefits are likely either from future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination is an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditures.

The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Commercialization

Prior to producing at levels of operating capacity intended by management, costs incurred are capitalized as part of construction in progress and proceeds from sales are offset against capitalized costs. Depletion of capitalized costs for mining properties begins when commercialization has been reached. Management considers several factors in determining when commercialization has been reached including, among other things, the ability to sustain ongoing production at a steady or increasing rate and at a level of pre-determined percentage of design capacity.

When a mine development project moves into the production stage, the capitalization of certain mine development and construction costs cease. Subsequent costs are either regarded as forming part of the cost of inventory or expensed. However, any costs relating to mining asset additions or improvements or mineable reserve development are assessed to determine whether capitalization is appropriate.

Provisions and contingencies

The amount recognized as a provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, the assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Corporation assesses its liabilities and contingencies based upon the best information available, relevant laws and other appropriate requirements.

3. Significant accounting judgments, estimates, and assumptions (continued)

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the range of business relationships, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded. The Corporation establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

4. Cost of operations

Within mine, mill and general and administrative, as presented on the consolidated statement of comprehensive loss, the Corporation has incurred the following expenses:

	2020	2019
	\$	\$
Mine		
Salaries and wages	4,404,769	—
Consultants and contractors	1,210,137	—
Materials and consumables	6,700,419	—
Other support costs	274,249	—
	12,589,574	—
Mill		
Salaries and wages	3,796,443	—
Consultants and contractors	351,107	—
Materials and consumables	6,677,906	—
Other support costs	387,502	—
	11,212,958	—
General and administrative		
Salaries and wages	5,033,323	1,270,272
Consultants and contractors	773,373	1,048,425
Materials and consumables	784,470	1,061,786
Other support costs	4,177,321	2,562,269
	10,768,487	5,942,752

Prior to commercialization, \$25,466,979 of mining, milling, and G&A costs related to the development of the mine were capitalized within assets under construction during 2020.

5. Income taxes

The major components of recovery and the reconciliation of the expected tax recovery based on the effective tax rate of 30% (2019 - 30%) and the reported tax recovery in the statement of comprehensive loss are as follows:

	2020	2019
	\$	\$
Current loss before income taxes	(29,241,211)	(10,181,694)
Statutory tax rate	30%	30%
Expected income tax recovery	(8,772,363)	(3,054,508)
Stock based compensation	—	—
Change in unrecognized temporary differences	8,800,383	4,309,579
Permanent differences	2,281	1,248
Revision of prior year estimates	(30,302)	(4,394,643)
Total	(1)	(3,138,324)

Deferred income tax assets and liabilities

Deferred taxes reflect the net tax effects of the differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred income tax assets, liabilities, and tax losses as at December 31, 2020, and December 31, 2019, are attributable to the following:

	2020	2019
	\$	\$
Mineral properties	(35,391,750)	(16,116,540)
Cumulative resource development and exploration expenditures	13,282,706	(6,283,171)
Long-term debt	1,717,006	2,769,205
Non-capital loss carry forward	9,217,278	11,685,752
Provision for closure and reclamation	2,425,490	1,983,120
Property, plant & equipment	7,362,393	5,474,151
Cumulative eligible capital expenditures	153,292	164,830
Deferred revenue	974,996	—
Other	258,588	322,653
Total	—	—

The Corporation recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets has been met. The Corporation presently has non-capital loss carryforwards of \$72,903,955 that will expire between 2026 and 2040 for which no deferred tax asset has been recognized.

5. Income taxes (continued)

Deferred income tax assets and liabilities

The Corporation has non-capital losses totaling \$72,903,955 (2019 - \$54,152,196). These losses may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire as follows:

	\$
2026	1,998
2027	234,039
2028	205,065
2029	458,334
2030	509,858
2031	809,403
2032	1,119,876
2033	1,291,954
2034	1,335,290
2035	2,135,803
2036	2,056,905
2037	12,623,691
2038	8,864,919
2039	21,670,447
2040	19,586,373
	72,903,955

6. Receivables

	2020 \$	2019 \$
Trade accounts receivable	14,384,065	9,400,982
Government remittance receivable	1,189,809	1,846,026
Accounts receivable	15,573,874	11,247,008
Long-term accounts receivable	8,084,965	6,610,400
Total receivables	23,658,839	17,857,408

When measuring expected credit losses for the loss allowance, the Corporation uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Long-term receivables includes a balance of \$8,084,965 which was paid to the Government of Newfoundland in relation to the closure and reclamation liability (see Note 16).

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6. Receivables (continued)

The aging analysis of receivables is as follows:

	Total	Neither past due nor impaired	< 30 days	30-60 days	> 60 days
	\$	\$	\$	\$	\$
December 31, 2019	17,857,408	17,857,408	7,084,117	619,977	10,153,314
December 31, 2020	23,658,839	23,658,839	15,573,874	—	8,084,965

7. Inventory

Inventories consist of the following:

	2020	2019
	\$	\$
Finished goods	5,522,131	—
Material supplies	5,910,219	4,341,382
	11,432,350	4,341,382

Prior to commercialization of the mine, the Corporation's stockpiled ore was included within assets under construction ("AUC"). Once commercialization was met, finished goods inventory was reclassified out of AUC and accounted for separately.

8. Exploration and evaluation expenditures

	Exploration and evaluation expenditures
	\$
Cost	
At December 31, 2018	9,262,902
Additions (net of government grants)	622,103
Disposals	—
At December 31, 2019	9,885,005
Additions (net of government grants)	466,481
Reclassification for commercialization	(9,885,005)
At December 31, 2020	466,481

During the year, the Corporation reclassified exploration and evaluation expenditures related to development of the mine site into mineral properties, as the mine reached commercialization during 2020.

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9. Mineral properties

	Mineral properties \$
Cost	
At December 31, 2018	48,347,291
Additions	—
At December 31, 2019	<u>48,347,291</u>
Additions	<u>3,547,452</u>
Non-cash additions	<u>510,000</u>
Reclassification for commercialization	<u>71,194,843</u>
Depletion	<u>(5,627,089)</u>
At December 31, 2020	<u>117,972,497</u>

As the Corporation has reached commercial production in the current year, costs previously included in exploration and evaluation and AUC have been reclassified into mineral properties.

10. Construction in process

	Construction in Process \$
Cost	
At December 31, 2018	187,720,118
Additions	74,328,378
At December 31, 2019	<u>262,048,496</u>
Additions	<u>10,890,427</u>
Reclassification for commercialization	<u>(252,349,820)</u>
At December 31, 2020	<u>20,589,103</u>

As the Corporation has reached commercialization during the current year, costs associated with construction of the mine were reclassified out of AUC and into mineral properties and property, plant and equipment. The remaining costs relate to ongoing projects in progress as of year end.

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11. Property, plant and equipment

	Buildings	Site infrastructure	Primary crusher	Mill & equipment	Office and related equipment	Computer equipment	Vehicles	Mining equipment	Other assets	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At December 31, 2018	3,039,074	—	—	—	2,705,691	204,846	1,583,715	14,600,653	115,025	22,249,004
Additions	10,310	—	—	—	387,692	82,037	704,143	9,659,490	63,661	10,907,333
Disposals	(2,357,930)	—	—	—	—	(2,910)	(240,370)	(378,500)	—	(2,979,710)
At December 31, 2019	691,454	—	—	—	3,093,383	283,973	2,047,488	23,881,643	178,686	30,176,627
Additions	4,400	—	719,541	4,053,692	155,098	—	39,378	2,337,368	2,175	7,311,652
Reclassification for commercialization	—	—	—	—	—	—	—	—	—	—
Disposals	10,982,235	19,964,334	19,268,309	148,505,944	227,346	—	—	—	—	198,948,168
At December 31, 2020	11,678,089	19,964,334	19,987,850	152,559,636	3,475,827	283,973	2,086,866	26,219,011	180,861	236,436,447
Depreciation and impairment										
At December 31, 2018	(184,957)	—	—	—	(977,243)	(159,212)	(355,859)	(2,888,342)	(81,099)	(4,646,712)
Additions	(59,236)	—	—	—	(301,464)	(35,599)	(277,268)	(2,086,769)	(20,133)	(2,780,469)
Disposals	132,229	—	—	—	—	—	87,917	340,650	—	560,796
At December 31, 2019	(111,964)	—	—	—	(1,278,707)	(194,811)	(545,210)	(4,634,461)	(101,232)	(6,866,385)
Additions	(442,495)	(910,253)	(387,805)	(2,783,860)	(242,997)	(23,393)	(329,484)	(3,060,426)	(18,677)	(8,199,390)
Disposals	—	—	—	—	—	—	—	—	—	—
At December 31, 2020	(554,459)	(910,253)	(387,805)	(2,783,860)	(1,521,704)	(218,204)	(874,694)	(7,694,887)	(119,909)	(15,065,775)
Netbook value										
At December 31, 2019	579,490	—	—	—	1,814,676	89,162	1,502,278	19,247,182	77,454	23,310,242
At December 31, 2020	11,123,630	19,054,081	19,600,045	149,775,776	1,954,123	65,769	1,212,172	18,524,124	60,952	221,370,672

Depreciation charged on equipment of \$1,836,224 for the year ended December 31, 2020 (2019 - \$2,219,673), has been capitalized to mineral properties. The book value of the right of use assets classified and included in property, plant and equipment is \$15,693,965.

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12. Investment in Acoustic Zoom Inc.

During 2016, the Corporation acquired a 20% ownership of Acoustic Zoom Inc. ("AZ") through CFI AZ Holdings Inc., a wholly owned subsidiary of the Corporation. AZ is an imaging technology services company. The Corporation held 0% ownership in AZ as at December 31, 2020 (2019 – 0%). This investment was accounted for using the equity method in the Corporation's consolidated financial statements.

In 2019, management determined that AZ is not expected to provide returns on the investment made and as such the entire investment was written down to \$nil. The investment continued to be carried at \$nil in 2020.

The Corporation has recorded a loss of \$nil (2019 – loss of \$450,459) on the equity investment related to the Corporation's write-off of the investment and prior year's share of profit and loss.

13. Long-term debt and credit facilities

	2020 \$	2019 \$
Bridging Finance loan #1, BMO prime plus a margin based on last 3-month average production volumes, repayable upon maturity on March 31, 2021	32,169,764	32,169,764
Bridging Finance loan #2, BMO prime plus a margin based on last 3-month average production volumes, repayable upon maturity on March 31, 2021	22,130,955	22,130,955
Bridging Finance loan #3, BMO prime plus a margin based on last 3-month average production volumes, repayable upon maturity on March 31, 2021	8,206,773	8,206,773
Loan from Provincial Government of Newfoundland and Labrador, bearing interest of 3% to maturity on December 31, 2021	17,000,000	17,000,000
ACOA loan, interest free, repayable in monthly instalments of \$50,000 to maturity on October 1, 2026	3,026,800	3,334,173
ACOA loan, interest free, repayable in increments of 2.14% of gross sales with no maturity date	276,517	354,653
Total	82,810,809	83,196,318
Less: current portion	79,903,542	62,952,144
	2,907,267	20,244,174

Security on Bridging Finance and Provincial Government loans includes a collateral debenture on all Mineral Titles and Surface Rights of the Corporation. As noted in Note 25, \$62,507,492 of the current portion has had its maturity date extended until December 31, 2021, with an option to extend further until March 31, 2022, under certain conditions.

13. Long-term debt and credit facilities (continued)

Principal repayments in each of the next five years are as follows:

	Principal \$
2021	79,903,542
2022	600,000
2023	600,000
2024	600,000
2025	600,000
Thereafter	507,267
	<u>82,810,809</u>

Atlantic Canada Opportunities Agency Loan

On March 10, 2017, the Corporation signed a loan agreement with the Atlantic Canada Opportunities Agency ("ACOA"), for a loan of up to \$5 million at a stated interest rate of 0%. Fair value has been determined using an imputed interest rate of 6.375%. The following table summarizes the amounts received and related deemed government grant:

	Cash received \$	Deemed government grant \$	Recorded balance \$
Loan balance as at December 31, 2018	5,000,000	1,342,733	3,710,145
Accretion charges	—	—	224,028
Principal payment	—	—	(600,000)
Loan balance as at December 31, 2019	—	—	<u>3,334,173</u>
Accretion charges	—	—	188,037
Gain on fair value of debt	—	—	(345,410)
Principal payment	—	—	(150,000)
Loan balance as at December 31, 2020	—	—	<u>3,026,800</u>

During the year, ACOA provided relief by deferring payments on loans in response to the COVID-19 pandemic. This has resulted in a gain on the fair value of debt of \$345,410.

Receivables Finance Credit Facility

The Corporation has a receivables finance credit facility with credit availability up to \$20,000,000 USD provided there is sufficient collateral security of eligible receivables, bearing interest at a rate of LIBOR + 2.70%. As of year-end, \$10,428,788 CAD of this facility was utilized (2019 - \$1,950,618 CAD). The Corporation also holds a variable rate operating loan facility of up to \$2,000,000 USD provided there is sufficient collateral security of eligible inventory. As of year-end, the facility was undrawn (\$nil for 2019).

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14. Lease liability

	2020 \$	2019 \$
Komatsu mine fleet finance lease, bearing interest at 0.99%, repayable in monthly instalments of \$52,602. Repaid during the year.	—	679,894
Komatsu mine fleet finance lease, interest free, repayable in monthly instalments of \$31,850. Repaid during the year.	—	210,528
Komatsu mine fleet finance lease, bearing interest at 3.9%, repayable in monthly instalments of \$6,787. Repaid during the year.	—	86,260
Komatsu mine fleet finance lease, bearing interest at 0.99%, repayable in monthly instalments of \$61,904 to maturity on February 7, 2021	185,153	861,320
Komatsu mine fleet finance lease, bearing interest at 0.99%, repayable, in monthly instalments of \$92,389 to maturity on March 24, 2021	276,711	1,376,733
CAT Financial finance lease, bearing interest at 8.75%, repayable in monthly instalments of \$51,654 to maturity on July 28, 2021	351,837	917,077
Atlas Copco Canada Inc finance lease, bearing interest at 1.75%, repayable in monthly instalments of \$20,308 to maturity on January 18, 2022	293,648	517,730
Atlas Copco Canada Inc finance lease, bearing interest at 1.75%, repayable in monthly instalments of \$16,742 to maturity on January 18, 2022	233,245	426,838
Komatsu mine fleet finance lease, bearing interest at 4.50%, repayable in monthly instalments of \$64,095 to maturity on February 28, 2022	2,536,380	3,180,094
Komatsu mine fleet finance lease, bearing interest at 4.5% repayable in monthly instalments of \$24,336 to maturity on February 28, 2022	984,964	1,227,173
Komatsu mine fleet finance lease, interest free, repayable in monthly instalments of \$8,137 to maturity on October 19, 2022	179,014	276,657
CAT Financial finance lease, bearing interest at 6.70%, repayable in monthly instalments of \$31,060 to maturity on March 17, 2023	755,244	—
CAT Financial finance lease, bearing interest at 6.70%, repayable in monthly instalments of \$4,573 to maturity on May 10, 2023	122,128	—
Komatsu mine fleet finance lease, interest free, repayable in monthly instalments of \$4,759 to maturity on March 1, 2024	185,595	—
Meridian finance lease, interest free, repayable in monthly instalments of \$1,427 to maturity on June 15, 2024	61,365	—
Meridian finance lease, bearing interest at 3.35%, repayable in monthly instalments of \$1,946 to maturity on June 15, 2025	148,511	—
BMO finance lease, bearing interest at 4.50%, repayable in monthly instalments of \$3,433 to maturity on April 27, 2026	193,232	—
Other leases	67,739	164,418
Total	6,574,766	9,924,722
Less: current portion	2,858,629	4,811,484
	3,716,137	5,113,238

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14. Lease liability (continued)

Lease liability repayments in each of the next 5 years are as follows:

	Principal \$
2021	2,858,629
2022	1,676,585
2023	1,236,160
2024	715,342
2025	49,486
Thereafter	38,564
	<u>6,574,766</u>

15. Deferred revenue

In 2016, as part of the arrangement whereby Arkema Canada Inc. exited from the Newspar Partnership, the Corporation entered into a supply agreement with Arkema France S.A. ("Arkema") whereby Arkema will have the right to acquire approximately 20% of the Corporation's annual nameplate production volume, for a period of 10 years, at a fixed base purchase price (subject to certain price adjustments based on then market prices and the date in which commercial production commences). The consideration paid in 2016 to the Corporation for this agreement (\$29,892,512) has been treated as deferred revenue and will be recognized as revenue in future years based on the underlying terms of the agreement.

In accordance with IFRS 15, the Corporation calculated, as at December 31, 2020, interest amounting to \$6,499,975 (2019 - \$2,833,476) using an effective interest rate of 12.5%, which represents the financing component of the amount previously received from Arkema. The financing component is an increase to the contract liabilities in the consolidated statement of financial position. Pre-commercialization, the Corporation capitalized half of this amount in construction in progress which was reclassified upon commercialization to mineral properties and property, plant and equipment. The financing component is capitalized because it is directly attributable to the AGS project.

There was no delivery of product to Arkema during 2020 (see Note 25).

16. Provision for closure and reclamation

The Corporation recognizes a provision related to its constructive and legal obligations in St. Lawrence to restore its properties. The cost of this obligation is determined based on the expected future level of activity and costs related to decommissioning the mine and restoring the property. The provision is calculated at the net present value of the estimated future undiscounted cash flows of \$8,257,894 (2019 - \$7,188,200) using a discount rate of 3.3%.

	2020	2019
	\$	\$
Provision for closure and reclamation	8,084,965	6,610,400

This balance is paid to the Government of Newfoundland and Labrador as part of the Mine Rehabilitation and Closure Plan submitted to the Minister of Natural Resources to ensure the funds are set aside appropriately in compliance with section 10.(3) of the *Mining Act of Newfoundland and Labrador*. As the liability rests with the Corporation, a corresponding long-term receivable is recorded for amounts paid until remediated (see Note 6).

17. Fair values

Fair value hierarchy

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following methods and assumptions were used to estimate the fair values:

- Cash, receivables, and accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term debt is measured using the current fair market borrowing rate for a similar asset and liability, a level 2 valuation technique.

There have been no changes in these levels and no changes in classifications during the year ended December 31, 2020. Management has determined that carrying value approximates fair value for financial assets and liabilities of the Corporation.

18. Share capital and reserves

Share capital

Authorized, unlimited number

Common shares

Issued and outstanding

	Number of shares #	Share capital \$
Common shares		
As at December 31, 2018	139,662,683	136,029,192
Equity investment by parent	86,443,581	86,443,581
Equity investment by director	75,000	75,000
As at December 31, 2019	226,181,264	222,547,773
Equity investment by parent	49,528,898	49,528,898
As at December 31, 2020	275,710,162	272,076,671

Stock options

On May 29, 2015, the Corporation implemented a stock option plan, coincident with a private placement of 1.1 million common shares and granted 1,726,830 options to directors as well as certain executives of the Corporation to purchase common shares at an exercise price of \$1.00.

In 2016, the Corporation granted 48,643 additional options to a new director at an exercise price of \$1.00. In 2018, 1,459,293 options were forfeited with the departure of certain executives.

During 2017, 2018, 2019, and 2020, there were no additional stock options issued.

The stock options vest in five tranches at a rate of 16% annually of the total number of options granted. Consequently, 252,954 options vested from 2015 to 2019. The remaining 20% of options granted only vest upon the occurrence of an approved sale. The stock options have a total Black-Scholes option pricing value of \$184,599 (\$184,599 in 2019). Only options vested in the year have been realized resulting in an expense recorded in the consolidated statement of comprehensive loss.

	2020
Average share price at date of grant	\$ 1.00
Expected dividend yield	0.00%
Expected share price volatility	71.15%
Risk-free interest rate	0.96%
Forfeiture rate	0.00%
Expected life of options	5 years
Average exercise price at date of grant	\$ 1.00
Stock options outstanding	316,180
Black-Scholes fair value	\$ 0.58

19. Related party disclosures

The consolidated financial statements include the financial statements of the Corporation and subsidiaries listed in the following table:

Name	Country of operation	% Equity interest	
		2020 %	2019 %
Canada Fluorspar (NL) Inc.	Canada	100	100
Newspar Partnership	Canada	100	100

20. Financial risk management objectives and policies

The Corporation's primary risk management objective is to protect the Corporation's financial position and cash flows to support development of the St. Lawrence project and for exploration for and evaluation of additional mineral resources.

The Corporation's cash is invested in business accounts with quality financial institutions and is available on demand. Significant risks managed by the Corporation include interest rate, foreign currency, credit, liquidity and price risk.

The Corporation's principal financial liabilities comprise of long-term debt, credit facilities, and accounts payable and accrued liabilities. These financial liabilities provide financing for the Corporation's operations. The Corporation's cash is derived directly from its operating and financing activities.

The Corporation's senior management oversees the management of these risks and reports the risk to the Board of Directors.

The Board of Directors reviews and approves policies for managing each of these risks which are summarized below:

Interest rate risk

The Corporation invests surplus cash in bank deposits which, due to their short-term nature, do not expose the Corporation to significant interest rate risks.

The Corporation is exposed to interest rate risk on its variable interest rate financial instruments. The Bridging Finance loans have variable interest rates which subject it to periodic re-estimation of cash flows to reflect movements in market interest rates that alter the effective interest rate and create a risk of changes in cash flow.

A fluctuation of 100 basis points in prevailing prime interest rates related to the loans would result in a fluctuation in interest costs of approximately \$625,000 for the year.

Foreign currency risk

Foreign currency risk is the risk to the Corporation's earnings that arise from fluctuations of foreign currency exchange rates and the degree of volatility of these rates. The Corporation is exposed to currency risk associated with its currency exchange risk on cash denominated in USD and current and future sales that are expected to be in USD while the majority of its operating costs are incurred in the functional currency.

20. Financial risk management objectives and policies (continued)

Credit risk

The business activities of the Corporation exposes it to counterparty credit risk that would result if the counterparty failed to meet its obligations in accordance with the terms and conditions of its contracts with the Corporation. In order to minimize credit risk, the Corporation has adopted a policy of only dealing with creditworthy counterparties. Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Corporation reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Corporation consider that the Group's credit risk is significantly reduced.

There is little perceived credit risk in respect of trade and other receivables. The Corporation's maximum exposure to credit risk at December 31, 2020, was represented by receivables. The Corporation holds no collateral over any of these balances.

Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its contractual obligations. The Corporation manages liquidity risk by continuously reviewing both actual and forecasted cash flows to ensure that it has sufficient cash available to meet its contractual obligations.

As at December 31, 2020, the Corporation had a working capital deficiency of \$81,855,613 compared to working capital deficiency of \$73,101,548 as at December 31, 2019.

Price risk

The Corporation is exposed to changes in the market price for its commodity. The Corporation manages this risk by entering into contractual supply agreements with potential customers for a portion of its planned production.

Capital management

The Corporation's objective when managing capital is to safeguard its accumulated capital in order to maintain its ability to continue as a going concern to reach development of its mineral rights and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Corporation consists of long-term debt and equity.

The Corporation is in compliance with all externally imposed capital requirements. As at December 31, 2020, the Corporation's overall strategy with respect to capital risk management remains unchanged as compared to December 31, 2019.

The Corporation will continually assess the adequacy of its capital structure and make adjustments within the context of the Corporation's strategy, economic conditions, and the risk characteristics of the business.

21. Commitments and contingencies

Commitments

The Corporation's signed commitments for 2020, and beyond include finance leases on equipment and long-term debt as described in Note 13 and 14.

Guarantees

The Corporation indemnifies its directors and officers against claims reasonably incurred and resulting from the performance of their services to the Corporation, and maintains liability insurance for its directors and officers.

Contingent liabilities

Claims and legal proceedings may be instituted against the Corporation in the normal course of business. Legal proceedings are often subject to numerous uncertainties and it is not possible to predict the outcome of individual cases. In management's opinion, the Corporation has made adequate provision for or has adequate insurance to cover all claims and legal proceedings.

22. Goodwill

The Corporation performs impairment testing for its goodwill on an annual basis, as at December 31, 2020, and more frequently if there are indicators of impairment.

At December 31, 2020, the Corporation performed an impairment test for its goodwill which arose from the Newspaper acquisition in 2016. For the impairment test, value in use ("VIU") was used to determine the recoverable amount since it was higher than the fair value less costs of disposal ("FVLCD"). VIU was calculated using discounted after-tax cash flows based on cash flow projections and assumptions supporting the Corporation's interest in its subsidiaries.

Expected future cash flows used to determine the VIU in the impairment testing are inherently uncertain and could materially change over time. Should management's estimate of the future not reflect actual events, future impairments may be identified. This may have a material effect on the Corporation's consolidated financial statements. Although it is reasonably possible for a change in key assumptions to occur, the possible effects of a change in any single assumption may not fairly reflect the impact on a CGU's fair value as the assumptions are inextricably linked.

23. Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

24. Canada Emergency Wage Subsidy

As a result of the COVID-19 pandemic, the Government of Canada implemented various financial assistance packages. During the year, the Corporation received a \$5,473,884 (2019 – \$nil) non-repayable wage subsidy, which has been recorded on a gross basis on the consolidated statement of comprehensive loss.

25. Subsequent events

(a) Equity injections by shareholder

The majority shareholder provided additional equity financing subsequent to the financial statement date totaling USD \$17,320,037.

(b) Bridging Finance receivership and Bridging Finance loan amendment

On April 30, 2021, upon application of the Ontario Securities Commission, PricewaterhouseCoopers LLP ("PwC") was appointed as receiver and manager of all assets, undertakings and properties of Bridging Finance Inc.

On August 18, 2021, the Corporation signed amendment No. 3 to the second amended and restated loan agreement with Bridging Finance Inc. to capitalize 80% of interest beginning April 1, 2021, and to extend the maturity date of the credit facilities totaling \$62,507,492 (Note 13) from March 31, 2021 to December 31, 2021, with an option to extend the maturity date, under certain conditions, to March 31, 2022. Those conditions have been met as of the time of issuance.

(c) Provincial Government of Newfoundland loan amendment

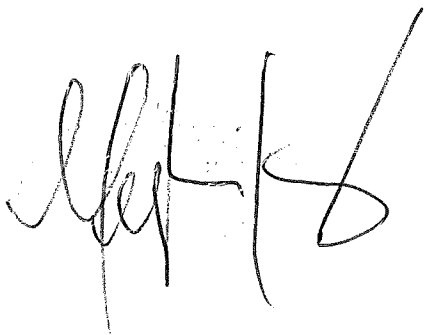
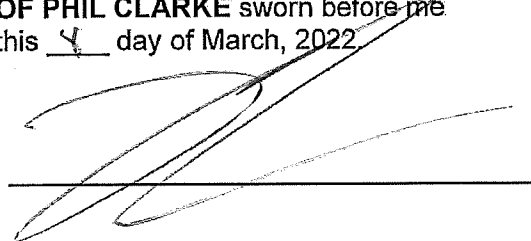
On November 29, 2021, the Corporation and the Provincial Government of Newfoundland signed an amendment to extend the maturity date of the credit facilities totaling \$17,000,000 (Note 13) from December 31, 2021 to December 31, 2022, with interest in arrears and interest related to 2021, payable on April 30, 2022.

(d) Statement of Claim filed by Arkema

On June 1, 2021, Arkema filed a Statement of Claim with the Ontario Superior Court of Justice against the Corporation for damages for breach of contract in the amount of \$29,892,512 (plus interest and costs). In 2016, Arkema and the Corporation entered into the Arkema Supply Agreement, pursuant to which Arkema paid \$29,892,512 to the Corporation in exchange for the Corporation granting Arkema the ability to acquire fluorspar for a ten year period at a contractually mandated specification and pre-arranged prices. Arkema has purported to terminate the Arkema Supply Agreement and has demanded repayment of the funds it has advanced as a termination payment under the Arkema Supply Agreement. The Corporation denies a breach of contract, states that the Corporation has been ready, willing and able to comply with its obligations under the Arkema Supply Agreement, and notes that to date the Corporation has not received a purchase order nor a delivery schedule for fluorspar from Arkema. A Statement of Defence was filed by the Corporation on August 20, 2021. It is not possible to predict the outcome of this case.

TAB B

This is **EXHIBIT "B"** of the **AFFIDAVIT
OF PHIL CLARKE** sworn before me
this 4 day of March, 2022.

A handwritten signature in dark ink, appearing to be 'Phil Clarke', written over a horizontal line.A handwritten signature in dark ink, appearing to be 'Notary Public', written over a horizontal line.

TRADE INVOICE RECOURSE FINANCING FACILITY AGREEMENT

TRADE INVOICE RECOURSE FINANCING FACILITY AGREEMENT (as it may be amended, modified or supplemented from time to time, this "Agreement") is made as of May 25, 2018 (the "Effective Date"), between Canada Fluorspar (NL) Inc., a corporation governed by the laws of Newfoundland and Labrador, (the "Customer"), and HSBC BANK CANADA (the "Bank").

RECITALS

WHEREAS, the Customer is a supplier of goods or services to each account debtor listed on Schedule 1 hereto (each an "Account Debtor" and, collectively, the "Account Debtors") and is the legal and beneficial owner of Receivables (as hereinafter defined) payable by each such Account Debtor to the Customer; and

WHEREAS, the Customer has requested the Bank to provide financing to the Customer in connection with certain Receivables from time to time, and the Bank may be willing to provide financing to the Customer for such Receivables, in which case the terms set forth herein shall apply to such financing.

THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **DEFINITIONS.** Certain capitalized terms used in this Agreement shall have the meanings given to those terms in Exhibit A attached hereto and thereby incorporated herein.
2. **FINANCING.**
 - (a) Advance Request. Commencing on the Effective Date and ending on the Termination Date, the Customer may from time to time submit invoices or information in respect of Proposed Receivables to the Bank. Following the submission of such invoices and/or information in respect of Proposed Receivables to the Bank, the Customer may from time to time request that the Bank provide financing to the Customer with respect to such submitted Proposed Receivables by submitting to the Bank an Advance Request, and the Bank, in its sole discretion, may accept such request and make Advances to the Customer subject to the terms of this Agreement. Such Proposed Receivables, once the Bank has accepted the relevant Advance Request and provided the relevant Advance(s) to the Customer hereunder, are referred to, collectively, as the "Financed Receivables".
 - (b) Uncommitted Arrangement. THIS AGREEMENT DOES NOT CONSTITUTE A COMMITMENT, OBLIGATION OR OTHER UNDERTAKING OF THE BANK TO PROVIDE ADVANCES IN CONNECTION WITH ANY RECEIVABLES OR OTHERWISE EXTEND CREDIT OR PROVIDE ANY FINANCIAL ACCOMMODATION TO THE CUSTOMER. For the avoidance of doubt, notwithstanding the inclusion of any Account Debtor in Schedule 1 hereto, the Bank shall be under no obligation to purchase any Proposed Receivable owing from any such scheduled Account Debtor.
 - (c) Term. This Agreement commences on the Effective Date and shall continue in effect until the date which is thirty (30) days following the date which either the Customer or the Bank delivers written notice to the other Party of its intent to terminate this Agreement, provided that the Bank shall have the right to terminate this Agreement at any time an Event of Default is continuing. Any such termination shall not affect the rights and

obligations of the Parties with respect to Advances made hereunder prior to the Termination Date or are otherwise expressed to survive termination hereof.

- (d) Conditions Precedent. Without limiting the Bank's right to decline to make any Advance in respect of any Proposed Receivable in its sole discretion, no Advance shall be made in respect of any Proposed Receivable until satisfaction of the following conditions precedent on or prior to the proposed Advance Date, all to the satisfaction of the Bank:
- (i) the Bank shall have received (A) an Advance Request; (B) all invoice(s) and/or information related to such invoices issued to the Account Debtor that is an obligor on any such Proposed Receivables and related to the Contracts for such Proposed Receivables, which such invoices and/or information related to such invoices shall be true and accurate and not omit any facts; and (C) such additional supporting documentation that the Bank may have reasonably requested;
 - (ii) the Customer shall have made the representations and warranties of the Customer contained in this Agreement as of such Advance Date;
 - (iii) the Customer shall be in compliance in all material respects with each term, covenant and other provision of this Agreement applicable to the Customer;
 - (iv) no Event of Default shall then exist and no event or circumstance has arisen which, but for the passage of time, or the giving of notice, or both, would constitute an Event of Default;
 - (v) the Bank shall have received payment of all fees due under Section 2(h) and other amounts due under this Agreement; and
 - (vi) with respect to the initial Advance Date only, the Customer shall have taken the following actions and the Bank shall have received each of the following documents, each dated such date (where applicable) and in form and substance satisfactory to the Bank:
 - (A) evidence that the Customer shall have established the Collection Account at the Bank and the Bank shall have control over and a security interest in such account as herein provided;
 - (B) evidence that the Customer shall have instructed each Account Debtor that all payments with respect to the Proposed Receivables shall be made directly to the Collection Account.
 - (C) a certificate of the Secretary or Assistant Secretary of the Customer, certifying the names and true signatures of the incumbent officers authorized on behalf of the Customer to execute and deliver this Agreement, each Advance Request and any other documents to be executed or delivered by it hereunder, together with its Organizational Documents and board resolutions, evidencing necessary organizational action and governmental approvals, if any, necessary for the Customer to execute, deliver and perform its obligations under this Agreement.
 - (D) certified inquiry response report under the PPSA (or comparable lien search certificate from relevant jurisdiction of the Customer) demonstrating no registered security interests, liens, hypothecs, or other encumbrances or adverse claims affecting the Collateral other than Permitted Encumbrances.
 - (E) a general security agreement in favour of the Bank, modified as may be mutually agreed between the Bank and the Customer to describe the applicable scope of the secured collateral to include at least the Collateral, duly executed and delivered by the Customer, in form and substance satisfactory to the Bank.

- (F) verification statement (or comparable certificate from relevant jurisdiction) confirming registration of a PPSA financing statement (or comparable filing or registration from relevant jurisdiction) identifying the Customer as “debtor” and the Bank as “secured party” and containing an appropriate description of the Collateral, duly filed on or before the initial Advance Date in the correct filing office under the PPSA (or comparable statute) of the jurisdiction in which the Customer is located for purposes of applicable law.
 - (G) the Intercreditor Agreement, duly executed by each of the parties thereto.
 - (H) a good standing certificate, certificate of status, certificate of compliance or comparable certification for the Customer from its governing jurisdiction.
 - (I) if so requested by the Bank, a lien perfection and power/capacity, due authorization, execution, delivery and enforceability legal opinion of external counsel to the Customer in form and substance satisfactory to the Bank.
 - (J) a complete copy of the EDC accounts receivable insurance policy covering the Proposed Receivables, together with a direction to pay in favour of the Bank in respect of proceeds of such accounts receivable insurance policy relating to the Proposed Receivables accounts receivables, proof of premium payment and other documents and information as the Bank requires.
 - (K) all documents and other evidence that the Bank requires for its know-your-customer and other compliance checks on the Customer and each Account Debtor.
 - (L) Satisfactory review of Buyer contracts prior to funding.
- (e) Advance Amount. Advances from time to time from the Bank to the Customer, in respect of any Financed Receivable on any Advance Date(s) (each, an “Advance Amount”) shall be made in the currency in which the applicable original invoice(s) are denominated and all Advance Amounts in respect of such Financed Receivable shall not, in the aggregate, exceed:

Advance Amount = A x B, where:

A = Net Invoice Amount; and

B = Advance Rate (90%)

- (f) Maximum Facility Amount. Notwithstanding Section 2(e) of this Agreement, in no event shall the Outstanding Account Debtor Financed Amount in respect of all Account Debtors under all Financed Receivables exceed the Facility Amount.
- (g) Interest on Advances. The Advances shall bear interest at the Discount Rate. Interest shall accrue from the date that an Advance is made by the Bank until the date that amounts are received in full by the Bank in respect of the Financed Receivable against which such Advance was made in accordance with Section 5(a)(iv) hereof; provided, however, that if the Bank has not received repayment in full of Advances made in respect of any Financed Receivable by the Invoice Due Date for such Financed Receivable or upon demand by the Bank, whichever is earlier, then the Advances in respect of such Financed Receivable shall bear interest at the Delinquent Rate for all time after the Invoice Due Date or demand, as applicable, until such Advances are repaid in full. Interest shall be calculated on the basis of Applicable Day Count Convention for the interest rate applicable to such Advances. Interest shall be payable monthly in arrears on the last day of each month. Interest that is payable but remains unpaid shall also accrue interest at the same rate as other amounts advanced in respect of such Financed Receivable.

- (h) **Fees.** The Customer shall pay the Bank: (i) at the time of each advance in respect of an Eligible Receivable, an administrative fee of 0.2% of the face value of the Eligible Receivable financed under this Agreement, plus any and all fees agreed between the Borrower and the Bank from time to time in writing, *provided that* from first availability until the first annual review, such administrative fee shall be a total of USD5,000 per month regardless of the amount of Eligible Receivables financed; (ii) an annual extension fee payable on the yearly anniversary date of this Agreement equal to 0.15% of the Facility Amount; and (iii) wire-transfer fees payable for each wire transfer payment made by the Bank in connection with this Agreement, at the Bank's then prevailing charge for wire transfers, in the relevant currency.
- (i) **Not a True Sale; Full Recourse.** Nothing in this Agreement shall be construed as a sale or purchase of Proposed Receivables between the Customer and the Bank. The Bank and the Customer have structured the transactions contemplated by this Agreement as a financing, secured by a charge and security interest on the Collateral under applicable law and accounting principles, including, without limitation, in their respective books, records, financial statements, computer files, tax returns (federal, provincial and local), regulatory and governmental filings.

3. **CUSTOMER REPRESENTATIONS AND WARRANTIES.** The Customer represents and warrants to the Bank on the date hereof and on each Advance Date and in respect of all Proposed Receivables for which the Customer has requested an Advance from the Bank hereunder (thereby becoming Financed Receivables) that the representations and warranties set forth below are true and correct in all material respects:

(a) **Proposed Receivables.**

- (i) The information submitted to the Bank in respect of each Proposed Receivable is a true and correct list of the Account Debtor's name, the purchase order numbers, the invoice numbers, the Net Invoice Amount due in respect thereof and the Invoice Due Date, in each case, for each Proposed Receivable. All information contained in each such submission to the Bank in respect of Proposed Receivables is accurate in all material respects. Each invoice submitted by the Customer is accurate in all material respects as of its date, and does not and will not omit to state a fact necessary in order to make the information contained therein, in light of the circumstances under which they were made, not materially misleading. The Bank has received true and correct copies of all the relevant documentation relating to each of the Proposed Receivables requested by the Bank. None of the Proposed Receivables are currently evidenced by "chattel paper" or "instruments" or "money" (as each such term is defined in Section 1 of the PPSA) or by "bill" or "note" or "cheque" (as each such term is defined in the *Bills of Exchange Act* (Canada)), unless specifically approved by the Bank and all such cheques, notes, bills and other instruments shall be physically delivered by the Customer to the Bank duly endorsed in favour of the Bank. To the Customer's knowledge, each of the Proposed Receivables is in full force and effect and is the valid and binding obligation of the applicable Account Debtor, enforceable in accordance with its terms, and constitutes the applicable Account Debtor's legal, valid and binding obligation to pay to the Customer the amount of the Proposed Receivables, subject, as to enforcement of such Account Debtor's payment obligation, to bankruptcy, insolvency, reorganization, arrangement, moratorium and other laws of general applicability relating to or affecting creditors' rights. Neither the Customer nor, to the Customer's knowledge, any Account Debtor is in default in the performance of any of the provisions of the documentation applicable to its transactions relating to any Proposed Receivables related to it, including any of the Contracts relating to such Proposed Receivables. Each Proposed Receivable and the Contract and sale terms related thereto are not subject to any defense or Dispute, whether arising out of the transactions contemplated by this Agreement or independently thereof. The Customer has delivered to the Account Debtor all goods and other property or performed all services required to be so delivered or performed by the terms of the documentation giving rise to the Proposed Receivables. The payments due with respect to each Proposed Receivable are not contingent upon the Customer's fulfillment of any further obligation;

- (ii) Each Proposed Receivable submitted to the Bank is an Eligible Receivable and a bona fide payment obligation of the applicable Account Debtor identified in the applicable Invoice and due on the Invoice Due Date for such Proposed Receivable. No actual or to the Customer's knowledge pending Dispute or default or event of default with respect to any Proposed Receivable exists. The amount owed under each Proposed Receivable is free of allowances, side agreements and Dilution. All invoices relating to each Proposed Receivable arising out of the sale of goods or the provision of services to the Customer's knowledge have been accepted by the applicable Account Debtor.
 - (iii) Each Eligible Receivable (A) arises under a Contract between the Customer and the applicable Account Debtor; (B) does not require the applicable Account Debtor or any other Person to consent to the transfer, or assignment by way of security of the Customer's rights to payment under such agreement and (C) does not contain a confidentiality provision that purports to restrict the ability of the Bank to exercise its rights under this Agreement, including without limitation, its right to review such Contract.
 - (iv) The Customer is the legal and beneficial owner of each Proposed Receivable and all Collateral free and clear of any lien, hypothec, charge, encumbrance or security interest other than Permitted Encumbrances, and on or before the initial Advance Date, the Bank shall acquire, subject to Permitted Encumbrances, a valid and enforceable first ranking security interest, lien and charge on each of the Financed Receivables, the Collections with respect thereto and the other Collateral ranking prior to the right, title and interests of all other Persons.
 - (v) The Customer is not, and will not be, on each Advance Date, subject to any Insolvency Event, nor insolvent within the meaning of the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada), the *Fraudulent Conveyances Act* (Newfoundland) or comparable legislation of any other relevant jurisdiction as the same may be amended, restated or replaced from time to time (collectively, the "Insolvency Statutes") and the Customer will not be rendered insolvent (within the meaning of any Insolvency Statute) by entering into this Agreement and performing its obligations hereunder, and will not be insolvent immediately its receipt of the relevant Advance and the granting of the security interests contemplated in this Agreement to the Bank. The Customer has not entered into this Agreement with the intention of defeating, hindering, delaying or defrauding creditors or others of their claims against the Customer, nor preferring any creditor over any other creditor, nor for any other purpose relating in any way to the claims of creditors or others against the Customer.
 - (vi) A copy of the accounts receivable insurance policy(ies) covering the Proposed Receivables has been delivered to the Bank. Such accounts receivable insurance policy(ies) is/are in good standing and the Customer's rights thereunder are fully assignable to the Bank. The Customer has not exceeded any limits or sublimits in respect of exposure to any Account Debtor, country or industry under the applicable accounts receivable insurance policy.
- (b) Customer; Account Debtor(s).
- (i) The Customer is a corporation duly formed, validly existing and in good standing under the laws of Newfoundland and Labrador, and is duly qualified to do business, and is in good standing, in every jurisdiction where the nature of its business requires it to be so qualified. Except to the extent provided in the Amended and Restated Loan Agreement dated February 1, 2018 among the Customer, Newspar, Canada Fluorspar Inc. and Sprott Bridging Income Fund LP by its agent Bridging Finance Inc. and the Loan Agreement dated as of March 30, 2017 among Her Majesty in Right of Newfoundland and Labrador, the Customer, Newspar and Canada Fluorspar Inc., as amended, the Customer is not a party to any agreement which restricts or prohibits the right of the Customer to grant a security interest in the Collateral to the Bank. The Customer is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

- (ii) (A) To the best of the knowledge of the Customer, an Account Debtor on any Proposed Receivable owing by it is not subject to any Account Debtor Insolvency Event at the time of the Advance Request relating thereto; and (B) each Account Debtor on any Financed Receivable owing by it is not subject to an Account Debtor Insolvency Event on any Advance Date.
- (c) No Conflict, etc. The execution, delivery and performance by the Customer of this Agreement, each Advance Request and each other document to be delivered by the Customer hereunder, (i) are within the Customer's corporate or other organizational powers; (ii) have been duly authorized by all necessary corporate or other organizational action; and (iii) do not contravene (A) the Customer's Organizational Documents; (B) any law, rule or regulation applicable to the Customer; (C) any contractual restriction binding on or affecting the Customer or its property, or (D) any order, writ, judgment, award, injunction or decree binding on or affecting the Customer or its property. The Agreement has been duly executed and delivered by the Customer. The Customer has furnished to the Bank a true, correct and complete copy of its Organizational Documents, including all amendments thereto.
- (d) Authorizations: Filings. No authorization or approval or other action by, and no notice to or filing with, any governmental entity is required for the due execution, delivery and performance by the Customer of this Agreement or any other document to be delivered thereunder except for the filing of any PPSA financing statements (or comparable registration or filing in the relevant jurisdiction) as may be necessary to perfect the security interest, charge and lien on the Collateral in favour of the Bank pursuant to this Agreement. Except to the extent relating to the Amended and Restated Loan Agreement dated February 1, 2018 among the Customer, Newspaper, Canada Fluorspar Inc. and Sprott Bridging Income Fund LP by its agent Bridging Finance Inc. and the Loan Agreement dated as of March 30, 2017 among Her Majesty in Right of Newfoundland and Labrador, the Customer, Newspaper and Canada Fluorspar Inc., as amended, no PPSA financing statement (or comparable registration or filing in the relevant jurisdiction) or other instrument similar in effect covering any of the Collateral is on file in any filing or recorded in any recording office or system, except those filed in favour of the Bank relating to this Agreement, and no competing notice of assignment or payment instruction or other notice inconsistent with the transactions contemplated in this Agreement is in effect with respect to any Account Debtor, subject in each case to Permitted Encumbrances.
- (e) Enforceability. This Agreement constitutes the legal, valid and binding obligation of the Customer enforceable against the Customer, in accordance with its terms, except as limited by bankruptcy, insolvency, moratorium, fraudulent conveyance or other laws relating to the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforcement is sought at equity or law).
- (f) Litigation Matters. There is no pending (or, to its knowledge, threatened) action, proceeding, investigation, litigation or injunction, writ or restraining order affecting the Customer or any of its Affiliates before any court, governmental entity or arbitrator which could reasonably be expected to result in a Material Adverse Change, and the Customer is not currently the subject of, and has no present intention of taking any action to commence, an Insolvency Event applicable to the Customer.
- (g) Material Adverse Change. There exists no event which has had, or is reasonably likely to result in, a Material Adverse Change.
- (h) Money Laundering and Anti-Terrorism Laws and Sanctions Laws: Etc.
- (i) All required import or export licences (if any) applicable to goods (if any) of relevance to each Financed Receivable to be obtained by the Customer have been obtained and the Customer is in compliance in all material respects with foreign and domestic laws and regulations pertaining to each jurisdiction in which it operates and to each such Financed Receivable including, if applicable, the shipment and financing of the goods of relevance to such Financed Receivable;

(ii) Neither the Customer nor any of its subsidiaries, directors, officers or employees is an individual or entity (nor does the Customer nor any such entity or individual operate, possess, own, charter or use a vessel) nor, to the knowledge of the Customer (after having conducted commercially reasonable diligence) any Account Debtor: (A) is, or is owned or controlled by, a Sanctioned Person or a Sanctioned Country; (B) has any business affiliation or commercial dealings with any Sanctioned Person or Sanctioned Country; or (C) is in breach of or is the subject of any action or investigation under any Sanctions Laws; and

(iii) Customer and its subsidiaries are, and, to the knowledge of the Customer (after having conducted commercially reasonable diligence), its Account Debtors, are in compliance with Sanction Laws, Anti-Money Laundering Laws and Anti-Corruption Laws and all other applicable laws relating to anti-money laundering, and corruption of public officials, and other federal, state, or provincial laws relating to "know your customer" and anti-money laundering rules and regulations. Customer and its subsidiaries have and, to the knowledge of the Customer, (after having conducted commercially reasonable diligence) the Account Debtors, have taken appropriate steps to implement policies and procedures reasonably designed to provide that there will be no payments to any government official or employee, or politically sensitive person, political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage in violation of any Anti-Corruption Laws.

(i) Review. The Customer has discussed and reviewed this Agreement with its accountant, independent auditors and legal counsel and the Customer is not relying upon oral or other representations or statements from the Bank inconsistent with the terms and provisions of this Agreement.

4. **CUSTOMER COVENANTS.** Until the later of the Termination Date and the date that all Obligations (other than Obligations under Section 6(b) and (c) which survive the Repayment in full of all Advances) of the Customer pursuant to this Agreement have been paid in full to the Bank, the Customer agrees to perform the covenants set forth below:

(a) Payment of Amounts Owed. The Customer shall duly and timely pay to the Bank all Obligations when due; and without limiting the generality of the foregoing shall pay to the Bank: (i) the outstanding principal amount of each Advance (whether or not the relevant Account Debtor has actually paid or remitted the amount due to the Customer on that date); (ii) on demand the full amount of all Obligations upon the occurrence and during the continuation of one or more Events of Default; and (iii) on demand the full amount of all Obligations, on any earlier date on which the term of this Agreement is terminated for any other reason; in each case, in the same currency as the relevant Advance plus interest accruing on such outstanding amount calculated monthly not in advance from such due date to the date of full payment to the Bank at the Delinquent Rate.

(b) Notice of Disputes, Breaches of Contract, Account Debtor Insolvency Events, Etc. The Customer shall fulfill and perform all obligations stemming from transactions related to Financed Receivables and shall promptly upon learning of the same deliver a reasonably detailed written notice to the Bank of (i) any Dispute asserted or threatened in respect of a Financed Receivable; (ii) any breach by the applicable Account Debtor of the Contract which could reasonably give rise to such Account Debtor failing to pay any invoice amount or give rise to any Dispute; (iii) any Account Debtor Insolvency Event occurring, or (iv) it becoming illegal for an Account Debtor to pay all or any part of the invoice amount because of the imposition of any prohibition or restriction on such payments.

(c) Contracts; Financed Receivables. The Customer, at its expense, shall timely and fully perform in all material respects with all terms, covenants and other provisions required to be performed by it under the Contracts related to the Financed Receivables, and the Customer, at its expense, shall compel the applicable Account Debtor to timely and fully perform in all material respects with all terms, covenants and provisions required to be performed by such Account Debtor under the Contracts related to the Financed Receivables. The Customer, at its expense, shall use commercially reasonable efforts to keep each Financed Receivable in full

force and effect as a valid and binding obligation of such Account Debtor, enforceable in accordance with its terms, subject, as to enforcement of such Account Debtor's payment obligation, to bankruptcy, insolvency, reorganization, arrangement, moratorium and other laws of general applicability relating to or affecting creditors' rights.

- (d) Existence. The Customer will (i) comply in all material respects with all applicable laws, rules, regulations and orders and (ii) preserve and maintain its organizational existence, rights, franchises, qualifications, and privileges, except as permitted pursuant to the Credit Facility Letter. The Customer will keep its jurisdiction of organization and the location of its chief executive office as the Province of Newfoundland and Labrador and principal place of business and chief executive office and the office where it keeps its records concerning the Collateral at the address set forth in Section 12 hereof or, in each case, upon ten (10) Business Days' prior written notice to the Bank, at any other locations in jurisdictions where all actions reasonably requested by the Customer or otherwise necessary to protect, perfect and maintain the Bank's interest in the Collateral have been taken and completed.
- (e) Books and Records. The Customer will maintain accurate books and accounts with respect to the Financed Receivables. The Customer shall maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Financed Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for collecting all Financed Receivables (including, without limitation, records adequate to permit the daily identification of each Financed Receivable and all Collections of and adjustments to each existing Financed Receivable).
- (f) Sales, Liens and Debt. The Customer shall not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any lien, hypothec, charge, encumbrance or security interest upon or with respect to, the Financed Receivables or upon or with respect to any deposit or other account to which any Collections of any Financed Receivable are sent, or assign any right to receive income in respect thereof except the interests in favour of the Bank, subject in each case to Permitted Encumbrances.
- (g) Extension or Amendment of Financed Receivables. The Customer shall not amend or extend the payment terms under any Financed Receivables, unless approved in advance in writing by the Bank, and shall not otherwise waive or permit or agree to any deviation from the terms or conditions of any Financed Receivable without the prior written consent of the Bank.
- (h) Audits and Visits. The Customer shall, at any time and from time to time during regular business hours on any Business Day from time to time as requested by the Bank, permit the Bank, or its agents or representatives, upon reasonable notice, (i) on a confidential basis, to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in its possession or under its control relating to Financed Receivables owed by Account Debtor including, without limitation, the related Contracts; and (ii) to visit its offices and properties for the purpose of examining and auditing such materials described in clause (i) above, and to discuss matters relating to Financed Receivables owed by any Account Debtor or the Customer's performance hereunder or under the related Contracts with any of its officers or employees having knowledge of such matters (hereinafter, an "Audit"), provided that, unless a breach or default of the Customer's obligations hereunder occurs and is continuing, only one such Audit in any calendar year shall be at the Customer's expense.
- (i) Accounting Treatment. The Customer shall make all disclosures required by applicable law or regulation with respect to the obtaining of credit from the Bank, by way of Advances in respect of Financed Receivables hereunder, and account for such secured financing in accordance with Generally Accepted Accounting Principles or IFRS, as applicable, then in effect.
- (j) Reporting Requirements. The Customer will comply with all reporting requirements set forth in that certain Credit Agreement by and between the Bank and the Customer dated October 24, 2017 (as such agreement

may be amended, restated, amended and restated, supplemented or otherwise modified from time to time). In addition, the Customer will notify the Bank as soon as possible and in any event within one (1) Business Days after becoming aware of the occurrence thereof, written notice of (A) any non-payment of amounts due with respect to any Financed Receivable or (B) any matter that could reasonably be expected to result in a Material Adverse Change.

- (k) Further Assurances. The Customer will, at its expense, promptly execute and deliver all further instruments and documents, and take all further action that the Bank may reasonably request, from time to time, in order to perfect, protect or more fully effectuate the enforceability of the Bank's security interests in the Financed Receivables and the other Collateral and to enable the Bank to exercise or enforce its rights and remedies hereunder, as applicable, and to support the filing of a claim under any applicable accounts receivable insurance policy covering the Financed Receivables, including, without limitation, any accounts receivable insurance maintained by the Bank in respect of the Financed Receivables, and to support the filing of a claim under any applicable accounts receivable insurance policy covering the Financed Receivables.
- (l) Taxes. The Customer will pay any and all taxes (excluding the Bank's income, gross receipts, franchise, capital, sales and harmonized sales tax, goods and services tax, doing business or similar taxes) relating to the transactions contemplated by this Agreement; except for those taxes that the Customer is contesting in good faith and for which adequate reserves have been taken. The Customer shall treat each assignment of Financed Receivables to the Bank hereunder as a secured lending transaction for federal and provincial income tax, reporting and accounting purposes. The Customer will comply with all other applicable Canadian tax laws, regulations and rules relating to the transactions contemplated by this Agreement.
- (m) Not Adversely Affect the Bank's Rights. The Customer will refrain from any act or omission outside of the ordinary course of business which might in any way prejudice or limit the Bank's rights to, and security interests in, the Collateral.
- (n) Accounts Receivable Insurance. The Customer or one of its Affiliates shall remain liable to continue to pay the insurance premiums for the EDC accounts receivable insurance policy selected and approved by the Customer and issued to the Customer or one of its Affiliates covering such Financed Receivables, shall maintain such insurance policy in good standing and shall refrain from any act or omission which might in any way prejudice or limit the Bank's rights thereunder or cause the termination of such insurance policy, including, without limitation, exceeding any limits or sublimits in respect of exposure to any Account Debtor, country or industry.
- (o) Claims under Accounts Receivable Insurance. Upon the request of the Bank from time to time, the Customer agrees that it or one of its Affiliates shall take appropriate actions to prepare and file a claim in respect of any Financed Receivable under the applicable accounts receivable insurance policy.
- (p) Money Laundering and Anti-Terrorism Laws, Use of Proceeds. The Customer shall, and shall cause each of its Affiliates to, continue to comply with all applicable Sanctions Laws, Anti-Money Laundering Laws, Anti-Corruption Laws and all other applicable laws relating in any way to the Financed Receivables and to promptly notify the Bank in writing (with explanation) of any actual or alleged violation thereof. The Customer will not, directly or indirectly, use any benefit derived from this Agreement to fund any activities or business of or which any Person, including an Account Debtor, or in any country or territory, that is, or whose government is, the subject of Sanctions; or in any other manner that would result in a violation of Sanctions by any Person. The Customer shall promptly notify the Bank of any circumstance of which it may become aware in connection with any Financed Receivable that may relate to money laundering, terrorist financing, bribery, corruption, tax evasion or Sanctions.
- (q) Other Credit Agreements. Subject to the terms of the Intercreditor Agreement, the Customer shall comply at all times with its credit agreements, facility letters and other agreements for borrowed money or funded debt with its creditors and notify immediately the Bank upon the occurrence of any event of default resulting in a

loss of the available credit thereunder or of any demand of payment by a creditor in relation to one of these agreements, and advise the Bank of any such new agreement or material modification to such agreement with any of its creditors.

- (r) Field Audit. The Customer shall, at its sole cost and expense and within 12 months of the date of the first Advance made under the Facility, provide the Bank with results of an onsite client survey conducted by a third-party auditor selected by the Bank.
- (s) Sale of Receivables Payable by the Chemours Company. Without limiting the scope of the restriction set forth in Section 4(f) above, the Customer shall not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any lien, hypothec, charge, encumbrance or security interest upon or with respect to any Receivable to or in favour of Citibank, N.A. ("Citibank") where such Receivable is payable by The Chemours Company (whether or not such Receivable is a Financed Receivable) unless and until the Customer shall have been notified in writing by the Bank that an intercreditor agreement in form and substance satisfactory to the Bank in all respects has been executed by the Bank and Citibank addressing their respective priorities in such Receivables.

5. COLLECTION ACTIVITIES; ETC.

(a) Collections.

- (i) Establishment of Account(s). The Customer has established the Collection Account and covenants to maintain such account so long as any Obligations remain unpaid, unless otherwise agreed to in writing by the Bank.
- (ii) Collection Account. The Collection Account established by the Customer shall be held and maintained at a designated bank branch of the Bank, in the name of the Customer but subject to the exclusive dominion and control of the Bank for so long as any Obligations remain outstanding (other than the Obligations under Section 6(b) and (c) which survive the repayment in full of Advances), which account shall be separate and segregated from the Customer's own assets (including other bank accounts), to solely receive Collections and amounts owing under Financed Receivables. The Customer shall maintain such account so long as any Obligations remain unpaid (other than the Obligations under Section 6(b) and (c) which survive the repayment in full of Advances) unless otherwise agreed to in writing by the Bank. The Customer shall (a) take any and all actions necessary (including those requested by the Bank) to ensure that all payments on account of the Financed Receivables shall be wire transferred, deposited or credited directly from the relevant Account Debtor to the Collection Account, without adjustment, set-off or deduction of any kind or nature; (b) not change the payment instructions to any Account Debtor that all amounts owing in respect of the Financed Receivables be deposited directly into the Collection Account; and (c) take any and all other actions, including actions requested by the Bank, to ensure that any amounts not owing in respect of the Financed Receivables will not be deposited to the Collection Account or comingled with the Collections in the Collections Account with any other funds, property or assets of the Customer and to keep separate and segregated all such Collections. All funds remitted to, or deposited in the Collections Account and the credit balances therein from time to time shall remain subject to the security interests in favour of the Bank for as long as the Obligations have not been satisfied in full (other than the Obligations under Section 6(b) and (c) which survive the repayment in full of Advances) and until then, the Customer shall not, directly or indirectly, utilize funds in the Collection Account for its own purposes, and shall not have any right to withdraw funds therefrom (whether pursuant to cheques, other payment orders or otherwise) and no right to pledge such funds to any Person other than the Bank as collateral for any obligations of the Customer or any other Person.
- (iii) Control of Collection Account. Until the Obligations have been satisfied in full (other than the Obligations under Section 6(b) and (c) which survive the repayment in full of Advances) to the Bank, the Customer acknowledges and agrees that: (A) the Collection Account shall at all times be under the sole

control and direction of the Bank and hereby grants to the Bank the sole right without the consent of, or notice to the Customer at any time and from time to time to set-off and debit the Collection Account and withdraw from the Collection Account any or all funds credited or deposited now or at any time hereafter to the Collection Account and to otherwise operate or deal with the Collection Account and any or all funds now or at any time hereafter credited or deposited into the Collection Account, and (B) the Customer shall not have any right to control or direct or otherwise operate or deal with the Collection Account or any funds now or at any time hereafter credited or deposited to the Collection Account, other than to credit or deposit funds, or to direct Account Debtors to credit or deposit funds, to the Collection Account in accordance with this Agreement.

- (iv) Receipt of Funds by the Bank. No amounts shall be deemed received by the Bank and applied against the Obligations of the Customer hereunder for purposes of this Agreement until the Bank has debited immediately available funds from the Collection Account or such funds have otherwise been actually received by the Bank.
- (v) Excess Collections. Upon receipt by the Bank in the Collection Account or otherwise of Collections in respect of any Financed Receivable in an amount equal to or greater than the Advance made in respect of such Financed Receivable plus applicable interest, the Bank shall, within two (2) Business Days of receipt of such Collections, release any such excess Collections from the Collection Account to the Borrower.
- (vi) Funds Held in Trust. Prior to being deposited in the Collection Account, any funds received by the Customer in respect of any Financed Receivables shall be deemed to be subject to a trust in favour of the Bank, and the Customer shall be deemed to be holding such funds in trust for the exclusive use and benefit of the Bank until the Obligations have been satisfied in full to the Bank (other than Obligations under Section 6(a) and (c) which survive the repayment full of Advances).
- (b) Payment Reconciliation. Without diminishing the Customer's liability to pay the Obligations when due, the Customer shall be responsible for identifying, matching and reconciling any payments, including those related to any Dilution of Financed Receivables or Collections therefrom, deposited in the Collection Account. Customer shall provide to the Bank, in a form and substance satisfactory to the Bank, a full reconciliation ("Payment Reconciliation") of all such payments deposited in the Collection Account, together with the DSO values of all Collections deposited in the Collection Account and adjustments (including Dilution amounts, if any), within five (5) days of the deposit of Collections in respect of Financed Receivables in the Collection Account and from time to time upon the request of the Bank. Subject at all times to the security interest granted in favour of the Bank in the Collection Account, if any payment is received in the Collection Account that does not constitute a Collection with respect to any Financed Receivable, following receipt by the Bank of satisfactory evidence of payment details documenting that the payment is for Receivables not constituting Financed Receivables, such funds will be forwarded to the Customer or to such other Person as is entitled thereto.
- (c) Rights of the Bank; Notices to Account Debtors. The Bank shall have the right to exercise any and all of its rights and remedies hereunder, under applicable law (including, the PPSA or comparable statute or applicable law of any other jurisdiction) or at equity to collect any Financed Receivables directly from the applicable Account Debtor. In furtherance of the foregoing, but without limiting the generality thereof, the Bank may, in its sole discretion, upon the occurrence and continuation of any Event of Default, notify or otherwise advise any Account Debtor that the Bank has the right to collect the applicable Financed Receivable, and may direct such Account Debtor to make payments with respect to such Financed Receivable directly to the Collection Account or to the Bank directly as the Bank may direct.
- (d) Account Debtor Payment Default. So long as no Event of Default has occurred and is continuing, upon the occurrence of any payment default by an Account Debtor in payment of any Financed Receivable, the Customer shall notify the Bank about such default and provide a report about the course of action to be

adopted by the Customer, in light thereof without diminishing the Customer's obligations and liabilities to pay the Obligations to the Bank when due hereunder.

6. EVENTS OF DEFAULT; INDEMNITIES AND SET-OFF.

- (a) Events of Default. If any one or more Events of Default occur and continue, the Bank may, in its discretion:
- (i) terminate this Agreement and declare to be immediately due and payable all of the Obligations of the Customer to the Bank;
 - (ii) commence such litigation or proceedings, and make such claims as the Bank considers appropriate, in its discretion, against the Customer;
 - (iii) realize upon, enforce against and otherwise exercise its rights and remedies against the Financed Receivables, the Collateral and all other security granted to the Bank in connection with this Agreement;
 - (iv) to the fullest extent permitted by applicable law set off, appropriate and apply any and all credit balances and deposits (general or special, time or demand, matured or unmatured, provisional or final) at any time and from time to time held by the Bank against the indebtedness and liability of the Customer to the Bank.
- (b) General Indemnification. The Customer hereby agrees to indemnify the Bank (together with its officers, directors, agents and employees, each, an "Indemnified Party") from and against any and all claims, losses and liabilities (including, without limitation, reasonable legal fees) (all of the foregoing being collectively referred to as "Indemnified Amounts") arising out of or resulting from any of the following: (i) the granting to the Bank of a security interest in any Financed Receivable; (ii) the failure to vest in the Bank a perfected security interest (within the meaning of the PPSA) in each Financed Receivable and the proceeds and Collections in respect thereof free and clear of any liens or encumbrances of any kind or nature whatsoever (other than Permitted Encumbrances and those granted under this Agreement); (iii) any Dispute or any other claim related to such Financed Receivable (or any portion thereof); (iv) any failure by the Customer to perform its duties or obligations hereunder in accordance with this Agreement; (v) any Event of Default; or (vi) any losses or damage arising from any communications sent or received using electronic means. The foregoing indemnification shall not apply in the case of any claims, losses or liabilities to the extent resulting solely from (A) the gross negligence or willful misconduct of an Indemnified Party as determined in a final non-appealable judgment by a court of competent jurisdiction or (B) an Account Debtor Insolvency Event. Amounts due hereunder shall accrue interest at the Delinquent Rate.
- (c) Tax Indemnification. All payments on the Financed Receivables from the Account Debtors will be made free and clear of any present or future taxes, withholdings or other deductions whatsoever. The Customer will indemnify the Bank for any such taxes, withholdings or deductions as well as any stamp duty or any similar tax or duty on documents or the transfer of title to property arising in the context of this Agreement which has not been paid by the Customer. Further, the Customer shall pay, and indemnify and hold the Bank harmless from and against, any taxes that may at any time be asserted in respect of the Financed Receivables hereunder (including any sales, occupational, excise, gross receipts, personal property, privilege or license taxes, or withholdings, goods and services tax, sales tax and other taxes, but not including taxes imposed upon the Bank with respect to its overall net income) and costs, expenses and reasonable counsel fees in defending against the same, whether arising by reason of the acts to be performed by the Customer hereunder or otherwise. Amounts due hereunder shall accrue interest at the Delinquent Rate.
- (d) PPSA. The rights granted to the Bank hereunder are in addition to all other rights and remedies afforded to the Bank as a secured creditor under the PPSA or other applicable law, any other comparable statute of any other jurisdiction, any other law or in equity.

7. **CUSTOMER OBLIGATIONS.** Notwithstanding the granting of a security interest in the Financed Receivables and other Collateral to the Bank hereunder, the Bank shall have no responsibility for, or have any liability with respect to, the performance of any Contract, and neither shall the Bank have any obligation to intervene in any commercial dispute arising out of the performance of any Contract. All obligations of the Customer under each Contract, including all performance obligations, representations and warranty obligations, all servicing obligations, all maintenance obligations, and all delivery, transport and insurance obligations, shall be retained by the Customer.

8. **HSBC GROUP – SANCTIONS LAWS.** The Customer acknowledges and agrees that:

- (a) the Bank, together with HSBC Holdings plc, its Affiliates and subsidiaries (together “HSBC Group”), and HSBC Group’s service providers are required to act in accordance with, and it is the policy of the Bank and other members of the HSBC Group to comply with, the laws and regulations of various jurisdictions, including those which relate to Sanctions Laws and the prevention of money laundering, terrorist financing, bribery, corruption and tax evasion;
- (b) the Bank may take, and may instruct other members of the HSBC Group to take, to the extent it or such member is legally permitted to do so under the laws of its jurisdiction, any action (a “Compliance Action”) which it or such member, in its sole discretion, considers appropriate to act in accordance and compliance with Sanctions Laws and other applicable domestic and foreign laws, regulations and regulator requirements. Such Compliance Action may include but is not limited to the interception and investigation of any payment, communication or instruction or other information; sharing information within HSBC Group, the making of further enquiries as to whether a Person is subject to any Sanctions Laws; and the refusal to process any transaction or instruction that does not conform with Sanctions Laws;
- (c) neither the Bank nor any other member of HSBC Group will be liable to the Customer for any direct, indirect or consequential, losses, costs, fees, charges, disbursements, damages, expenses, legal expenses and fees, claims, actions, suits, demands and liabilities whatsoever suffered, incurred, commenced or made (collectively, “Loss”) suffered by any party arising out of or relating to any Compliance Action taken by or on behalf of the Bank, any delay or failure by the Bank in performing any of its duties under this Agreement or by the Bank, any other member of the HSBC Group caused in whole or in part by any steps which the Bank or such other member, in its sole and absolute discretion, considers appropriate under applicable laws and regulations including (without limitation) Sanctions Laws. The Bank will use reasonable commercial efforts to notify the Customer of the existence of such circumstances as soon as is reasonably practicable; and
- (d) the Customer acknowledges that the Bank may, in its sole discretion, refuse to provide financing for the Proposed Receivables in connection with or relating to any countries, governments, entities or other Persons that are subject to Sanctions Laws or limitations imposed by domestic or foreign laws, or by the Bank or any member of the HSBC Group, and that the Bank has the right, without prior notice to the Customer, to reject, refuse to pay, or not process any transaction or instruction that does not conform with any such Sanctions Laws or limitations.

9. **COSTS AND EXPENSES; DELINQUENT RATE.**

- (a) All amounts payable to the Bank on account of the Obligations which are not paid to the Bank by the Customer when due hereunder shall bear interest at the Delinquent Rate calculated monthly, not in advance, whether before or after demand and judgment and shall be payable by the Customer on demand by the Bank, accruing each day from such due date to the date such amount is received by the Bank.

- (b) The Customer shall reimburse the Bank for all reasonable costs (including out of pocket legal fees and expenses) in CAD, or the CAD Equivalent thereof, that the Bank incurs in connection with the preparation and negotiation of this Agreement, any amendments hereto and the administration, preservation of rights and enforcement hereof.
- (c) Any fees, expenses, indemnity, or all other amounts payable by the Customer to the Bank in connection with this Agreement shall bear interest each day from the date due until indefeasible payment in full at the Delinquent Rate, whether before or after demand, default and judgment. Such interest shall be payable on demand. Fees are deemed payable on the date or dates set forth herein; expenses, indemnity, or other amounts payable by the Customer to the Bank are due thirty (30) days after receipt by the Customer of written demand thereof.
10. **GENERAL PAYMENTS.** All amounts payable by the Customer to the Bank under this Agreement shall be paid in full, free and clear of all deductions, set-off or withholdings whatsoever except only as may be required by law, and shall be paid on the date such amount is due by not later than 11:00 am (Eastern Time) to the account of the Bank notified to the Customer from time to time. If any deduction or withholding is required by law, the Customer shall pay to the Bank such additional amount as necessary to ensure that the net amount actually received by the Bank equals to the full amount the Bank should have received had no such deduction or withholding been required. Except as may be otherwise expressly provided in this Agreement, all payments to be made hereunder, including in respect of a Financed Receivable with respect to the Advance Amount, interest thereon and indemnities in connection therewith shall be paid in the currency stipulated in the relevant original invoices. Any amounts that would fall due for payment on a day other than a Business Day shall be payable on the succeeding Business Day.
11. **LIMITATION OF LIABILITY.** NEITHER PARTY SHALL BE LIABLE FOR ANY SPECIALINCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THIS AGREEMENT (INCLUDING LOST PROFITS OR LOSS OF BUSINESS) EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
12. **NOTICES.** Unless otherwise provided herein, any notice, request or other communication which the Bank, the Customer may be required or may desire to give to the other party under any provision of this Agreement shall be in writing and sent by electronic facsimile transmission, hand delivery or first class mail, registered and postage prepaid, and shall be deemed to have been given or made and received when transmitted with receipt confirmed in the case of electronic facsimile transmission, when received if sent by hand delivery or five (5) days after deposit in the mail if mailed, and in each case addressed to the Bank, or the Customer as set forth below. Any party hereto may change the address to which all notices, requests and other communications are to be sent to it by giving written notice of such address change to the other parties in conformity with this paragraph, but such change shall not be effective until notice of such change has been received by the other parties.

If to the Customer:

Canada Fluorspar (NL) Inc.

1 Clarke's Pond Road

St. Lawrence, Newfoundland A0E 2V0

Fax:

Email:

If to the Bank:

HSBC Bank Canada

70 York Street

Toronto, ON M5J 1S9

Attention: Country Head, Global Trade and Receivables Finance

with a copy to (which copy shall not constitute notice hereunder):

HSBC Bank Canada
70 York Street
Toronto, ON M5J 1S9
Attention: Legal, Global Trade and Receivables Finance

The Customer agrees that the Bank may presume the authenticity, genuineness, accuracy, completeness and due execution of any electronic facsimile transmission bearing a facsimile or scanned signature resembling a signature of an authorized Person of the Customer without further verification or inquiry by the Bank. Notwithstanding the foregoing, the Bank in its sole discretion may elect not to act or rely upon such a communication and shall be entitled (but not obligated) to make inquiries or require further action by the Customer to authenticate any such communication.

13. **SURVIVAL.** Notwithstanding the occurrence of the Termination Date, (a) all covenants, representations and warranties made herein shall survive the execution, delivery and performance of the Agreement so long as any Financed Receivables remain outstanding; and (b) the Customer's obligations to indemnify the Bank with respect to the expenses, damages, losses, costs, liabilities and other obligations shall survive until the later of (i) all applicable statute of limitations periods with respect to actions that may be brought against the Bank or any other indemnified party have run and (ii) 365 days following the entry of a final non-appealable order of a court of competent jurisdiction with respect to actions brought against the Bank or any other Indemnified Party that were initiated prior to the end of the applicable statute of limitations for such actions.
14. **GOVERNING LAW; VENUE; WAIVER OF JURY TRIAL; ETC.**
 - (a) This Agreement shall be governed by the laws of the Province of Newfoundland and Labrador, without giving effect to conflict of laws principles that would require the application of the law of any other jurisdiction.
 - (b) Each Party irrevocably and unconditionally (i) submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the Province of Newfoundland and Labrador, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment and (ii) agrees that all claims in respect of any such action or proceeding may be heard and determined in any such Newfoundland and Labrador court or, to the extent permitted by law, in such appellate court. A final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each Party irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, (x) any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court located in the Province of Newfoundland and Labrador and (y) the defense of inconvenient forum to the maintenance of such action or proceeding in any such court.
 - (c) EACH PARTY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT SUCH PARTY MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.
15. **GENERAL PROVISIONS.**
 - (a) This Agreement represents the final agreement of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements with respect to such subject matter. No provision of this Agreement may be amended or waived except by a writing signed by the Parties hereto.

- (b) This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of each of the Parties; provided, however, that the Customer may not assign any of its rights hereunder without the Bank's prior written consent. The Bank shall have the right without the consent of or notice to the Customer to sell, transfer, negotiate or grant participations in all or any part of, or any interest in, the Bank's obligations, rights and benefits hereunder.
- (c) Each provision of this Agreement shall be severable from every other provision hereof for the purpose of determining the legal enforceability of any specific provision. This Agreement may be executed and delivered in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same agreement.
- (d) Customer acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to the Customer or one or more of its affiliates (in connection with this Agreement or otherwise) by the Bank or its subsidiaries. The Customer hereby authorizes the Bank to share within the Bank to any director, officer or employee of the Bank on a need to know basis any information delivered to the Bank by the Customer and its subsidiaries pursuant to this Agreement, or in connection with the decision of the Bank to enter into this Agreement, to any other business unit of the Customer and/or to any subsidiary of the Customer. Such authorization shall terminate on the termination of this Agreement. Without limiting the foregoing, the Bank agrees to maintain the confidentiality of any Confidential Information (as defined below) of the Customer and shall not disclose such Confidential Information to any third party except as set forth in the Agreement. "Confidential Information" shall mean information of the Customer provided to the Bank. "Confidential Information" shall not include any information that (i) is part of the public domain without any breach of this Agreement by the receiving Party; (ii) is or becomes generally known to the general public or organizations engaged in the same or similar businesses as the receiving Party on a non-confidential basis, through no wrongful act of such Party; (iii) is known by the receiving Party prior to disclosure to it hereunder without any obligation to keep it confidential; (iv) is disclosed to it by a third party which, to the best of the receiving Party's knowledge, is not required to maintain the information as proprietary or confidential; (v) is independently developed by the receiving Party without reference to Confidential Information of the other Party; or (vi) is the subject of a written agreement whereby the other Party consents to the disclosure of such Confidential Information on a non-confidential basis. The Bank may disclose Confidential Information, without the consent of the Customer, if such Party is requested or becomes legally compelled (by applicable law, rule, regulation, oral questions, interrogatories, request for information or documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information. The Customer further acknowledges and agrees that, notwithstanding any of the foregoing, the Bank may store, disclose, process and transfer Confidential Information to members of the HSBC Group and other third party partners of the Bank, on a worldwide basis, to perform and/or in connection with the performance of this Agreement including, without limitation, in connection with any audit or similar review conducted pursuant to Section 4(h) of this Agreement. The obligations under this paragraph(d) shall terminate on the date which is seven (7) years from the Termination Date (the "Confidentiality Termination Date"). Following the Confidentiality Termination Date, the Bank shall, in its sole determination, either return Confidential Information of the Customer to the Customer, unless otherwise required by applicable law to maintain, or confirm to the Customer that it has destroyed any Confidential Information in accordance with its document retention policy, unless otherwise required by applicable law to maintain.
- (e) For the purposes of complying with the *Interest Act* (Canada) where interest is calculated pursuant hereto at a rate based on a 360 or 365 day period, the yearly rate or percentage of interest to which such rate is equivalent is such rate multiplied by the actual number of days in the year (365 or 366, as the case may be) divided by respectively 360 or 365.
- (f) With respect to any monies payable by the Customer hereunder, or any portion or portions thereof, which are payable in a currency other than Canadian currency (the "Foreign Currency Obligation"), the following provisions shall apply:

- (i) payment of the Foreign Currency Obligation made hereunder shall be made in immediately available funds in lawful money of the jurisdiction in the currency of which the Foreign Currency Obligation is payable (the "Foreign Currency") in such form as shall be customary at the time of payment for settlement of international payments in Toronto, Ontario without set-off or counterclaim;
- (ii) the Customer shall hold the Bank harmless from any loss incurred by the Bank arising from any change in the value of Canadian currency in relation to the Foreign Currency between the date the Foreign Currency Obligation becomes due and the date of full, final and indefeasible payment thereof to the Bank; and
- (iii) if, for the purpose of obtaining judgment under this indemnity in any court, it is necessary to convert a sum due hereunder in the Foreign Currency into Canadian currency, the rate of exchange used shall be that quoted by the Bank at its Toronto, Ontario branch for the purchase of the Foreign Currency with Canadian currency on the Business Day preceding that on which final judgment is given.

The obligation of the Customer in respect of any such sum due from it to the Bank hereunder shall, notwithstanding any judgment in Canadian dollars, be discharged only to the extent that on the Business Day following receipt by the Bank of any sum adjudged to be so due in Canadian dollars the Bank may in accordance with its normal banking procedures purchase the Foreign Currency with the Canadian dollars; if the amount of the Foreign Currency so purchased is less than the sum actually due to the Bank in the Foreign Currency the Customer agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Bank against such loss and if the Foreign Currency purchased exceeds the sum actually due to the Bank in the Foreign Currency, the Bank agrees to remit such excess to the Customer as the Customer may be entitled thereto.

- (g) It is the intention of the parties hereto that each member of the HSBC Group shall have the rights and benefits provided for in this Agreement, as fully and effectually as if each such member was a signatory hereto.
- (h) Where this Agreement is signed by more than one person, the expression "Customer" shall be construed as referring to each such person individually and to any one or more of such persons collectively, and the agreements, undertakings, obligations and liabilities of the Customer herein contained are joint and several and shall be construed accordingly, and no Customer shall be entitled to any rights or remedies, legal or equitable, of a surety as regards the indebtedness, obligations or liabilities of any other Customer.
- (i) The rights and powers conferred by this Agreement are in addition to and without prejudice to any other rights which the Bank may now have or hereafter acquire from the Customer through agreement, by operation of law, or otherwise.
- (j) The Bank shall not be deemed to have waived any of its rights hereunder, unless it has signed such waiver in writing.
- (k) Time shall be of the essence of this Agreement.
- (l) Any provision of this Agreement which is determined or adjudged to be illegal, invalid, prohibited or unenforceable under applicable law in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such illegality, invalidity, prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the legality, validity or enforceability in any other jurisdiction.

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

CANADA FLUORSPAR (NL) INC.

By: _____

Name _____

:

Title: _____


Paul Colombs
Officer

HSBC BANK CANADA

By: _____

Name _____

:

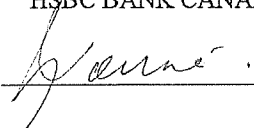
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

CANADA FLUORSPAR (NL) INC.

By: _____
Name _____
: _____
Title: _____

HSBC BANK CANADA

By:  _____
Name _____
: **JAMES BOWNE** _____
Title: **Assistant Vice President** _____
Corporate Banking _____



Karen Shaw
Account Manager, Corporate Banking

Schedule 1

Account Debtors

Name of Account Debtor	Sublimit for Account Debtor	Maximum Term for Account Debtor
Fluorchemie Stulln GmbH	2,000,000.00	up to 90 days
LANXESS Aktiengesellschaft	9,000,000.00	up to 90 days
Rio Tinto Alcan Inc.	11,000,000.00	up to 90 days
SOLVAY SPECIALTY POLYMERS ITALY SPA	10,000,000.00	up to 90 days
Honeywell International Inc.	8,000,000.00	up to 90 days
Honeywell Specialty Chemicals SEELZE GMBH	4,000,000.00	up to 90 days
Lincoln Electric Company, The	4,000,000.00	up to 90 days
Hastie Mining and Trucking	1,000,000.00	up to 90 days
Seaforth Mineral and Ore Company Inc.	1,000,000.00	up to 90 days
MINMETALS DEVELOPMENT CO., LTD.	8,000,000.00	up to 90 days
INDUSTRIES CHIMIQUES DU FLUOR SA	4,000,000.00	up to 90 days
ARKEMA	8,000,000.00	up to 90 days
Solvay Specialty Polymers Germany GmbH	8,000,000.00	up to 90 days
GULF FLUOR OWNED BY HAMAD SUHAIL OWAIDA ALKHYELI ONE MAN COMPANY L.L.C- SOLE	1,500,000.00	up to 90 days
GLENCORE AG	7,500,000.00	up to 90 days
The Chemours Company	9,000,000	up to 120 days

Exhibit A

Definitions

"Account Debtor": The meaning set forth in the recitals of the Agreement.

"Account Debtor Insolvency Event": With respect to any Account Debtor, such Account Debtor generally does not pay its debts as such debts become due, or admits in writing its inability to pay its debts generally, or makes a general assignment for the benefit of creditors; or any proceeding is instituted by or against such Account Debtor seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, plan of compromise or arrangement, or composition of it or its debts or making a proposal under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, liquidator, monitor, custodian or other similar official for it or for any substantial part of its property, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, liquidator, monitor, custodian or other similar official for, it or for any substantial part of its property) shall occur; or such Account Debtor shall take any action to authorize any of the actions set forth above in this definition.

"Advance": The provision of credit to the Customer in respect of a Financed Receivable.

"Advance Amount": The meaning set forth in Section 2(e) of the Agreement.

"Advance Date": Each date on which the Bank makes in advance in respect of an Advance Request accepted by the Bank.

"Advance Rate": With respect to any Financed Receivable, 90%.

"Advance Request": The meaning set forth in Section 2(a) of the Agreement, to be substantially in the form of Exhibit B to the Agreement, or in any other form or by way of any electronic communication that is acceptable to the Bank.

"Affiliate": With respect to any Person, each officer and director of such Person and any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person. For purpose of this definition, **"control"** means the possession of either (a) the direct or indirect power to vote, or the direct or indirect beneficial ownership of more than 50% of the equity interests having ordinary voting power for the election of directors of such Person or (b) the power to direct or cause the direction of the management and policies of such Person directly or indirectly, alone or in concert with a related group with whom such Person does not deal at arm's length, whether by contract or otherwise.

"Agreement": The meaning set forth in the first paragraph of the agreement to which this Exhibit is attached.

"Anti-Corruption Laws": *The U.S. Foreign Corrupt Practices Act of 1977, Corruption of Foreign Public Officials Act (Canada), the Criminal Code (Canada) and all other legislation and related regulations and guidelines (whether federal, provincial or foreign) dealing with or relating to the corruption of public officials or bribery.*

"Anti-Money Laundering Laws": *The Proceeds of Crime (Money Laundering) and Terrorist Act, the Regulations thereunder and all Guidelines published by the Financial Transactions and Reports Analysis Centre of Canada or under such Act, as any or all may be amended or replaced from time to time.*

"Applicable Day Count Convention": The applicable of: (i) in respect of the Bank's Canadian Prime Rate, the BA Rate and the Bank's Cost of Funds, 365 days or 366 days, as the case may be, and (ii) in respect of LIBOR and the US Base Rate, 360 days.

"Audit": The meaning set forth in Section 4(h) of the Agreement.

"BA Rate": The rate per annum advised by the Bank to the Customer as the rate at which the bank would in accordance with normal practices on such date be prepared to purchase bankers' acceptances having a face amount and term comparable to the face amount and term of the relevant Proposed Receivable; provided, however, that should the "BA Rate" be determined to be less than zero, then the "BA Rate" shall be deemed to be zero for the purposes of the Agreement. A certificate of an officer of the Bank shall be prima facie evidence of the "BA Rate" from time to time.

"Bank": The meaning set forth in the preamble to the Agreement.

"Bank's Canadian Prime Rate": The floating annual rate of interest established and announced by the Bank from time to time as a reference rate for determining the rate of interest it will charge on commercial loans denominated in Canadian Dollars in Canada; provided, however, that should the "Bank's Canadian Prime Rate" be determined to be less than zero, then the "Bank's Canadian Prime Rate" shall be deemed to be zero for the purposes of the Agreement. A certificate of an officer of the Bank shall be prima facie evidence of the "Bank's Canadian Prime Rate" from time to time.

"Bank's Cost of Funds": The cost of funding of the Bank, as determined by the Bank from time to time and communicated to the Customer; provided, however, that should the "Bank's Cost of Funds" be determined to be less than zero, then the "Bank's Cost of Funds" shall be deemed to be zero for the purposes of the Agreement. A certificate of an officer of the Bank shall be prima facie evidence of the "Bank's Cost of Funds" from time to time.

"Business Day": Any day that is not a Saturday, Sunday, statutory or civic holiday (federal or provincial in the Province of Ontario or the Province of Newfoundland and Labrador) or other day on which banks in Toronto, Ontario or St. John's, Newfoundland are required or permitted to close.

"CAD" or "Canadian Dollars": The lawful currency of Canada.

"CAD Equivalent": At any time, the amount of CAD which could be purchased from the Bank by the payment of a specified amount of USD using the Bank's spot rate for the purchase of CAD quoted by the Bank's treasury department at such time.

"Collateral": All the Customer's present and future right, title and interest in and to all accounts and bank debts and generally all debts, dues, claims, choses in action and demands of any nature and kind, including, without limitation, the Financed Receivables, the Collections, the Collection Account and all proceeds therefrom.

"Collections": With respect to each Financed Receivable, all proceeds thereof.

"Collection Account": The account maintained in the name of the Customer at HSBC Bank Canada with account 043-117953-002 for Canadian Dollars and 043-117953-071 for US Dollars, which accounts shall at all times shall be under the sole dominion and control of the Bank.

"Compliance Action": The meaning set forth in Section 8(b) of the Agreement.

"Confidential Information": The meaning set forth in Section 15(d) of the Agreement.

"Confidentiality Termination Date": The meaning set forth in Section 15(d) of the Agreement.

"Contracts": The contracts or other agreements between the Customer and each applicable Account Debtor (whether for the sale of goods, provision of services, or otherwise) pertaining to Financed Receivables.

"Credit Facility Letter": credit facility letter agreement dated the 24th of October 2017 and accepted on the 25th of October 2017 among the Customer, Newspar, Canada Fluorspar Inc. and the Bank, as may be amended, modified or replaced from time to time.

"Customer": The meaning set forth in the preamble of the Agreement.

"Delinquent Rate": A rate of interest equal to the Discount Rate plus 2.00% per annum.

"Dilution": All actual and potential offsets to or reduction in the amount of Financed Receivables or Collections therefrom, including, without limitation, the Customer payment and/or volume discounts, write-offs, reductions, rebates, credit memoranda, returns and allowances, and billing errors.

"Discount Rate": In respect of Financed Receivables denominated in USD, LIBOR plus 2.70% per annum and in respect of Financed Receivables denominated in CAD, the BA Rate + 2.70% per annum.

"Dispute": Any dispute, discount, deduction, claim, offset, defense or counterclaim of any kind relating to one or more Financed Receivables (other than a discount or adjustment granted with the Bank's prior written consent), regardless of whether the same (i) is in an amount greater than, equal to or less than the applicable Financed Receivable; (ii) is bona fide or not, or (iii) arises by reason of an act of God, civil strife, war, currency restrictions, foreign political restrictions or regulations, or any other circumstance beyond the control of the Customer or the applicable Account Debtor.

"DSO": Days sales outstanding ratio calculated in accordance with standards established or approved by the Bank from time to time.

"Effective Date": The meaning set forth in the preamble to the Agreement.

"Eligible Receivable": A Receivable that satisfies each of the following conditions to the satisfaction of the Bank:

- (a) it is generated by the Customer in the ordinary course of its business from sale of goods or the provision of services to an Account Debtor under a duly authorized Contract that is in full force and effect and that is a legal, valid and binding obligation of the Customer and the related Account Debtor, enforceable against such Person in accordance with its terms,
- (b) the goods or services for which the Receivable has been created have been fully delivered or performed by the Customer and, in the case of services, the Account Debtor has confirmed in writing that the services were rendered in accordance with the terms of the contract of sale,
- (c) by its terms has an Invoice Due Date that is no more than 90 days from the original invoice date and such Invoice Due Date has not occurred,
- (d) it is owned by the Customer, free and clear of all liens, encumbrances and security interests of any Person, other than Permitted Encumbrances,
- (e) it is freely assignable without the consent of any Person, including the applicable Account Debtor,

- (f) no default or event of default (howsoever defined) exists under the applicable Contract between the Customer and the applicable Account Debtor,
- (g) it is not subject to any Dispute or Dilution,
- (h) together with all other Financed Receivables due from such Account Debtor, it does not cause the aggregate amount of such Financed Receivables arising from sales to such Account Debtor to exceed the credit sub-limit set by the Bank from time to time in its sole discretion,
- (i) no covenant, representation or warranty contained in this Agreement pertaining to such Receivable has been breached or is not true, and
- (j) it constitutes an account or a payment intangible as defined in the PPSA and is not, unless specifically approved by the Bank, evidenced by instruments, a note, bill, cheque or chattel paper.

"Event of Default": The occurrence of any one or more of the following events:

- (k) the Customer fails to pay when due any of the present and future debts and liabilities of the Customer to the Bank or other Obligations under this Agreement, the Credit Facility Letter or of any other Loan Document;
- (l) the Customer fails to perform any material provisions of this Agreement, the Credit Facility Letter or of any other Loan Documents (as defined in the Credit Facility Letter);
- (m) any representation or warranty by the Customer to the Bank in this Agreement, the Credit Facility Letter or of any other Loan Documents shall be false or inaccurate in any material respect on and as of the date that it was made or was deemed to have been made;
- (n) the Customer ceases or threatens to cease to carry on business, commits or threatens to commit an act of bankruptcy, becomes insolvent, files a notice of intention to file a proposal, makes an assignment or proposal in bankruptcy or makes a bulk sale of its assets, or if a bankruptcy petition is filed against the Customer;
- (o) if the Customer takes any action in respect of a winding-up or liquidation of the Customer or if the Customer institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it, or files an application, petition or consent seeking re-organization or takes or commences any other steps or proceedings under any one or more of the *Winding-up and Restructuring Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada) (including without limitation the serving of a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act*) or any other bankruptcy, insolvency or analogous law or consents to the filing of a petition against it under any law which involves any compromise of any creditor's rights against the Customer;
- (p) if, in any material respect, any execution or any other process of any court becomes enforceable against the Customer or if any distress or analogous process is levied upon any part of the property or assets of the Customer;
- (q) a receiver, or receiver-manager is appointed with respect to all or substantially all of the assets of the Customer;

- (r) the occurrence of any one or more of the events described in subparagraphs (a) to (g) above with respect to any Person which has guaranteed any debts or liabilities of the Customer to the Bank; or

“Facility Amount”: Up to USD\$10,000,000 (and for Proposed Receivables which the Bank, in its discretion, decides to finance as Financed Receivables in respect of which the relevant original invoices are denominated in CAD, means the CAD Equivalent of USD\$10,000,000).

“Financed Receivables”: The meaning set forth in Section 2(a) of the Agreement.

“Foreign Currency”: The meaning set forth in Section 15(f) of the Agreement.

“Foreign Currency Obligation”: The meaning set forth in Section 15(f) of the Agreement.

“HSBC Group”: The meaning set forth in Section 8(a) of the Agreement.

“IFRS”: The International Financial Reporting Standards issued by the International Accounting Standards Board as adopted and implemented by the Accounting Standards Board of The Chartered Professional Accountants of Canada, as amended, updated and supplemented from time to time.

“Indemnified Amounts”: The meaning set forth in Section 6(b) of the Agreement.

“Indemnified Party”: The meaning set forth in Section 6(b) of the Agreement.

“Insolvency Event”: With respect to any Person, such Person shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against such Person seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, plan of compromise or arrangement, or composition of it or its debts or making a proposal under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, liquidator, monitor, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, liquidator, monitor, custodian or other similar official for, it or for any substantial part of its property) shall occur; or such Person shall take any action to authorize any of the actions set forth above in this definition; provided, that in the case of the inability of a Person to pay its debts as such debts become due arising by reason only of currency restrictions or foreign political restrictions or regulations beyond the control of the Customer or such Person, such event shall not be deemed an “Insolvency Event” hereunder.

“Insolvency Statutes”: The meaning set forth in Section 3(a)(v) of the Agreement.

“Intercreditor Agreement”: An intercreditor agreement, in form and substance satisfactory to the Bank, by and among Bridging Finance Inc., on its own behalf and as agent for Sprott Bridging Income Fund LP, Her Majesty in right of Newfoundland and Labrador, as represented by the Minister of Tourism, Culture, Industry and Innovation, the Bank, the Customer, Newspar, by its partners, the Customer and CFI Newspar Holdings Inc., and the Customer.

“Invoice Due Date”: With respect to a Financed Receivable, the last date identified for timely payment in the applicable original invoice.

"LIBOR": The rate established by Bank equal to the offered rate appearing on the LIBOR01 Page as of 1:00 p.m. (London, England time) on the Business Day immediately preceding the date of a proposed Advance Date for a period commensurate with the tenor of the applicable Proposed Receivable. In the event that such rate does not appear on the LIBOR01 Page at such time, or if for any reason such rate is not available, "LIBOR" shall be determined by reference to such other comparable publicly available service for displaying the offered rate for deposits in U.S. Dollars in the London, England interbank market as may be selected by the Bank and, in the absence of availability, such other method to determine such offered rate as may be selected by the Bank in its sole discretion; provided, however, that if "LIBOR" shall be determined to be less than zero, then "LIBOR" shall be deemed to be zero for the purposes of this Agreement.

"LIBOR01 Page": The display designated as "LIBOR01 Page" on the Reuters Service (or such other page as may replace the LIBOR01 Page on that service or such other service as may be nominated by the ICE Benchmark Administration Limited as the information vendor for the purpose of displaying ICE Benchmark Administration Limited rates for U.S. Dollar deposits).

"Loss": The meaning set forth in Section 8(c) of the Agreement.

"Material Adverse Change": An event that results or could reasonably be expected to result in (a) a material adverse change in (i) the business condition (financial or otherwise), operations, performance or properties of the Customer, or (ii) the ability of the Customer to fulfill its obligations hereunder or (b) the impairment of the validity or enforceability of, or the rights, remedies or benefits available to, the Bank under this Agreement.

"Net Invoice Amount": The amount shown on the original invoice for the applicable Financed Receivable as the total amount payable by the applicable Account Debtor, which amount shall be net of any discounts, credits, Dilutions or other allowances identified with specificity on such original invoice.

"Obligations": At any time, the sum of (a) the aggregate principal amount of all outstanding unpaid Advances and all accrued and unpaid interest thereon outstanding at such time; (b) all then outstanding accrued and unpaid fees payable hereunder; and (c) all other then outstanding liabilities, obligations and indebtedness (absolute or contingent, direct or indirect, several or joint and several or otherwise) of the Customer to the Bank under this Agreement;

"OFAC": The meaning set forth in the definition of "Sanctioned Country".

"Organizational Documents": The certificate or articles of incorporation, continuation or amalgamation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-corporate entity); and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation with the applicable governmental authority in the jurisdiction of its formation and, if applicable, any certificate or articles of formation or any equivalent thereof.

"Outstanding Account Debtor Financed Amount": As of the date of determination, an amount equal to (i) the aggregate amount of all Advances by the Bank to the Customer in respect of Financed Receivables of a particular Account Debtor expressed in CAD (and with respect to Financed Receivables denominated in USD, the CAD Equivalent thereof), minus (ii) the aggregate amount of: (A) all Collections with respect to such Financed Receivables actually indefeasibly paid to the Bank in repayment of such Advance (whether from the Collection Account or otherwise), expressed in CAD (and with respect to amounts denominated in USD, the CAD Equivalent of such amounts); and (B) all payments by the Customer to the Bank in reduction of Advances outstanding.

“Outstanding Aggregate Financed Amount”: As of the date of determination, an amount equal to the Outstanding Account Debtor Financed Amount for all Account Debtors expressed in CAD, or if denominated in USD, the CAD Equivalent thereof.

“Parties”: Collectively, the Customer and the Bank and, individually, the Customer or the Bank, as applicable in the context.

“Payment Reconciliation”: The meaning set forth in Section 5(b) of the Agreement.

“Permitted Encumbrances”: The meaning set forth in the Credit Facility Letter.

“Person”: An individual, partnership, corporation (including a business trust), limited liability company, limited partnership, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof or any governmental authority.

“PPSA”: The *Personal Property Security Act* (Newfoundland and Labrador) as amended or replaced from time to time.

“Proposed Receivables”: The Eligible Receivables for which invoices and/or other information are submitted to the Bank from time to time, against which an Advance may be requested by the Customer from the Bank in accordance with Section 2(a) of this Agreement.

“Receivables”: Any indebtedness or other payment obligation owing to the Customer by any Account Debtor (whether constituting an account or payment intangible), including any right to payment of interest or finance charges and other obligations of such Account Debtor with respect thereto, arising out of the Customer’s sale and delivery of goods or the Customer’s sale and provision of services.

“Sanctioned Country”: A country or territory that is, or whose government is, the subject of country-wide or territory wide economic or trade sanctions administered by but not limited to the Office of Foreign Assets Control of the U.S. Treasury Department of the Treasury (**“OFAC”**), the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury, the Hong Kong Monetary Authority, Global Affairs Canada, Canada Border Services Agency, or Justice Canada.

“Sanctioned Person”: Any of the following currently or in the future: (i) an entity, vessel, or Person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx> or on the consolidated list of persons, groups, and entities subject to the European Union financial sanctions currently available at http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm or otherwise subject to Sanctions Laws; (ii) any Person located in or organized under, incorporated under the laws of any, or resident in any Sanctioned Country to the extent that the entity or individual is subject to sanctions under Sanctions Laws; (iii) any Person otherwise a subject of sanctions under Sanctions Laws; and (iv) any entity or individual engaged in sanctionable activities under the Sanctions Laws.

“Sanctions Laws”: The sanctions or related laws, regulations, and rules promulgated or administered by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury, the Hong Kong Monetary Authority, Global Affairs Canada, Canada Border Services Agency, or Justice Canada (including, without limitation, the *Trading with the Enemy Act* and each of the foreign assets control regulations of the United States Treasury Department, and the *Patriot Act*), the sanctions and other restrictive measures applied by the European Union in pursuit of the Common Foreign and Security Policy objectives set out in the Treaty on European Union, and any enabling legislation or executive order related thereto, as amended from time to time and

any similar sanctions laws as may be enacted from time to time in the future by the United States, Canada, the United Kingdom, the European Union (and any of its member states), the United Nations Security Council, or any other legislative body of the United Nations or any other relevant government or country; and any corresponding laws of jurisdictions in which the Customer operates or in which the proceeds of the Advance will be used or from which repayments of such obligations be derived.

"Termination Date": The date on which this Agreement terminates pursuant to Section 2(c) of the Agreement.

"U.S. Base Rate": On any day, the floating annual rate of interest publicly announced or established from time to time by the Bank and in effect on such day as the reference rate for determining rates of interest for U.S. Dollar commercial loans to borrowers in Canada; provided, however, that should the "U.S. Base Rate" be determined to be less than zero, then the "U.S. Base Rate" shall be deemed to be zero for the purposes of this Agreement. A certificate of an officer of the Bank shall be prima facie evidence of the U.S. Base Rate from time to time.

"USD" or **"U.S. Dollars"**: The lawful currency of the United States of America.

"USD Equivalent" or **"U.S. Dollars"**: At any time, the amount of USD which could be purchased from the Bank by the payment of a specified amount of CAD using the Bank's spot rate for the purchase of USD quoted by the Bank's treasury department at such time.

Exhibit B

Form of Advance Request

To be provided to the Customer upon request.



February 21, 2019

PRIVATE AND CONFIDENTIAL

for
Canada Fluorspar (NL) Inc.
605-140 Water Street, St-John's, NL,
A1C 6H6

Attn: Mr. Casey Walsh

Dear Sir,

Subject: First Amendment (this "First Amendment") to that certain Trade Invoice Recourse Financing Facility Agreement dated as of May 25, 2018 by and between Canada Fluorspar (NL) Inc. ("CFI"), a corporation governed by the laws of the Province of Newfoundland and Labrador, being individually referred to as a "**Borrower**", as borrower, and HSBC Bank Canada (the "**Bank**"), as lender (as such agreement may have been amended, supplemented or otherwise modified from time to time, the "**Receivables Financing Agreement**")

We refer to the above-captioned Receivables Financing Agreement. Capitalized terms not otherwise defined in this First Amendment have the same meanings as specified in the Receivables Financing Agreement.

For good and valuable consideration, the sufficiency of which is hereby acknowledged, the Bank and the Borrower have agreed that the Receivables Financing Agreement is hereby amended as follows:

1. Replacement of Schedule 1. Schedule 1 of the Receivables Financing Agreement is deleted in its entirety and replaced with the revised schedule appearing as a Schedule to this First Amendment.

The Receivables Financing Agreement as specifically amended by this First Amendment shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. The execution, delivery and effectiveness of this First Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Bank under the Receivables Financing Agreement, nor constitute a waiver of any provision of any of the Receivables Financing Agreement or any of the security documents executed in connection with the Receivables Financing Agreement.

This First Amendment shall be governed by the laws of the Province of Newfoundland and Labrador.



This First Amendment may be executed in any number of counterparts each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an original executed counterpart of a signature page to this First Amendment by facsimile or other electronic medium shall be effective as delivery of an original executed counterpart of this First Amendment.

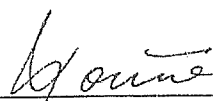
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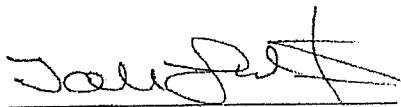


Please confirm your agreement with the foregoing terms by signing in the spaces provided below.

Yours Very Truly,

HSBC BANK CANADA, as Bank

By: 
Name: James Bowne
Title: Assistant Vice President
Corporate Banking

By: 
Name: Todd Lambton
Title: Regional Head – GTRF Sales –
Eastern Canada

We agree to the foregoing:

Canada Fluorspar (NL) Inc. as Borrower

By: 
Name: CASEY WALSH
Title: CFO

By: _____
Name: _____
Title: _____



SCHEDULE TO FIRST AMENDMENT

Schedule 1

Account Debtors

Various Account Debtors of the Customers as agreed from time to time in writing between the Bank and Customers.

September 30th, 2019

PRIVATE AND CONFIDENTIAL

Canada Fluorspar (NL) Inc.
605-140 Water Street, St-John's, NL,
A1C 6H6

Attn: Mr. Casey Walsh

Dear Sir,

Subject: Second Amendment (this "**Second Amendment**") to that certain Trade Invoice Recourse Financing Facility Agreement dated as of May 25, 2018 by and between Canada Fluorspar (NL) Inc. ("CFI"), a corporation governed by the laws of the Province of Newfoundland and Labrador, being individually referred to as a "**Borrower**", as borrower, and HSBC Bank Canada (the "**Bank**"), as lender (as such agreement may have been amended, supplemented or otherwise modified from time to time, the "**Receivables Financing Agreement**")

We refer to the above-captioned Receivables Financing Agreement. Capitalized terms not otherwise defined in this Second Amendment have the same meanings as specified in the Receivables Financing Agreement.

For good and valuable consideration, the sufficiency of which is hereby acknowledged, the Bank and the Borrower have agreed that the Receivables Financing Agreement is hereby amended as follows:

1. Addition of Definition of "CDOR": The following new definitions are added to Exhibit A to the Receivables Financing Agreement:

"CDOR": The rate determined by the Bank and reset by the Bank on a daily basis that is equal to the average settlement rate for Canadian Dollar bankers' acceptances having a tenor of 30 days, which rate appears on the Reuters Screen CDOR Page as of 10:00 am (Toronto time) on the relevant calculation day (or, if such calculation day is not a Business Day, then on the immediately preceding Business Day); provided, however, that in the event that (i) it is not possible to determine CDOR from the Reuters Screen CDOR Page or (ii) the Bank reasonably determines that its cost of funding exceeds CDOR as displayed on the Reuters Screen CDOR Page, then CDOR shall be deemed for the purposes of this Agreement to be the rate reasonably determined by the Bank to reflect the actual cost of funds to the Bank; and provided further that if "CDOR" shall be

determined to be less than zero, then "CDOR" shall be deemed to be zero for the purposes of this Agreement.

"Reuters Screen CDOR Page": The display designated as "Reuters Screen CDOR Page" by Thomson Reuters, in its capacity as administrator for CDOR, or such other service as may be named as a replacement page for rates for Canadian Dollar bankers' acceptances.

2. Amendment of Definition of "Discount Rate". The definition of "Discount Rate" appearing in Exhibit A to the Receivables Financing Agreement is deleted in its entirety and replaced with the following:

"Discount Rate": A rate equal to: (i) in respect of Financed Receivables denominated in CAD, CDOR plus 2.70% per annum and (ii) in respect of Financed Receivables denominated in USD, LIBOR plus 2.70% per annum.

The Receivables Financing Agreement as specifically amended by this Second Amendment shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. The execution, delivery and effectiveness of this Second Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Bank under the Receivables Financing Agreement, nor constitute a waiver of any provision of any of the Receivables Financing Agreement or any of the security documents executed in connection with the Receivables Financing Agreement.

This Second Amendment shall be governed by the laws of the Province of Newfoundland and Labrador.

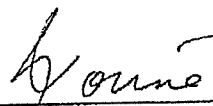
This Second Amendment may be executed in any number of counterparts each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an original executed counterpart of a signature page to this Second Amendment by facsimile or other electronic medium shall be effective as delivery of an original executed counterpart of this Second Amendment.

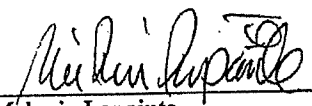
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Please confirm your agreement with the foregoing terms by signing in the spaces provided below.

Yours Very Truly,

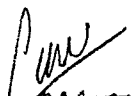
HSBC BANK CANADA, as Bank

By: 
Name: James Bowne
Title: Assistant Vice President
Corporate Banking

By: 
Name: Melanie Lapointe
Title: Assistant Vice President, Global
Trade and Receivable Finance

We agree to the foregoing:

Canada Fluorspar (NL) Inc. as Borrower

By: 
Name: CASEY WALSH
Title: CFO

By: _____
Name: _____
Title: _____

February 17, 2020

PRIVATE AND CONFIDENTIAL

Canada Fluorspar (NL) Inc.
605-140 Water Street, St-John's, NL,
A1C 6H6

Attn: Mr. Casey Walsh

Dear Sir,

Subject: Third Amendment (this "Third Amendment") to that certain Trade Invoice Recourse Financing Facility Agreement dated as of May 25, 2018 by and between Canada Fluorspar (NL) Inc., a corporation governed by the laws of the Province of Newfoundland and Labrador (the "Borrower"), as borrower, and HSBC Bank Canada (the "Bank"), as lender (as such agreement may have been amended, supplemented or otherwise modified from time to time, the "Receivables Financing Agreement")

We refer to the above-captioned Receivables Financing Agreement. Capitalized terms not otherwise defined in this Third Amendment have the same meanings as specified in the Receivables Financing Agreement.

For good and valuable consideration, the sufficiency of which is hereby acknowledged, the Bank and the Borrower have agreed that the Receivables Financing Agreement is hereby amended as follows:

1. Definition of Facility Amount: The definition of "Facility Amount" in Exhibit A to the Receivables Financing Agreement is deleted in its entirety and replaced with the following:

"Facility Amount": Up to USD 20,000,000 (and for Proposed Receivables which the Bank, in its discretion, decides to finance as Financed Receivables in respect of which the relevant original invoices are denominated in CAD, means the CAD Equivalent of USD 20,000,000);

The Receivables Financing Agreement as specifically amended by this Third Amendment shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. The execution, delivery and effectiveness of this Third Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Bank under the Receivables Financing Agreement, nor constitute a waiver of any provision of any of the Receivables Financing Agreement or any of the security documents executed in connection with the Receivables Financing Agreement.

This Third Amendment shall be governed by the laws of the Province of Newfoundland and Labrador.

This Third Amendment may be executed in any number of counterparts each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an original executed counterpart of a signature page to this Third Amendment by facsimile or other electronic medium shall be effective as delivery of an original executed counterpart of this Third Amendment.

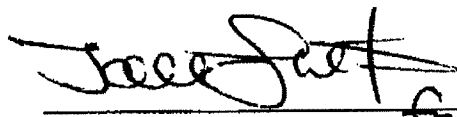
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Please confirm your agreement with the foregoing terms by signing in the spaces provided below.

Yours Very Truly,

HSBC BANK CANADA, as Bank

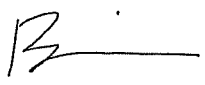
By: 
Name: James Bowne
Title: Assistant Vice President
Corporate Banking

By: 
Name: Melanie Lapointe
Title: Assistant Vice President, Global
Trade and Receivable Finance

We agree to the foregoing:

Canada Fluorspar (NL) Inc. as Borrower

By: 
Name: CASEY HAWK
Title: DIRECTOR

By: 
Name: Bill Dobbs
Title: Director



February 27, 2020

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

PRIVATE & CONFIDENTIAL

Attention: Casey Walsh

Dear Sir:

We refer to the facility letter (including the schedules and appendices thereto) dated August 28, 2018, as amended from that date to the date hereof (as further amended by this agreement, the "**Facility Letter**") between HSBC Bank Canada (the "**Bank**") and Canada Fluorspar (NL) Inc. (the "**Borrower**"). On the basis of the financial information and other information, representations, warranties and documents provided to the Bank, the Bank has agreed, at the request of the Borrower, to continue to provide the Credit Facilities and to amend certain terms and conditions of the Facility Letter all as more particularly set out below. This agreement does not amend or supersede any other agreements between the parties respecting other products and services provided by the Bank unless specifically stated otherwise.

1. Amendments to the Facility Letter

As of the date hereof, the following terms of the Facility Letter shall be as follows:

1.1 Section 1 of the Facility Letter is deleted and replaced in its entirety with the following:

1. **Operating Loan Facility**

1.1 Amount

Demand operating revolving loan facility ("**Operating Loan Facility**") available by way of any of the types of advances and other credit described in Section 1.3 (below) up to but not exceeding in aggregate (for all such types of advances and other credit) USD 2,000,000, subject to the Maximum Limit.

1.2 Purpose

To assist in financing the day-to-day operating requirements of the Borrower.

1.3 Availability

Loan advances and other credit under the Operating Loan Facility ("**Operating Loans**") are available subject to the Maximum Limit as follows:

- (a) CAD account overdraft up to an aggregate principal amount not exceeding CAD 2,640,000 ("**CAD Overdraft Loans**"); or
- (b) USD account overdraft up to an aggregate principal amount not exceeding USD 2,000,000 ("**USD Overdraft Loans**").

The Borrower shall ensure that the aggregate US Dollar Equivalent of all amounts advanced and credits outstanding under the Operating Loan Facility shall at no time exceed the Maximum Limit.

1.4 Repayment

All amounts advanced and outstanding under the Operating Loan Facility shall be repaid on demand by the Bank.

1.5 Interest

Until demand for payment is made by the Bank, interest on the outstanding principal balance of all Loans and other credit advanced under the Operating Loan Facility shall, unless otherwise provided, be calculated and payable as follows:

- (a) for CAD Overdraft Loans, the Bank's Prime Rate plus 1.25% per annum on the basis of a year of 365 days, calculated monthly in arrears on the daily balance on the last day of each month, payable on the first Business Day of the following month; or
- (b) for USD Overdraft Loans, the Bank's U.S. Base Rate plus 1.25% per annum on the basis of a year of 360 days, calculated monthly in arrears on the daily balance on the last day of each month, payable on the first Business Day of the following month.

1.6 Fees

The Borrower shall pay to the Bank:

- (a) an administration fee of CAD 250 payable on the first Business Day of each month with respect to the previous month; and
- (b) an annual review fee equal to 0.15% of the aggregate amount of the authorized Operating Loan Facility.

1.2 Section 3 of the Facility Letter is deleted and replaced in its entirety with the following:

3. Foreign Exchange Facility

3.1 Amount

Demand revolving foreign exchange facility up to a permitted maximum of USD 35,606,060 (the "Foreign Exchange Facility Limit").

3.2 Purpose

To hedge against currency fluctuations of the Borrower in the normal course of business and not for speculative purposes.

3.3 Availability

Advances are available to purchase foreign exchange forward contracts for major currencies identified and approved by the Bank from time to time for periods up to one year, subject to an overall maximum aggregate USD Equivalent outstanding face value not exceeding the Foreign Exchange Facility Limit.

3.4 Repayment:

All liabilities of the Bank under foreign exchange forward contracts shall be paid by the Borrower on demand by the Bank and, unless and until otherwise demanded, such contracts shall be fulfilled by the Borrower as they fall due.

- 1.3 A new Section, numbered Section 5.3, shall be added to the Facility Letter immediately after Section 5.2, as follows:

5.3 The liability, indebtedness and obligations of the Borrower and the Guarantors under all of the Credit Facilities shall continue to be evidenced, governed and secured, as the case may be, by the Loan Documents previously delivered by the Borrower and Guarantors pursuant to the Facility Letter, including those outlined in Section 5.1 of the Facility Letter, the continuing validity of which is hereby acknowledged by the Borrower and Guarantors unless otherwise released by the Bank as specified in the next Section below (if any), together with the following additional documents and any other required loan or security documents, including this agreement, completed and signed in a form and manner satisfactory to the Bank:

- (a) the Bank's standard documentation in connection with the provision of trade finance facilities and the issuance of DCs, LGs and/or other trade finance instruments;

- 1.4 Section 6 of the Facility Letter is deleted and replaced in its entirety with the following:

6. Conditions Precedent

In addition to the conditions precedent set out in Schedule A, it shall be a condition precedent to the next advance and the continued availability of the Credit Facilities that the Bank shall have received in form and content satisfactory to the Bank:

- (a) the Loan Documents, duly authorized, executed and delivered, and, as relevant, duly registered;
- (b) copies of all Material Agreements (if any) and such other documents as the Bank may reasonably request; and
- (c) a consent/approval agreement between the Bank, Bridging Finance Inc. and Sprott Bridging Income Fund LP, Her Majesty in Right of Newfoundland and Labrador and/or the credit parties, in form and content satisfactory to the Bank, providing all express written consents and approvals for this amendment letter and the Trade Invoice Recourse Receivables Financing Facility (as amended) as required pursuant to Section 3.3 of the intercreditor agreement dated May 25, 2018.

- 1.5 Section 7 (a) of the Facility Letter is deleted and replaced in its entirety with the following:

7. Covenants and Conditions

- (a) Without limiting the Bank's right to demand repayment of any outstanding amounts, the Borrower covenants and agrees with the Bank that it shall not, without the prior written consent of the Bank:
 - (i) permit the ratio of Debt to TNW of the Borrower to at any time exceed 3.00 to 1.00;
 - (ii) permit the TNW of the Borrower to at any time be less than CAD 40,000,000; and

- (iii) permit the Debt Service Coverage of the Borrower to be less than 1.10 to 1.00 from the date of this Facility Letter until December 31st, 2020 and 1.20 to 1.00 from January 1st, 2021 and thereafter.

The Borrower agrees that the foregoing financial tests may be calculated periodically by the Bank using financial statements provided by the Borrower or with such other statements as the Bank may agree to use from time to time. Any amounts not in CAD shall be calculated at the Canadian Dollar Equivalent.

1.6 Section 8 of the Facility Letter is deleted and replaced in its entirety with the following:

8. Reporting Requirements

The continued availability of the Credit Facilities is subject to the Borrower delivering to the Bank the following reports in a form and on a frequency acceptable to the Bank as advised by the Bank from time to time:

- (a) within 30 days of each calendar month end:
 - (i) an aged list of accounts receivable of the Borrower;
 - (ii) an aged list of accounts payable of the Borrower;
 - (iii) an internally-prepared income statement and balance sheet for the Borrower;
 - (iv) a signed certificate of margin compliance in the form requested by the Bank;
- (b) quarterly, within 30 days of each quarter end:
 - (i) a signed certificate of covenant compliance in the form requested by the Bank;
- (c) annually, within 90 days of the Borrower's fiscal year end:
 - (i) on a consolidated basis audited financial statements for Canada Fluorspar Inc.;
 - (ii) on a consolidated basis internally prepared financial statements for the Borrower;
 - (iii) *pro forma* financial statements, cash flow forecast and budget (including balance sheet, income statement and cash flow statement) for the next two fiscal years of the Guarantors demonstrating the ability of the Borrower to comply with the financial terms and conditions of this Facility Letter on a monthly basis; and
- (d) such additional financial statements and information as and when requested by the Bank.

2. Interpretation

All capitalized terms herein, unless otherwise expressly defined herein, shall have the meaning ascribed to them in the Facility Letter.

The Facility Letter and the Loan Documents shall henceforth be read and construed in conjunction with this agreement; and the Facility Letter and this agreement shall henceforth have effect as far as practicable as though the provisions thereof were contained in one instrument.

All the terms, conditions and provisions of the Facility Letter not otherwise amended by this agreement shall remain unchanged and have full force and effect.

3. Continuation of Facility Letter

Each Credit Party agrees that this agreement constitutes an amendment to the Facility Letter and that accordingly, in this agreement the term "Facility Letter" means the Facility Letter as amended by this agreement.

4. Representations and Warranties

Each Credit Party confirms the representations and warranties made by it in the Facility Letter remain true and accurate as of the date hereof.

5. General Provisions

5.1 Governing Law

This agreement is governed by the laws of the Governing Jurisdiction.

5.2 Language Choice

The parties hereto have requested that this agreement and any document relating thereto be drafted in English. Les parties aux présentes ont exigé que cette convention et tout document y afférent soient rédigés en anglais.

6. Novation

It is expressly understood and agreed between the parties hereto that this agreement does not constitute a novation of the terms and conditions of the Credit Facilities, the Facility Letter or the other Loan Documents, the Bank hereby reserving all of its rights and recourses under the Credit Facilities, the Facility Letter and the other Loan Documents. Nothing set forth in this agreement shall, except as specifically set forth herein, be construed as altering the obligations of the Borrower and the Guarantors under the Credit Facilities, the Facility Letter and the other Loan Documents. Nothing herein shall in any way release the Borrower and the Guarantors from their obligations to the Bank under the Credit Facilities, the Facility Letter and the other Loan Documents.

7. Acknowledgment of Other Facilities

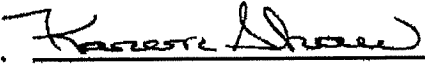
The parties acknowledge that the Bank has made a Receivables Finance credit facility available to the Customer that is subject to and governed by other agreements between the parties currently in the amount of USD10,000,000, to be increased to USD20,000,000. The terms and conditions of this Facility Letter do not amend nor supersede such other agreements.

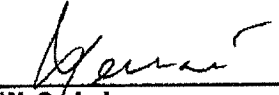
8. Acceptance

Kindly confirm acceptance and agreement to the terms and conditions of this agreement by the Borrower signing, dating and delivering a copy of this letter, also acknowledged by the Guarantors to the Bank by 5:00 p.m. local time on March 20, 2020.

Yours truly,

HSBC BANK CANADA

per: 
James Bowne
Assistant Vice President
Corporate Banking

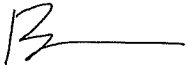
Per: 
W. Craig Logan
Head of Corporate Banking
Atlantic Canada

The undersigned hereby acknowledge(s) and agree(s) to the terms and conditions of this agreement as of the 28 day of FEBRUARY, 2020.

BORROWER:

Canada Fluorspar (NL) Inc.

Per: 
Authorized Signatory
Title: DIRECTOR
Name: CASEY WALSH

Per: 
Authorized Signatory
Title: Director
Name: Bill Dobbs

GUARANTORS:

Canada Fluorspar Inc.

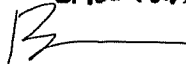
Per: 
Authorized Signatory
Title: DIRECTOR
Name: CASEY WALSH

Per: 
Authorized Signatory
Title: Director
Name: Bill Dobbs

Canada Fluorspar (NL) Inc. and CFI Newspaper Holdings Inc.,
carrying on business in partnership as Newspar

Per: 
Authorized Signatory

Title: DIRECTOR
Name: CASEY WALSH

Per: 
Authorized Signatory

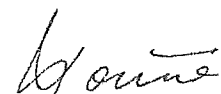
Title: Director
Name: Bill Dobbs

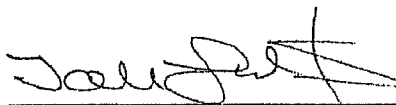


Please confirm your agreement with the foregoing terms by signing in the spaces provided below.

Yours Very Truly,

HSBC BANK CANADA, as Bank

By: 
Name: James Bowne
Title: Assistant Vice President
Corporate Banking

By: 
Name: Todd Lambton
Title: Regional Head – GTRF Sales –
Eastern Canada

We agree to the foregoing:

Canada Fluorspar (NL) Inc. as Borrower

By: 
Name: CASEY WALSH
Title: CFO

By: _____
Name: _____
Title: _____



SCHEDULE TO FIRST AMENDMENT

Schedule 1

Account Debtors

Various Account Debtors of the Customers as agreed from time to time in writing between the Bank and Customers.

BRIDGING FINANCE INC. on its own behalf and as agent for
SPROTT BRIDGING INCOME FUND LP

- and -

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR,
as represented by the Minister of Tourism, Culture, Industry and Innovation

- and -

HSBC BANK CANADA

- and -

CANADA FLUORSPAR (NL) INC.

- and -

NEWSPAR, by its partners **CANADA FLUORSPAR (NL) INC.** and **CFI NEWSPAR
HOLDINGS INC.**

- and -

CANADA FLUORSPAR INC.

**AMENDED AND RESTATED INTERCREDITOR
AGREEMENT**

Dated as of 25 day of May, 2018

AMENDED AND RESTATED INTERCREDITOR AGREEMENT

THIS AGREEMENT is dated as of the 25 day of May, 2018.

AMONG: **BRIDGING FINANCE INC.**, a company incorporated and existing under the laws of Canada, on its own behalf and as agent for **SPROTT BRIDGING INCOME FUND LP**

(collectively, the “**BF Lenders**”)

AND: **HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR**, as represented by the **MINISTER OF TOURISM, CULTURE, INDUSTRY AND INNOVATION**

(the “**Government**”)

AND: **HSBC BANK CANADA**, a bank named in Schedule II to the *Bank Act*, SC 1991, c 46

(“**HSBC**”)

AND: **CANADA FLUORSPAR (NL) INC.**, a company incorporated and existing under the laws of the Province of Newfoundland and Labrador

(the “**Borrower**”)

AND: **NEWSPAR**, a general partnership formed under the laws of the Province of Newfoundland and Labrador, by its partners **CANADA FLUORSPAR (NL) INC.** and **CFI NEWSPAR HOLDINGS INC.**

(“**Newspar**”)

AND: **CANADA FLUORSPAR INC.**, a body corporate, existing pursuant to the laws of the Province of Ontario

(“**CFI**” and together with the Borrower and Newspar, the “**Credit Parties**” and each a “**Credit Party**”)

WHEREAS:

- A. The Borrower is obligated to the BF Lenders pursuant to an Second Amended and Restated Loan Agreement dated as of February 1, 2018, as amended, modified, restated, supplemented or replaced from time to time in accordance with Section 3.3 herein (the “**BF Loan Agreement**”) in accordance with which Bridging Finance Inc., on behalf of the BF Lenders, has been granted certain security by the Borrower as evidenced by the documents and instruments listed in Schedule A hereto (all security held by Bridging Finance Inc. in connection with the BF Loan Agreement now or hereafter is collectively referred to as the “**BF Security**”), which security has been or will be registered at the

Registry of Deeds for Province of Newfoundland and Labrador (the "**Province**"), the Confidential Agreements Register, Mineral Claims Recorders Office for the Province of Newfoundland and Labrador and/or the Personal Property Security Registry for the Province;

- B. The Credit Parties are obligated to the Government pursuant to a Loan Agreement dated as of March 30, 2017, as amended on May 31, 2017 and on March 28, 2018, and as may be further amended, modified, restated, supplemented or replaced from time to time in accordance with Section 3.3 herein (the "**Government Loan Agreement**") in accordance with which the Government has been granted certain security by the Credit Parties as evidenced by the documents and instruments listed in Schedule B hereto (all security held by Government in connection with the Government Loan Agreement now or hereafter is collectively referred to as the "**Government Security**"), which security has been registered at the Registry of Deeds for the Province, the Confidential Agreements Register, Mineral Claims Recorders Office for the Province and the Personal Property Security Registry for the Province;
- C. The Borrower is obligated to HSBC pursuant to a Facility Letter dated as of October 24, 2017, as amended, modified, restated, supplemented or replaced from time to time in accordance with Section 3.3 herein (the "**HSBC Facility Letter**") in accordance with which HSBC has been granted certain security by the Borrower as evidenced by the documents and instruments listed in Schedule C hereto (all security held by HSBC in connection with the HSBC Facility Letter now is collectively referred to as the "**HSBC Security**"), which security has been or will be registered at the Confidential Agreements Register, Mineral Claims Recorders Office for the Province and/or the Personal Property Security Registry for the Province;
- D. The Credit Parties, the BF Lenders and the Government are parties to an existing intercreditor agreement dated as of February 1, 2018 (the "**Existing Intercreditor Agreement**") which agreement is hereby amended and restated to address, *inter alia*, the entering into by the Credit Parties of the HSBC Facility Letter and the HSBC Security; and
- E. The parties hereto wish to enter into this Agreement to set out, *inter alia*, the respective priorities with respect to the BF Security, the Government Security and the HSBC Security;

NOW THEREFORE, in consideration of the promises contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto hereby agree as follows:

1. INTERPRETATION

1.1 Interpretation. In this Agreement, unless otherwise provided:

- (a) "**Accounts**" shall mean, as to any Credit Party, all present and future rights of such party to payment of a monetary obligation, whether or not earned by performance, which is not evidenced by chattel paper (as such term is defined in the NL PPSA) or an instrument (as such term is defined in the NL PPSA):

- (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of; or
 - (ii) for services rendered or to be rendered.
- (b) **"BF Obligations"** means all obligations, liabilities and indebtedness of every nature of the Borrower or any of the Credit Parties from time to time owed to the BF Lenders under the BF Documents, including, without limitation, the principal amount of all debts, claims and indebtedness, accrued and unpaid interest and all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and from time to time hereafter owing, due or payable, whether before or after the filing of a Proceeding under any bankruptcy or insolvency law together with (a) any amendments, modifications, renewals or extensions and (b) any interest accruing thereon after the commencement of a Proceeding, without regard to whether or not such interest is an allowed claim. BF Obligations shall be considered to be outstanding whenever any loan commitment under the BF Documents is outstanding;
- (c) **"BF Documents"** means the BF Loan Agreement, the BF Security and all other agreements, documents and instruments executed in connection therewith, all as listed in Schedule A, as amended, modified, restated, supplemented or replaced from time to time in accordance with Section 3.3 herein;
- (d) **"CAD Equivalent"** means, at any time, the amount of Canadian Dollars which could be purchased from HSBC by the payment of a specified amount of US Dollars using HSBC's spot rate for the purchase of Canadian Dollars quoted by HSBC's treasury department at such time;
- (e) **"Collection Account"** means those certain deposit accounts, whether for Canadian Dollars or US Dollars, maintained by the Borrower from time to time with HSBC for the purpose of receiving and holding proceeds of Accounts of the Borrower;
- (f) **"Credit Facility 01"** has the meaning given to it in the BF Loan Agreement;
- (g) **"Credit Facility 02"** has the meaning given to it in the BF Loan Agreement;
- (h) **"Credit Facility 03"** has the meaning given to it in the BF Loan Agreement;
- (i) **"Creditors"** means collectively BF Lenders, the Government and HSBC, each of them a **"Creditor"**;
- (j) **"Distribution"** means, with respect to any indebtedness, obligation or security, (a) any payment or distribution by any person of cash, securities or other property, by set-off or otherwise, on account of such indebtedness, obligation or security, (b) any redemption, purchase or other acquisition of such indebtedness, obligation or security by any person, or (c) the granting of any lien or security interest to or for the benefit of the holders of such indebtedness, obligation or security in or upon any property of any person;

- (k) **"Encumbrances"** means any and all liens, charges, mortgages, encumbrances, pledges, security interests, royalties, taxes, proxies and third party rights or any other encumbrances of any nature whatsoever, whether registered or unregistered;
- (l) **"Event of Default"** means the occurrence of any of the events of default specified in the BF Documents, the Government Documents, or the HSBC Documents, as applicable;
- (m) **"Government Obligations"** means all obligations, liabilities and indebtedness of every nature of the Borrower or any or all of the Credit Parties from time to time owed to the Government under the Government Documents, including, without limitation, the principal amount of all debts, claims and indebtedness, accrued and unpaid interest and all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and from time to time hereafter owing, due or payable, whether before or after the filing of a Proceeding under any bankruptcy or insolvency law together with (a) any amendments, modifications, renewals or extensions and (b) any interest accruing thereon after the commencement of a Proceeding, without regard to whether or not such interest is an allowed claim. Government Obligations shall be considered to be outstanding whenever any loan commitment under the Government Documents is outstanding;
- (n) **"Government Documents"** means the Government Loan Agreement, the Government Security and all other agreements, documents and instruments executed in connection therewith, all as listed in Schedule B, as amended, modified, restated, supplemented or replaced from time to time in accordance with Section 3.3 herein;
- (o) **"HSBC Documents"** means the HSBC Facility Letter, the HSBC Security and all other agreements, documents and instruments executed in connection therewith, all as listed in Schedule C, as amended, modified, restated, supplemented or replaced from time to time in accordance with Section 3.3 herein;
- (p) **"HSBC Inventory Limit"** means USD\$2,000,000.00 (or the CAD Equivalent) or such greater amount as may be agreed in writing pursuant to Section 3.3(a), plus all interest thereon and any fees in relation thereto, payable in relation to the Operating Loan Facility;
- (q) **"HSBC Obligations"** means all obligations, liabilities and indebtedness of every nature of the Borrower or any of the Credit Parties from time to time owed to HSBC under the HSBC Documents, including, without limitation, the principal amount of all debts, claims and indebtedness, accrued and unpaid interest and all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and from time to time hereafter owing, due or payable, whether before or after the filing of a Proceeding under any bankruptcy or insolvency law together with (a) any amendments, modifications, renewals or extensions and (b) any interest accruing thereon after the commencement of a Proceeding, without regard to whether or not such interest is an allowed claim. HSBC Obligations shall be considered to be outstanding whenever any loan commitment under the HSBC Documents is outstanding;

- (r) **"HSBC Receivables Limit"** means USD\$10,000,000.00 (or the CAD Equivalent thereof) or such greater amount as may be agreed in writing pursuant to Section 3.3, plus all interest thereon and any fees in relation thereto, payable in relation to the Receivables Financing Facility;
- (s) **"Inventory"** shall have the meaning given to it in the NL PPSA, provided that with respect to extracted minerals, Inventory for the purposes of this Agreement shall only include refined minerals (i.e., processed acid spar requiring no additional processing) and shall not include stockpiled and unrefined minerals;
- (t) **"Loan Documents"** means, collectively, the BF Documents, the Government Documents and the HSBC Documents, or any of them, as the context may require;
- (u) **"NL PPSA"** means the *Personal Property Security Act*, SNL 1998, c. P-7.1, as amended;
- (v) **"Obligations"** means, collectively, the BF Obligations, the Government Obligations and the HSBC Obligations, or any of them, as the context may require;
- (w) **"Operating Loan Facility"** means the demand operating revolving loan facility available in Canadian Dollars and US Dollars, established pursuant to the HSBC Documents;
- (x) **"Proceeding"** shall mean any voluntary or involuntary insolvency, bankruptcy, receivership, custodianship, liquidation, dissolution, reorganization, assignment for the benefit of creditors, appointment of a custodian, receiver, trustee or other officer with similar powers or any other proceeding for the restructuring, liquidation, dissolution or other winding up of any person;
- (y) **"Receivables"** shall mean all of the following now owned or hereafter arising or acquired property of a Credit Party:
 - (i) all Accounts;
 - (ii) all interest, fees, late charges, penalties, collection fees and other amounts due or to become due or otherwise payable in connection with any Account;
 - (iii) letters of credit, indemnities, guarantees, security or other deposits and proceeds (as such term is defined in the NL PPSA) thereof issued payable to such Credit Party or otherwise in favor of or delivered to such Credit Party in connection with any Account or Inventory; or
 - (iv) all other accounts and other forms of obligations owing to any Credit Party arising from the sale or lease of Inventory or Accounts or the rendition of services; and
 - (v) the Collection Account and the proceeds of all collected Receivables held therein;

(z) **“Receivables Financing Facility”** means the recourse receivables financing facility available in Canadian Dollars and US Dollars, established pursuant to the HSBC Documents;

(aa) **“Security”** means, collectively, the BF Security, the Government Security and the HSBC Security, as amended, modified or supplemented from time to time, in accordance with Section 3.3 herein or any of them, as the context may require.

1.2 **Effect of Amendment and Restatement.** This Agreement is intended to and does completely amend and restate, without novation, the Existing Intercreditor Agreement.

2. **CONSENT**

2.1 **Consent.**

(a) The BF Lenders hereby:

(i) consent to the creation, issuance, delivery and perfection of the Government Security and the HSBC Security and the incurrence of the Government Obligations and the HSBC Obligations;

(ii) waive any breach or default under the BF Documents which may arise by the creation, issuance, delivery or perfection of the Government Security or the HSBC Security or the incurrence of the Government Obligations or the HSBC Obligations; and

(iii) acknowledge and declare that the Credit Parties are not now, nor shall the Credit Parties at any time in the future be deemed, by virtue of the creation, issuance, delivery or perfection of the Government Security or the HSBC Security or the incurrence of the Government Obligations or the HSBC Obligations, to be or have been in default under any of the BF Documents.

(b) The Government hereby:

(i) consents to the creation, issuance, delivery and perfection of the BF Security and the HSBC Security and the incurrence of the BF Obligations and the HSBC Obligations where such consent is required by the Government Documents, including, without limitation, Subsection 14(g) and paragraph (r) of Schedule B of the Government Loan Agreement;

(ii) waives any breach or default under the Government Documents which may arise by the creation, issuance, delivery or perfection of the BF Security or the HSBC Security or the incurrence of the BF Obligations or the HSBC Obligations; and

(iii) acknowledges and declares that the Credit Parties are not now, nor shall the Credit Parties at any time in the future be deemed, by virtue of the creation, issuance, delivery or perfection of the BF Security or the HSBC Security or the incurrence of the BF Obligations or the HSBC Obligations, to be or have been in default under Government Documents, including without limitation, Section

11 of the Government Loan Agreement, Subsection 14(g) and paragraphs (r) and (s) of Schedule B of the Government Loan Agreement.

(c) HSBC hereby:

- (i) consents to the creation, issuance, delivery and perfection of the BF Security and the Government Security and the incurrence of the BF Obligations and the Government Obligations;
- (ii) waives any breach or default under the HSBC Documents which may arise by the creation, issuance, delivery or perfection of the BF Security or the Government Security or the incurrence of the BF Obligations or the Government Obligations; and
- (iii) acknowledges and declares that the Credit Parties are not now, nor shall the Credit Parties at any time in the future be deemed, by virtue of the creation, issuance, delivery or perfection of the BF Security or the Government Security or the incurrence of the BF Obligations or the Government Obligations, to be or have been in default under any of the HSBC Documents.

3. POSTPONEMENT AND SUBORDINATION

3.1 **Priority.** The Credit Parties and the Creditors hereby agree as follows:

(a) The BF Security shall:

- (i) have priority over the Government Security in relation to the BF Obligations in respect of Credit Facility 01 and Credit Facility 03;
- (ii) be subordinate to the Government Security in relation to the BF Obligations in respect of Credit Facility 02;
- (iii) be subordinate to the HSBC Security in relation to Inventory of the Credit Parties up to the HSBC Inventory Limit;
- (iv) be subordinate to the HSBC Security in relation to Receivables of the Credit Parties up to the HSBC Receivables Limit; and
- (v) in all other respects have priority over the HSBC Security;

(b) The Government Security shall:

- (i) have priority over the BF Security in relation to the BF Obligations in respect of Credit Facility 02;
- (ii) be subordinate to the BF Security in relation to the BF Obligations in respect of Credit Facility 01 and Credit Facility 03;
- (iii) be subordinate to the HSBC Security in relation to Inventory of the Credit Parties up to the HSBC Inventory Limit;

- (iv) be subordinate to the HSBC Security in relation to Receivables of the Credit Parties up to the HSBC Receivables Limit; and
- (v) in all other respects have priority over the HSBC Security;
- (c) The HSBC Security shall:
 - (i) have priority over the BF Security and the Government Security in relation only to:
 - (A) the Inventory of the Credit Parties (in aggregate) up to the HSBC Inventory Limit; and
 - (B) the Receivables of the Credit Parties (in aggregate) up to the HSBC Receivables Limit;
 - (ii) in all other respects be subordinate to the BF Security and the Government Security.

3.2 The priorities established by this Agreement will apply in all circumstances regardless of:

- (a) the date or time of creation, execution, attachment or perfection of any security or security interests held by the Creditors;
- (b) the method for perfection of any of the Security;
- (c) the time or order of registration or filing of financing statements, real estate charges or other recording of any of the Security;
- (d) the date of any advance or advances made to the Credit Parties by the Creditors;
- (e) the date of default by the Borrower under any of Loan Documents or the dates of crystallization of any floating charges held by the Creditors;
- (f) any priority granted by any principle of law or any statute, including the NL PPSA;
- (g) the date of notice of an Event of Default.

For greater certainty, the subordination provided herein shall apply with respect to all registrations made against the Credit Parties by the Creditors in respect of the Security.

3.3 Amendments.

- (a) The Creditors, or any of them, and the Credit Parties shall not, without the prior written consent of the other Creditors, amend, modify, supplement, restate or replace any of the terms of their respective Loan Documents.
- (b) Notwithstanding the foregoing, the Creditors and the Credit Parties may, without having obtained prior written consent of the other Creditors, amend, modify, supplement, restate or replace any of the terms of their respective Loan Documents

provided that such amendment, modification, supplementation, restatement or replacement shall not:

- (i) increase the maximum aggregate principal amount of advances, credits or indebtedness available under their respective Loan Documents, whether or not outstanding or committed;
- (ii) increase the rate of interest or fees payable under their respective Loan Documents or take any action which would have similar economic effect; or
- (iii) make their respective Obligations in effect on the date of this Agreement more onerous in any material respect.

For greater certainty:

- (iv) nothing in this Section 3.3 shall require the consent of other the Creditors, or constitute a restriction or limitation in any manner whatsoever, respecting HSBC's exercise of its powers and entitlements pursuant to Section 12 (Lapse and Cancellation) of the HSBC Facility Letter; and
- (v) any amendments, modifications, supplementations, restatements or replacements of the Loan Documents that are within the scope of Subsections (i), (ii) or (iii) of this Section 3.3(b) shall require the consent of the other Creditors accordance with Section 3.3(a).

3.4 **No Dispute.** Each Creditor hereby agrees that it will not, directly or indirectly, dispute or contest the validity, enforceability, registration or perfection of the Security of the other Creditors.

3.5 **Enforcement of Security.** Each Creditor agrees that it will give the other Creditors prior written notice of its enforcement of its Loan Documents or its Security, as the case may be.

3.6 **Payments before an Event of Default.** Subject to Section 3.7 herein, the subordinations provided herein shall not prevent a Creditor from receiving any Distribution in accordance with the terms of its Loan Documents.

3.7 **Payments after Event of Default.** Any Distributions received by a Creditor after such Creditor has made demand under its Loan Documents or Security, or after an Event of Default under any of the Loan Documents or any of the Security, shall be deemed to be the proceeds of enforcement and such payment shall be held in trust by the receiving Creditor and be applied in accordance with Section 3.1 herein.

3.8 **Insurance Proceeds.** Any insurance proceeds received by Creditors or the Credit Parties in respect of the property, assets or undertaking of any Credit Party shall be dealt with according to the postponements and subordinations provided for under Section 3 of this Agreement as though such insurance proceeds were paid or payable as proceeds of realization of the property, assets or undertaking for which they compensate.

3.9 **Liquidation, Dissolution, Bankruptcy.** In the event of any Proceeding involving the Borrower or any one or more of the Credit Parties:

- (a) all proceeds received from the sale of any Inventory of the Credit Parties shall be paid to HSBC until the HSBC Obligations have been indefeasibly paid in full, or if the HSBC Obligations exceed the HSBC Inventory Limit, until HSBC has been paid up to the HSBC Inventory Limit indefeasibly in full in cash out of the proceeds of sale, before any Distribution, whether in cash, securities or other property, shall be made out of such proceeds of sale on account of any of the BF Obligations or the Government Obligations;
- (b) all proceeds received from the sale of any Receivables of the Credit Parties or from the collection of any Receivables of the Credit Parties shall be paid to HSBC until the HSBC Obligations have been indefeasibly paid in full, or if the HSBC Obligations exceed the HSBC Receivables Limit, until HSBC has been paid up to the HSBC Receivables Limit indefeasibly in full out of the proceeds of sale or collection, before any Distribution, whether in cash, securities or other property, shall be made out of such proceeds of sale or collection on account of any of the BF Obligations or the Government Obligations;
- (c) all BF Obligations in relation to Credit Facility 01 and Credit Facility 03 shall first be indefeasibly paid in full before any Distribution, whether in cash, securities or other property, shall be made on account of (i) any Government Obligations; and (ii) subject to Sections 3.9(a) and 3.9(b), any HSBC Obligations;
- (d) all Government Obligations shall first be indefeasibly paid in full before any Distribution, whether in cash, securities or other property, shall be made on account of (i) any BF Obligations in relation to Credit Facility 02; and (ii) any HSBC Obligations, subject to Sections 3.9(a) and 3.9(b);
- (e) subject to Sections 3.9(a) and 3.9(b), all BF Obligations in relation to Credit Facility 02 shall first be indefeasibly paid in full before any Distribution, whether in cash, securities or other property, shall be made on account of any HSBC Obligation;
- (f) subject to Sections 3.9(a) and 3.9(b), any Distribution, whether in cash, securities or other property which would otherwise, but for the terms hereof, be payable or deliverable in respect of the Government Obligations or the HSBC Obligations shall be paid or delivered directly to the BF Lenders (to be held and/or applied by BF Lenders in accordance with the terms of the BF Documents) until all BF Obligations in relation to Credit Facility 01 and Credit Facility 03 are indefeasibly paid in full. Each of the Government and HSBC irrevocably authorizes, empowers and directs any debtor, debtor in possession, receiver, trustee, liquidator, custodian, conservator or other person having authority, to pay or otherwise deliver all such Distributions to the BF Lenders;
- (g) subject to Sections 3.9(a) and 3.9(b), after payment in full of all BF Obligations in relation to Credit Facility 01 and Credit Facility 03, any Distribution, whether in cash, securities or other property which would otherwise, but for the terms hereof, be payable or deliverable in respect of the remaining BF Obligations or the HSBC Obligations shall be paid or delivered directly to the Government (to be held and/or applied by the Government in accordance with the terms of the Government Documents) until all Government Obligations are indefeasibly paid in full. Each of

the BF Lenders and HSBC irrevocably authorizes, empowers and directs any debtor, debtor in possession, receiver, trustee, liquidator, custodian, conservator or other person having authority, to pay or otherwise deliver all such Distributions to the Government; and

- (h) subject to Sections 3.9(a) and 3.9(b), after payment in full of all Government Obligations, any Distribution, whether in cash, securities or other property which would otherwise, but for the terms hereof, be payable or deliverable in respect of the HSBC Obligations shall be paid or delivered directly to the BF Lenders (to be held and/or applied by BF Lenders in accordance with the terms of the BF Documents) until all BF Obligations in relation to Credit Facility 02 are indefeasibly paid in full. HSBC irrevocably authorizes, empowers and directs any debtor, debtor in possession, receiver, trustee, liquidator, custodian, conservator or other person having authority, to pay or otherwise deliver all such Distributions to the BF Lenders.

4. REPRESENTATIONS, COVENANTS AND OTHER AGREEMENTS

- 4.1 **Authority to Grant Priority.** Each Creditor and each Credit Party represents that it has good right, full power and lawful authority to enter into this Agreement and all necessary resolutions have been passed and all other necessary steps have been taken to authorize the execution and delivery of this Agreement.
- 4.2 **Marshaling.** Each Creditor hereby waives any rights it may have under applicable laws to assert the doctrine of marshalling or to otherwise require another Creditor to marshal any property of the Credit Parties for its own benefit or the benefit of other creditors.
- 4.3 **Registration of this Agreement.** Each Creditor authorizes the other Creditor's solicitors to file appropriate registration documents in such jurisdictions as is reasonable so as to give effect to and/or notice of this Agreement and/or the agreement as to priority provided for herein (including financing change statements appropriately amending any financing statements previously filed by any Creditor in any personal property registry).
- 4.4 **Exchange of Information.** Each Creditor may, but will not be obligated to, from time to time upon request from the other Creditor provide any or all information (including confidential information) that it may have concerning the property subject to the Security or the business and affairs of the Credit Parties. Each Creditor shall from time to time upon request of the other Creditor provide any information it may have regarding the indebtedness of the Credit Parties to the other Creditors. The Credit Parties authorize and consent to this exchange of information.
- 4.5 **Assignment.** No Creditor may assign the Obligations owed to it without the applicable assignee first agreeing in writing with the parties hereto to be bound by this Agreement. No Credit Party may assign the Obligations owed by it without the applicable assignee first agreeing in writing with the parties hereto to be bound by this Agreement.
- 4.6 **Indulgences.** A Creditor may grant time, renewals, extensions, releases and discharges to, accept compositions from and otherwise deal with the Credit Parties as it may see fit, the whole without notice to any other party to this Agreement and without prejudice to or in any way limiting or affecting the rights of any other Creditor under this Agreement.

- 4.7 **Continuation of Subordination; Termination of Agreement.** This Agreement shall remain in full force and effect until the indefeasible payment in full in cash of each of the Obligations and the termination of all lending commitments under the Loan Documents after which this Agreement shall terminate without further action on the part of the parties hereto. Upon the payment in full in cash of any Obligation and the release of the applicable Security in relation thereto, the applicable Creditor shall be released and discharged from all liabilities and obligations under this Agreement, unless such payment was made in violation of the terms of this Agreement.
- 4.8 **Amendment and Waiver.** Neither this Agreement nor any provision hereof may be amended or waived in any respect except by an instrument in writing executed by the party against whom enforcement of the amendment or waiver is sought, provided that no consent of or execution by the Credit Parties will be necessary to any such amendment, waiver or termination unless the interests of them are directly adversely affected thereby.
- 4.9 **Communication.** No notice, consent or other communication in connection herewith will be effective unless it is in writing and is executed by the party giving the same or the party's authorized agent.

5. MISCELLANEOUS

- 5.1 **Governing Law.** This Agreement will be governed by the laws in effect in the Province and the federal laws of Canada applicable therein. This Agreement shall be treated in all respects as a Newfoundland and Labrador contract and the parties hereto submit to the jurisdiction of the courts of the Province.

- 5.2 **Notice of Default.** Each Creditor shall give prompt written notice to the other Creditors of the occurrence of any of the following events upon becoming aware of them:

- (a) Event of Default in respect of repayment obligations; or
- (b) material Event of Default of any other provision or covenant under Security or other agreement relating to their respective Loan Documents,

provided that no liability shall attach to a Creditor failing to give the other party written notice of such default.

- 5.3 **Notices.** Any notice or other communication required or permitted to be given under this Agreement shall be in writing and may be given by mailing the same by prepaid mail, by facsimile or electronic mail confirmed by return email by the intended recipient (not automatic reply) directed as follows:

- (a) to the BF Lenders:

Bridging Finance Inc.
77 King Street West Suite 2925
P.O. Box 322,
Toronto, ON M5K 1K7
Attention: Graham Marr
Facsimile: 1-888-920-9599

Email: gmarr@bridgingfinance.ca

- (b) to the Government:

Government of Newfoundland and Labrador
Department of Tourism, Culture, Industry and Innovation
P.O. Box 8700, 2nd Floor
Confederation Building (West Block)
St. John's, NL A1B 4J6
Attention: Minister
Facsimile: 709-729-0654

- (c) to HSBC:

HSBC Bank Canada
205 Water Street
St. John's, NL A1C 1B4
Attention: James Bowne
Facsimile: 709-722-4026
Email: james_bowne@hsbc.ca

- (d) to the Credit Parties:

c/o Canada Fluorspar (NL) Inc.
Suite 605, 140 Water Street
St. John's, NL A1C 6J4
Attention: Paul Coombs
Facsimile: 709-873-3335
Email: pcoombs@canadafluorspar.com

- 5.4 **Successors and Assigns.** This Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.
- 5.5 **Further Assurances.** Each of the parties hereto covenants and agrees that it will sign and it will cause its successors and permitted assigns to sign such further agreements, and do and perform or cause to be performed such further and other acts and things as may be necessary or desirable from time to time in order to give full effect to this Agreement and every part hereof.
- 5.6 **Severability.** The invalidity or unenforceability of any provision of this Agreement will not affect the remaining provisions or the remainder of the impugned provision.
- 5.7 **Non-Waiver of Rights.** Nothing contained herein impairs or affects the obligations of the Credit Parties or prevents any Creditor from exercising any or all remedies otherwise permitted by law.
- 5.8 **Number and Gender.** Unless the context otherwise requires, words importing the singular will include the plural and vice versa, and words importing gender will include all genders.

- 5.9 **Headings.** Headings have been inserted for convenience of reference only and are not to affect interpretation.
- 5.10 **Entire Agreement.** This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all oral agreements, undertakings and understandings among the parties with respect to the subject matter hereof.
- 5.11 **Counterparts.** This Agreement may be executed in any one or more counterparts, each of which when delivered (including by way of email or .pdf format) will be deemed to be an original and all of which together will constitute one and the same document.

[Remainder of page intentionally left blank. Signature pages to follow.]

IN WITNESS WHEREOF the parties have executed this Agreement by their duly authorized signatories as of the date first shown above.

BRIDGING FINANCE INC. on its own
behalf and as agent for **SPROTT**
BRIDGING INCOME FUND LP,

Witness
Notary Public (affix seal)

Per: _____
Name: _____
Position: _____

HER MAJESTY IN RIGHT OF
NEWFOUNDLAND AND LABRADOR,
as represented by the **MINISTER OF**
TOURISM, CULTURE, INDUSTRY
AND INNOVATION

Witness
Notary Public (affix seal)

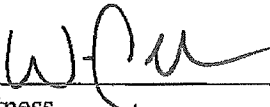
Per: _____
Name: _____
Position: _____

HSBC BANK CANADA

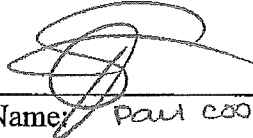
Witness
Notary Public (affix seal)

Per: _____
Name: _____
Position: _____

CANADA FLUORSPAR (NL) INC.

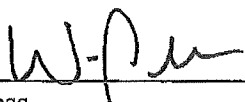


Witness
Notary Public (affix seal)

Per: 
Name: Paul coombs
Position: officer

NEWSPAR, by its partners

CANADA FLUORSPAR (NL) INC.

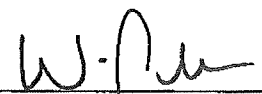


Witness
Notary Public (affix seal)

Per: 

Name: Paul cosmbs
Position: officer

CFI NEWSPAR HOLDINGS INC.



Witness
Notary Public (affix seal)

Per: 

Name: Paul cosmbs
Position: officer

CANADA FLUORSPAR INC.

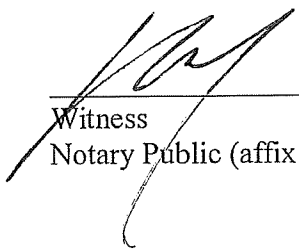


Witness
Notary Public (affix seal)

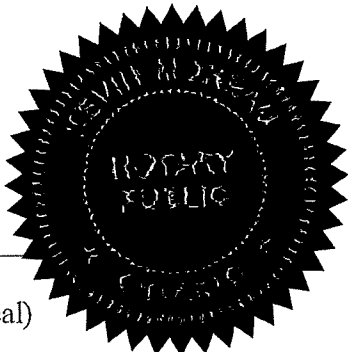
Per: 

Name: Paul cosmbs
Position: officer

IN WITNESS WHEREOF the parties have executed this Agreement by their duly authorized signatories as of the date first shown above.



Witness
Notary Public (affix seal)



BRIDGING FINANCE INC. on its own behalf and as agent for **SPROTT BRIDGING INCOME FUND LP,**

Per: 

Name: *Graham Mann*
Position: *Portfolio Manager*

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR,
as represented by the **MINISTER OF TOURISM, CULTURE, INDUSTRY AND INNOVATION**

Witness
Notary Public (affix seal)

Per: _____
Name: _____
Position: _____

HSBC BANK CANADA

Witness
Notary Public (affix seal)

Per: _____
Name: _____
Position: _____

CANADA FLUORSPAR (NL) INC.

Witness
Notary Public (affix seal)

Per: _____
Name: _____
Position: _____

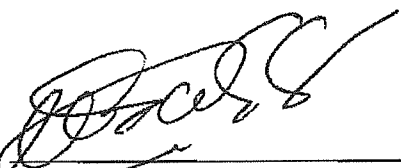
IN WITNESS WHEREOF the parties have executed this Agreement by their duly authorized signatories as of the date first shown above.

BRIDGING FINANCE INC. on its own
behalf and as agent for **SPROTT**
BRIDGING INCOME FUND LP,

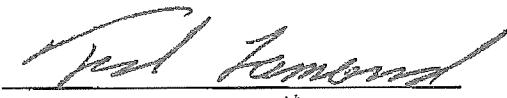
Witness
Notary Public (affix seal)

Per: _____
Name: _____
Position: _____

HER MAJESTY IN RIGHT OF
NEWFOUNDLAND AND LABRADOR,
as represented by the **MINISTER OF**
TOURISM, CULTURE, INDUSTRY
AND INNOVATION



Witness
Notary Public (affix seal)
WILLIAM D. WOOLRIDGE
A Commissioner for Oaths in and for
the Province of Newfoundland and Labrador.
My commission expires on December 31, 2019.

Per: 
Name: **TED LOMOND**
Position: **DEPUTY MINISTER**

HSBC BANK CANADA

Witness
Notary Public (affix seal)

Per: _____
Name: _____
Position: _____

CANADA FLUORSPAR (NL) INC.

Witness
Notary Public (affix seal)

Per: _____
Name: _____
Position: _____

SCHEDULE A

BF Security

1. Collateral Debenture dated as of the 31st day of January, 2017 by the Borrower and Newspar in favour of the BF Lenders, registered at Registration No. 801734 of the Registry of Deeds for the Province of Newfoundland and Labrador and Volume 33 Folio 46 at the Mineral Claims Records Office for the Province of Newfoundland and Labrador, as amended by Amendment and Confirmation of Collateral Debenture dated as of the 1st day of August, 2017, registered at Registration No. 825066 of the Registry of Deeds for the Province of Newfoundland and Labrador and at Volume 33 Folio 65 at the Mineral Claims Records Office for the Province of Newfoundland and Labrador;
2. General Security Agreement dated as of the 31st day of January, 2017 by the Borrower and Newspar in favour of Bridging Finance Inc., registered at Volume 33 Folio 47 at the Mineral Claims Records Office for the Province of Newfoundland and Labrador and financing statements in relation thereto are registered in the Personal Property Security Registry for the Province of Newfoundland and Labrador at Registration No. 14667497, as amended by Registration Nos. 14712368, 15199193 and 15667934, and at Registration Nos. 14667521, as amended by Registration Nos. 14712517, 15199169, 15667884 as amended by Amendment and Confirmation of General Security Agreement dated as of the 1st day of August, 2017, registered at Volume 33, Folio 66 at the Mineral Claims Records Office for the Province of Newfoundland and Labrador;
3. Power of Attorney dated as of the 31st day of January, 2017 by the Borrower in favour of Bridging Finance Inc.;
4. Power of Attorney dated as of the 31st day of January, 2017 by Newspar in favour of Bridging Finance Inc.;
5. Assignment of Insurance Proceeds dated as of the 1st day of August, 2017 by the Borrower and Newspar in favour of Bridging Finance Inc., as agent for Sprott Bridging Income Fund LP;
6. Guarantee dated as of the 31st day of January, 2017 by CFI in favour of Bridging Finance Inc., on its own behalf and as agent for Sprott Bridging Income Fund LP, as amended by Amendment and Confirmation of Security Agreement dated as of the 1st day of August, 2017 between CFI, Bridging Finance Inc., on its own behalf and as agent for Sprott Bridging Income Fund LP, the Borrower and Newspar; and
7. Pledge Agreement dated as of the 31st day of January, 2017 by CFI in favour of Bridging Finance Inc., on its own behalf and as agent for Sprott Bridging Income Fund LP, as amended by Amendment and Confirmation of Security Agreement dated as of the 1st day of August, 2017 between CFI, Bridging Finance Inc., on its own behalf and as agent for Sprott Bridging Income Fund LP, the Borrower and Newspar.

SCHEDULE B

Government Security

1. General Security Agreement dated as of the 31st day of May, 2017 by the Borrower, Newspar and CFI in favour of Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Tourism, Culture, Industry and Innovation, registered at Volume 33 Folio 59 at the Mineral Claims Records Office for the Province of Newfoundland and Labrador and a financing statement in relation thereto is registered in the Personal Property Security Registry for the Province of Newfoundland and Labrador at Registration No. 14986145, as amended at Registration No. 15667900;
2. Direct, Fixed and Floating Charge Debenture dated as of the 31st day of May, 2017 by the Borrower, Newspar and CFI in favour of Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Tourism, Culture, Industry and Innovation, registered at Registration No. 816919 of the Registry of Deeds for the Province of Newfoundland and Labrador and at Volume 33 Folio 58 at the Mineral Claims Records Office; and
3. Subordination Agreement dated as of the 31st day of May, 2017 by Golden Gate Capital Opportunity Fund, L.P., by its general partner GGC Opportunity Fund Management GP, Ltd., the Borrower, Newspar and CFI in favour of Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Tourism, Culture, Industry and Innovation.

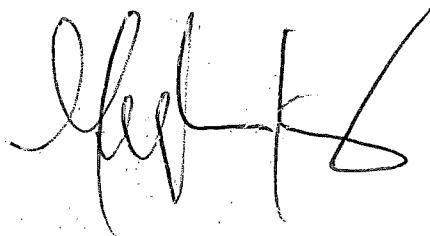
SCHEDULE C

HSBC Security and other HSBC Documents

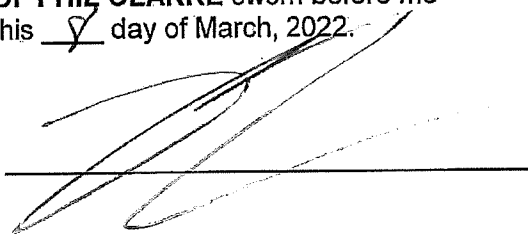
1. Agreement for USD Line of Credit by way of Current Account Overdraft dated as of the 25th day of May, 2018 by the Borrower in favour of HSBC;
2. Agreement for CAD Line of Credit by way of Current Account Overdraft dated 25th day of May, 2018 by the Borrower in favour of HSBC;
3. Guarantee and postponement of claims in an unlimited amount dated as of the 25th day of May by CFI in favour of HSBC, respecting the indebtedness of the Borrower to HSBC;
4. Guarantee and postponement of claims in an unlimited amount dated as of the 25th day of May, 2018 by Newspar in favour of HSBC, respecting the indebtedness of the Borrower to HSBC;
5. ISDA (International Swaps and Derivatives Association) Agreement and related schedules dated as of the 25th day of May, 2018 by the Borrower in favour of HSBC;
6. General Security Agreement dated as of the 25th day of May, 2018 by the Borrower in favour of HSBC;
7. General Security Agreement dated as of the 25th day of May, 2018 by CFI in favour of HSBC;
8. General Security Agreement dated as of the 25th day of May, 2018 by Newspar, a general partnership under the laws of the Province of Newfoundland and Labrador, in favour of HSBC;
9. Assignment of Insurance dated as of the 25th day of May, 2018 by the Borrower in favour of HSBC;
10. Trade Invoice Recourse Financing Facility Agreement dated as of the 25th day of May, 2018 by the Borrower in favour of HSBC;
11. Agreement for Foreign Exchange Contracts dated as of the 25th day of May by the Borrower in favour of HSBC;
12. Assignment and Postponement Agreement dated as of the 25th day of May by CFI in favour of HSBC;
13. Assignment and Postponement Agreement dated as of the 25th day of May, 2018 by Newspar in favour of HSBC;
14. LIBOR Agreement dated as of the 25th day of May, 2018 by the Borrower in favour of HSBC;
15. Acknowledgement and Consent Agreement dated the 25th day of May, 2018 between the Borrower, CFI, Newspar and HSBC; and

16. Amending Agreement dated as of the 25th day of May, 2018 between the Borrower, CFI, Newspar and HSBC.

TAB C

A handwritten signature in cursive script, appearing to read "Phil Clarke", written in black ink.

This is **EXHIBIT "C"** of the **AFFIDAVIT**
OF PHIL CLARKE sworn before me
this 7 day of March, 2022.

A handwritten signature in cursive script, written in black ink, positioned above a solid horizontal line.

CANADA FLUORSPAR (NL) INC.,
as Borrower

and

NEWSPAR,
as Co-Covenantor

and

CANADA FLUORSPAR INC.,
as Guarantor

and

SPROTT BRIDGING INCOME FUND LP
by its Agent, **BRIDGING FINANCE INC.,**
as Lender

AMENDED AND RESTATED LOAN AGREEMENT
AUGUST 1, 2017

AMENDED AND RESTATED LOAN AGREEMENT

THIS AGREEMENT is made as of August 1st, 2017

BETWEEN

CANADA FLUORSPAR (NL) INC., a company incorporated under the laws of the Province of Newfoundland and Labrador (the “**Borrower**”),

- and –

NEWSPAR, a general partnership formed under the laws of the Province of Newfoundland and Labrador, by its partners **CANADA FLUORSPAR (NL) INC.** and **CFI NEWSPAR HOLDINGS INC.** (the “**Co-Covenantor**”),

- and –

CANADA FLUORSPAR INC., a company incorporated under the laws of the Province of Ontario (the “**Guarantor**”),

- and –

BRIDGING FINANCE INC., a company incorporated under the laws of the Canada (the “**Bridging Finance**”), as Agent

- and –

SPROTT BRIDGING INCOME FUND LP, a limited partnership created under the laws of Canada, by its agent Bridging Finance Inc., a corporation created under the laws of Ontario (the “**Lender**”).

RECITALS

WHEREAS:

- A. the Borrower, the Co-Covenantor, the Guarantor, Bridging Finance and the Lender entered into a Loan Agreement dated January 31, 2017 (the “**Loan Agreement**”) pursuant to which the Lender has lent to the Borrower the full amount of Credit Facility 01 (defined below);
- B. the Borrower, Co-Covenantor, Guarantor, Bridging Finance and the Lender entered into a waiver and amendment agreement dated May 31, 2017 (the “**First Amendment**”) with respect to the TCII Indebtedness (defined below);
- C. the Borrower has requested the Credit Facility 02 (as defined below) and the Lender has agreed to provide the Credit Facility 02 to the Borrower, with the Credit Facilities (defined below) being upon and subject to the terms and conditions set out in this Agreement;

- D. some of the assets of the St. Lawrence Fluorspar Project (defined below) are held in the name of the of the Co-Covenantor, the Co-Covenantor benefits from the Credit Facilities, and the Co-Covenantor has agreed join the Borrower in all covenants and obligations hereunder; and
- E. the Borrower and Co-Covenantor wish secure all of the their obligations under the Loan Documents (defined below) and to grant to the Agent for the benefit of the Secured Parties, a security interest in and a lien upon substantially all of their real and personal property.

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

“**Affiliate**” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified but, for the purposes of this Agreement, shall be deemed not to include other portfolio companies or investment funds affiliated with Golden Gate Private Equity Inc.

“**Agent**” means Bridging Finance in its capacity agent for the Lender hereunder, and any successor agent.

“**Agreement**” means this loan agreement, including its recitals and schedules.

“**Applicable Permit**” means any material Permit that is necessary under applicable Law for the Obligors: (i) to construct, operate, maintain, repair, own, use or otherwise carry out the St. Lawrence Fluorspar Project, and (ii) to enter into and perform their respective obligations under the Material Project Agreements, in each case having regard to the current stage of the St. Lawrence Fluorspar Project.

“**Arkema Supply Agreement**” means the supply agreement between the Borrower and Arkema France dated as of April 18, 2016;

“**BMO Prime**” means the rate of interest per annum publicly announced from time to time by Bank of Montreal as its prime commercial lending rate at its principal office in Toronto, Ontario.

“**Borrower**” means Canada Fluorspar (NL) Inc. and its successor and permitted assigns.

“**Borrower’s Counsel**” means Cox & Palmer, Newfoundland and Labrador counsel to the Obligors, Davies Ward Phillips & Vineberg LLP, Ontario counsel to the Obligors and such other firms of legal counsel as the Borrower may from time to time designate.

“Business Day” means a day of the year, other than a Saturday, Sunday or statutory holiday in St. John’s, Newfoundland and Labrador.

“Canadian GAAP” means accounting principles generally accepted in Canada as set out in the *CPA Canada Handbook - Accounting* at the relevant time applied on a consistent basis.

“Capital Lease” means a lease that is required to be classified and accounted as a capital lease on a balance sheet in accordance with Canadian GAAP.

“Capital Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease (other than an operating lease) of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as Capital Leases on a balance sheet of such Person under Canadian GAAP, and the amount of such obligations at any time will be the liability amount thereof at such time determined in accordance with Canadian GAAP.

“Capitalized Interest” has the meaning given to such term in Section 4.03(b).

“Change of Control” means any event as a result of or following which any Person (other than Golden Gate Private Equity Inc. or any of its respective Affiliates or investment funds affiliated with Golden Gate Private Equity Inc.), or group of Persons (other than Golden Gate Private Equity Inc. or its respective Affiliates or investment funds affiliated with Golden Gate Private Equity Inc.) acting jointly or in concert, acquires the shares representing more than 50% of the aggregate ordinary voting power represented by equity interests of Borrower.

“CIM” means the Canadian Institute of Mining, Metallurgy and Petroleum, including its successors.

“Closing Date” means (a) with respect to Credit Facility 01, January 31, 2017, (b) with respect to Credit Facility 02, the day, as confirmed by the Agent to the Borrower, on which the conditions precedent referred to in Section 3.02 have been met to the reasonable satisfaction of the Agent or waived by the Agent in its discretion.

“Co-Covenantor” means Newspar, a general partnership under the laws of Newfoundland and Labrador, by its partners Canada Fluorspar (NL) Inc. and CFI Newspar Holdings Inc.

“Collateral” means any property, assets or collateral that is subject to the Security Documents.

“Collateral Debenture” has the meaning set out in Section 6.02(a).

“Contingent Obligation” means, with respect to any Person, any obligation, whether secured or unsecured, of such Person guaranteeing or indemnifying, or in effect guaranteeing or indemnifying, any indebtedness, leases, dividends, letters of credit or other monetary obligations (the **“primary obligations”**) of any other Person (the **“primary obligor”**) in any manner, whether directly or indirectly, including any obligation of such Person as an account party in respect of a letter of credit or letter of guarantee issued to assure payment by the primary obligor of any such primary obligation and any obligations of such Person, whether or not contingent, (a) to purchase any such primary obligation or any Property constituting direct or indirect security therefor, (b) to advance or supply funds for the purchase or payment of any such primary obligation or to maintain working capital or

equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase Property, securities or services primarily for the purpose of assuring the obligee under any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) otherwise to assure or hold harmless the obligee under such primary obligation against loss in respect of such primary obligation; provided, however, that the term Contingent Obligation does not include endorsements of instruments for deposit or collection in the ordinary course of business.

“Control” (and correlative terms) means (a) the ownership, directly or indirectly of voting shares entitling the holder thereof to elect a majority of the directors of a specified Person or (b) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a specified Person, whether through the ability to exercise voting power, by contract or otherwise. **“Controlling”** and **“Controlled”** have corresponding meanings.

“Credit Facilities” means, collectively, Credit Facility 01 and Credit Facility 02.

“Credit Facility 01” has the meaning set out in Section 2.01(a).

“Credit Facility 02” has the meaning set out in Section 2.01(b).

“Current Report” means National Instrument 43-101 Technical Report on the AGS Vein Deposit dated March 27, 2015 as amended, modified, replaced or supplemented from time to time.

“Default” means any event or circumstance which, upon lapse of time or the giving of a notice or both, would constitute an Event of Default.

“Disposition” means, with respect to a Person, any sale, assignment, transfer, conveyance, lease, licence or other disposition of any nature or kind whatsoever of any Property or of any right, title or interest in or to any Property that is out of the ordinary course of business of such Person, and the verb **“Dispose”** has a corresponding meaning.

“Dollar” and the symbol **“\$”** or **“C\$”** each means the lawful money of Canada.

“Encumbrance” means, with respect to any Person, any hypothec, security interest, mortgage, debenture, pledge, lien prior claim, charge, assignment by way of security, or any other agreement or encumbrance of any nature that secures the performance of an obligation, and a Person is deemed to own subject to an Encumbrance any Property that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or similar arrangement (other than an operating lease) relating to such Property, and **“Encumbrances”**, **“Encumbrancer”**, **“Encumber”** and **“Encumbered”** have corresponding meanings.

“Enforcement Action” means, following the occurrence and during the continuation of an Event of Default, any of (a) the declaration of the principal of Obligations, together with all accrued and unpaid interest thereon, being immediately due and payable, (b) the exercising of any remedy granted by any of the Security Documents, or (c) the taking of any other enforcement action permitted by this Agreement, the Security Documents or applicable Law.

“Environment” means all components of the earth, air, all layers of the atmosphere, soils, water, ground water, organic and inorganic matters, living species and organisms or any combination of any of the above or the general environment, including any sewage systems.

“Environmental Law” or “Environmental Laws” means any applicable Law relating to the Environment, including those pertaining to:

- (a) reporting, licensing, permitting, investigating, monitoring, remediating and cleaning up in connection with any presence or Release, or the threat of the same, of Hazardous Substances; and
- (b) the manufacture, receiving, processing, distribution, use, treatment, storage, disposal, transport, handling and the like of Hazardous Substances, including those pertaining to public or occupational health and safety in relation to Hazardous Substances.

“Environmental Liability” means all liabilities, obligations, responsibilities, costs, losses, damages and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants), fines, penalties and sanctions incurred or imposed pursuant to any claim, suit, action, administrative order, investigation order, proceeding or demand by any Person, to the extent arising out of or attributable to any violation of or remedial obligation under Environmental Laws, including in connection with any Release or threatened Release, presence or exposure to Hazardous Substances whether on, at, in, under, from or about or in the vicinity of any immovable property (real property) or movable property (personal property), and related enforcement, cleanup, removal, response, remedial or other actions or damages.

“Event of Default” has the meaning set out in Section 9.01.

“FCPA Legislation” means the *Corruption of Foreign Public Officials Act* (Canada) and any foreign corrupt practices Law applicable to the subject Person(s) other than by virtue of the identity of or regulatory requirements applicable to the Agent, the Lender or any of their respective Affiliates.

“Financial Assistance” means, without duplication and with respect to any Person, all loans granted by that Person and guarantees or Contingent Obligations incurred by that Person for the purpose of or having the effect of providing financial assistance to another Person or Persons, including letters of guarantee, letters of credit or indemnities issued in connection therewith, endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business), obligations to purchase assets regardless of the delivery or non-delivery thereof and obligations to make advances or otherwise provide financial assistance to any other Person.

“Fiscal Quarter” means each successive three (3) month period of the Borrower’s Fiscal Year ending on or about March 31st, June 30th, September 30th, and December 31st, as such date may be changed with the consent of the Agent.

“Fiscal Year” means a 12 month period ending on December 31st of any year, as such date may be changed with the consent of the Agent.

“Governmental Body” means any (a) federal, provincial, territorial, state, municipal, local or other governmental or public department, court, commission, board, bureau, agency or instrumentality, domestic or foreign; or (b) any subdivision or authority of any of the foregoing.

“Guarantor” means Canada Fluorspar Inc. and its successors and permitted assigns.

“Hazardous Substance” means any substance or material whether natural or artificial and whether in solid or liquid form or in the form of a gas or vapour, which is regulated or otherwise determined to be a pollutant or contaminant, under any Environmental Law.

“Holding Company” has the meaning given to such term in the definition of “Subsidiary” below.

“Indebtedness” means, without duplication, any indebtedness for or in respect of:

- (a) borrowed money;
- (b) any bond, note, debenture, loan stock or other similar instrument;
- (c) redeemable shares which are either redeemable at the option of the holder thereof, are redeemable at a fixed date or are redeemable during fixed intervals, in each case on or before the date which is 30 days following the Maturity Date. For the purposes hereof, the amount of Indebtedness which will be taken into consideration at any time will be the maximum fixed redemption or repurchase price therefor payable therefor;
- (d) any Capital Lease Obligation;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) the acquisition cost of any asset or service to the extent payable after its acquisition or possession by the Person liable where the advance or deferred payment:
 - (i) is arranged primarily as a method of raising finance or financing the acquisition of that asset or the construction of that asset; or
 - (ii) is due more than six months after the date of acquisition or supply unless it is deferred payment linked to performance of underlying asset;
- (g) any derivative transaction entered into between the Borrower with another Person, where the net amount due and payable by the Borrower thereunder as a settlement obligation or as a close-out payment, will be used to calculate its indebtedness at such time;
- (h) any sale and leaseback transaction or forward sale transaction which is entered into as a method of raising finance;

- (i) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution; or
- (j) a Contingent Obligation to the extent that the primary obligation would be classified as "Indebtedness" (within the meaning of this definition) of the primary obligor;

provided that trade payables, trade accounts and similar obligations incurred in the ordinary course of business shall not constitute "Indebtedness" for any purpose of this Agreement and the other Loan Documents.

"Law" or **"Laws"** means all laws, including all federal, provincial, territorial, state and local statutes, codes, ordinances, guidelines, decrees, rules, regulations and municipal by-laws and all judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, and all published orders, directives, decisions, rulings of any Governmental Body, binding on the Person referred to in the context in which the term is used.

"Lender" means Sprott Bridging Income Fund LP, by its agent Bridging Finance Inc.

"Loan Documents" means (a) this Agreement and the Security Documents, and (b) all present and future agreements, documents, certificates and instruments delivered by any Obligor to the Lender pursuant to this Agreement or any of the Security Documents, in each case as the same may from time to time be amended or restated, and **"Loan Document"** means any one of the Loan Documents.

"Material Adverse Change" means any change of circumstances or any event which has, or would reasonably be expected to have, a Material Adverse Effect, but shall, for greater certainty, not include the addition of "going concern" qualification to financial statements of any Obligor.

"Material Adverse Effect" means an event or circumstance which has a material adverse effect on (a) the ability of the Obligors, taken as a whole, to perform their material obligations under the Loan Documents; (b) without detracting from the provisions of this Agreement which permit the creation or incurrence of Permitted Encumbrances, the rank or priority of the Encumbrances created by or under the Security Documents, or the ability of the Agent to enforce the Encumbrances created by or under the Security Documents, or (c) the Borrower's ability to operate the St. Lawrence Fluorspar Project in all material respects in accordance with the Current Report or the Material Project Agreements (including for the avoidance of doubt as to the quantity and quality of the St. Lawrence Fluorspar Project's production).

"Material Assets" means assets which, individually or in the aggregate, are essential to the operation of the St. Lawrence Fluorspar Project and the loss or attachment of which or cost or time to replace such assets would have a Material Adverse Effect.

"Material Project Agreements" means (i) the Mineral Titles and Surface Rights comprising the St. Lawrence Property; (ii) any written contract or agreement relating to the St. Lawrence Fluorspar Project entered into by an Obligor before or after the Closing Date under which there is an obligation of an Obligor, in the aggregate, to pay, or under which an Obligor shall receive, more than \$3,000,000 per annum, including, without limitation, those contracts and agreements listed in Schedule A hereto; and (iii) all other contracts or agreements that are essential to the development

and operation of the St. Lawrence Fluorspar Project such that breach of, default under or termination of would have a Material Adverse Effect, which, in the case of any contract or agreement referred to in clause (ii) or (iii), cannot be replaced on like or more favourable terms in a reasonable amount of time after breach, default or early termination thereof.

“Maturity Date” means

- (a) where no written notice to extend the Maturity Date has been provided by the Borrower in accordance with Section 5.03, the earlier of (i) January 31, 2019, or (ii) the date on which the outstanding principal amount of the Credit Facilities becomes due and payable in full, whether upon voluntary prepayment under Section 5.04 or mandatory prepayment pursuant to Section 9.02; or
- (b) where the Borrower has provided a written notice to the Agent in accordance with Section 5.03 to extend the Maturity Date, the earlier of (i) July 31, 2019, or (ii) the date on which the outstanding principal amount of the Credit Facilities becomes due and payable in full, whether upon voluntary prepayment under Section 5.04 or mandatory prepayment pursuant to Section 9.02.

“Mineral Titles” means all mineral titles in any form whatsoever, including mining claims (whether staked or map-designated), mining exploration licenses, Mining Leases, exploration licenses, leases to mine, mining concessions or any other mining right, title or interest issued under or conferred by the *Mining Act* (Newfoundland and Labrador) or the *Mineral Act* (Newfoundland and Labrador), which in each case relate to or are used in connection with the St. Lawrence Fluorspar Project.

“Minerals” means any and all minerals of every nature and kind, including metals, ores, commercially valuable rock, waste, aggregate, and other materials in whatever form or state which are mined, excavated, extracted, recovered in soluble solution or otherwise recovered or produced from the St. Lawrence Property, including, fines, pellet feeds, concentrates and any other products resulting from the further milling, processing or other beneficiation of such materials derived from the St. Lawrence Property.

“Mining Leases” means the mining leases granted under the *Mineral Act* (Newfoundland and Labrador) by the Department of Natural Resources to the Borrower (and any other Mineral Title into which it any such lease may be converted or any Mineral Title granted in replacement or substitution thereof).

“Obligations” means the aggregate of all indebtedness, obligations and liabilities, direct or indirect, absolute or contingent, matured or not, of the Borrower or any other Obligor to the Lender and Agent under this Agreement or any other Loan Document.

“Obligors” means, collectively, the Borrower, Co-Covenantor and the Guarantor.

“Operating Costs” means, for any period, the aggregate of all costs including capital expenditures (including expenses for Capital Leases) of the Borrower for purposes of the St. Lawrence Fluorspar Project for such period.

“Organizational Documents” means, with respect to any Person, such Person’s articles, memorandum or other charter documents, partnership agreement, joint venture agreement,

declaration of trust, trust agreement, by-laws, unanimous shareholders' agreement and all other similar agreements, documents and instruments pursuant to which such Person is constituted, organized or governed.

"Pension Plan" means (a) a "pension plan" or "plan" which is a "registered pension plan" as defined in the *Income Tax Act* (Canada) or is subject to the funding requirements of applicable pension benefits legislation in any Canadian jurisdiction and is applicable to employees of an Obligor resident in Canada, or (b) any other pension benefit plan or similar arrangement applicable to employees of an Obligor.

"Permit" means any certificate, certificate of authorization, registration, decree, approval, consent, waiver, exemption, franchise, order, permit, authorization, license or other similar authorization of or from a Governmental Body.

"Permitted Debt" means, without duplication:

- (a) all Indebtedness and other Obligations under the Loan Documents;
- (b) Contingent Obligations of any Obligor in respect of any Obligations or any obligations to a counterparty to a Material Project Agreement (that are not otherwise overdue);
- (c) taxes, fees and levies payable to a Governmental Body;
- (d) Indebtedness to a Governmental Body as part of rehabilitation and reclamation obligations relating to the St. Lawrence Fluorspar Project;
- (e) all costs and expenses incurred by or on behalf of the holder of any "Permitted Debt" in enforcing payment or collection of any such Permitted Debt, including enforcing any security interest securing the same;
- (f) Indebtedness owing or accruing to Golden Gate Private Equity Inc. or its Affiliates as advisory fees, which fees are not to exceed 3% of the Guarantor's EBITDA per annum;
- (g) Related Party Debt provided that the creditor has entered into an inter-creditor agreement or subordination agreement with the Lender and Agent which is in form and substance satisfactory to the Agent;
- (h) TCII Indebtedness;
- (i) Indebtedness to the Atlantic Canada Opportunities Agency ("ACOA") or its successors or permitted assigns in the amount of up to \$5,000,000 or such greater amount as ACOA is willing to lend, provided that, if the amount should increase to more than \$5,000,000 ACOA has entered into an inter-creditor agreement or subordination agreement with the Lender and Agent which is in form and substance satisfactory to the Agent;

- (j) Indebtedness to Golden Gate Capital Opportunity Fund, L.P. or any Affiliate thereof in the amount of up to \$25,000,000;
- (k) Indebtedness to Arkema France or its successors or permitted assigns in connection with the Arkema Supply Agreement;
- (l) Indebtedness in relation to Capital Leases entered into in the ordinary course of business, not to exceed \$10,000,000 in total; and
- (m) Indebtedness to be used for working capital as may be reasonably required to support the Borrower's operations in such amount as to be agreed between the Agent and the Borrower, acting reasonably.

"Permitted Encumbrances" means:

- (a) Encumbrances for taxes, rates, assessments or governmental charges or levies not at the time due nor delinquent or, if due, the validity of which is being contested diligently at the time by the applicable Obligor in good faith by appropriate proceedings; provided that the applicable Obligor has set aside on its books adequate reserves with respect thereto;
- (b) undetermined or inchoate Encumbrances arising or potentially arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Laws or of which written notice has not been duly given in accordance with applicable Laws or which, although filed or registered, relate to obligations not due or delinquent;
- (c) restrictions, easements, rights-of-way, restrictive covenants, licenses, servitudes, watercourse, right of access or user or other similar rights in land (including, without restriction, rights of way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved by other Persons and rights reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant or permit to terminate or to require annual payments as a condition to the continuance thereof, which do not, either individually or in the aggregate, materially impair the use, development, management, ownership or operation of the property subject thereto;
- (d) the rights reserved to or vested in municipalities or governmental or other public authorities or agencies by statutory provisions or by the terms of leases, licenses, franchises, grants or permits, to terminate the leases, licenses, franchises, grants or permits or to require annual or other periodic payments as a condition of the continuance thereof, but only to the extent that same does not in the aggregate materially impair the use, development, management, ownership or operation of the property subject thereto;

- (e) reservations in any original grants from the Crown of any land or interest therein, statutory exceptions to title, and reservations of mineral rights in any grants from the Crown or from any other predecessors in title;
- (f) securities given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the development, management, ownership and operation of property;
- (g) Encumbrances arising out of judgments or awards with respect to which there are no execution proceedings and with respect to which the applicable Obligor will in good faith be prosecuting an appeal and will have set aside on its books adequate reserves with respect thereto;
- (h) Encumbrances or deposits to secure workers' compensation, unemployment insurance or other similar statutory assessments, or to secure costs of litigation when required by law, and surety or appeal bonds or deposits;
- (i) zoning, use and building by laws and ordinances, federal, provincial or municipal by-laws and regulations and other governmental restrictions as to the use of property;
- (j) subdivision agreements, site plan control agreements, servicing agreements and other similar agreements with municipalities affecting the development or use of the immovable property which do not, either individually or in the aggregate, materially impair the use, development, management, ownership or operation of the property subject thereto;
- (k) title defects or irregularities which are of a minor nature and in the aggregate will not materially impair the use or marketability of the property for the purposes for which it is held;
- (l) Purchase Money Encumbrances;
- (m) Encumbrances that are contractual rights of set-off or compensation relating to derivatives agreements, the establishment of depository relations with banks not given in connection with the issuance of Indebtedness and any commercial agreements, including the Material Project Agreements, to which an Obligor is a party;
- (n) Encumbrances in favor of customs and revenue authorities arising as a matter of Law to secure payment of customs duties in connection with the importation or exportation of goods;
- (o) Encumbrances (other than Purchase Money Encumbrances) securing Permitted Debt and ranking subordinate to the Encumbrances created under the Security Documents; provided that the applicable secured creditor has entered into an inter-creditor agreement or subordination agreement with the Lender and Agent which is in form and substance satisfactory to the Agent;

- (p) the Encumbrances identified in Schedule B;
- (q) the Encumbrances created pursuant to the Security Documents;
- (r) pledges or deposits in connection with workers' compensation, employment insurance and other social security legislation and other obligations of a like nature incurred in the ordinary course of business;
- (s) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;
- (t) any Encumbrances for unpaid royalties or duties not yet due pursuant to mining leases, claims or other mining rights running in favour of any Governmental Body;
- (u) Encumbrances that (i) exist at the time such Person is, or the assets subject to such Encumbrances are, acquired by an Obligor and (ii) extend only to the assets acquired or the assets of the Person acquired, as applicable;
- (v) royalty agreements or other rights or claims to royalties on or affecting any Property owned on the date hereof by an Obligor or acquired by the Obligor, whether or not in existence at the time of such acquisition;
- (w) pledges or deposits of cash or cash equivalent instruments made at a time when no Default or Event of Default has occurred and is continuing for purposes of securing obligations to (i) financial institutions issuing letters of credit to secure obligations under Pension Plans, retirement plans or for government reclamation costs, or (ii) issuers of letters of credit, letters of guarantee, surety bonds, performance bonds or guarantees and similar types of instruments issued in the ordinary course of business or in connection with an Obligor's business, including with respect to any reclamation obligations; but excluding any of the foregoing incurred to secure or support indebtedness for borrowed money (including, without limitation, by way of overdraft and drafts or orders accepted representing extensions of credit in respect of borrowed money);
- (x) Capital Leases entered into in the ordinary course of business, not to exceed \$10,000,000 in total;
- (y) Encumbrances in favour of Arkema France or its successors or permitted assigns in connection with the Arkema Supply Agreement provided that Arkema France has entered into an inter-creditor agreement or subordination agreement with the Lender and Agent which is in form and substance satisfactory to the Agent;
- (z) the TCII Encumbrances but only to the extent such TCII Encumbrances are subordinate to the prior Encumbrances of the Secured Parties pursuant to the Security for Credit Facility 01; and
- (aa) any other Encumbrances consented to in writing by the Agent.

“Person” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Body or other entity, however designated or constituted.

“Pre-Closing Material Adverse Change” means any change, event or circumstance which is or would reasonably be expected to be material and adverse to the business, operations, Material Assets or financial condition, taken as a whole, of the Obligors, taken as a whole, or prevent, or materially delay or hinder the ability of the Obligors to consummate on a timely basis the transactions contemplated by the Loan Documents or from performing their respective obligations thereunder in all material respects.

“Prepayment Amount” has the meaning set out in Section 5.04.

“Prepayment Date” has the meaning set out in Section 5.04.

“Prepayment Notice” has the meaning set out in Section 5.04.

“Property” means, with respect to any Person, all or any portion of that Person’s property, assets or undertaking, both real and personal.

“Purchase Money Encumbrance” means any Encumbrance charging a Property acquired by the applicable Obligor (or leased pursuant to a Capital Lease), which is granted or assumed by the applicable Obligor or which arises by operation of law in favour of the transferor concurrently with and for the purpose of the acquisition of such Property, in each case where (a) the principal amount secured by the Encumbrance is not in excess of 100% of the purchase price (after any post-closing adjustment) of the Property acquired, and (b) such Encumbrance extends only to the Property acquired and its proceeds.

“Related Parties” means, with respect to any Person, such Person’s directors, officers and employees.

“Related Party Debt” means any Indebtedness of the Borrower to Related Parties or Affiliates.

“Release” means any release or discharge of any Hazardous Substance into the Environment including any discharge, spray, injection, inoculation, abandonment, deposit, spillage, leakage, seepage, pouring, emission, emptying, throwing, dumping, placing, exhausting, escape, leach, migration, dispersal, dispensing or disposal.

“Reserves” means the reserves of the Borrower as set out in the Current Report.

“Restricted Payment” means: (a) any dividend or other distribution, direct or indirect, declared or paid on account of any securities of the Borrower now or hereafter outstanding; (b) any redemption, conversion, exchange, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, declared or paid on account of any securities of the Borrower now or hereafter outstanding; (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire any securities of the Borrower now or hereafter outstanding; (d) the payment by the Borrower of any royalty, consulting fee, management fee, bonus

or similar fee to its shareholders (in their capacity as such) or their Affiliates (as well as their Related Parties) other than in the ordinary course of business on an arm's length basis for a *bona fide* commercial purpose; or (e) the making of any payment by the Borrower on account of any fees, principal, interest or otherwise on any shareholder advances (other than the Obligations).

"Secured Parties" means the Agent and the Lender and any of their successors and permitted assigns.

"Security" means the security granted and the guarantees, undertakings and agreements made for the benefit of the Lender, in accordance with the requirements specified in Article 6.

"Security Documents" means any document or agreement evidencing the Security, as may be amended or restated from time to time.

"St. Lawrence Fluorspar Project" means the Borrower's Fluorspar project located in the St. Lawrence, Burin Peninsula, Newfoundland and Labrador and which includes site preparation, open pit development, construction of infrastructure, installation of utilities, restoration of temporary work areas, and commissioning of mining, milling and tailings management facilities, water management facilities and general site drainage, and the restoration of existing buildings for the mining of Fluorspar and all Applicable Permits obtained or issued in connection therewith.

"St. Lawrence Property" means all right, title and interest which the Borrower and/or Co-Covenantor now has or hereafter acquires in and to:

- (a) the Mining Leases and any other Mineral Titles (and any Mineral Titles into which they may be converted) and Surface Rights, in each case used in connection with the development and operation of the St. Lawrence Fluorspar Project, which are listed in Schedule C, whether created privately or through the action of any Governmental Body, whether owned or leased, and including any extension, renewal, replacement or substitution of any of the foregoing; and
- (b) any other property, buildings, structures, facilities and fixtures used, affixed or situated on the interests referred to in (a) above.

"Subsidiary" means, at any time, with respect to any Person (a **"Holding Company"**), any other Person, if at such time the Holding Company owns, directly or indirectly, securities or other ownership interests in such other Person, having ordinary voting power to elect a majority of the board of directors or persons performing similar functions for such other Person will include any other Person in like relationship to a Subsidiary of the Holding Company.

"Surface Rights" means all rights of the Borrower to enter, use and occupy the surface of the land necessary for the development and operation of the St. Lawrence Fluorspar Project, pursuant to all leases, licenses, contracts, permits or other instruments relating to such rights.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Body, including any interest, additions to tax or penalties applicable thereto.

“**TCII**” means Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Tourism, Culture, Industry and Innovation.

“**TCII Indebtedness**” means the indebtedness of the Obligors to TCII in the principal amount of \$17,000,000 plus all accrued and unpaid interest thereon pursuant to the terms of a Loan Agreement dated May 30, 2017, as amended by an Amendment Agreement dated May 31, 2017.

“**TCII Encumbrances**” means the Encumbrances currently registered against the Obligors by TCII pursuant to the TCII Indebtedness.

“**Transaction Documents**” means, collectively, the Loan Documents and the other Material Project Agreements.

“**Work Fee**” has the meaning set forth in Section 4.02.

“**Voluntary Prepayment**” means a voluntary prepayment of the Credit Facilities made by the Borrower pursuant to Section 5.04.

1.02 **Interpretation**

In this Agreement:

- (a) words importing the singular number or masculine gender will include the plural number or the feminine or neuter genders, and *vice versa*;
- (b) all references to Articles and Schedules refer, unless otherwise specified, to articles of, and schedules to, this Agreement;
- (c) all references to Sections refer, unless otherwise specified, to Sections, subsections or clauses of this Agreement;
- (d) “this Agreement”, “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions refer to this Agreement and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof, and include any and every instrument supplemental or ancillary hereto;
- (e) the word “including”, when following any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters whether or not non limiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto, but rather such general statement, term or matter is to be construed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter;
- (f) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;

- (g) unless otherwise expressly provided herein, any reference to a Law, includes a reference to all amendments made thereto and in force from time to time, and to any Law that may be passed which has the effect of supplementing or superseding such Law;
- (h) for the purposes of any representation or warranty of the Borrower set out herein which is made to the Borrower's "knowledge", the term "knowledge" means actual knowledge of on the part of the directors and officers of the Borrower, or any of them, without due inquiry or investigation; and
- (i) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder will be calculated by including the day on which the period commences and excluding the day on which the period ends.

1.03 **Headings, Etc.**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement.

1.04 **Time of Essence**

Time will be of the essence of this Agreement.

1.05 **Invalidity, Etc.**

Any provision hereof which is prohibited or unenforceable will be ineffective only to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof.

1.06 **Successors and Assigns**

All covenants and agreements of the Borrower and each other Obligor in the Loan Documents will bind their respective successors and assigns, whether so expressed or not, and enure to the benefit of the successors and assigns of the Lender and Agent.

1.07 **Applicable Law and Attornment**

Each of the Loan Documents will be construed in accordance with the laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein and will be treated in all respects as Newfoundland and Labrador contracts.

The Borrower and Lender submit to the jurisdiction of the courts of the Province of Newfoundland and Labrador, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such court.

1.08 **Non-Business Days**

Whenever any payment to be made hereunder will be due, if any period of time would begin or end, any calculation is required to be made or any other action is required to be taken on, or as of, or from a period ending on, a day other than a Business Day, such payment will be required to be made, such period of time will begin or end, such calculation will be required to be made and such other action will be required to be taken, as the case may be, unless otherwise specifically provided herein, on or as of the next succeeding Business Day without any additional interest, cost or charge to the Borrower.

1.09 **Accounting Terms**

Except as hereinafter provided or as otherwise indicated in this Agreement, all calculations required or permitted to be made hereunder pursuant to the terms of this Agreement will be made in accordance with Canadian GAAP.

1.10 **Interest Calculations and Payments**

Unless otherwise stated, wherever in this Agreement reference is made to a rate of interest "per annum" or a similar expression is used, such interest will be calculated on the basis of a calendar year of 365 days, and using the nominal rate method of calculation and not the effective rate method of calculation or on any other basis that gives effect to the principle of deemed reinvestment of interest. Interest will continue to accrue after maturity and default and/or judgment, if any, until payment thereof, and interest will accrue on overdue interest, if any.

1.11 **Interest Act (Canada)**

For the purposes of this Agreement, whenever interest to be paid hereunder is to be calculated on the basis of any period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by such number of days in such period, as the case may be.

1.12 **Currency**

Unless otherwise specified in this Agreement, all references to currency (without further description) are to Dollars.

1.13 **Conflicts**

In the event of a conflict or inconsistency between the provisions of this Agreement and the provisions of any other Loan Document, then notwithstanding anything else contained in this Agreement or any other Loan Document, the provisions of this Agreement will prevail and the provisions of any other Loan Document will be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency.

ARTICLE 2- THE CREDIT FACILITIES

2.01 Credit Facilities

Subject to the terms and conditions of this Agreement, the Lender established in favour of the Borrower:

- (a) a non-revolving term facility in the amount of \$27,000,000 (“**Credit Facility 01**”); and
- (b) a non-revolving term facility in the amount of \$20,000,000 (“**Credit Facility 02**”).

2.02 Purpose of Credit Facilities

- (a) The Credit Facilities will only be used to finance in part the development of the St. Lawrence Fluorspar Project and the working capital requirements of Borrower in relation to the St. Lawrence Fluorspar Project.
- (b) The Lender is not bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

2.03 Availability

- (a) Credit Facility 01 was fully funded to the Borrower on the applicable Closing Date;
- (b) Subject to the terms and conditions hereof, Credit Facility 02 will be funded to the Borrower on the applicable Closing Date in full less the Work Fee and any other applicable fees hereunder.

2.04 Borrowing Method

The Credit Facilities will not revolve and any amount prepaid or repaid may not be re-borrowed.

ARTICLE 3- DISBURSEMENT CONDITIONS

3.01 Conditions Precedent to Closing Date of Credit Facility 01

This funding of Credit Facility 01 was subject to the prior satisfaction (or waiver by the Agent) of the following conditions precedent:

- (a) the Obligors shall have provided the Agents with the documentation as the Agent shall have reasonably requested to satisfy its “know your client” and anti-money laundering requirements;
- (b) the Agent will have received evidence that TCII has committed to provide a loan to the Borrower in the amount of \$17,000,000;

- (c) the Agent will have received evidence that Golden Gate Capital Opportunity Fund LP has committed to provide funding to the Borrower of \$25,000,000 for the purpose of completing the St. Lawrence Fluorspar Project;
- (d) the Agent will have received copies of the Organizational Documents of each Obligor, the resolutions authorizing the execution and delivery of, and performance of each Obligor's respective obligations under, the Loan Documents and the transactions contemplated therein, and a certificate as to the incumbency of the officers of the Obligors executing the Loan Documents and any other documents to be provided pursuant to the provisions hereof;
- (e) the Agent will have received certificates of compliance or good standing for each of the Borrower and the Guarantor;
- (f) the Agent will have received executed copies of each of the Loan Documents;
- (g) the Agent will have received evidence that the Borrower has provided notice to the Minister of Natural Resources (Newfoundland and Labrador) and has obtained the consent of the MNR with respect to the charging of the Mineral Titles and Surface Rights;
- (h) the Agent will have received copies of any other shareholder, regulatory, governmental and other approvals required in order for the Obligors to enter into the Loan Documents and to perform their obligations thereunder;
- (i) the Agent will have received evidence of all material servitudes, easements, water licenses, rights of use, property rights (including mining permits and mining leases) and other third party consents relating to the St. Lawrence Fluorspar Project;
- (j) the Agent will have received evidence of insurance coverage satisfactory to the Agent, acting reasonably;
- (k) the Agent will have received the financial statements of the Guarantor for the period ending December 31, 2015, which the Agent acknowledges have been received;
- (l) the Security Documents will have been executed and delivered and all searches, registrations or other action necessary so as to render any such Security Documents perfected will have been made or taken;
- (m) the TCII (formerly Department Business, Trade, Culture and Rural Development) repayment of prior indebtedness and release of security shall have been delivered and made;
- (n) the Agent will have received a certificate of each of the Borrower and the Co-Covenantor, dated as of the Closing Date, signed by a senior officer of each of the Borrower and the Co-Covenantor, certifying for and on behalf of each of the Borrower and the Co-Covenantor, but without personal liability, that:

- (i) no Pre-Closing Material Adverse Change has occurred and is continuing since the date of the most recent audited consolidated financial statements of the Guarantor;
- (ii) the representations and warranties of the Borrower contained in this Agreement are true and correct in all material respects (without duplication, for the avoidance of doubt, of any materiality qualification set out in this Agreement) as of the Closing Date with the same force and effect as if made at and as of such time after giving effect to the transactions contemplated by this Agreement; and
- (iii) no Default or Event of Default has occurred and is continuing;
- (o) the Agent will have received a title opinion from Borrower's counsel pertaining to the Mineral Titles and Surface Rights in which the Borrower or Co-Covenantor has an interest as at the Closing Date in the Province of Newfoundland and Labrador and the Lender's first ranking security there over, subject to Permitted Encumbrances;
- (p) the Agent will have received an opinion of Borrower's Counsel dated as of the Closing Date addressed to the Lender and Agent pertaining to the existence and good standing of the obligors; execution, authorization and enforceability of this Agreement and the other Loan Documents; non-violation of constating documents and laws; creation of security interests and registration of the Security Documents; and the perfection by control over any pledged securities;
- (q) the Agent will have received payment of all reasonable fees and expenses payable to the Agent and Lender and its counsel and advisors that are due and payable at such time in an amount not exceeding \$75,000 inclusive of HST, unless the Borrower had previously agreed to pay a larger amount, including initial installment of the Work Fee.

All documents and information delivered pursuant to this section must be in full force and effect, and in form and substance satisfactory to the Agent, acting reasonably.

3.02 **Condition Precedent to Closing Date of Credit Facility 02**

The funding of Credit Facility 02 is subject to the prior satisfaction (or waiver by the Agent) of the following conditions precedent:

- (a) the Agent will have received evidence that Golden Gate Capital Opportunity Fund LP is committed to provide funding to the Borrower of \$10,000,000, such funding to be available for the purpose of completing the St. Lawrence Fluorspar Project and, if required, funding the initial operations thereof, including any working capital requirements of the Borrower, provided that that such commitment shall cease three months after the date on which the Project reaches commercial production;

- (b) the Agent will have received copies of the Organizational Documents of each Obligor, the resolutions authorizing the execution and delivery of, and performance of each Obligor's respective obligations under, the Loan Documents and the transactions contemplated therein, and a certificate as to the incumbency of the officers of the Obligors executing the Loan Documents and any other documents to be provided pursuant to the provisions hereof;
- (c) the Agent will have received certificates of compliance or good standing for each of the Borrower and the Guarantor;
- (d) the Agent will have received executed copies of each of the Loan Documents, as amended or restated for purposes of Credit Facility 02;
- (e) the Agent will have received copies of any shareholder, regulatory, governmental, TCII or other approvals required in order for the Obligors to enter into the Loan Documents and to perform their obligations thereunder;
- (f) the Agent will have received evidence of continuing insurance coverage satisfactory to the Agent, acting reasonably;
- (g) the Security Documents, as amended or restated for purposes of Credit Facility 02, will have been executed and delivered and all searches, registrations or other action necessary so as to render any such Security Documents perfected will have been made or taken;
- (h) the Agent will have received a certificate of each of the Borrower and the Co-Covenantor, dated as of the applicable Closing Date, signed by a senior officer of each of the Borrower and the Co-Covenantor, certifying for and on behalf of each of the Borrower and the Co-Covenantor, but without personal liability, that:
 - (i) no Pre-Closing Material Adverse Change has occurred and is continuing since the date of the most recent audited consolidated financial statements of the Guarantor;
 - (ii) the representations and warranties of the Borrower contained in this Agreement are true and correct in all material respects (without duplication, for the avoidance of doubt, of any materiality qualification set out in this Agreement) as of the Closing Date with the same force and effect as if made at and as of such time after giving effect to the transactions contemplated by this Agreement; and
 - (iii) no Default or Event of Default has occurred and is continuing;
- (i) the Agent will have received a title opinion from Borrower's counsel pertaining to the Mineral Titles and Surface Rights in which the Borrower or Co-Covenantor has an interest as at the Closing Date in the Province of Newfoundland and Labrador and the Lender's first ranking security interest therein, subject to Permitted Encumbrances;

- (j) the Agent will have received an opinion of Borrower's Counsel dated as of the Closing Date addressed to the Lender and Agent pertaining to the existence and good standing of the obligors; execution, authorization and enforceability of this Agreement and the other Loan Documents; non-violation of constating documents and laws; creation of security interests and registration of the Security Documents; and the perfection by control over any pledged securities;
- (k) no Default or Event of Default has occurred and is continuing;
- (l) the Agent and Lender shall have received any subsequent installments of the fees then outstanding (including Work Fee and Monitoring Fee) under to Credit Facility 01 or, if applicable Credit Facility 02;
- (m) the Agent will have received payment of all reasonable fees and expenses payable to the Secured Parties and their counsel and advisors that are due and payable at such time. The Agent agrees that the aggregate amount of legal fees payable in connection with negotiation and completion of the Loan Documents and the closing of Credit Facility 01 and Credit Facility 02 is not to exceed \$95,000 (inclusive of HST) in the aggregate, unless the Borrower had previously agreed to pay a larger amount and the Agent acknowledges prior receipt of \$75,000 by the Agent's legal counsel in connection with the closing of Credit Facility 01, such amount credited to legal fees incurred or to be incurred in connection with the Facilities.

All documents and information delivered pursuant to this section must be in full force and effect, and in form and substance satisfactory to the Agent, acting reasonably.

3.03 **Waiver**

The conditions set forth in Sections 3.01 and 3.02 are inserted for the sole benefit of the Agent and Lender and may be waived by the Agent, in whole or in part (with or without terms or conditions).

ARTICLE 4 - PAYMENTS OF INTEREST, WORK FEES AND DEPOSITS

4.01 **Deposit**

The Borrower has paid to the Agent:

- (a) a deposit of \$50,000 (the "**First Deposit**") and on the closing of Credit Facility 01 the full amount of the First Deposit was credited towards the Agent's out of pocket costs, expenses (excluding legal fees) and work fees; and
- (b) a second deposit of \$20,000 (the "**Second Deposit**").

The Agent's out-of-pocket costs and expenses (excluding legal fees) with respect to the Loan Documents and closing of Credit Facility 02 shall be deducted from the Second Deposit and

any balance of the Second Deposit shall credited against the portion of the Work Fee payable on the Closing Date of Credit Facility 02.

4.02 **Fees**

The following Fees shall apply to the Loan:

- (a) A non-refundable work fee in the amount of 2% of Credit Facility 01 plus applicable taxes thereon was paid by the Borrower to the Lender on the Closing Date of Credit Facility 01;
- (b) Subject to Section 4.01(b), the Borrower will pay the Agent a non-refundable work fee in the amount of 2% of Credit Facility 02 (the “**Work Fee**”) plus applicable taxes, which shall be payable from the funds disbursed by the Lender to the Borrower on the Closing Date of Credit Facility 02;
- (c) The Borrower shall pay the Agent a monthly monitoring fee of \$2,000 (the “**Monitoring Fee**”) plus applicable taxes, payable on the last day of each month.

4.03 **Interest**

- (a) The Borrower shall pay to the Lender interest on the principal amount outstanding under the Credit Facilities at the rate of BMO Prime plus 12.0% per annum calculated and subject to Section 4.03(b) payable on the last day of each month. Any changes in BMO Prime shall be effective as of the first day of the month following the rate change.
- (b) The Borrower will not be required to make any cash payment to the Lender on account of accrued interest on the outstanding principal amount until January 31, 2018 (such date, the “**Interest Payment Date**”). Interest which accrues on the outstanding principal up to the Interest Payment Date will be capitalized to the loan balance monthly on the last day of each month and such amounts shall accrue interest (all such capitalized interest, the “**Capitalized Interest**”). Commencing on the Interest Payment Date, interest which accrues on the aggregate loan balance (including the Capitalized Interest) from such date shall be payable monthly in arrears on the last date of such month.

ARTICLE 5 - REPAYMENT

5.01 **On Demand**

Following the occurrence of an Event of Default which is continuing, the Borrower will repay the outstanding principal amount of the Credit Facilities, together with all accrued interest, fees and other amounts then unpaid by it under the Credit Facilities in full on demand by the Agent or Lender, together with payment by the Borrower to the Agent of an amount calculated in accordance with the formula set out below and which shall be due and payable as of the date demand is made, and the Credit Facilities will be automatically terminated on such date:

$$I/365 \times 120 \times M$$

Where:

I = the annual interest rate on the Credit Facilities on the date demand is made; and

M = the outstanding amount, including any interest and other fees owing under this Agreement, of the Credit Facilities on the date demand is made.

5.02 **On the Maturity Date**

Where no demand for repayment is made, the Borrower will repay the outstanding principal amount of the Credit Facilities, including, without duplication, Capitalized Interest together with all accrued and unpaid interest, fees and other amounts then unpaid by it under the Credit Facilities in full on the Maturity Date, and the Credit Facilities will be automatically terminated on such date.

5.03 **Notice**

The Borrower has the option, upon written notice to the Agent not less than sixty (60) days before January 31, 2018, to extend the Maturity Date to July 31, 2019. If the Borrower exercises its option to extend the Maturity Date in accordance with this Section 5.03, it shall, promptly upon providing such written notice, pay the Agent a non-refundable work fee in the amount of 0.5% of Credit Facilities plus applicable taxes.

5.04 **Voluntary Prepayment**

- (a) Subject to compliance with the conditions of this Section 5.04(a), the Credit Facilities may be prepaid in full or partially at any time without any fee or penalty provided that the Borrower shall deliver an irrevocable prepayment notice to the Agent (the “**Prepayment Notice**”) one hundred twenty (120) days prior to the proposed prepayment date (the “**Prepayment Date**”) setting forth the amount being prepaid (the “**Prepayment Amount**”) and provided that the Borrower pays the full Prepayment Amount on the Prepayment Date.

Where the Borrower has provided a Prepayment Notice, the failure of the Borrower to pay the Prepayment Amount on the Prepayment Date constitutes failure by the Borrower to make a payment when due under this Agreement, including for purposes of Section 9.01(a).

- (b) In the event that the Prepayment Amount is not paid in full on the Prepayment Date, then the Agent shall have the option, in its discretion, to accept or reject any partial payment made on account of the Prepayment Amount, if any, and/or to declare and consider the Prepayment Notice to be null and void such that any prepayment shall thereafter be subject to the delivery by the Borrower of a new Prepayment Notice in compliance with this Section 5.04(a).

- (c) In the event that the Borrower, or an Obligor, attempts a prepayment either without having provided a Prepayment Notice in compliance with Section 5.04(a) or, after having provided such a Prepayment Notice, before the Prepayment Date, then the Agent shall have the options, in its discretion, to accept or reject any such attempted prepayment and, where the Agent elects to accept the prepayment, then the Borrower shall pay to the Agent an amount calculated in accordance with the formula set out below and which shall be due and payable as of the date the prepayment is made:

$$I/365 \times (120 - N) \times M$$

Where:

I = the annual interest rate on the Credit Facilities on the date the Prepayment Notice was given or, if no Prepayment Notice was given, on the date the prepayment is made;

N = where a Prepayment Notice was given, the number of days between the date the Prepayment Notice is given and the date of prepayment, provided that if no Prepayment Notice was given, N shall equal 0; and

M = the Prepayment Amount, including any proportionate interest and other fees owing under this Agreement thereon, on the date the Prepayment Notice was given or, if no Prepayment Notice was given, on the date the prepayment is made.

- (d) All prepayments pursuant to this Section will be made together with payment of all proportionate accrued and unpaid interest, any prepayment fee calculated to the applicable prepayment date, and all other fees and amounts then due and owing to the Agent or Lender hereunder.

5.05 **Place of Payment of Principal, Interest and Fees**

All payments of principal, interest, fees and other amounts to be made by the Borrower to the Lender pursuant to this Agreement will be made by deposit or transfer thereof to the account designated from time to time in writing by the Agent, or by such other means or at such other place as the Borrower and the Agent may from time to time agree.

ARTICLE 6- SECURITY

6.01 **Guarantee and Share Pledge**

The Guarantor shall guarantee, in favour of the Secured Parties, the performance of all Obligations of the Borrower. The guarantee shall be secured by a pledge of shares of the Guarantor in the capital of the Borrower.

6.02 **Security over Assets**

To secure the performance of the Obligations, the Borrower and Co-Covenantor shall provide, in favour of the Secured Parties, a first ranking security interest, subject to Permitted Encumbrances, over all of their real and personal property and assets, present and future.

The Security will be further evidenced by the following documents:

- (a) a collateral debenture duly executed by the Borrower and the Co-Covenantor creating an Encumbrance on all Mineral Titles and Surface Rights of the Borrower, which are identified in Schedule C (the “**Collateral Debenture**”);
- (b) a general security agreement duly executed by each of the Borrower and the Co-Covenantor;
- (c) an assignment of insurance policies and certificate(s) evidencing the insurance policies of the Borrower and Co-Covenantor showing the Agent on behalf of the Secured Parties as loss payable, as its interest may appear on all property insurance policies (other than business interruption insurance) and as an additional insured on all general liability insurance policies;
- (d) such other security documents as the Secured Parties may from time to time reasonably request to ensure that the Secured Parties have valid Security, subject to Permitted Encumbrances, over all of the real and personal property and assets, present and future, of the Borrower and Co-Covenantor.
- (e)

6.03 **Validity of the Security and Contents of Security Documents**

The security interest granted under the Security Documents must be valid, perfected and first-ranking at all times with respect to all property intended to be covered thereby, subject however to Permitted Encumbrances.

ARTICLE 7- REPRESENTATIONS AND WARRANTIES

7.01 **Representations and Warranties of the Obligors**

The Borrower hereby makes the representations and warranties set forth below to the Lender and Agent, and acknowledges that the Lender and Agent are relying on such representations and warranties.

- (a) Subsidiaries. As of the date hereof, the Borrower does not have any Subsidiaries other than CFI AZ Holdings Inc., CFI Newspaper Holdings Inc. and the Co-Covenantor. CFI AZ Holdings Inc. does not have any right, title or interest in any assets or right of, or assets which are necessary for the operation of, the St. Lawrence Fluorspar Project.

- (b) Single Purpose/Subsidiaries of Borrower. As of the date hereof (i) the Borrower does not engage, directly or indirectly, in any business unrelated to the St. Lawrence Fluorspar Project, does not have any assets other than those pertaining to its interest in the St. Lawrence Fluorspar Project, and has no equity investments in any other Person other than as set out in Section 7.01(a) and indirect ownership, through CF AZ Holdings Inc., of 20% interest in Acoustic Zoom Inc., and (ii) the Borrower is not engaged in any joint purchasing arrangement, joint venture or other joint enterprise with any other Person.
- (c) Incorporation and Organization. Each Obligor, other than the Co-Covenantor, has been incorporated or continued and is a valid and subsisting company in good standing under the Laws of its jurisdiction of incorporation or continuance, as applicable. The Co-Covenantor is a partnership validly formed under the laws of the Province of Newfoundland and Labrador and has not been dissolved. Each Obligor has all requisite corporate or other power and authority to carry on its business as now conducted or proposed to be conducted and to own or lease and operate the property and assets thereof.
- (d) Extra-provincial Registration. Each Obligor is licensed, registered or qualified as an extra-provincial or foreign company or partnership in all jurisdictions where the character of the property or assets thereof owned or leased or the nature of the activities conducted by it make licensing, registration or qualification necessary and is carrying on the business thereof in compliance, in all material respects, with all applicable Laws of each such jurisdiction.
- (e) Authority and Authorization. Each Obligor has the requisite power and authority to enter into each of the Transaction Documents to which it is a party and to do all acts and things and execute and deliver all documents as are required thereunder to be done, observed, performed or executed and delivered by it in accordance with the terms thereof and each Obligor has taken all necessary corporate or other action to authorize the execution, delivery and performance of each of the Transaction Documents to which it is a party and to observe and perform the provisions of each of the Transaction Documents to which it is a party in accordance with the provisions thereof.
- (f) Validity and Enforceability. The execution and delivery by each Obligor of each of the Transaction Documents to which it is a party have been duly authorized by all necessary action on the part of such Obligor and each Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by such Obligor and, when delivered in accordance with the terms hereof, will constitute a valid and legally binding obligation of such Obligor enforceable against it in accordance with its terms except: (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other Laws of general application affecting enforcement of creditors' rights; and (ii) as limited by equitable principles and by Laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

- (g) Establishment and Utilization of the Facility. Other than obtaining the consent of TCH to Credit Facility 02 and the Borrower's obligation to use reasonable best efforts to grant Arkema France a subordinated security interest pursuant to the Arkema Supply Agreement, neither the execution and delivery by each Obligor of the Transaction Documents to which it is a party nor compliance on the part of such Obligor with the provisions thereof or the consummation of the transactions contemplated thereby (i) require the consent, approval, or authorization, order or agreement of, or registration or qualification with, any Governmental Body or other Person, except such as have been obtained, or (ii) conflict with or result in any breach or violation of any of the provisions of, or constitute a default under, any Material Project Agreement to which any such Obligor is a party or by which any of its respective Property is bound, or the Organizational Documents of any such Obligor or any resolution passed by the directors (or any committee thereof), shareholders or partners of any such Obligor, or any Law applicable to any such Obligor or any of the Property thereof.
- (h) Ownership Structure. The Guarantor is the direct owner of all of the issued and outstanding equity securities of the Borrower, which equity securities have been duly authorized and validly issued and are outstanding as fully paid and non-assessable shares, and no Person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the purchase of any interest in any of such equity interests or for the issue or allotment of any unissued equity interests or any other security convertible into or exchangeable for any such equity interests.
- (i) Rights to Acquire Securities. No Person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of equity interests of the Borrower, except pursuant to the Transaction Documents.
- (j) Financial Statements. The most recent audited annual financial statements and board of director approved unaudited quarterly financial statements of the Guarantor have been prepared in accordance with Canadian GAAP (subject to year-end adjustments) applied on a basis consistent with prior periods (except as otherwise disclosed in such financial statements), fairly present in all material respects, in accordance with Canadian GAAP, the financial condition and position and results of operations of the Guarantor, on a consolidated basis (subject to year-end adjustments), as at date thereof and reflect in all material respects all liabilities (contingent or otherwise) of the Guarantor, on a consolidated basis, as at the date thereof and for the period covered thereby.
- (k) Changes in Financial Position. Except as contemplated by the Transaction Documents since the balance sheet date in the most recent audited annual financial statements of the Borrower:

- (i) the Borrower has not paid or declared a Restricted Payment and none of the Obligors has incurred any material capital expenditure or made any commitment therefor other than Operating Costs; and
 - (ii) no Material Adverse Change has occurred and is continuing.
- (l) Insolvency. None of the Obligors has committed an act of bankruptcy or sought protection from the creditors thereof before any court or pursuant to any Law, proposed a compromise or arrangement to the creditors thereof generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to be declared bankrupt or wound up, taken any proceeding to have a receiver appointed of any of the assets thereof, had any Person holding any Encumbrance or receiver take possession of a Material Asset, had an execution or distress become enforceable or levied upon a Material Asset or had any petition for a receiving order in bankruptcy filed against it. No proceedings have been taken, instituted or, to the knowledge of the Borrower, are pending for the dissolution or liquidation of any of the Obligors.
- (m) Insurance. The assets of the Obligors and the business and operations thereof are insured in accordance with Schedule D.
- (n) Non-Arm's-Length Transactions. (i) None of the Obligors owes any amount to, nor has any of the Obligors any present material loans to, or borrowed any material amount from or is otherwise materially indebted to, any officer, director, employee, or securityholder thereof or any other Person on terms which are not at arm's-length, except for usual employee reimbursements and compensation paid in the ordinary and normal course of the business of the Obligors; (ii) except for usual employee or consulting arrangements made in the ordinary and normal course of business, none of the Obligors is a party to any contract with any officer, director, employee, or securityholder thereof or any other Person on terms which are not at arm's-length, and (iii) to the knowledge of the Borrower, no Related Party or Affiliate of any of the Obligors has any cause of action or other claim whatsoever against, or owes any amount to, any of the Obligors, except for amounts payable under agreements entered into on arm's length terms in the ordinary course of the business consistent with past practice.
- (o) Accounting Controls. The Obligors maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are completed in accordance with the general or a specific authorization of management; and (ii) transactions are recorded as necessary to permit preparation of consolidated financial statements for the Borrower in conformity with Canadian GAAP and to maintain asset accountability.
- (p) Anti-Money Laundering. To the knowledge of the Borrower, the operations of the Obligors are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of Canadian Federal money laundering statutes, and the rules and regulations thereunder and no action, suit or

proceeding by or before any Governmental Body involving any of the Obligors with respect to such statutes, rules and regulations is pending or, to the knowledge of the Borrower, threatened.

- (q) Unlawful Payment. To the knowledge of the Borrower, none of the Obligors nor any of their respective officers in the course of their employment has made any unlawful contribution or other payment to any official of, or candidate for, any federal, state, provincial, municipal or foreign office, or failed to disclose fully any contribution, in violation of any Law, or made any payment to any domestic or foreign governmental officer or official, or other Person charged with similar public or quasi-public duties, other than payments required or permitted by applicable Laws. Without limiting the generality of the foregoing, to the knowledge of the Borrower, none of the Obligors nor, to the knowledge of the Borrower, any officers of any of the Obligors, has in the course of their employment violated any applicable FCPA Legislation. To the knowledge of the Borrower, the foregoing representations and warranties in this subsection are also true in respect of the activities of any agents of the Obligors which are related to their services on behalf of the Obligors.
- (r) Material Project Agreements. All Material Project Agreements to which an Obligor is a party or by which it is bound: (i) are valid, binding obligations of such Obligor, enforceable against such Obligor in accordance with their respective terms, subject, however, to limitations with respect to enforcement imposed by equitable principles, by Law in connection with bankruptcy or similar proceedings, the equitable power of the courts to stay proceedings before them and the execution of judgments and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the courts from which they are sought and (ii) other than the Borrower's obligation to use reasonable best efforts to grant Arkema France a subordinated security interest pursuant to the Arkema Supply Agreement, do not, by their terms, require the consent of any of the parties thereto to any of the transactions contemplated by this Agreement. To the knowledge of the applicable Obligor, as of the date hereof, there is no material default or event which, with notice or lapse of time or both, would constitute a default under the Material Project Agreements on the part of the Obligors, or, to the knowledge of the applicable Obligor without due inquiry or investigation, on the part of any other party thereto.
- (s) Sufficiency of St. Lawrence Property and other rights. The St. Lawrence Property and other rights granted pursuant to the Material Project Agreements:
 - (i) comprise all of the property interests necessary to secure any right material to the operation and maintenance of the St. Lawrence Fluorspar Project in compliance in all material respects with all Laws;
 - (ii) are sufficient to enable the St. Lawrence Fluorspar Project to be operated and maintained; and

- (iii) provide adequate ingress and egress for any reasonable purpose in connection with the operation and maintenance of the St. Lawrence Fluorspar Project under the Material Project Agreements,

in each case based the current level of development and operation of the St. Lawrence Fluorspar Project.

To the knowledge of the Borrower based on the current level of development and operation of the St. Lawrence Fluorspar Project, there are no material services, materials or rights required for the operation or maintenance of the St. Lawrence Fluorspar Project in accordance with the Material Project Agreements other than those available under the Material Project Agreements.

- (t) Compliance and Directives. Without limiting the other representations and warranties made in this Article, to the knowledge of the Borrower, there are no written (i) directives, (ii) warnings, (iii) work orders, (iv) notices, complaints or orders of deficiency, (v) notices of violation or of non-compliance, which have been issued (or are threatened to be issued) by a Governmental Body pursuant to applicable Laws in respect of any matter relating to the St. Lawrence Fluorspar Project or any of the Obligors, and would reasonably be expected to have a Material Adverse Effect;
- (u) Litigation. Except as set out in Schedule E, as of the date hereof, there are no actions, suits, proceedings, inquiries or investigations existing, pending or, to the knowledge of the Borrower, threatened against any of the Obligors or to which any of the Property thereof is subject, at law or equity, or before or by any court, federal, provincial, state, municipal or other Governmental Body, domestic or foreign and none of the Obligors is subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any Governmental Body.
- (v) No Default. None of the Obligors is in violation of any term of the Organizational Documents thereof. None of the Obligors is in violation of any term or provision under or in respect of any judgment, order or Material Project Agreement and to the knowledge of the Borrower no event has occurred and is continuing, and no circumstance exists which has not been waived, which constitutes a material default (without duplication, for greater certainty, of any materiality qualification set out therein) in respect of any Material Project Agreement entitling any other party thereto to accelerate the maturity of any amount owing thereunder or which would reasonably be expected to have a Material Adverse Effect.
- (w) Compliance with Laws. Each of the Obligors has conducted and is conducting the business thereof in compliance in all respects with all applicable Laws of each jurisdiction in which it carries on business, including all Laws applicable to the development and operation of the St. Lawrence Fluorspar Project, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect

- (x) Applicable Permits. (i) the Borrower and Co-Covenantor hold all Applicable Permits required under applicable Laws (including Environmental Laws), having regard to the current stage of the St. Lawrence Fluorspar Project; (ii) each such Applicable Permit is in full force and effect and is not the subject of any appeals or further proceedings; (iii) the Borrower is not in material violation of any Applicable Permit; and (iv) none of the Obligors has received any notice of the modification, revocation, cancellation or refusal to renew of, or any intention to modify, revoke or cancel or refuse to renew or any proceeding relating to the modification, revocation, cancellation or refusal to renew any such Applicable Permit.
- (y) Encumbrances. The St. Lawrence Property and all other Property of the Obligors are not subject to any Encumbrances other than Permitted Encumbrances. Without limiting the foregoing:
 - (i) no Person other than the Borrower and Co-Covenantor has any rights to participate in or operate the St. Lawrence Property or the St. Lawrence Fluorspar Project;
 - (ii) except as disclosed in Schedule F, as of the date hereof, none of the St. Lawrence Property, or the Minerals produced therefrom, are subject to an option, right of first refusal or right, title, interest, reservation, claim, rent, royalty, or payment in the nature of rent or royalty; and
 - (iii) none of the Permitted Encumbrances would reasonably be expected to have, a Material Adverse Effect.

As of the date hereof, Schedule G sets out the locations of the Collateral (except for inventory in transit and mobile equipment).

- (z) Utilities. All utility services necessary for the current level of the development and operation of the St. Lawrence Fluorspar Project are available at the sites upon commercially reasonable terms.
- (aa) Mineral Rights. (i) The Borrower and Co-Covenantor hold either mining leases or mining claims recognized in the jurisdiction in which a particular property is located, in respect of the ore bodies and Minerals located in properties forming part of the St. Lawrence Property under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments; (ii) the Borrower and Co-Covenantor have all necessary Surface Rights, access rights and other necessary rights and interests relating to the properties forming part of the St. Lawrence Property which are subject to the Mining Leases granting the Borrower the right and ability to extract minerals from and explore such Mining Leases for development purposes, with only such exceptions as do not materially interfere with the use made by the Borrower of the rights or interests so held, in each case based on the current level of development and operation of the St. Lawrence Fluorspar Project.

- (bb) Security. The Security creates valid and enforceable Encumbrances upon the Property subject thereto and none of the Obligors has created, consented to or permitted to exist any Encumbrances, other than Permitted Encumbrances. The execution and delivery by each Obligor of each of the Material Project Agreements to which each is party, respectively, and performance of each such Obligor's obligations thereunder will not result in any Encumbrance on the property subject to the Security, except for Permitted Encumbrances.
- (cc) Ranking. The Security granted to the Secured Parties by the Obligors under the Loan Documents is first ranking security in the property charged thereby, subject only to Permitted Encumbrances and the Obligations rank in all respects, in priority to any other Indebtedness of the applicable Obligors, except for Permitted Debt (payable in accordance with its terms) or as permitted by Permitted Encumbrances.
- (dd) No Set-Off/Immunity. None of the Obligors nor any of their respective assets will be entitled to claim any right of immunity from set-off, suit, execution, attachment or other legal process in respect of its obligations under the Loan Documents.
- (ee) Aboriginal Claims. As of the date hereof, there are no claims with respect to aboriginal rights currently, pending or, to the knowledge of the Borrower, threatened with respect to any of the material properties of the Obligors.
- (ff) Intellectual Property. The Obligors own or have the right to use under license, sub-license or otherwise all material intellectual property used by them in their business, including copyrights, industrial designs, trademarks, trade secrets, know-how and proprietary rights except to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect. As of the date hereof, no material claim or litigation regarding any of the foregoing is pending or, to the knowledge of the Borrower, threatened.
- (gg) Environment. To the knowledge of the Borrower:
 - (i) the St. Lawrence Fluorspar Project and each of the Obligors are and have been in compliance with all applicable Environmental Laws in all respects except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect;
 - (ii) there are no Hazardous Substances at the St. Lawrence Property, or any other immovable (real) property any Obligor in violation of, or in excess of applicable limits pursuant to, Environmental Laws, which reasonably be expected to result in a material Environmental Liability;
 - (iii) there are no existing environmental conditions or restrictions related to or affecting the St. Lawrence Property or the St. Lawrence Fluorspar Project that would reasonably be expected to have a Material Adverse Effect;
 - (iv) no order, direction or notice has been issued pursuant to any Environmental Laws relating to any Obligor or the St. Lawrence Fluorspar Project which

remains outstanding and would reasonably be expected to have a Material Adverse Effect; and

- (v) all rehabilitation and/or restoration plans required to have been filed by any of the Obligors with any Governmental Body pursuant to Environmental Laws having regard to the current stage of the St. Lawrence Fluorspar Project: (i) have been duly filed with such Governmental Bodies, and (ii) have been disclosed to the Agent.
- (hh) No Brokerage or Finder's Fee. There is no Person acting or purporting to act at the request of or on behalf of any Obligor that is entitled to any brokerage or finder's fee in connection with the transactions contemplated by this Agreement.
- (ii) Tax Status.
 - (i) To the knowledge of the Borrower, (i) each Obligor has duly and timely in the prescribed manner, made or prepared all Tax returns required to be made or prepared by it, has duly and timely filed all Tax returns required to be filed by it with the appropriate Governmental Body and has, in all material respects, completely and correctly reported all income and all other amounts or information required to be reported thereon, and (ii) all such Tax returns are complete and accurate in all material respects.
 - (ii) To the knowledge of the Borrower, (i) each Obligor has (A) duly and timely paid all Taxes due and payable by it, and (B) duly and timely withheld and collected in all material respects all Taxes and other amounts required by Law to be withheld or collected by it and has in all material respects duly and timely remitted to the appropriate Governmental Body such Taxes and other amounts required by Law to be remitted by it, and (ii) no material deficiency with respect to any payment of Taxes has been asserted against any Obligor by any Governmental Body.
 - (iii) The charges, accruals and reserves for Taxes reflected on the Financial Statements (whether or not due and whether or not shown on any Tax return but excluding any provision for deferred income Taxes) are adequate in all material respects to cover Taxes with respect to any Obligor which were unpaid but which were accruing due through the period covered by such Financial Statements.
 - (iv) There are no agreements, waivers or other arrangements with any Governmental Body providing for an extension of time with respect to any assessment or reassessment of Tax, the filing of any Tax return or the payment of any material Tax by any Obligor. As at the date hereof, the Borrower has received Notices of Assessment for all taxation years up to the taxation year ended December 31, 2015.
 - (v) No Tax return of any Obligor is under audit by any Governmental Body, and no proceedings are pending or, to the knowledge of any Obligor, threatened

by or before any Governmental Body with respect to material Taxes of any Obligor.

- (jj) Labour Relations. To the knowledge of the Borrower, (i) the Obligors are in compliance in all material respects with all applicable Laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, (ii) no material complaint for wrongful dismissal, constructive dismissal or any other claim, complaint, litigation or other proceeding respecting employment and employment practices, terms and conditions of employment, pay equity and wages (each an “**Employment Claim**”) is pending against any of the Obligors or threatened against any of them as of the date hereof and thereafter no Employment Claim is pending against any of the Obligors or threatened against any of them except (with respect to any Employment Claim, either individually or in the aggregate) such as would not reasonably be expected to cause a Material Adverse Effect, (iii) none of the Obligors is engaged in any unfair labour practice and, there is no unfair labour practice complaint pending against any of the Obligors, or threatened against any of them, before any Governmental Body which if determined adversely would reasonably be expected to have a Material Adverse Effect, (iv) no material grievance or arbitration arising out of or under any collective bargaining agreement is pending against any of the Obligors or threatened against any of them as of the date hereof, and thereafter, no grievance or arbitration arising out of or under any collective bargaining agreement is pending against any of the Obligors or threatened against any of them except (with respect to any matter specified in this clause (iv), either individually or in the aggregate) such as would not reasonably be expected to have a Material Adverse Effect, and (v) no strike, or material labour dispute, slowdown or stoppage is pending against any of the Obligors or, threatened against any of them and no union representation proceeding is pending with respect to any employees of the Obligors as of the date hereof and, with respect to subsequent strikes, labour disputes, slowdowns or stoppages, except (with respect to any matter specified in this clause (v), either individually or in the aggregate) such as would not reasonably be expected to have a Material Adverse Effect.
- (kk) Pension Plans. There is no Pension Plan in respect of any of the Obligors.
- (ll) Full Disclosure. Based on the current level of development and operation of the St. Lawrence Fluorspar Project, (i) all information provided to the Agent in connection with the Credit Facilities and the St. Lawrence Fluorspar Project is true and correct in all material respects; (ii) none of the documentation furnished to the Agent by, or by the Borrower’s representatives on behalf of, the Borrower in connection with the Credit Facilities and the St. Lawrence Fluorspar Project omits a material fact necessary to make the statements contained therein not misleading in any material way and all expressions of expectation, intention, belief and opinion contained in such documentation were honestly made on reasonable grounds after due and careful inquiry by it at the time they were made; (iii) The Current Report (I) is based on assumptions as to all factual matters material to the estimates set forth therein, including for greater certainty as to design, description, testing, financial details, labour matters, operation, resources and reserves, quality of the Minerals,

production levels and optimization processes considered reasonable at the time such assumptions were made and (II) provides a contingency allowance that is reasonable for a project of this nature and size; and (iv) there are no material Operating Costs that are not contemplated in the Current Report.

7.02 **Survival and Repetition of Representations and Warranties**

The representations and warranties set out in Section 7.01 survive the execution and delivery of this Agreement and all other Loan Documents.

7.03 **Effect of Investigations**

All representations, warranties, covenants and agreements contained in this Agreement or any other Loan Document furnished to the Agent and Lender by or on behalf of the Borrower in connection with the transactions contemplated by this Agreement will survive any investigation made by or on behalf of the Agent and Lender at any time with respect to any of the foregoing.

ARTICLE 8 - COVENANTS

8.01 **Affirmative Covenants**

So long as this Agreement is in force and except as otherwise permitted by the prior written consent of the Agent, the Borrower and Co-Covenantor will:

- (a) Timely payment. make due and timely payment of the Obligations required to be paid by it under the Loan Documents;
- (b) Conduct of Business, Maintenance of Existence, Compliance with Laws and Transaction Documents. engage in business of the same general type as now conducted by it; carry on and conduct its business and operations in accordance with good business practice, preserve, renew and keep in full force and effect its existence; take all reasonable action to maintain in all material respects all rights, privileges and franchises necessary in the normal conduct of its business; and comply (i) in all respects, with all Material Project Agreements and applicable Laws, and (ii) with all Transaction Documents, except where the failure to do so would not reasonable be expected to have a Material Adverse Effect;
- (c) Applicable Permits. obtain, renew on a timely basis, maintain and comply in all material respects with the terms of all Applicable Permits;
- (d) Material Project Agreements.
 - (i) maintain in full force and effect all of the Material Project Agreements;
 - (ii) preserve, protect and defend in all material respects the rights of Borrower under each and every Material Project Agreements;

- (iii) not cause, consent to, or permit, any termination, amendment, modification, variance or waiver of timely compliance with any terms or conditions of the Current Report or any Material Project Agreement, other than (I) any amendments or modifications to cure any defective provisions contained therein or to permit other minor deviations from the terms thereof, and (II) those amendments, modifications or waivers that are in the best interest of the St. Lawrence Fluorspar Project and are not materially inconsistent with the Current Report; and
- (iv) deliver to the Agent promptly a copy of any Material Project Agreement entered into after the date hereof or any amendment, modification, variance or waiver to a Material Project Agreement effected after the date hereof.
- (e) Further Assurances. provide the Agent with such other documents, opinions, consents, acknowledgments and agreements as are reasonably necessary to implement this Agreement and the other Loan Documents from time to time;
- (f) Access to Information. promptly provide the Agent with all information reasonably requested by the Agent from time to time concerning its financial condition and Property, and during normal business hours and from time to time upon reasonable notice, permit representatives of the Agent to inspect and access the St. Lawrence Fluorspar Project (provided that all representatives of the Agent shall comply with all site rules and all applicable health and safety rules and regulations applicable to the St. Lawrence Fluorspar Project) or any of its Property and to examine and take extracts from its financial records;
- (g) Obligations and Taxes. pay or discharge, or cause to be paid or discharged, before the same will become delinquent (i) all Taxes imposed upon it or upon its income or profits or in respect of its business or Property and file all Tax returns in respect thereof, (ii) all lawful claims for labour, materials and supplies, (iii) all required payments under any of its Indebtedness, and (iv) all other obligations; provided, however that it will not be required to pay or discharge or to cause to be paid or discharged any such amount so long as the validity or amount thereof is being contested in good faith by appropriate proceedings and an adequate reserve in accordance with Canadian GAAP has been established on its books;
- (h) Use of Credit Facilities. use the Credit Facilities only for the purposes specified in Section 2.02;
- (i) Insurance. (i) maintain, or cause to be maintained, with reputable insurers insurance policies with respect to the St. Lawrence Fluorspar Project and the operations conducted on and in respect thereof against such liabilities, casualties, risks and contingencies and of such types and in such amounts as is customary in the case of similar operations in Canada; (ii) cause the Lender to be named as a loss payee (as its interests may appear) under all property insurance policies of the Borrower (other than business interruption insurance) and as an additional insured under all general liability insurance policies of the Borrower; (iii) pay punctually,

or cause to be paid punctually, all premiums payable for the insurance required by this Agreement and furnish to the Agent, upon request by the Agent, evidence of each such payment; and (iv) promptly notify the Agent of any material interruption in their business and any material loss or casualty affecting the St. Lawrence Fluorspar Project or any Property charged by the Security;

Without limiting the generality of the foregoing, the Borrower will subscribe and maintain, or cause to be maintained the insurance policies described in Schedule D, within the timeframe required in such Schedule. Such policies will be obtained, maintained and dealt with as set forth in Schedule D and will include the provisions required to be included therein under Schedule D. Such Schedule may be amended from time to time with the consent of the Agent, acting reasonably;

- (j) Notice of Material Adverse Change. promptly notify the Agent of any Material Adverse Change of which it becomes aware;
- (k) Notice of Litigation. promptly notify the Agent on becoming aware of the occurrence of any litigation, dispute, order, arbitration or other proceeding the result of which has had or would reasonably be expected to have a Material Adverse Effect and from time to time provide the Agent with all reasonable information requested by the Agent concerning the status of any such proceeding;
- (l) Environmental Compliance. without limiting the generality of subsection (b) of this Section:
 - (i) operate all Property owned, leased or otherwise used by it and conduct all of its activities in compliance with the requirements of all applicable Environmental Laws, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect;
 - (ii) promptly notify the Agent upon learning of (i) the existence of a Hazardous Substance located on, above or below the surface of any land that it occupies or controls (except those present, stored, used or otherwise handled in substantial compliance with Environmental Law), or contained in the soil or water constituting such land, in either case, where the existence or presence of such Hazardous Substance would reasonably be expected to have a Material Adverse Effect; and (ii) the occurrence of any reportable Release of a Hazardous Substance that has occurred on or from such land, in each case which would reasonably be expected to result in a material Environmental Liability;
- (m) Maintenance of Property. (i) keep all Property useful and necessary for its business in good working order and condition, normal wear and tear excepted, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect; and (ii) ensure that all work done on the St. Lawrence Fluorspar Project is done in a good and workmanlike manner and in compliance, in all material respects, with the Material Project Agreements and applicable Laws;

- (n) Defend Title. take all necessary action to defend any material litigation in relation to the St. Lawrence Fluorspar Project or any of its properties or assets, which has a reasonable likelihood of being successful and the result of which, if determined adversely, would reasonably be expected to have a Material Adverse Effect;
- (o) St. Lawrence Fluorspar Project. develop and operate the St. Lawrence Fluorspar Project in all material respects in accordance with the Current Report;
- (p) Keeping of Books. keep or cause to be kept proper books of record and account, in which in all material respects full and correct entries will be made of financial transactions and the assets and businesses of the Obligor in accordance with Canadian GAAP;
- (q) Pay Suppliers. pay or cause to be paid when due all claims and demands of suppliers which, if unpaid, would result in the creation of a construction lien or analogous claim which is not a Permitted Encumbrance against the St. Lawrence Fluorspar Project or any part thereof, unless there is a *bona fide* dispute related thereto;
- (r) Pension Plans. if there exists any Pension Plan in respect of any of the Obligors, promptly notify the Agent on becoming aware of (i) the institution of any steps by any Person to terminate or effect a partial wind-up of any such Pension Plan, (ii) the failure to make a required contribution to any such Pension Plan in violation of applicable Law if such failure is sufficient to give rise to an Encumbrance under any applicable Law, (iii) the taking of any action with respect to a Pension Plan (other than as required by applicable Law) that is reasonably likely to result in the requirement that any Obligor furnish a bond or other security to such Pension Plan or any applicable Governmental Body, or (iv) the occurrence of any event with respect to any Pension Plan not contemplated by such Pension Plan that is reasonably likely to result in the incurrence by any Obligor of any material liability (other than a funding liability incurred under the Pension Plan or arising in compliance with applicable Law), fine or penalty, and in the notice to the Agent thereof, provide copies of all documentation relating thereto;
- (s) Rehabilitation Plan. submit to the competent Governmental Bodies and revise (as required pursuant to applicable Laws) a rehabilitation and/or restoration plan and provide all financial guarantees in relation with such plan as required pursuant to applicable Laws. The Borrower will also comply in all material respects with all other remediation obligations relating to the St. Lawrence Fluorspar Project under such plans or applicable Laws; and
- (t) Know Your Customer. provide such documentation as is reasonably required by Agent to comply with "Know Your Customer" and anti-money laundering requirements as well as FCPA Legislation, and maintain and update information as is reasonably requested by Agent to satisfy related obligations, as they may change from time to time.

8.02

Negative Covenants

So long as this Agreement is in force, the Borrower and Co-Covenantor will not:

- (a) Disposition of Property. dispose of, in one transaction or a series of transactions, all or any part of its Property, whether now owned or hereafter acquired, except (i) such Property as may be obsolete, surplus, worn out, unnecessary or no longer useful to it in the conduct of its business; (ii) the disposition of inventory, Minerals or any other product or by-product of the St. Lawrence Fluorspar Project to a Person dealing with it on an arm's length basis; (iii) the surrender or waiver of any contractual rights or the settlement, release or surrender of any contractual rights or litigation claims; or (iv) the granting or permitting to exist any Permitted Encumbrances;
- (b) No Consolidation, Amalgamation, etc. permit or cause any Obligor to (i) consolidate, amalgamate or merge with any other Person, (ii) enter into any corporate reorganization or other transaction intended to effect or otherwise permit a change in its existing corporate or capital structure, (iii) liquidate, wind-up or dissolve itself; except in any such case for any corporate reorganization which would not constitute or result in an Event of Default and would not adversely affect the rights and remedies of the Lender or Agent under the Loan Documents, as determined by the Agent acting reasonably;
- (c) No Change of Fiscal Year. change its Fiscal Year without the prior written consent of the Agent, such consent not to be unreasonably withheld or delayed;
- (d) No Change of Name. change its name without providing the Agent with thirty (30) days' prior written notice thereof;
- (e) Additional Debt. incur any Indebtedness other than Permitted Debt or repay or prepay any Indebtedness owing to Affiliates of the Borrower except to the extent any such payments are permitted under any inter-creditor or subordination agreement entered into in accordance with the terms hereof;
- (f) No Financial Assistance. give any Financial Assistance, other than Financial Assistance comprising, or arising under, Permitted Debt;
- (g) Restricted Payments. permit or cause any Obligor to make, declare or pay any Restricted Payment except (I) for a Restricted Payment made by an Obligor to the Borrower, (II) to the extent any such payments are permitted under any inter-creditor or subordination agreement entered into in accordance with the terms hereof, or (III) payment of advisory fees to Golden Gate Private Equity Inc. or its Affiliates, which fees are not to exceed 3% of the Guarantor's EBITDA per annum;
- (h) No Encumbrances. create, incur, assume or permit to exist any Encumbrance upon any of its Property except Permitted Encumbrances For greater certainty, it is hereby confirmed and agreed that the Encumbrances created by the Security Documents shall rank in priority to the TCII Encumbrances for Credit Facility 01

and shall be subordinate to the TCII Encumbrances for Credit Facility 02. It is further agreed that, if requested by TCII, the Lender and Agent shall enter into an inter-creditor agreement or subordination agreement with TCII which is in form and substance satisfactory to the Agent, acting reasonably;

- (i) Capital Expenditures. make or commit to make capital expenditures (in accordance with Canadian GAAP) other than those (I) in an aggregate amount not to exceed the amount provided for in the budget for the current financial year approved by the Agent; (II) in an aggregate amount not to exceed the amount provided for in the financial projections delivered under Section 8.04(b); or (III) capital expenditures funded by equity raised after the date hereof (except for equity raised by the Borrower in satisfaction of the commitment by Golden Gate Capital Opportunity Fund LP to the Borrower delivered prior to closing under Section 3.01(c) , which funds shall be used only for capital expenditures provided in the budget approved by the Agent);
- (j) No Continuance. subject to Section 8.02(b), permit or cause any Obligor to continue its existence under the laws of any other jurisdiction or to change the nature of its corporate form;
- (k) No Changes to Property and Collateral charged by Security. locate the Property charged by the Security on property other than the St. Lawrence Property (except for goods and equipment used in more than one location in connection with the development and operation of St. Lawrence Fluorspar Project in accordance with the Current Report, without providing the Agent at least ten (10) Business Days prior written notice. Within thirty (30) days of the acquisition of any new immovable (real) Property, the Borrower will provide to the Agent the description of such Property, together with if requested by the Agent, an updated Security Document, provided that if the consent of any Governmental Body is required for the granting of an Encumbrance in such Property any Security Document related thereto shall be provided to the Agent within thirty (30) days of the granting of such consent by the applicable Governmental Body;
- (l) No Change to Business. carry on any business other than the St. Lawrence Fluorspar Project, and any reasonably related businesses, including for greater certainty, holding shares in Acoustic Zoom Inc. through the Borrower's wholly owned subsidiary, CFI AZ Holdings Inc.;
- (m) Arm's Length. enter into any agreement or transaction with any Affiliates (or any of their Related Parties) other than in the ordinary course of business on an arm's length basis;
- (n) Change of the Management Compensation. change its management compensation policies in a manner which is not in all material respects in accordance with the best industry practices;

- (o) Limitation on Subsidiaries. create or purchase any Subsidiaries for the purpose of the St. Lawrence Fluorspar Project or which hold assets of the St. Lawrence Fluorspar Project, except for the creation of a wholly-owned Subsidiary by the Borrower to the extent such Subsidiary grants a guarantee and Security as contemplated by Article 6; or
- (p) Amendments to Organizational Documents. amend, or permit or cause to be amended, any of the Organizational Documents of the Obligor in a manner that would be prejudicial to the interests of the Agent under any of the Transaction Documents.

8.03 Performance of Covenants by the Agent or Lender

After the occurrence of an Event of Default which is continuing, the Agent or Lender may, in their sole discretion and upon notice to the Borrower or an Obligor, as applicable, perform any covenant of the Borrower or an Obligor, as applicable, under any Loan Document that the Borrower or the Obligor, as applicable, fails to perform and that the Agent or Lender is capable of performing, including any covenant the performance of which requires the payment of money; provided that the Agent or Lender will not be obligated to perform any such covenant on behalf of the Borrower or an Obligor, as applicable. No such performance by the Agent or Lender will require the Agent or Lender further to perform the Borrower's or an Obligor's covenants, as applicable, nor relieve the Borrower or an Obligor from any default or operate as a derogation of the rights and remedies of the Agent and Lender under any Loan Document. The Borrower agrees to indemnify and to reimburse the Agent and Lender for all costs and expenses incurred by the Agent and Lender in connection with the performance by them of any such covenant, and all such costs and expenses will be payable by the Borrower to the Agent and Lender on demand, will bear interest at the highest rate per annum borne by any of the Obligations, calculated and compounded monthly, and will (with all such interest) be added and form part of the Obligations.

8.04 Reporting Requirements

So long as this Agreement is in force and, except as otherwise permitted by the prior written consent of the Agent, the Borrower will deliver the following to the Agent (in form and substance reasonably acceptable to the Agent):

(a) Annual Reports As soon as available and in any event within 120 days after the end of each Fiscal Year of the Guarantor, cause to be prepared and delivered to the Agent the annual audited consolidated financial statements of the Guarantor, including, in each case and without limitation, balance sheet, statement of income and retained earnings and statement of cash flows for such Fiscal Year which will be prepared in accordance with Canadian GAAP. The Borrower will deliver with the annual audited consolidated financial statements copies of all "management letters" submitted by the auditor in connection with the Borrower's audited financial statements.

(b) Annual Projections. Within 30 days following the end of each Fiscal Year, the Borrower will prepare and deliver financial and business projections for the following Fiscal Year in a form satisfactory to the Agent, acting reasonably.

(c) Quarterly Reports. As soon as available and in any event within forty-five (45) days of the end of each Fiscal Quarter (other than the last Fiscal Quarter of each Fiscal Year), the Borrower will cause to be prepared and delivered to the Agent as at the end of such Fiscal Quarter:

- (a) unaudited financial statements of the Borrower, prepared on a consolidated basis, including, in each case and without limitation, balance sheet, statement of income and retained earnings, statement of cash flows and the previous year will be prepared in accordance with Canadian GAAP in the case of the first and third Fiscal Quarters of each Fiscal Year and Canadian GAAP in the case of the second Fiscal Quarter of each Fiscal Year (all subject to usual year-end adjustments); and
- (b) an opinion provided by Borrower's Counsel confirming the continued registration of the Security Documents and that the Collateral Debenture constitutes a first fixed charge on the real property of the Borrower subject to Permitted Encumbrances.

(d) Monthly Reporting. The Borrower shall provide,

- (i) by the 25th of each calendar month, a progress report in the form set out in Schedule H;
- (ii) by the 25th of each calendar month in respect of the preceding month, internally prepared financial statements for the preceding month, internally prepared financial statements for the year to date, cash flow projections and updated project cost projections; and
- (iii) by the 25th of each calendar month in respect of the preceding month, provide a rolling report, current to the end of the preceding month, detailing the progress on all active projects including contract price, project budget, costs to date, costs to complete, variance to budget and management commentary as to cost overruns in a form and with such additional content as is acceptable to the Agent in its sole discretion at any time and from time to time. For greater certainty, this report is anticipated to evolve during the term of the Credit Facilities and is ultimately intended to provide the Agent with visibility on risk associated with cost overruns.

(e) Update on Current Report. The Borrower shall provide the Agent with any update to the Current Report and any update on the resources and reserves, such report to be based on and complying with CIM and National Instrument 43-101 standards and guidelines, and any accompanied by a revised Life-of-Mine Plan, promptly as such updates become available.

(f) Other Information. Following the reasonable request of the Agent, furnish such other reports or information reasonably requested by the Agent from time to time, including, without limitation, unaudited unconsolidated financial statements of any Obligor.

ARTICLE 9 - DEFAULT

9.01

Events of Default

The occurrence of any one or more of the following events (each such event being referred to as an “**Event of Default**”) will constitute a default under this Agreement:

- (a) the Borrower fails to pay any principal, interest, fees or other Obligations when due and such failure continues for a period of five (5) Business Days after written notice by the Lender;
- (b) any Obligor neglects to observe or perform any covenant or obligation contained in any of the Loan Documents on its part to be observed or performed (other than a covenant or obligation whose breach or default in performance is specifically dealt with elsewhere in this section) and such Obligor fails to remedy such default within fifteen (15) Business Days after written notice by the Lender;
- (c) a Material Adverse Change has occurred;
- (d) any representation or warranty made by any Obligor in any Loan Document proves to have been incorrect or misleading in any material respect (or in any respect where such representation or warranty is subject to a materiality qualification) on and as of the date that it was made or was deemed to have been made and such Obligor fails to remedy such default within fifteen (15) Business Days after written notice by the Lender;
- (e) any Obligor (i) fails to make any payment in excess of \$1,000,000 which has been admitted as being due and payable by it, or is not disputed to be due and payable by it, to any Person and any applicable grace period in relation thereto has expired, or (ii) defaults in the observance or performance of any other agreement or condition in relation to any Indebtedness to any Person in excess of \$1,000,000 or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs or condition exists, the effect of which default or other condition, if not remedied within any applicable grace period, would be to cause, or to permit the holder of such Indebtedness then to declare such Indebtedness to become due prior to its stated maturity date, provided that any Indebtedness which is being contested in good faith by legal proceedings will not be considered Indebtedness for purposes of this clause;
- (f) the St. Lawrence Fluorspar Project or any material part thereof is abandoned, cancelled or terminated;
- (g) any Security ceases to be first ranking, subject to Permitted Encumbrances, or ceases to be a valid and perfected Encumbrance other than through an act or omission of the Agent or a Lender;
- (h) a decree or order of a court of competent jurisdiction is entered adjudging an Obligor bankrupt or insolvent or approving as properly filed a petition seeking the

winding up of an Obligor under the *Companies' Creditors Arrangement Act* (Canada) or the *Bankruptcy and Insolvency Act* (Canada), or any other applicable bankruptcy, insolvency or analogous laws or ordering the winding up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of sixty (60) Business Days;

- (i) any Obligor ceases or threatens to cease to carry on business generally (except as may be permitted under Section 8.02(b)), or admits its inability or fails to pay its debts generally (other than those that are the subject of *bona fide* disputes) as they become due, makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, seeks relief under the *Companies' Creditors Arrangement Act* (Canada), or any other bankruptcy, insolvency, corporate or analogous law, is adjudged bankrupt, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other Person with similar powers of itself or of all or substantially all of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights or consents to, or acquiesces in, the filing of such a petition;
- (j) a Person other than the Lender has seized any Material Asset and such seizure has remained unlifted, unstayed or undischarged for a period of fifteen days;
- (k) except as permitted by Section 8.02(b), proceedings are commenced for the dissolution, liquidation or voluntary winding up of any Obligor, or for the suspension of the operations of any Obligor unless such proceedings are being actively and diligently contested in good faith;
- (l) any final judgments or decrees for the payment of money in excess of \$1,000,000 and that is not payable by an insurer, or the subject of reimbursement, under any insurance policy maintained by an Obligor has been rendered by a court or other competent tribunal against one or more of the Obligors and remains unpaid, unstayed on appeal, undischarged, unbonded or undismissed for a period of sixty (60) days from the date of entry thereof;
- (m) any of (i) the Loan Documents; (ii) any Material Project Agreement, or (iii) any other Security Document has been declared by a court or arbitral panel of competent jurisdiction to be unenforceable against any party thereto other than the Lender other than as a result of an act or omission of the Agent or a Lender, or any such party other than the Lender has repudiated its obligations thereunder and ceased to perform such obligations (for this purpose a statement or dispute regarding the scope or nature of the parties' rights and obligations under any such agreement, and a failure to perform any particular obligation thereunder, will not by itself be deemed to be a repudiation thereof); and, in the case of any Material

Project Agreement, such unenforceability, repudiation or cessation is not waived or remedied within thirty (30) days, or such Material Project Agreement is not replaced on terms reasonably acceptable to the Lender within sixty (60) days;

- (n) a Change of Control occurs; and
- (o) any Governmental Body, through an act of expropriation, expropriates any material portion of the St. Lawrence Fluorspar Project or St. Lawrence Property.

9.02 **Acceleration and Enforcement**

Should an Event of Default occur and be continuing, the Lender may, in its discretion, by notice in writing to the Borrower declare the principal of and interest, on amount of the Credit Facilities then outstanding and all other monies outstanding hereunder to be due and payable, take any Enforcement Action and the same will thereupon forthwith become immediately due and payable to the Lender, and the Borrower will forthwith pay to the Lender such principal, accrued and unpaid interest, if any, and interest on amounts in default on the Credit Facilities and all other monies outstanding hereunder. Such monies are payable from the date of such declaration or event until payment is received by the Lender, and at the times and places and in the manner mentioned in and according to the tenor of this Agreement.

9.03 **Notice of Events of Default**

(a) If an Event of Default occurs and is continuing the Borrower will promptly after it becomes aware of the occurrence of such Event of Default, give notice thereof to the Agent.

(b) Where notice of the occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing will be given by the Borrower to the Agent promptly after the Borrower becomes aware that the Event of Default has been cured.

9.04 **Indulgences and Releases**

The Agent may grant extensions of time and other indulgences, take and give up or abstain from perfecting or taking advantage of securities, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with the Obligors, debtors of the Obligors, surety and others as the Agent may see fit without prejudice to the liability of the Obligors under the Loan Documents.

9.05 **Waiver**

The Borrower hereby waives diligence, presentment, protest, notice of protest, notice of dishonour and notice of non-payment. No delay by the Agent in exercising any power or privilege under any of the Loan Documents, nor the single or partial exercise of any power or privilege under any of the Loan Documents, will preclude any other or further exercise thereof, or the exercise of any other power or privilege it hereunder.

9.06 **Remedies Cumulative**

For greater certainty, it is expressly understood that the respective rights and remedies of the Agent and Lender under the Loan Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by applicable Laws; and any single or partial exercise by the Lender or Agent of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in any Loan Document will not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender or Agent may be lawfully entitled in connection with such default or breach.

9.07 **Application of Payments**

All payments made by the Obligors under any Loan Document will be applied to amounts due under the Obligations, (i) prior to the occurrence of an Event of Default, as follows: first, to pay any fees, indemnities or expense reimbursements then due to the Agent and Lender under the Loan Documents, until paid in full, second, to pay interest due in respect of the Credit Facilities, and third, to pay or prepay the principal amount of all outstanding Obligations in accordance with the terms hereof until paid in full (ii) upon the occurrence and during the continuance of an Event of Default, as determined by the Agent (but subject always to applicable Laws).

ARTICLE 10- CONFIRMATION OF CO-COVENANTOR

In addition to any specific representations, warranties and covenants and obligations placed on the Co-Covenantor hereunder, the Co-Covenantor joins in this Agreement to become a co-covenantor with the Borrower with respect to all of the covenants and obligations of the Borrower contained within this Agreement, including, without limitation, the payment of money and each other obligation of the Borrower contained in this Agreement on a joint and several basis with the Borrower.

ARTICLE 11- CONFIRMATION OF APPOINTMENT OF AGENT

11.01 **Appointment and Duties.**

The Lender hereby confirms the appointment Bridging Finance (together with any successor Agent appointed by the Lender) as Agent hereunder and authorizes Agent to (i) execute and deliver the Loan Documents and accept delivery thereof on its behalf from any Obligors, (ii) take such action on its behalf and to exercise all rights, powers and remedies and perform the duties as are expressly delegated to Agent under such Loan Documents and (iii) exercise such powers as are reasonably incidental thereto.

11.02 **Limited Duties.**

Under the Loan Documents, Agent (i) is acting solely on behalf of the Lender, with duties that are entirely administrative in nature, notwithstanding the use of the defined term "Agent", the terms "agent", "Agent" and "collateral agent" and similar terms in any Loan Document to refer to Agent, which terms are used for title purposes only, (ii) is not assuming any obligation under any Loan Document other than as expressly set forth therein or any role as agent, fiduciary or trustee of

or for the Lender or any other Person and (iii) shall have no implied functions, responsibilities, duties, obligations or other liabilities under any Loan Document, and each Obligor, by accepting the benefits of the Loan Documents, hereby waives and agrees not to assert any claim against Agent based on the roles, duties and legal relationships expressly disclaimed herein.

ARTICLE 12- GENERAL

12.01 Indemnification

(a) The Borrower must pay on demand the amount of all reasonable, documented costs and expenses (including legal and other professional fees) incurred by the Agent and Lender in connection with the Credit Facilities and the preparation, negotiation, execution, and administration of the Loan Documents, as well as the reasonable costs and expenses incurred by the Agent and Lender in connection with the enforcement of, or the preservation of any rights under, any Loan Document. The Agent will seek approval of the Borrower should the total legal expenses for the negotiation, preparation, and execution of the Credit Facilities and Loan Documents and the closings of the Credit Facilities exceed \$95,000 (inclusive of HST and disbursements) in the aggregate.

(b) The Borrower shall indemnify each of the Agent, the Lender, their Affiliates and their respective officers, directors and employees (each an "Indemnified Party") and hold them harmless from and against all losses, liabilities, claims, damages or expenses (including costs to defend any claim) suffered or incurred by or made against any of them in any manner whatsoever arising from or related to any claim brought against such Indemnified Party by a Person other than an Indemnified Party in connection with the Loan Documents or the transactions contemplated thereby (including as a result of any Default or non-compliance by the Borrower or any Obligor with any Environmental Laws or of any claim under Environmental Laws in connection with the operations of, or any property owned, used or operated by, the Borrower or any Obligor). The foregoing indemnity will not however apply as to any such Indemnified Party for losses, liabilities, claims, damages or expenses resulting from the gross fault, willful misconduct or intentional fault of such Indemnified Party or from breach by any indemnitee of its obligations under the Loan Documents.

12.02 Benefit and Burden of Agreement

This Agreement will be binding upon the Borrower and its successors. This Agreement will enure to the benefit of and will be binding upon the Agent and the Lender and their successors and assigns.

12.03 Assignment

The rights and benefits of the Borrower hereunder may not be assigned by the Borrower. The Lender and Agent may not assign their respective rights and benefits hereunder and under the other Loan Documents without the consent of the Borrower, such consent not to be unreasonably withheld or delayed; provided that the Borrower's consent shall not be required following the occurrence and during the continuance of an Event of Default. Notwithstanding the foregoing, the Lender and Agent may assign their respective rights, benefits and obligations hereunder to Affiliate(s) resident in Canada upon providing written notice of such assignment to the Borrower. For greater certainty, the consent of the Co-Covenantor and Guarantor shall not be required for any assignment by the Agent or Lender.

12.04 **Notices**

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, by registered mail or by electronic means of communication addressed to the recipient at the address, email address or facsimile number set forth on the signature pages to this Agreement, or to such other street address, individual or electronic communication number or address as may be designated by notice given by either party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof or, if given by registered mail, on the third (3rd) Business Day following the deposit thereof in the mail or, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication may not be mailed but must be given by personal delivery or by electronic communication.

12.05 **Severability**

If any provision of this Agreement is determined by any court of competent jurisdiction to be illegal or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either of the parties.

12.06 **Further Assurances**

Each Obligor, the Agent and the Lender will promptly cure any default by it in the execution and delivery of any of the Loan Documents or of any the agreements provided for hereunder to which it is a party. Each Obligor, at its expense, will promptly execute and deliver to the Agent, upon request by the Agent, all such other and further documents, agreements, opinions, certificates and instruments in compliance with, or accomplishment of the covenants and agreements of such Obligor under the Loan Documents or more fully to state the obligations of such Obligor as set forth therein or to make any recording, file any notice or obtain any consent, all as may be reasonably necessary in connection therewith.

12.07 **Entire Agreement**

This Agreement and the Security Documents represent the entire agreement of the parties with respect the subject matter hereof. This Agreement supersedes and replaces any prior letters of intent between the parties with respect to the Credit Facilities, and supersedes and replaces the Loan Agreement and the First Amendment in their entirety.

12.08 **Amendments and Waivers**

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by the Borrower, Co-Covenantor, the Agent and the Lender. No waiver of any breach of any provision of this Agreement and no consent required hereunder will be effective or

binding unless made in writing and signed by the party purporting to give the same. Unless otherwise provided, any waiver or consent given hereunder will be limited to the specific breach waived or matter consented to, as the case may be, and may be subject to such conditions as the party giving such waiver or consent considers appropriate.

12.09 **Counterparts**

This Agreement may be executed in any number of counterparts, and by the Lender, and the Borrower in separate counterparts, each of which will be an original, but all of which will, taken together, constitute one and the same agreement. The parties hereby acknowledge and agree that facsimile and electronic signatures of this Agreement will have the same force and effect as original signatures.

12.10 **Confidentiality**

(a) The Agent and the Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to the Agent and Lender's directors, officers, employees, managers, administrators, auditors, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (iii) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (iv) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (v) subject to an agreement containing provisions substantially the same as those of this Section 12.10, to any permitted assignee of any of its rights or obligations under this Agreement, (vi) with the consent of the Borrower or (vii) to the extent such Information becomes publicly available other than as a result of a breach of this Section.

(b) For purposes of this Section, "**Information**" means all information received in connection with this Agreement or any other Loan Document from the Borrower or any of its Affiliates relating to the Borrower or any of its Affiliates or any of their respective businesses.

[Signature pages follow]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

BORROWER:

Address: Suite 605, 140 Water Street
St. John's, NL
A1C 6J4

CANADA FLUORSPAR (NL) INC.

Attention: Paul Coombs

Facsimile: 709-873-3335

Email: pcoombs@canadafluorspar.com

By: _____

Name: _____

Title: _____

CO-COVENANTOR:

Address: Suite 605, 140 Water Street
St. John's, NL
A1C 6J4

**NEWSPAR, a general partner by its Partners, CFI
NEWSPAR HOLDINGS INC. and CANADA
FLUORSPAR (NL) INC.**

Paul Coombs

CFI NEWSPAR HOLDINGS INC.

By: _____

Facsimile: 709-873-3335

Name: _____

Title: _____

Email: pcoombs@canadafluorspar.com

CANADA FLUORSPAR (NL) INC.

By: _____

Name: _____

Title: _____

GUARANTOR:

Address: Suite 605, 140 Water Street
St. John's, NL
A1C 6J4

CANADA FLUORSPAR INC.

Attention: Paul Coombs

Facsimile: 709-873-3335

Email: pcoombs@canadafluorspar.com

By: _____

Name: _____

Title: _____

AGENT:

Address: 77 King Street West, Suite 2925
P.O. Box 322
Toronto, Ontario M5K 1K7

BRIDGING FINANCE INC.

Attention: Graham Marr

Facsimile: 1-888-920-9599

Email:

By:

Name:

Title:

LENDER:

Address: 77 King Street West, Suite 2925
P.O. Box 322
Toronto, Ontario M5K 1K7

**SPROTT BRIDGING INCOME FUND LP by its
Agent, Bridging Finance Inc.**

Attention: Graham Marr

Facsimile: 1-888-920-9599

Email:

By:

Name:

Title:

SCHEDULE A

MATERIAL PROJECT AGREEMENTS

1. Security Agreement – Conditional Sales Contract between Equipement SMS Inc. and Canada Fluorspar Inc. dated January 16, 2017;
2. Security Agreement – Conditional Sales Contract between Equipement SMS Inc. and Canada Fluorspar Inc. dated January 16, 2017; and
3. Arkema Supply Agreement.

SCHEDULE B

PERMITTED ENCUMBRANCES

1. Financing Statement registered in favour of GM Financial Canada Leasing Ltd. at Registration No. 12688420 of the Personal Property Security Registry for the Province of Newfoundland and Labrador (the “PPR”);
2. Financing Statement registered in favour of Ford Credit Canada Limited at Registration No. 13246541 of the PPR;
3. Financing Statement registered in favour of Ford Credit Canada Leasing, a Division of Canadian Road Leasing Company at Registration No. 13549977 of the PPR;
4. Financing Statement registered in favour of VW Credit Canada Inc. at Registration No. 13905807 of the PPR;
5. Financing Statement registered in favour of Bank of Montreal/Banque de Montreal at Registration No. 14560924 of the PPR (which, for greater certainty, relates to a pledge of cash as security for an irrevocable letter of credit issued to the Department of Fisheries and Oceans in the amount of \$441,794.93 for certain reclamation obligations of the Borrower);
6. Financing Statement registered in favour of Atlas Coco Canada Inc. at Registration No. 14635064 of the PPR;
7. Financing Statement registered in favour of Atlas Coco Canada Inc. at Registration No. 14635296 of the PPR;
8. Financing Statement registered in favour of Canada Dealer Lease Services Inc. and Bank of Nova Scotia - DLAC at Registration No. 12297222 of the PPR;
9. Financing Statement registered in favour of Equipement SMS Inc. at Registration No. 14575401 of the PPR;
10. Financing Statement registered in favour of Equipement SMS Inc. at Registration No. 14593941 of the PPR;
11. Financing Statement registered in favour of Equipement SMS Inc. at Registration No. 14606503 of the PPR;
12. Financing Statement registered in favour of Komatsu International (Canada) Inc. at Registration No. 14634182 of the PPR;
13. Financing Statement registered in favour of Equipement SMS Inc. at Registration No. 14583066 of the PPR;

14. Financing Statement registered in favour of Equipement SMS Inc. at Registration No. 14653943 of the PPR;
15. Financing Statement registered in favour of Canada Dealer Lease Services Inc. and Bank of Nova Scotia - DLAC at Registration No. 12399234 of the PPR;
16. Financing Statement registered in favour of GM Financial Canada Leasing Ltd. at Registration No. 12240057 of the PPR, as amended at Registration No. 14641963; and
17. Financing Statement registered in favour of BMW Canada Inc. at Registration No. 14633879 of the PPR.

SCHEDULE C

SURFACE RIGHTS, MINERAL LEASES AND MINERAL TITLES

1. Mineral Licence 018023M dated 2010/10/21 and extended on 2015/10/21 covering 8.0 claims at or near St. Lawrence, Burin Peninsula issued by the Minister of Natural Resources to Burin Minerals Ltd. and transferred to Canada Fluorspar (NL) Inc. by transfer dated 2011/02/24 and registered at Volume 24 Folio 132 of the Registry maintained by the Mineral Claims Recorder for Newfoundland and Labrador (the “**MCR Registry**”) and shall mean and include any and all substitute or successor titles to Mineral Licence 018023M, including without limitation any surface and/or mining lease issued in respect of the lands and minerals described in Mineral Licence 018023M.
2. Mineral Licence 022721M dated 2007/02/19 and extended on 2012/02/19 covering 27.0 claims at or near St. Lawrence Area, Burin Peninsula issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. and shall mean and include any and all substitute or successor titles to Mineral Licence 022721M, including without limitation any surface and/or mining lease issued in respect of the lands and minerals described in Mineral Licence 022721M.
3. Mineral Licence 024837M dated 2010/12/09 covering 47.0 claims at or near Lawn Head, Burin Peninsula issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. and shall mean and include any and all substitute or successor titles to Mineral Licence 024837M, including without limitation any surface and/or mining lease issued in respect of the lands and minerals described in Mineral Licence 024837M.
4. Mineral Licence 023139M dated 1995/05/18 and extended on 2016/05/18 covering 81.0 claims at or near St. Lawrence, Burin Peninsula issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. and shall mean and include any and all substitute or successor titles to Mineral Licence 023139M, including without limitation any surface and/or mining lease issued in respect of the lands and minerals described in Mineral Licence 023139M.
5. Mineral Licence 023140M dated 1995/05/18 and extended on 2016/05/18 covering 37.0 claims at or near St. Lawrence, Burin Peninsula issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. and shall mean and include any and all substitute or successor titles to Mineral Licence 023140M, including without limitation any surface and/or mining lease issued in respect of the lands and minerals described in Mineral Licence 023140M.
6. Mining Lease No. 150(4610) dated August 1, 1997 issued by Her Majesty The Queen in Right of Newfoundland and Labrador as lessor to Burin Minerals Ltd. as lessee covering mineral rights to an area of 5.4866 hectares known as the “Grebes Nest now AGS” property situate at and being near St. Lawrence, Burin Peninsula, in the Province of

Newfoundland and Labrador registered at Volume 1 Folio 47 of the MCR Registry and shall mean and include any and all substitute or successor titles to such mining lease.

7. Mining Lease No. 212 (11590M) dated March 5, 2012 issued by Her Majesty The Queen in Right of Newfoundland and Labrador as lessor to Canada Fluorspar (NL) Inc. as lessee covering mineral rights to an area of 177.9326 hectares known as the "Director" property situate at and being near St. Lawrence, Burin Peninsula, in the Province of Newfoundland and Labrador registered at Volume 3 Folio 50 of the MCR Registry and shall mean and include any and all substitute or successor titles to such mining lease.
8. Mining Lease No. 213 (11590M) dated March 27, 2012 issued by Her Majesty The Queen in Right of Newfoundland and Labrador as lessor to Canada Fluorspar (NL) Inc. as lessee covering mineral rights to an area of 186.5081 hectares known as the "Tarefare" property situate at and being near St. Lawrence, Burin Peninsula, in the Province of Newfoundland and Labrador registered at Volume 3 Folio 51 of the MCR Registry and shall mean and include any and all substitute or successor titles to such mining lease.
9. Mining Lease No. 214 (11590M) dated March 27, 2012 issued by Her Majesty The Queen in Right of Newfoundland and Labrador as lessor to Canada Fluorspar (NL) Inc. as lessee covering mineral rights to an area of 106.2397 hectares known as the "Blue Beach" property situate at and being St. Lawrence, Burin Peninsula, in the Province of Newfoundland and Labrador registered at Volume 3 Folio 52 of the MCR Registry and shall mean and include any and all substitute or successor titles to such mining lease.
10. Mining Lease No. 236 (23140M) dated April 1, 2016 issued by Her Majesty The Queen in Right of Newfoundland and Labrador as lessor to Canada Fluorspar (NL) Inc. as lessee covering mineral rights to an area of 107.9555 hectares known as the "AGS" property situate at and being near St. Lawrence, Burin Peninsula, in the Province of Newfoundland and Labrador registered at Volume 4 Folio 19 of the MCR Registry and shall mean and include any and all substitute or successor titles to such mining lease.
11. Surface Lease No. 126 beginning March 5, 2012 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 167.8562 hectares known as the "Director" property in the Province of Newfoundland and Labrador registered at Volume 1 Folio 27 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.
12. Surface Lease No. 127 beginning March 1, 2012 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 5.4875 hectares known as the "Grebes Nest" property in the Province of Newfoundland and Labrador registered at Volume 1 Folio 28 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.
13. Surface Lease No. 128 beginning March 5, 2012 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 16.2400 hectares known as the "Water Lot" property in the Province of Newfoundland

and Labrador registered at Volume 1 Folio 29 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.

14. Surface Lease No. 129 beginning March 5, 2012 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 18.2789 hectares known as the “Wharf Access” property in the Province of Newfoundland and Labrador registered at Volume 1 Folio 30 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.
15. Surface Lease No. 130 beginning March 27, 2012 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 153.2161 hectares known as the “Tarefare” property in the Province of Newfoundland and Labrador registered at Volume 1 Folio 31 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.
16. Surface Lease No. 131 beginning March 27, 2012 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 95.9658 hectares known as the “Blue Beach” property in the Province of Newfoundland and Labrador registered at Volume 1 Folio 32 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.
17. Surface Lease No. 133 beginning March 5, 2012 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 97.0978 hectares known as the “Shoal Cove Pond Tailings” property in the Province of Newfoundland and Labrador registered at Volume 1 Folio 34 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.
18. Surface Lease No. 148 beginning April 1, 2016 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 433.1408 hectares known as the “AGS” property in the Province of Newfoundland and Labrador registered at Volume 2 Folio 13 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.
19. Surface Lease No. 149 beginning April 1, 2016 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 8.7218 hectares known as the “Haul Road 1” property in the Province of Newfoundland and Labrador registered at Volume 2 Folio 14 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.
20. Surface Lease No. 150 beginning April 1, 2016 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 10.8579 hectares known as the “Haul Road 2” property in the Province of Newfoundland and Labrador registered at Volume 2 Folio 15 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.
21. Surface Lease No. 151 beginning April 1, 2016 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 6.6705 hectares known as the “Haul Road 3” property in the Province of Newfoundland

and Labrador registered at Volume 2 Folio 16 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.

22. Surface Lease No. 152 beginning April 1, 2016 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 59.8491 hectares known as the "John Fitzpatrick Pond" property in the Province of Newfoundland and Labrador registered at Volume 2 Folio 17 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.
23. Surface Lease No. 153 beginning April 1, 2016 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 15.6186 hectares known as the "Bypass Road 1" property in the Province of Newfoundland and Labrador registered at Volume 2 Folio 18 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.
24. Surface Lease No. 154 beginning April 1, 2016 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 4.5647 hectares known as the "Bypass Road 2" property in the Province of Newfoundland and Labrador registered at Volume 2 Folio 19 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.
25. Surface Lease No. 155 beginning April 1, 2016 issued by the Minister of Natural Resources to Canada Fluorspar (NL) Inc. as lessee covering surface rights to an area of 7.2391 hectares known as the "Bypass Road 3" property in the Province of Newfoundland and Labrador registered at Volume 2 Folio 20 of the MCR Registry and shall mean and include any and all substitute or successor titles to such surface lease.
26. Crown Lease No. 110124 dated August 13, 1997 issued by Her Majesty The Queen in Right of Newfoundland and Labrador as lessor to Burin Minerals Ltd. as lessee, assigned to Arkema Spar NL Limited Partnership and Canada Fluorspar (NL) Inc. and as amended by an Amendment to Crown Lease 110124 dated May 5, 2016, covering 20.0074 hectares situate and being in the Town of St. Lawrence, Burin Peninsula, in the Province of Newfoundland and Labrador and registered in the Registry of Crown Grants for the Province of Newfoundland and Labrador.

SCHEDULE D**INSURANCE**

Policy Type	Insurer	%	Policy No.	Effective	Expiry
PACKAGE	RSA		COM800502134	01-Mar-17	01-Mar-18
BUILDERS RISK	Lloyd's (via Price Forbes)	85%	P11HC01510	01-Jun-16	01-Nov-17
	RSA	15%		01-Jun-16	01-Nov-17
Primary - WRAP UP	Lloyd's (via Price Forbes)		B0507N11QA08590	01-Jun-16	01-Nov-17
Excess - WRAP UP	Ironshore		C445512316	01-Jun-16	01-Nov-17
D&O	Ironshore		C444744316A	09-Aug-16	09-Aug-17
CRIME	Ironshore		C444744316B	09-Aug-16	09-Aug-17
POLLUTION	AIG		C444744316B	30-Nov-11	01-Nov-17
C.E.F	Lloyd's (via Price Forbes)		B0507P16CP03350	25-Nov-16	25-Nov-17

SCHEDULE E
LITIGATION

Nil

SCHEDULE F

RIGHTS AFFECTING THE ST. LAWRENCE PROPERTY OR THE MINERALS

NIL

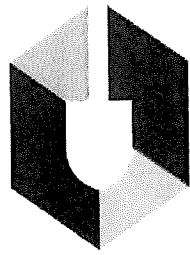
SCHEDULE G
LOCATIONS OF COLLATERAL

Suite 605, 140 Water Street
St. John's, NL
A1C 6J4

and/or

1 Clarke's Pond Road
St. Lawrence, NL
A0E 2V0

SCHEDULE H
MONTHLY REPORTING



CFI

CANADA FLUORSPAR INC.

UNEARTH THE POTENTIAL

CANADA FLUORSPAR (NL) INC. PROJECT PROGRESS REPORT

Month Ending ■

Information in this report is confidential and intended solely for the use of the individual to whom it is addressed or otherwise directed.

Project Milestones:

Milestone	Planned Date	Actual Date	Status
DFS Completed	25 Mar 16	25 Mar 16	✓
Construction Started	1 Jun 16	20 Apr 16	✓
Completion of Detailed Engineering	30 Nov 16	15 Nov 16	✓
Completion of all Package Procurement	30 Nov 16	1 Nov 16	✓
Completion of Mill Building Shell	31 Dec 16	23 Dec 16	✓
Open Pit Development Started	1 Apr 17		
Mechanical Completion of Mill	1 Oct 17		
Complete Hot Commissioning of Mill	15 Nov 17		
Shipping of First Concentrate to Port	30 Nov 17		

Permit Registry:

Permit	Submit Date	Approval Date	Status
Town of St Lawrence Development Permit		3 Nov 15	✓
Provincial Environmental Assessment		5 Nov 15	✓
Certificate of Approval (Construction)		8 April 16	✓
Early Works Approval		29 April 16	✓
Environmental Protection Plan		13 May 16	✓
Environmental Effects Monitoring Plan	21 Jan 16		
Mine Development Plan	15 Feb 16		
Mine Closure and Rehabilitation Plan	19 Feb 16		
Mill Operating License			

Technical Development Status:

Element	Complete Date	Status
Metallurgical Testing		✓
Process Design		✓
Selection of Mechanical Equipment		✓
Mine and Plant Layout		✓
Earthworks Design		✓
Civil Design		✓
Structural Steel Design		✓
Piping Design		✓
Electrical and instrumentation Design		✓

There are no technical developments that will impact the performance or timing of future production.

Summary of Significant Scope Changes:

- There have been no scope changes to date.

Open Issues Status:

- There are currently no unresolved significant issues to report

Canada Fluorspar (NL) Inc.
P.O. Box 337
1 Clarke's Pond Road
St. Lawrence, NL
A0E 2V0



Tel: (709) 873-3331 Fax: (709) 873-3335

March 11, 2019

HSBC Bank Canada
205 Water Street
St. John's, NL A1C 1B4
Attention: James Bowne

Dear Mr. Bowne:

Re: Consent under CFI Loan Documents

We refer to (i) the facility letter dated as of October 24, 2017, as amended (the "**Facility Letter**"), between HSBC Bank Canada (the "**Bank**"), as lender, Canada Fluorspar (NL) Inc. ("**CFI**"), as borrower, and Newspar and Canada Fluorspar Inc. (collectively with CFI, the "**CFI Parties**"), as guarantors, and (ii) the amended and restated intercreditor agreement dated as of May 25, 2018 (the "**Intercreditor Agreement**") between Bridging Finance Inc., on its own behalf and as agent for Sprott Bridging Income Fund LP (together, "**Bridging**"), the Government of Newfoundland and Labrador, as represented by the Minister of Tourism, Culture, Industry and Innovation, the Bank and the CFI Parties. Capitalized terms used but not defined in this letter have the respective meanings given to them in the Facility Letter.

As you are aware, CFI has borrowed CAD 55,000,000 (plus capitalized interest thereon) from Bridging (the "**Bridging Loan**") pursuant to a second amended and restated loan agreement dated February 1, 2018 (the "**Bridging Loan Agreement**"). The Bridging Loan is scheduled to mature on July 31, 2019. Bridging has approved an amendment to the Bridging Loan Agreement (the "**Amendment**") to, among other things, extend the maturity date to July 31, 2020 in exchange for a payment by CFI to Bridging of a work fee equal to 0.50% of the Bridging Loan plus applicable taxes (the "**Work Fee**"), reduce the interest payable by CFI where it meets or exceeds certain monthly production volumes, and increase the amount of permitted capital lease debt from CAD 10,000,000 to CAD 25,000,000.

In connection with the Amendment, the CFI Parties hereby request the consent of the Bank to (i) pay the Work Fee to Bridging, and (ii) incur indebtedness in respect of Capital Leases of up to CAD 25,000,000 outstanding from time to time (and grant Purchase Money Encumbrances in connection therewith), in accordance with Section V(a) of Schedule A to the Facility Letter, Section 3.3(a) of the Intercreditor Agreement and any other relevant provisions of the Facility Letter or the other Loan Documents.

Canada Fluorspar (NL) Inc.



Time is of the essence in this matter and, as such, we kindly request that you confirm your consent on or before March 18, 2019.

We trust the above is satisfactory; however, if there are any questions or concerns please contact the undersigned.

Yours truly,

A handwritten signature in dark ink, appearing to read 'Casey Walsh'.

Casey Walsh
Chief Financial Officer

** ** *

The undersigned hereby consents to the Amendment and to the CFI Parties (i) paying the Work Fee to Bridging in connection with the Amendment, and (ii) incurring indebtedness in respect of Capital Leases of up to \$25,000,000 outstanding from time to time and granting Purchase Money Encumbrances in connection therewith. This consent is for the benefit of the CFI Parties and Bridging and their respective successors and assigns and may be relied upon when delivered (including by email or .pdf format).

DATED as of March 18, 2019.

HSBC BANK CANADA

By: A handwritten signature in dark ink, appearing to read 'James Bowne'.
Name: **JAMES BOWNE**
Title: Assistant Vice President
Corporate Banking

By: A handwritten signature in dark ink, appearing to read 'Karen Shaw'.
Name: **Karen Shaw**
Title: Account Manager, Corporate Banking

Canada Fluorspar (NL) Inc.
P.O. Box 337
1 Clarke's Pond Road
St. Lawrence, NL
A0E 2V0



Tel: (709) 873-3331 Fax: (709) 873-3335

March 11, 2019

Government of Newfoundland and Labrador
Department of Tourism, Culture, Industry and Innovation
P.O. Box 8700, 2nd Floor
Confederation Building (West Block)
St. John's, NL A1B 4J6
Attention: Hon. Christopher Mitchelmore

Dear Minister:

Re: Consent under CFI Loan Agreement

We refer to (i) the loan agreement dated as of March 30, 2017, as amended (the "**Loan Agreement**"), between the Government of Newfoundland and Labrador, as represented by the Minister of Tourism, Culture, Industry and Innovation (the "**Government**"), as lender, and Canada Fluorspar (NL) Inc. ("**CFI**"), Newspar and Canada Fluorspar Inc. (collectively, the "**CFI Parties**"), as borrowers, and (ii) the amended and restated intercreditor agreement dated as of May 25, 2018 (the "**Intercreditor Agreement**") between Bridging Finance Inc., on its own behalf and as agent for Sprott Bridging Income Fund LP (together, "**Bridging**"), the Government, HSBC Bank Canada and the CFI Parties. Capitalized terms used but not defined in this letter have the respective meanings given to them in the Loan Agreement.

As you are aware, CFI has borrowed \$55,000,000 (plus capitalized interest thereon) from Bridging (the "**Bridging Loan**") pursuant to a second amended and restated loan agreement dated February 1, 2018 (the "**Bridging Loan Agreement**"). The Bridging Loan is scheduled to mature on July 31, 2019. Bridging has approved an amendment to the Bridging Loan Agreement (the "**Amendment**") to, among other things, extend the maturity date to July 31, 2020 in exchange for a payment by CFI to Bridging of a work fee equal to 0.50% of the Bridging Loan plus applicable taxes (the "**Work Fee**"), reduce the interest payable by CFI where it meets or exceeds certain monthly production volumes, and increase the amount of permitted capital lease debt from \$10,000,000 to \$25,000,000.

In connection with the Amendment, the CFI Parties hereby request the consent of the Government to (i) pay the Work Fee to Bridging, and (ii) incur indebtedness in respect of Capital Leases of up to \$25,000,000 outstanding from time to time (and grant Purchase Money Encumbrances in connection therewith), in accordance with Section 14(g) of the Loan Agreement, Section 3.3(a) of the Intercreditor Agreement and any other relevant provisions of the Loan Agreement or the other loan or security documents between the Lender and the CFI Parties.

Canada Fluorspar (NL) Inc.



As part of your consideration of our above request, we note that there is no expected impact on the timeline for CFI's repayment of the Government's loan which, in accordance with the Loan Agreement, matures on December 31, 2021.

Time is of the essence in this matter and, as such, we kindly request that you confirm your consent on or before March 18, 2019.

We trust the above is satisfactory; however, if there are any questions or concerns please contact the undersigned.

Yours truly,

A handwritten signature in dark ink, appearing to read 'CW', is written above the printed name.

Casey Walsh
Chief Financial Officer

*** **

The undersigned hereby consents to the Amendment and to the CFI Parties (i) paying the Work Fee to Bridging in connection with the Amendment, and (ii) incurring indebtedness in respect of Capital Leases of up to \$25,000,000 outstanding from time to time and granting Purchase Money Encumbrances in connection therewith. This consent is for the benefit of the CFI Parties and Bridging and their respective successors and assigns and may be relied upon when delivered (including by email or .pdf format).

DATED as of April 4, 2019.

HER MAJESTY IN RIGHT OF
NEWFOUNDLAND AND LABRADOR,
as represented by the Minister of
Tourism, Culture, Industry and
Innovation

By: A handwritten signature in dark ink, appearing to read 'Deputy Minister, TCII', is written above the printed name.
Name: Deputy Minister, TCII
Title: Deputy Minister, TCII

**AMENDMENT NO. 2 TO
SECOND AMENDED AND RESTATED LOAN AGREEMENT**

This amendment no. 2 (this “**Agreement**”) is made as of June 17, 2020 between Canada Fluorspar (NL) Inc. (the “**Borrower**”), Newspar, by its partners Canada Fluorspar (NL) Inc. and CFI Newspar Holdings Inc. (the “**Co-Covenantor**”), Canada Fluorspar Inc. (the “**Guarantor**”), Bridging Finance Inc., as Agent (the “**Agent**”), and Sprott Bridging Income Fund LP, by its agent Bridging Finance Inc., as Lender (the “**Lender**”).

WHEREAS:

A. The Borrower, the Co-Covenantor, the Guarantor, the Agent and the Lender are parties to a second amended and restated loan agreement dated as of February 1, 2018, as amended by amendment no. 1 dated as of March 21, 2019 (as amended, the “**Loan Agreement**”); and

B. The Borrower has requested certain amendments to the Loan Agreement as set forth herein and the Agent and the Lender have agreed to so amend the Loan Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Definitions

All capitalized terms used but not defined herein shall have the respective meanings given to them in the Loan Agreement.

2. Amendments

(a) Effective as of the Amendment 2 Effective Date (as defined below), Section 1.01 of the Loan Agreement is amended as follows:

(i) The definition of Maturity Date is deleted in its entirety and replaced with:

“**Maturity Date**” means the earlier of (i) March 31, 2021, and (ii) the date on which the outstanding principal amount of the Credit Facilities becomes due and payable in full, whether upon voluntary prepayment under Section 5.04 or mandatory prepayment pursuant to Section 9.02.

(ii) The following definition is added:

“**Amendment 2 Effective Date**” has the meaning set forth in Amendment No. 2 to this Agreement made as of June 17, 2020 among the Obligor, the Agent and the Lender.

(b) Effective as of the Amendment 2 Effective Date (as defined below), Section 4.02 of the Loan Agreement is amended to add a new clause (f), as follows:

- (f) The Borrower will pay the Agent on the Amendment 2 Effective Date a non-refundable work fee in the amount of 0.90% of the Credit Facilities plus applicable Taxes.
- (c) Effective as of August 1, 2020, the applicable interest rates set out Section 4.03 of the Loan Agreement shall be replaced as follows:
- (a) In Subsection 4.03(a) the interest rate of "BMO Prime plus 12.0%" shall be deleted and replaced by the interest rate of "BMO Prime plus 14.0%" and such subsection shall otherwise remain the same.
- (c) In subsection 4.03(c) the following chart setting out applicable margin shall be deleted:

L3M Average Production Volume (WMT)	Applicable Margin (% per annum)
≤ 7,500	12.0%
> 7,500 and ≤ 10,000	10.0%
> 10,000	9.0%

and shall be replaced with following chart setting out applicable margin as of August 1, 2020:

L3M Average Production Volume (WMT)	Applicable Margin (% per annum)
≤ 7,500	14.0%
> 7,500 and ≤ 10,000	12.0%
> 10,000	11.0%

and such Subsection 4.03(c) shall otherwise remain the same.

3. Representation and Warranties and Defaults or Events of Default

In order to induce the Agent and the Lender to enter into this Agreement, the Borrower:

- (a) confirms and agrees that, subject to the receipt of the consents of TCII and HSBC Bank Canada contemplated in Section 4(d) and except as disclosed in Schedule I to this Agreement, all of the representations and warranties of the Borrower contained in Article 7 of the Loan Agreement are true and correct on and as of the date hereof as though made on and as the date hereof; and
- (b) represents and warrants that no Default or Event of Default has occurred that is continuing. Such representation and warranty shall survive the execution and delivery of this Agreement.

4. Effectiveness

This amendments to the Loan Agreement provided for in this Agreement shall become effective as of the first date (such date being referred to as the “**Amendment 2 Effective Date**”) that each of the following conditions precedent shall have been satisfied or waived by the Agent (provided that the condition in clause (d) below shall not be waived without the prior written consent of the Borrower):

- (a) the Agent shall have received this Agreement, executed and delivered by a duly authorized officer or signatory of each Obligor;
- (b) the Agent shall have received management prepared financial forecasts, in a form acceptable to the Agent acting reasonably and in good faith, confirming that the Borrower’s capital requirements to March 31, 2021 are equal to or less than \$10,000,000;
- (c) the Agent will have received evidence that Golden Gate Capital Opportunity Fund LP has a binding commitment to fund the Borrower in the amount of up to \$10,000,000 (inclusive of amounts already funded by Golden Gate Capital Opportunity Fund LP on or after June 10, 2020), such funding to be available until March 31, 2021 for the purpose of completing the St. Lawrence Fluorspar Project and funding the working capital requirements of the Borrower;
- (d) the Agent shall have received a consent to this Agreement with respect to the payment of the work fees contemplated by Section 2(b) of this Agreement and the increase in interest rates contemplated by Section 2(c) of this Agreement, executed and delivered by each of TCII and HSBC Bank Canada pursuant to the amended and restated intercreditor agreement dated as of May 25, 2018, as amended, between the Obligors, the Agent (on its own behalf and as agent for the Lender), TCII and HSBC Bank Canada, which consent shall be in form and substance satisfactory to the Agent, acting reasonably; and
- (e) the Agent shall have received a certificate of the Borrower confirming the representations and warranties of the Borrower in Article 7 of the Loan Agreement continue to be true and correct in all material respects as of the Amendment 2 Effective Date, in each case except as disclosed in Schedule I to this Agreement, and certifying that, as of the Amendment 2 Effective Date, no event has occurred and is continuing or would result from the consummation of this Agreement that would constitute a Default or an Event of Default.

5. Waiver

The Agent and the Lender hereby irrevocably waive the obligation of the Borrower pursuant to Section 8.04 of the Loan Agreement to cause to be prepared and delivered to the Agent the annual audited consolidated financial statements of the Guarantor for the year ended December 31, 2019 within 120 days after the end of such Fiscal Year, provided that such annual audited consolidated financial statements are delivered to the Agent within 10 Business Days following the Amendment 2 Effective Date.

6. Confirmation

(a) The Obligors, the Agent and the Lender acknowledge, confirm and agree that, except as specifically provided herein, nothing in this Agreement waives, amends or otherwise alters the Loan Agreement, the other Loan Documents or the rights and remedies of the Agent and the Lender thereunder or under applicable Law, all of which remain in full force and effect. The amendments referred to herein apply only to the specific subject matter thereof, and nothing herein shall constitute an amendment or waiver of, consent to, or shall in any manner affect any of the rights and remedies of the Agent or the Lender with respect to any other matter.

(b) Each of the Obligors agrees to comply with all of its Obligations under the Loan Agreement as amended by this Agreement and confirms that all Security Documents and other Loan Documents given by it as security for its Obligations remain in full force and effect in accordance with their respective terms and continue to support all of the Borrower's Obligations to the Agent and the Lenders subject to the terms thereof. For greater certainty, subject to the terms thereof, each Obligor that has previously executed and delivered a Security Document acknowledges and confirms that each such Security Document secures the Obligations of such Obligor under and in connection with the Loan Agreement as amended by this Agreement and all other relevant Loan Documents. Without limiting the foregoing, the Guarantor agrees that its guarantee dated January 31, 2017, as amended, in favour of the Secured Parties and any other Security Documents of such Guarantor remain in full force and effect and the execution and delivery of this Agreement shall in no way reduce, impair or discharge any Guaranteed Obligations (as defined in the guarantee of such Guarantor).

7. Miscellaneous

(a) The Borrower agrees to pay on demand all reasonable, documented costs and expenses of the Agent in connection with the preparation, negotiation, execution, and administration of this Agreement, including the reasonable fees and expenses of counsel for the Agent, up to a maximum of \$15,000 plus any applicable HST.

(b) The Loan Agreement and the other Loan Documents shall be read and construed throughout so as to incorporate the provisions of this Agreement.

(c) This Agreement will be construed in accordance with the laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein and will be treated in all respects as a Newfoundland and Labrador contract.

(d) The parties hereto shall from time to time do all such further acts and things and execute and deliver all such documents as are required in order to effect the full intent of and fully perform and carry out the terms of this Agreement.

(e) This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns, and shall enure to the benefit of the parties hereto and their respective successors and permitted assign.

(f) If any provision of this Agreement is determined by any court of competent jurisdiction to be illegal or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially

adverse to either of the parties. Any provision of this Agreement which is illegal or unenforceable will be ineffective only to the extent of such illegality or unenforceability, without invalidating the remaining provisions hereof.

(g) This Agreement may be executed in any number of counterparts, and by the any of the parties hereto in separate counterparts, each of which will be an original, but all of which will, taken together, constitute one and the same agreement. The parties hereby acknowledge and agree that facsimile and electronic signatures of this Agreement will have the same force and effect as original signatures.

[Signature pages follow]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

BORROWER:

Address: Suite 700, 140 Water Street
St. John's, NL
A1C 6J4

Attention: Casey Walsh

Facsimile: 709-873-3335

Email: cwalsh@canadafluorspar.com

CANADA FLUORSPAR (NL) INC.

By: 
Name: CASEY WALSH
Title: DIRECTOR

CO-COVENANTOR:

Address: Suite 700, 140 Water Street
St. John's, NL
A1C 6J4

Attention: Casey Walsh

Facsimile: 709-873-3335

Email: cwalsh@canadafluorspar.com

**NEWSPAR, by its partners, CANADA
FLUORSPAR (NL) INC. and CFI
NEWSPAR HOLDINGS INC.**

CFI NEWSPAR HOLDINGS INC.

By: 
Name: CASEY WALSH
Title: DIRECTOR

CANADA FLUORSPAR (NL) INC.

By: 
Name: CASEY WALSH
Title: DIRECTOR

GUARANTOR:

Address: Suite 700, 140 Water Street
St. John's, NL
A1C 6J4

Attention: Casey Walsh

Facsimile: 709-873-3335

Email: cwalsh@canadafluorspar.com

CANADA FLUORSPAR INC.

By: 
Name: CASEY WALSH
Title: DIRECTOR

AGENT:

Address: 77 King Street West, Suite 2925
P.O. Box 322
Toronto, Ontario M5K 1K7

Attention: Graham Marr

Facsimile: 1-888-920-9599

Email: gmarr@bridgingfinance.ca

BRIDGING FINANCE INC.

By: 
Name: Graham Marr
Title: Portfolio Manager

LENDER:

Address: 77 King Street West, Suite 2925
P.O. Box 322
Toronto, Ontario M5K 1K7

Attention: Graham Marr

Facsimile: 1-888-920-9599

Email: gmarr@bridgingfinance.ca

**SPROTT BRIDGING INCOME FUND LP,
by its Agent, Bridging Finance Inc.**

By: 
Name: Graham Marr
Title: Portfolio Manager

Schedule I

Disclosures and Exceptions to Representations and Warranties

1. The representation and warranty in Section 7.01(b) of the Loan Agreement is qualified by the fact that CF AZ Holdings Inc. may sell its interest in Acoustic Zoom Inc. for nominal consideration.
2. The representations and warranties in Sections 7.01(h) and 7.01(i) of the Loan Agreement are qualified by the fact that the Borrower and the Guarantor have granted security over their assets, including all of the equity interests of the Borrower, to Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Tourism, Culture, Industry and Innovation, and HSBC Bank Canada.
3. Schedule D, as referenced in Section 7.01(m) of the Loan Agreement, is amended to refer to the following insurance policies:

Policy Type	Insurer	Policy No.	Effective	Expiry
PACKAGE	RSA	COM80050213 4	01-Mar-20	01-Mar-21
PROPERTY / BOILER & MACHINERY (EQUIPMENT BREAKDOWN)	Allianz	CAE00040418 B	30-Nov-19	30-Nov-20
DIRECTORS' & OFFICERS' LIABILITY	Liberty Mutual	C444744318A	08-Sep-19	08-Sep-20
CRIME	Liberty Mutual	C444744318B	08-Sep-19	08-Sep-20
COMMERCIAL GENERAL LIABILITY	Lloyd's (via Price Forbes)	IC1900360	30-Nov-19	30-Nov-20

4. Schedule E, as referenced in Section 7.01(u) of the Loan Agreement, is amended to refer to the following claim:

The Borrower is aware of a claim by Cox's Construction Limited against the Borrower in the amount of \$1,497,638.24 for unpaid invoices for equipment and operation services provided to the St. Lawrence Fluorspar Project. The Borrower disputes the amount claimed by the plaintiff. A Statement of Claim has been issued by the Supreme Court of Newfoundland and Labrador, but not yet served on the Borrower.

Canada Fluorspar (NL) Inc.
P.O. Box 337
1 Clarke's Pond Road
St. Lawrence, NL
A0E 2V0



Tel: (709) 873-3331 Fax: (709) 873-3335

June 17, 2020

HSBC Bank Canada
205 Water Street
St. John's, NL A1C 1B4

Attention: James Bowne

Dear Mr. Bowne:

Re: Consent under CFI Loan Documents

We refer to (i) the facility letter dated as of August 28, 2018, as amended as of February 27, 2020 (the "**Facility Letter**"), between HSBC Bank Canada (the "**Bank**"), as lender, Canada Fluorspar (NL) Inc. ("**CFI**"), as borrower, and Newspar and Canada Fluorspar Inc. (collectively with CFI, the "**CFI Parties**"), as guarantors, and (ii) the amended and restated intercreditor agreement dated as of May 25, 2018, as amended (the "**Intercreditor Agreement**"), between Bridging Finance Inc., on its own behalf and as agent for Sprott Bridging Income Fund LP (together, "**Bridging**"), the Government of Newfoundland and Labrador, as represented by the Minister of Tourism, Culture, Industry and Innovation, the Bank and the CFI Parties. Capitalized terms used but not defined in this letter have the respective meanings given to them in the Facility Letter.

As you are aware, CFI has borrowed CAD 55,000,000 (plus capitalized interest thereon) from Bridging (the "**Bridging Loan**") pursuant to a second amended and restated loan agreement dated February 1, 2018 (the "**Bridging Loan Agreement**"), as amended by amendment no. 1 dated March 21, 2019. The Bridging Loan is scheduled to mature on July 31, 2020. Bridging has approved a second amendment to the Bridging Loan Agreement (the "**Amendment**") to, among other things, extend the maturity date to March 31, 2021 in exchange for a payment by CFI to Bridging of a work fee equal to 0.90% of the Bridging Loan plus applicable taxes (the "**Work Fee**") and an increase of 2% *per annum* to the interest rates payable by CFI on the Bridging Loan.

In connection with the Amendment, the CFI Parties hereby request the consent of the Bank to (i) pay the Work Fee to Bridging, and (ii) increase the interest rates payable by CFI on the Bridging Loan, in accordance with Section 3.3(a) of the Intercreditor Agreement and any relevant provisions of the Facility Letter or the other Loan Documents.

As you are also aware, the completion of the audited annual financial statements of Canada Fluorspar Inc. has been delayed pending completion of the Amendment, and the CFI Parties hereby request that you waive the obligation in Section 9(c) of the Facility Letter and any relevant provisions of the Loan Documents that CFI deliver to the Bank the annual audited consolidated financial statements of Canada Fluorspar Inc. for the year ended December 31,



Canada Fluorspar (NL) Inc.

2019 within 90 days after the end of that fiscal year (the "2019 Audited Financial Statement Requirement"), provided that such audited annual consolidated financial statements are delivered to the Bank by the earlier of (a) 10 Business Days following the effective date of the Amendment and (b) July 31, 2020.

Time is of the essence in this matter and, as such, we kindly request that you confirm your consent on or before June 22, 2020.

We trust the above is satisfactory; however, if there are any questions or concerns please contact the undersigned.

Yours truly,

Casey Walsh
Chief Financial Officer

The undersigned hereby (a) consents to the Amendment and to the CFI Parties (i) paying the Work Fee to Bridging in connection with the Amendment, and (ii) increasing the interest rates payable by CFI on the Bridging Loan, and (b) irrevocably waives the 2019 Audited Financial Statement Requirement, provided that such audited annual consolidated financial statements are delivered to the Bank by the earlier of (i) 10 Business Days following the effective date of the Amendment and (ii) July 31, 2020. This consent and waiver is for the benefit of the CFI Parties and Bridging and their respective successors and assigns and may be relied upon when delivered (including by email or .pdf format).

DATED as of June 23, 2020, 2020.

HSBC BANK CANADA

By: James Bowne
James Bowne (Jun 23, 2020 10:16 GMT-2.5)

Name: James Bowne

Title: AVP Corporate Banking

By: Karen Shaw
Karen Shaw (Jun 23, 2020 14:03 GMT-2.5)

Name: Karen Shaw

Title: Relationship Manager, Corporate Banking

Canada Fluorspar (NL) Inc.
P.O. Box 337
1 Clarke's Pond Road
St. Lawrence, NL
A0E 2V0



Tel: (709) 873-3331 Fax: (709) 873-3335

June 17, 2020

Government of Newfoundland and Labrador
Department of Tourism, Culture, Industry and Innovation
P.O. Box 8700, 2nd Floor
Confederation Building (West Block)
St. John's, NL A1B 4J6

Attention: Hon. Bernard Davis

Dear Minister:

Re: Consent under CFI Loan Agreement

We refer to (i) the loan agreement dated as of March 30, 2017, as amended (the "**Loan Agreement**"), between the Government of Newfoundland and Labrador, as represented by the Minister of Tourism, Culture, Industry and Innovation (the "**Government**"), as lender, and Canada Fluorspar (NL) Inc. ("**CFI**"), Newspar and Canada Fluorspar Inc. (collectively, the "**CFI Parties**"), as borrowers, and (ii) the amended and restated intercreditor agreement dated as of May 25, 2018, as amended (the "**Intercreditor Agreement**"), between Bridging Finance Inc., on its own behalf and as agent for Sprott Bridging Income Fund LP (together, "**Bridging**"), the Government, HSBC Bank Canada and the CFI Parties. Capitalized terms used but not defined in this letter have the respective meanings given to them in the Loan Agreement.

As you are aware, CFI has borrowed \$55,000,000 (plus capitalized interest thereon) from Bridging (the "**Bridging Loan**") pursuant to a second amended and restated loan agreement dated February 1, 2018 (the "**Bridging Loan Agreement**"), as amended by amendment no. 1 dated March 21, 2019. The Bridging Loan is scheduled to mature on July 31, 2020. Bridging has approved a second amendment to the Bridging Loan Agreement (the "**Amendment**") to, among other things, extend the maturity date to March 31, 2021 in exchange for a payment by CFI to Bridging of a work fee equal to 0.90% of the Bridging Loan plus applicable taxes (the "**Work Fee**") and an increase of 2% *per annum* to the interest rates payable by CFI on the Bridging Loan.

In connection with the Amendment, the CFI Parties hereby request the consent of the Government to (i) pay the Work Fee to Bridging, and (ii) increase the interest rates payable by CFI on the Bridging Loan, in accordance with Section 3.3(a) of the Intercreditor Agreement and any relevant provisions of the Loan Agreement or the other loan or security documents between the Lender and the CFI Parties.

As you are also aware, the completion of the audited annual financial statements of Canada Fluorspar Inc. has been delayed pending completion of the Amendment, and the CFI Parties hereby request that you waive the obligation in Section 14 of the Loan Agreement and any



Canada Fluorspar (NL) Inc.

relevant provisions of the Loan Documents that CFI deliver to the Government the annual audited consolidated financial statements of Canada Fluorspar Inc. for the year ended December 31, 2019 within 120 days after the end of that fiscal year (the "2019 Audited Financial Statement Requirement"), provided that such audited annual consolidated financial statements are delivered to the Government by the earlier of (a) 10 Business Days following the effective date of the Amendment and (b) July 31, 2020.

As part of your consideration of our above request, we note that there is no expected impact on the timeline for CFI's repayment of the Government's loan which, in accordance with the Loan Agreement, matures on December 31, 2021.

Time is of the essence in this matter and, as such, we kindly request that you confirm your consent on or before June 22, 2020.

We trust the above is satisfactory; however, if there are any questions or concerns please contact the undersigned.

Yours truly,

Casey Walsh
Chief Financial Officer

The undersigned hereby (a) consents to the Amendment and to the CFI Parties (i) paying the Work Fee to Bridging in connection with the Amendment, and (ii) increasing the interest rates payable by CFI on the Bridging Loan, and (b) irrevocably waives the 2019 Audited Financial Statement Requirement, provided that such audited annual consolidated financial statements are delivered to the Government by the earlier of (i) 10 Business Days following the effective date of the Amendment and (ii) July 31, 2020. This consent is for the benefit of the CFI Parties and Bridging and their respective successors and assigns and may be relied upon when delivered (including by email or .pdf format).

DATED as of June 26, 2020.

HER MAJESTY IN RIGHT OF
NEWFOUNDLAND AND LABRADOR, as
represented by the Minister of Tourism,
Culture, Industry and Innovation

By:

Name: Charles W. Binns

Title: Deputy Minister

**AMENDMENT NO. 3 TO
SECOND AMENDED AND RESTATED LOAN AGREEMENT**

This amendment no. 3 (this “**Agreement**”) is made as of August 18th, 2021 between Canada Fluorspar (NL) Inc. (the “**Borrower**”), Newspar, by its partners Canada Fluorspar (NL) Inc. and CFI Newspar Holdings Inc. (the “**Co-Covenantor**”), Canada Fluorspar Inc. (the “**Guarantor**”), Bridging Finance Inc., as Agent (the “**Agent**”), and Sprott Bridging Income Fund LP, by its agent Bridging Finance Inc., as Lender (the “**Lender**”).

WHEREAS:

- A. The Borrower, the Co-Covenantor, the Guarantor, the Agent and the Lender are parties to a second amended and restated loan agreement dated as of February 1, 2018, as amended by amendment no. 1 dated as of March 21, 2019, amendment no. 2 dated as of June 17, 2020 and a letter agreement dated as of March 30, 2021 (as amended, the “**Loan Agreement**”); and
- B. The Borrower has requested certain amendments to the Loan Agreement, a waiver of nonpayment of the loan on the Maturity Date and a further extension of the Maturity Date for the loan and the Agent and Lender have agreed to such waiver, extension and amendment of the Loan Agreement on the terms set out herein.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Definitions

All capitalized terms used but not defined herein shall have the respective meanings given to them in the Loan Agreement.

2. Amendments

- (a) Effective as of the Amendment 3 Effective Date (as defined below), Section 1.01 of the Loan Agreement is amended as follows:
 - (i) The definition of Maturity Date is deleted in its entirety and replaced with:
“**Maturity Date**” means
 - (a) where no written notice to extend the Maturity Date has been provided by the Borrower in accordance with Section 5.03, the earlier of (i) December 31, 2021, and (ii) the date on which the outstanding principal amount of the Credit Facilities becomes due and payable in full, whether upon voluntary prepayment under Section 5.04 or mandatory prepayment pursuant to Section 9.02; or
 - (b) where the Borrower has provided a written notice to the Agent in accordance with Section 5.03 to extend the Maturity Date, the earlier of (i) March 31, 2022, and (ii) the date on which the outstanding principal amount of the Credit Facilities becomes due

and payable in full, whether upon voluntary prepayment under Section 5.04 or mandatory prepayment pursuant to Section 9.02.

(ii) The following definitions are added:

"Additional Capitalized Interest" has the meaning set out in Section 4.03(f).

"Amendment 3 Effective Date" has the meaning set forth in Amendment No. 3 to this Agreement made as of August 18th, 2021 among the Obligors, the Agent and the Lender.

"Equity Commitment" means a binding commitment of Golden Gate to fund the Borrower in the amount of up to \$8,000,000.00 (inclusive of amounts already funded by Golden Gate Capital Opportunity Fund LP on or after May 1, 2021), such funding to be available for the purpose of completing the St. Lawrence Fluorspar Project and funding the working capital requirements of the Borrower and provided that all such funding is subordinate to the secured interests of the Agent, Lender, TCII and HSBC.

"Extension Notice Date" means the date on which the Borrower gives written notice to the Agent exercising of its option to extend the Maturity Date to March 31, 2022 under Section 5.03.

"HSBC" means HSBC Bank of Canada.

"HSBC Documents" has the meaning set out in the Intercreditor Agreement.

"Intercreditor Agreement" means the Amended and Restated Intercreditor Agreement dated May 25, 2018 between the Lender, the Agent, TCII, HSBC, the Borrower the Co-Covenantor and the Guarantor.

"Liquidity" means the aggregate of (i) the unencumbered cash balances (held as cash or a cash equivalent consisting of short-term liquid sovereign backed securities) in the Borrower's deposit accounts, (ii) the undrawn principal amount under the HSBC Facility, and (iii) the unfunded balance of the Equity Commitment, all calculated in Canadian dollars with (a) any deposit amounts or cash equivalents in United States dollars converted for this purpose to Canadian dollars using the daily exchange rate published by the Bank of Canada at or around 4:00 p.m. (Toronto time) on the immediately preceding Business Day and (b) any amounts measured under the HSBC Facility in United States dollars converted to Canadian dollars at the exchange rate specified in the HSBC Facility.

"Mandatory Cash Interest" has the meaning set out in Section 4.03(f).

"New PIK Interest Date" has the meaning set out in Section 4.03(f).

- (b) Effective as of the Amendment 3 Effective Date (as defined below), Section 4.02 of the Loan Agreement is amended to add a new clause (g), as follows:

- (g) The Borrower will pay the Agent on the Amendment 3 Effective Date a non-refundable work fee in the amount of 0.75% of the Credit Facilities plus applicable Taxes.

- (c) Effective as of the Amendment 3 Effective Date, Section 4.03 of the Loan Agreement is deleted in its entirety and replaced with:

“4.03 Interest”

- (a) Until the last day of the calendar month in which the Effective Date occurred, the Borrower paid to the Lender interest on the principal amount outstanding under the Credit Facilities at the rate of BMO Prime plus 12.0% per annum calculated and, subject to Section 4.03(b), payable in part on the last day of each month. Any changes in BMO Prime were effective as of the first day of the month following the rate change.
- (b) The Borrower was not required to make any cash payment to the Lender on account of accrued interest on the outstanding principal amount until March 31, 2018 (such date, the “**Interest Payment Date**”). Interest which accrued on the outstanding principal up to the Interest Payment Date was capitalized to the loan balance monthly on the last day of each month and such amounts shall accrue interest (all such capitalized interest, the “**Capitalized Interest**”). Commencing on the Interest Payment Date, interest which accrued on the aggregate outstanding principal amount of the Credit Facilities (including the Capitalized Interest) from such date was payable monthly in arrears on the last date of such month.
- (c) From and after the first day of the first calendar month commencing after the Effective Date until August 1, 2020, interest accrued on the aggregate outstanding principal amount of the Credit Facilities (including the Capitalized Interest) at a rate per annum equal to BMO Prime plus the Applicable Margin shown in following table (expressed in percent per annum) and was calculated and payable in arrears on the last day of each month.

L3M Average Production Volume (WMT)	Applicable Margin (% per annum)
≤ 7,500	12.0%
> 7,500 and ≤ 10,000	10.0%
> 10,000	9.0%

- (d) From and after August 1, 2020 until the last day of the calendar month in which the Amendment 3 Effective Date occurs, interest accrued on the aggregate outstanding principal amount of the Credit Facilities (including the Capitalized Interest and Additional Capitalized Interest) at a rate per

annum equal to BMO Prime plus the Applicable Margin shown in following table (expressed in percent per annum) and was calculated and payable in arrears on the last day of each month.

L3M Average Production Volume (WMT)	Applicable Margin (% per annum)
≤ 7,500	14.0%
> 7,500 and ≤ 10,000	12.0%
> 10,000	11.0%

- (e) From and after the first day of the first calendar month commencing after the Amendment 3 Effective Date, interest shall accrue on the aggregate outstanding principal amount of the Credit Facilities (including the Capitalized Interest) at a rate per annum equal to BMO Prime plus the Applicable Margin shown in following table (expressed in percent per annum) and shall be calculated and payable in arrears on the last day of each month.

L3M Average Production Volume (WMT)	Applicable Margin (% per annum)
≤ 7,500	16.0%
> 7,500 and ≤ 10,000	14.0%
> 10,000	13.0%

- (f) With respect to interest accruing on the outstanding principal amount of the Credit Facilities from and after April 1, 2021 (such date, the **"New PIK Interest Date"**), 20% of such interest (the **"Mandatory Cash Interest"**) shall be payable in cash monthly in arrears on the last date of such month (except that all such cash payments for the period from April 1, 2021 through July 31, 2021 shall be payable as a lump sum on the Amendment 3 Effective Date) and the Borrower shall not be required to make any interim cash payment to the Lender on account of the remaining 80% of such interest. All interest which accrues on the outstanding principal from and after the New PIK Interest Date that is not paid in cash by the last day of the month in which it accrues (being all interest other than the Mandatory Cash Interest) shall be capitalized to the loan balance monthly on the last day of each month and such amounts shall accrue interest (all such capitalized interest, the **"Additional Capitalized Interest"**).
- (g) The Applicable Margin was initially determined based on the L3M Average Production Volume specified in the monthly report for the last full calendar month ending prior to the Effective Date delivered by the Borrower to the Agent pursuant to Section 8.04(d)(iii) on or prior to the 25th day of the calendar month in which the Effective Date occurred. Thereafter, the Applicable Margin will be adjusted upon receipt by the

Agent of the relevant monthly report specifying the L3M Average Production Volume for subsequent months pursuant to Section 8.04(d)(iii), with effect as of the first day of the calendar month after such monthly report is received. Any changes in BMO Prime shall be effective as of the first day of the month following the rate change.

- (h) Without limiting any other rights or remedies of the Agent, the Agent shall have the right from time to time, but no more than two times per year, to audit or to appoint a third party to audit the monthly reports delivered by the Borrower pursuant to Section 4.03(g) and the reasonable, out-of-pocket costs of any such audit shall be borne by Borrower. The Agent shall promptly deliver to the Borrower a copy of the audit report for each such audit and the provisions of Section 12.10 shall apply in respect of each such audit. Should an audit disclose any discrepancies between the L3M Average Production Volume contained in any report(s) delivered by the Borrower and actual L3M Average Production Volume for such period(s) where such discrepancy would result in a higher Applicable Margin for any period(s), such higher Applicable Margin shall be deemed to apply with effect as of the first day of the calendar month after the original monthly report(s) was received, and the additional interest for such period(s) resulting from the adjustment of the Applicable Margin shall be due and payable 10 Business Days following the Borrower's receipt of the audit report for the applicable audit."
- (d) Effective as of the Amendment 3 Effective Date (as defined below), Section 5.03 of the Loan Agreement is deleted in its entirety and replaced with:

"Provided that there is no Event of Default ongoing and that TCII has extended the maturity date of the TCII Indebtedness to a date that is on or after March 31, 2022 (the "**TCII Extension**"), the Borrower has the option, upon written notice to the Agent enclosing evidence of the completion of the TCII Extension such notice received not less than thirty (30) days before December 31, 2021, to extend the Maturity Date to March 31, 2022."
- (e) Effective as of the Amendment 3 Effective Date (as defined below), Section 8.01 of the Loan Agreement is amended to add a new clause (u), as follows:

"(u) Liquidity. From and after the Amendment 3 Effective Date, the Borrower shall establish and maintain, at all times while any indebtedness remains owing to the Lender, Liquidity in the amount of not less than Cdn\$2,000,000 at all times. The Borrower shall deliver notice in writing to Agent's reasonable satisfaction, showing compliance with this Section by the 25th of each calendar month in respect of the preceding month and at any other time within 10 Business Days of being requested to provide such information by the Agent."
- (f) Effective as of the Amendment 3 Effective Date, Section 8.04(c) of the Loan Agreement relating to delivery of unaudited financial statements of the Borrower for its Fiscal Quarters within 45 days of the end of such Fiscal Quarters is deleted in its entirety.

- (g) Effective as of the Amendment 3 Effective Date, Schedule A to the Loan Agreement is amended to delete the reference therein to the Arkema Supply Agreement, Section 1.01 of the Loan Agreement is amended to delete the definition of "Arkema Supply Agreement" and all other references in the Loan Agreement to the Arkema Supply Agreement are deleted. The Agent and the Lender acknowledge and agree that the Arkema Supply Agreement shall not be a Material Project Agreement and its termination shall not constitute a Material Adverse Change or Material Adverse Effect.
- (h) Effective as of the Amendment 3 Effective Date (as defined below), Subsection 9.01(q) is amended to remove "; and" at the end of such Subsection and to replace it with "," and Subsection 9.01(r) is amended to remove "." at the end of such Subsection and replace it with "; and" and Section 9.01 of the Loan Agreement is amended to add a new clause (s), as follows:

"(s) There is the occurrence of any event of default under the HSBC Documents."

3. **Representation and Warranties and Defaults or Events of Default**

In order to induce the Agent and the Lender to enter into this Agreement, the Borrower:

- (a) confirms and agrees that, subject to the receipt of the consents of TCII and HSBC contemplated in Section 4(c) and except as disclosed in Schedule I to this Agreement, all of the representations and warranties of the Borrower contained in Article 7 of the Loan Agreement are true and correct on and as of the date hereof as though made on and as the date hereof; and
- (b) represents and warrants that no Default or Event of Default has occurred that is continuing, except for such Defaults or Events of Default as are waived pursuant to Section 5. Such representation and warranty shall survive the execution and delivery of this Agreement.

4. **Effectiveness**

This amendments to the Loan Agreement provided for in this Agreement shall become effective as of the first date (such date being referred to as the "**Amendment 3 Effective Date**") that each of the following conditions precedent (the "**Amendment 3 Conditions**") shall have been satisfied or waived by the Agent (provided that the condition in clause (c) below shall not be waived without the prior written consent of the Borrower) provided that such Amendment 3 Conditions must be met by the Borrower or waived by the Agent on or before the date that is 60 days after the date hereof or such later date as the Agent, in its sole discretion, determines (the "**Condition Date**"):

- (a) the Agent shall have received this Agreement, executed and delivered by a duly authorized officer or signatory of each Obligor;
- (b) the Agent will have received evidence of the Equity Commitment;
- (c) the Agent shall have received a consent to this Agreement with respect to the payment of the work fees contemplated by Section 2(b) of this Agreement, the

increase in interest rates contemplated by Section 2(c) of this Agreement, and the covenant to maintain Liquidity contemplated by Section 2(e) of this Agreement executed and delivered by each of TCII and HSBC pursuant to the Intercreditor Agreement, which consent shall be in form and substance satisfactory to the Agent, acting reasonably;

- (d) the Agent shall have received (i) a duly executed amendment to the Collateral Debenture perfecting the Agent's security over all after-acquired Mineral Titles and Surface Rights of the Borrower, including without limitation Surface Lease No. 158 (Water Lot 1) and Surface Lease No. 159 (Water Lot 2) both issued to the Borrower on April 17, 2021 (collectively, the "**After-Acquired Surface Rights**"), and (ii) a legal opinion covering corporate matters related to the borrower, title to the Mineral Titles and Surface Rights (including after-acquired rights) and with respect to the Agent and Lender's security over the assets of the Borrower from counsel to the Borrower in form and substance acceptable to the Agent;
- (e) the Agent shall have received a certificate of the Borrower confirming the representations and warranties of the Borrower in Article 7 of the Loan Agreement continue to be true and correct in all material respects as of the Amendment 3 Effective Date, in each case except as disclosed in Schedule I to this Agreement, and certifying that, as of the Amendment 3 Effective Date, no event has occurred and is continuing or would result from the consummation of this Agreement that would constitute a Default or an Event of Default, except for such Defaults or Events of Default as are waived pursuant to Section 5; and
- (f) the Borrower shall have paid the Mandatory Cash Interest for the period from April 1, 2021 through July 31, 2021 in full.

5. **Waiver and Forebearance**

- (a) The Agent and the Lender hereby irrevocably waive the obligations of the Borrower pursuant to Section 8.04 of the Loan Agreement to cause to be prepared and delivered to the Agent (i) the annual audited consolidated financial statements of the Guarantor for the year ended December 31, 2020 within 120 days after the end of such Fiscal Year, (ii) unaudited financial statements of the Borrower for its Fiscal Quarters within 45 days of the end of such Fiscal Quarters, and (iii) the monthly reports and financial statements required pursuant to Section 8.04(d) of the Loan Agreement for the period from April 1, 2021 through July 31, 2021 by the 25th day of the applicable month. The Borrower agrees to deliver (i) such annual audited consolidated financial statements to the Agent within three Business Days following the date such financial statements are available to the Borrower following determination by the Guarantor and its auditors of the appropriate treatment of the claim by Arkema France disclosed in Schedule I to this Agreement, and (ii) such monthly reports and financial statements within five Business Days of the Amendment 3 Effective Date.
- (b) The Agent, the Lender and the Obligors hereby acknowledge the failure of the Borrower to have met the obligations to (i) repay the outstanding principal amount of the Credit Facilities, including, without duplication, Capitalized Interest, together with all accrued and unpaid interest, fees and other amounts then

unpaid by it under the Credit Facilities in full on April 30, 2021, (ii) pay all interest, fees and other amounts accrued or accruing from April 1, 2021 to the Amendment 3 Effective Date when such amounts became due and payable under the Credit Facilities, and (iii) obtain consent for and deliver security over the After-Acquired Surface Rights to the Agent as required by the Collateral Debenture (the "**Defaults**"). The Agent and the Lender have agreed to forbear on taking any steps to exercise their security interest in the property, both real and personal, of the Borrower, which has been charged to the Agent and Lender as security for amounts owing under the Loan Agreement, SUBJECT TO the satisfaction of all of the all Amendment 3 Conditions by the Borrower on or before the Condition Date.

- (c) Effective on the Amendment 3 Effective Date, the Agent and the Lender shall be deemed to have irrevocably waived the Defaults.
- (d) This Agreement does not act as a waiver or forbearance of any other obligation or condition of the Loan Agreement or Security Documents.

6. Confirmation

- (a) The Obligors, the Agent and the Lender acknowledge, confirm and agree that, except as specifically provided herein, nothing in this Agreement waives, amends or otherwise alters the Loan Agreement, the other Loan Documents or the rights and remedies of the Agent and the Lender thereunder or under applicable Law, all of which remain in full force and effect. The amendments referred to herein apply only to the specific subject matter thereof, and nothing herein shall constitute an amendment or waiver of, consent to, or shall in any manner affect any of the rights and remedies of the Agent or the Lender with respect to any other matter.
- (b) Each of the Obligors agrees to comply with all of its Obligations under the Loan Agreement as amended by this Agreement and confirms that all Security Documents and other Loan Documents given by it as security for its Obligations remain in full force and effect in accordance with their respective terms and continue to support all of the Borrower's Obligations to the Agent and the Lenders subject to the terms thereof. For greater certainty, subject to the terms thereof, each Obligor that has previously executed and delivered a Security Document acknowledges and confirms that each such Security Document secures the Obligations of such Obligor under and in connection with the Loan Agreement as amended by this Agreement and all other relevant Loan Documents. Without limiting the foregoing, the Guarantor agrees that its guarantee dated January 31, 2017, as amended, in favour of the Secured Parties and any other Security Documents of such Guarantor remain in full force and effect and the execution and delivery of this Agreement shall in no way reduce, impair or discharge any Guaranteed Obligations (as defined in the guarantee of such Guarantor).

7. Miscellaneous

- (a) The Borrower agrees to pay on demand all reasonable, documented costs and expenses of the Agent in connection with the preparation, negotiation, execution,

and administration of this Agreement, including the reasonable fees and expenses of counsel for the Agent, up to a maximum of \$30,000 plus any applicable HST.

- (b) The Loan Agreement and the other Loan Documents shall be read and construed throughout so as to incorporate the provisions of this Agreement.
- (c) This Agreement will be construed in accordance with the laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein and will be treated in all respects as a Newfoundland and Labrador contract.
- (d) The parties hereto shall from time to time do all such further acts and things and execute and deliver all such documents as are required in order to effect the full intent of and fully perform and carry out the terms of this Agreement.
- (e) This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns, and shall enure to the benefit of the parties hereto and their respective successors and permitted assign.
- (f) If any provision of this Agreement is determined by any court of competent jurisdiction to be illegal or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either of the parties. Any provision of this Agreement which is illegal or unenforceable will be ineffective only to the extent of such illegality or unenforceability, without invalidating the remaining provisions hereof.
- (g) This Agreement may be executed in any number of counterparts, and by the any of the parties hereto in separate counterparts, each of which will be an original, but all of which will, taken together, constitute one and the same agreement. The parties hereby acknowledge and agree that facsimile and electronic signatures of this Agreement will have the same force and effect as original signatures.

[Signature pages follow]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

BORROWER:

Address: P.O. Box 337, 1 Clarke's Pond
Road,
St. Lawrence, NL A0E 2V0
Attention: Casey Walsh
Facsimile: 709-873-3335
Email: cwalsh@canadafluorspar.com

CANADA FLUORSPAR (NL) INC.

By: CWW
Name: Casey Walsh
Title: Director

CO-COVENANTOR:

Address: P.O. Box 337, 1 Clarke's Pond
Road,
St. Lawrence, NL A0E 2V0
Attention: Casey Walsh
Facsimile: 709-873-3335
Email: cwalsh@canadafluorspar.com

**NEWSPAR, by its partners, CANADA
FLUORSPAR (NL) INC. and CFI
NEWSPAR HOLDINGS INC.**

CFI NEWSPAR HOLDINGS INC.

By: CWW
Name: Casey Walsh
Title: Director

CANADA FLUORSPAR (NL) INC.

By: CWW
Name: Casey Walsh
Title: Director

GUARANTOR:

Address: P.O. Box 337, 1 Clarke's Pond
Road,
St. Lawrence, NL A0E 2V0
Attention: Casey Walsh
Facsimile: 709-873-3335
Email: cwalsh@canadafluorspar.com

CANADA FLUORSPAR INC.

By: CWW
Name: Casey Walsh
Title: Director

AGENT:

Address: 77 King Street West, Suite 2925
P.O. Box 322
Toronto, Ontario M5K 1K7

Attention: Graham Marr

Facsimile: 1-888-920-9599

Email: gmarr@bridgingfinance.ca

BRIDGING FINANCE INC.

PricewaterhouseCoopers Inc., in its capacity as receiver and manager
of Bridging Finance Inc. and its affiliated entities and not in its personal capacity

By: 

Name:

Graham Page, LIT
Vice President

Title:

LENDER:

Address: 77 King Street West, Suite 2925
P.O. Box 322
Toronto, Ontario M5K 1K7

Attention: Graham Marr

Facsimile: 1-888-920-9599

Email: gmarr@bridgingfinance.ca

**SPROTT BRIDGING INCOME FUND LP,
by its Agent, Bridging Finance Inc.**

PricewaterhouseCoopers Inc., in its capacity as receiver and manager
of Bridging Finance Inc. and its affiliated entities and not in its personal capacity

By: 

Name:

Graham Page, LIT
Vice President

Title:

Schedule I

Disclosures and Exceptions to Representations and Warranties

1. The representation and warranty in Section 7.01(b) of the Loan Agreement is qualified by the fact that CF AZ Holdings Inc. has sold its interest in Acoustic Zoom Inc. for nominal consideration.
2. The representations and warranties in Sections 7.01(h) and 7.01(i) of the Loan Agreement are qualified by the fact that the Borrower and the Guarantor have granted security over their assets, including all of the equity interests of the Borrower, to Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Tourism, Culture, Industry and Innovation, and HSBC Bank Canada.
3. Schedule D, as referenced in Section 7.01(m) of the Loan Agreement, is amended to refer to the following insurance policies:

Policy Type	Insurer	Policy No.	Effective	Expiry
PROPERTY / BOILER & MACHINERY (EQUIPMENT BREAKDOWN)	Allianz	CAE00040920B	30-Nov-20	30-Nov-21
DIRECTORS' & OFFICERS' LIABILITY	Liberty Mutual	DOTOABUCP6001	08-Sep-20	08-Sep-21
CRIME	Liberty Mutual	CMTOABUCP3001	08-Sep-20	08-Sep-21
COMMERCIAL GENERAL LIABILITY	Lloyd's (via Price Forbes)	IC2000360	30-Nov-20	30-Nov-21
TERMINAL OPERATIONS LIABILITY (MARINE)	TT Club (via Lockton)	MAHHZ2101883	12-Jul-21	12-Jul-22
CHARTERERS	Charterama	A02308-2020	27-Aug-20	27-Aug-21
PROTECTION & INDEMNITY (BARGE)	Standard Club	328793	20-Feb-20	27-Aug-21
REGISTERED VEHICLES	AVIVA Insurance Club of Canada	6541220649	21-Nov-20	21-Nov-21

4. Schedule E, as referenced in Section 7.01(u) of the Loan Agreement, is amended to refer to the following claims:
 - (a) Cox's Construction Limited ("Cox's") has filed a Statement of Claim with the Supreme Court of Newfoundland and Labrador (the "Court") against the Borrower in the amount of \$1,497,638.24 for unpaid invoices for equipment and

operation services provided to the St. Lawrence Fluorspar Project. Cox's has requested that the Court award the plaintiff summary judgment in the matter in part or in full, or in the alternative, direct that the matter, or part thereof, proceed by way of summary trial. The Borrower disputes the amount claimed by the plaintiff, has filed with the Court to oppose the application in its entirety and requests that the parties be ordered to proceed with pre-trial proceedings in the ordinary course.

- (b) Arkema France ("**Arkema**") has filed a Statement of Claim with the Ontario Superior Court of Justice against the Borrower and the Guarantor for damages for breach of contract in the amount of \$29,892,512 (plus interest and costs). In 2016, Arkema and CFI entered into the Arkema Supply Agreement, pursuant to which Arkema paid \$29,892,512 to the Borrower in exchange for the Borrower granting Arkema the ability to acquire fluorspar for a ten year period at a contractually mandated specification and pre-arranged prices. Arkema has purported to terminate the Arkema Supply Agreement and has demanded repayment of the funds it has advanced as a termination payment under the Arkema Supply Agreement. The Borrower and the Guarantor deny a breach of contract, state that the Borrower has been ready, willing and able to comply with its obligations under the Arkema Supply Agreement, and note that to date the Borrower has not received a purchase order nor a delivery schedule for fluorspar from Arkema. The Borrower and the Guarantor intend to file a statement of defense in due course.

- 5. The representations and warranties in Sections 7.01(k), 7.01(r) and 7.01(v) of the Loan Agreement are qualified by the disclosure in item 4(b) above with respect to the dispute with Arkema in respect of the Arkema Supply Agreement.

Canada Fluorspar (NL) Inc.
P.O. Box 337
St. Lawrence, NL
A0E 2V0

Tel: (709) 873-3331 Fax: (709) 873-3335



October 5, 2021

Government of Newfoundland and Labrador
Department of Industry, Energy and Technology
7th Floor, Natural Resources Building
50 Elizabeth Ave.
P.O. Box 8700
St. John's, NL A1B 4J6

Attention: Hon. Andrew Parsons, QC

Dear Minister:

Re: Consent under CFI Loan Agreement

We refer to (i) the loan agreement dated as of March 30, 2017, as amended (the "**Loan Agreement**"), between the Government of Newfoundland and Labrador, as represented by the Minister of Tourism, Culture, Industry and Innovation (now known as and succeeded by the Minister of Industry, Energy and Technology; the "**Government**"), as lender, and Canada Fluorspar (NL) Inc. ("**CFI**"), Newspar and Canada Fluorspar Inc. ("**CFI Parent**" and, collectively with CFI and Newspar, the "**CFI Parties**"), as borrowers, and (ii) the amended and restated intercreditor agreement dated as of May 25, 2018, as amended (the "**Intercreditor Agreement**"), between Bridging Finance Inc. (the "**Agent**"), on its own behalf and as agent for Sprott Bridging Income Fund LP (together, "**Bridging**"), the Government, HSBC Bank Canada and the CFI Parties. Capitalized terms used but not defined in this letter have the respective meanings given to them in the Loan Agreement.

As you are aware, CFI has borrowed CAD 55,000,000 (plus capitalized interest thereon) from Bridging (the "**Bridging Loan**") pursuant to a second amended and restated loan agreement dated February 1, 2018 (the "**Bridging Loan Agreement**"), as amended by amendment no. 1 dated March 21, 2019, amendment no. 2 dated June 17, 2020 and a letter agreement dated March 30, 2021. The Bridging Loan matured on April 30, 2021, however, Bridging and the CFI Parties have agreed to a third amendment to the Bridging Loan Agreement dated August 18, 2021 (the "**Amendment**") to, among other things, extend the maturity date to December 31, 2021, or alternatively to March 31, 2022 in the event that CFI satisfies certain conditions, and to capitalize 80% of all interest accruing on the Bridging Loan from and after April 1, 2021 (the "**Additional Capitalized Interest**"), in exchange for a payment by CFI to Bridging of a work fee equal to 0.75% of the Bridging Loan plus applicable taxes (the "**Work Fee**"), an increase

of 2% per annum to the interest rates payable by CFI on the Bridging Loan, and the addition of a financial covenant whereby CFI must establish and maintain at all times Liquidity (as defined in the Amendment) of not less than Cdn\$2,000,000 (the "**Liquidity Threshold**").

In connection with the Amendment, the CFI Parties hereby request the consent of the Government to (i) increase the principal amount of the Bridging Loan by the Additional Capitalized Interest, (ii) pay the Work Fee to Bridging, (iii) increase the interest rates payable by CFI on the Bridging Loan and (iv) covenant to establish and maintain the Liquidity Threshold, in accordance with Section 3.3(a) of the Intercreditor Agreement and any relevant provisions of the Loan Agreement or the other Loan Documents.

As you are also aware, the completion of the audited annual financial statements of Canada Fluorspar Inc. has been delayed pending completion of the Amendment and the determination of the appropriate treatment of the claim commenced by Arkema France in the Ontario Superior Court of Justice against CFI and CFI Parent in connection with the supply agreement dated April 18, 2016, as amended, between Arkema France, CFI and CFI Parent (the "**Arkema Litigation**"). The CFI Parties hereby request that you waive the obligation in Section 14 of the Loan Agreement and any relevant provisions of the Loan Documents that CFI deliver to the Government the annual audited consolidated financial statements of Canada Fluorspar Inc. for the year ended December 31, 2020 within 120 days after the end of that fiscal year (the "**2020 Audited Financial Statement Requirement**"), provided that such audited annual consolidated financial statements are delivered to the Government within three Business Days following the date such financial statements are available to CFI following determination by Canada Fluorspar Inc. and its auditors of the appropriate treatment of the Arkema Litigation.

Time is of the essence in this matter and, as such, we kindly request that you confirm your consent on or before October 8, 2021.

We trust the above is satisfactory; however, if there are any questions or concerns please contact the undersigned.

Yours truly,



Casey Walsh
Chief Financial Officer

The undersigned, as represented by the Minister of Industry, Energy and Technology, a successor to the Minister of Tourism, Culture, Industry and Innovation referenced above, hereby consents to the Amendment (which Amendment is attached hereto as Schedule A) and specifically to the CFI Parties (i) increasing the principal amount of the Bridging Loan by the Additional Capitalized Interest in accordance with section 2(c) of the Amendment, (ii) paying the Work Fee to Bridging in connection with the Amendment in accordance with section 2(b) of the Amendment, (iii) increasing the interest rates payable by CFI on the Bridging Loan in accordance with section 2(c) of the Amendment, and (iv) covenanting to establish and maintain the Liquidity Threshold in accordance with section 2(e) of the Amendment. This consent is for the benefit of the CFI Parties and Bridging and their respective successors and permitted assigns and may be relied upon when delivered (including by email or .pdf format).

This consent also confirms that the Government is not providing its consent in respect of other matters and is not waiving any of its rights in respect of the Loan Agreement or any agreement it has or may have either with CFI Parties, or under law.

Notwithstanding above, the Government acknowledges that the failure of CFI to strictly comply with its obligations to pay interest in accordance with sections 5(a), 5(b) and 13(i) of the Loan Agreement and to deliver certain 2020 financial statements in accordance with sections 5(b)(iv), 14(d) and 14(e) of the Loan Agreement is not considered a default or an Event of Default under the Loan Agreement until the Government provides CFI at least 30 calendar days' notice of the termination of this forbearance.

DATED as at _____ October 18 _____, 2021.

**HER MAJESTY IN RIGHT OF
NEWFOUNDLAND AND LABRADOR, as
represented by the Minister of Industry,
Energy and Technology**

By: _____

Name: _____

Title: _____

Schedule A - Amendment

**AMENDMENT NO. 3 TO
SECOND AMENDED AND RESTATED LOAN AGREEMENT**

This amendment no. 3 (this "**Agreement**") is made as of August 18th, 2021 between Canada Fluorspar (NL) Inc. (the "**Borrower**"), Newspar, by its partners Canada Fluorspar (NL) Inc. and CFI Newspar Holdings Inc. (the "**Co-Covenantor**"), Canada Fluorspar Inc. (the "**Guarantor**"), Bridging Finance Inc., as Agent (the "**Agent**"), and Sprott Bridging Income Fund LP, by its agent Bridging Finance Inc., as Lender (the "**Lender**").

WHEREAS:

- A. The Borrower, the Co-Covenantor, the Guarantor, the Agent and the Lender are parties to a second amended and restated loan agreement dated as of February 1, 2018, as amended by amendment no. 1 dated as of March 21, 2019, amendment no. 2 dated as of June 17, 2020 and a letter agreement dated as of March 30, 2021 (as amended, the "**Loan Agreement**"); and
- B. The Borrower has requested certain amendments to the Loan Agreement, a waiver of nonpayment of the loan on the Maturity Date and a further extension of the Maturity Date for the loan and the Agent and Lender have agreed to such waiver, extension and amendment of the Loan Agreement on the terms set out herein.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Definitions

All capitalized terms used but not defined herein shall have the respective meanings given to them in the Loan Agreement.

2. Amendments

- (a) Effective as of the Amendment 3 Effective Date (as defined below), Section 1.01 of the Loan Agreement is amended as follows:

- (i) The definition of Maturity Date is deleted in its entirety and replaced with:

"Maturity Date" means

- (a) where no written notice to extend the Maturity Date has been provided by the Borrower in accordance with Section 5.03, the earlier of (i) December 31, 2021, and (ii) the date on which the outstanding principal amount of the Credit Facilities becomes due and payable in full, whether upon voluntary prepayment under Section 5.04 or mandatory prepayment pursuant to Section 9.02; or
 - (b) where the Borrower has provided a written notice to the Agent in accordance with Section 5.03 to extend the Maturity Date, the earlier of (i) March 31, 2022, and (ii) the date on which the outstanding principal amount of the Credit Facilities becomes due

and payable in full, whether upon voluntary prepayment under Section 5.04 or mandatory prepayment pursuant to Section 9.02.

(ii) The following definitions are added:

"Additional Capitalized Interest" has the meaning set out in Section 4.03(f).

"Amendment 3 Effective Date" has the meaning set forth in Amendment No. 3 to this Agreement made as of August 18th, 2021 among the Obligors, the Agent and the Lender.

"Equity Commitment" means a binding commitment of Golden Gate to fund the Borrower in the amount of up to \$8,000,000.00 (inclusive of amounts already funded by Golden Gate Capital Opportunity Fund LP on or after May 1, 2021), such funding to be available for the purpose of completing the St. Lawrence Fluorspar Project and funding the working capital requirements of the Borrower and provided that all such funding is subordinate to the secured interests of the Agent, Lender, TCII and HSBC.

"Extension Notice Date" means the date on which the Borrower gives written notice to the Agent exercising of its option to extend the Maturity Date to March 31, 2022 under Section 5.03.

"HSBC" means HSBC Bank of Canada.

"HSBC Documents" has the meaning set out in the Intercreditor Agreement.

"Intercreditor Agreement" means the Amended and Restated Intercreditor Agreement dated May 25, 2018 between the Lender, the Agent, TCII, HSBC, the Borrower the Co-Covenantor and the Guarantor.

"Liquidity" means the aggregate of (i) the unencumbered cash balances (held as cash or a cash equivalent consisting of short-term liquid sovereign backed securities) in the Borrower's deposit accounts, (ii) the undrawn principal amount under the HSBC Facility, and (iii) the unfunded balance of the Equity Commitment, all calculated in Canadian dollars with (a) any deposit amounts or cash equivalents in United States dollars converted for this purpose to Canadian dollars using the daily exchange rate published by the Bank of Canada at or around 4:00 p.m. (Toronto time) on the immediately preceding Business Day and (b) any amounts measured under the HSBC Facility in United States dollars converted to Canadian dollars at the exchange rate specified in the HSBC Facility.

"Mandatory Cash Interest" has the meaning set out in Section 4.03(f).

"New PIK Interest Date" has the meaning set out in Section 4.03(f).

- (b) Effective as of the Amendment 3 Effective Date (as defined below), Section 4.02 of the Loan Agreement is amended to add a new clause (g), as follows:

- (g) The Borrower will pay the Agent on the Amendment 3 Effective Date a non-refundable work fee in the amount of 0.75% of the Credit Facilities plus applicable Taxes.

- (c) Effective as of the Amendment 3 Effective Date, Section 4.03 of the Loan Agreement is deleted in its entirety and replaced with:

"4.03 Interest

- (a) Until the last day of the calendar month in which the Effective Date occurred, the Borrower paid to the Lender interest on the principal amount outstanding under the Credit Facilities at the rate of BMO Prime plus 12.0% per annum calculated and, subject to Section 4.03(b), payable in part on the last day of each month. Any changes in BMO Prime were effective as of the first day of the month following the rate change.
- (b) The Borrower was not required to make any cash payment to the Lender on account of accrued interest on the outstanding principal amount until March 31, 2018 (such date, the "**Interest Payment Date**"). Interest which accrued on the outstanding principal up to the Interest Payment Date was capitalized to the loan balance monthly on the last day of each month and such amounts shall accrue interest (all such capitalized interest, the "**Capitalized Interest**"). Commencing on the Interest Payment Date, interest which accrued on the aggregate outstanding principal amount of the Credit Facilities (including the Capitalized Interest) from such date was payable monthly in arrears on the last date of such month.
- (c) From and after the first day of the first calendar month commencing after the Effective Date until August 1, 2020, interest accrued on the aggregate outstanding principal amount of the Credit Facilities (including the Capitalized Interest) at a rate per annum equal to BMO Prime plus the Applicable Margin shown in following table (expressed in percent per annum) and was calculated and payable in arrears on the last day of each month.

L3M Average Production Volume (WMT)	Applicable Margin (% per annum)
≤ 7,500	12.0%
> 7,500 and ≤ 10,000	10.0%
> 10,000	9.0%

- (d) From and after August 1, 2020 until the last day of the calendar month in which the Amendment 3 Effective Date occurs, interest accrued on the aggregate outstanding principal amount of the Credit Facilities (including the Capitalized Interest and Additional Capitalized Interest) at a rate per

annum equal to BMO Prime plus the Applicable Margin shown in following table (expressed in percent per annum) and was calculated and payable in arrears on the last day of each month.

L3M Average Production Volume (WMT)	Applicable Margin (% per annum)
≤ 7,500	14.0%
> 7,500 and ≤ 10,000	12.0%
> 10,000	11.0%

- (e) From and after the first day of the first calendar month commencing after the Amendment 3 Effective Date, interest shall accrue on the aggregate outstanding principal amount of the Credit Facilities (including the Capitalized Interest) at a rate per annum equal to BMO Prime plus the Applicable Margin shown in following table (expressed in percent per annum) and shall be calculated and payable in arrears on the last day of each month.

L3M Average Production Volume (WMT)	Applicable Margin (% per annum)
≤ 7,500	16.0%
> 7,500 and ≤ 10,000	14.0%
> 10,000	13.0%

- (f) With respect to interest accruing on the outstanding principal amount of the Credit Facilities from and after April 1, 2021 (such date, the **"New PIK Interest Date"**), 20% of such interest (the **"Mandatory Cash Interest"**) shall be payable in cash monthly in arrears on the last date of such month (except that all such cash payments for the period from April 1, 2021 through July 31, 2021 shall be payable as a lump sum on the Amendment 3 Effective Date) and the Borrower shall not be required to make any interim cash payment to the Lender on account of the remaining 80% of such interest. All interest which accrues on the outstanding principal from and after the New PIK Interest Date that is not paid in cash by the last day of the month in which it accrues (being all interest other than the Mandatory Cash Interest) shall be capitalized to the loan balance monthly on the last day of each month and such amounts shall accrue interest (all such capitalized interest, the **"Additional Capitalized Interest"**).
- (g) The Applicable Margin was initially determined based on the L3M Average Production Volume specified in the monthly report for the last full calendar month ending prior to the Effective Date delivered by the Borrower to the Agent pursuant to Section 8.04(d)(iii) on or prior to the 25th day of the calendar month in which the Effective Date occurred. Thereafter, the Applicable Margin will be adjusted upon receipt by the

Agent of the relevant monthly report specifying the L3M Average Production Volume for subsequent months pursuant to Section 8.04(d)(iii), with effect as of the first day of the calendar month after such monthly report is received. Any changes in BMO Prime shall be effective as of the first day of the month following the rate change.

- (h) Without limiting any other rights or remedies of the Agent, the Agent shall have the right from time to time, but no more than two times per year, to audit or to appoint a third party to audit the monthly reports delivered by the Borrower pursuant to Section 4.03(g) and the reasonable, out-of-pocket costs of any such audit shall be borne by Borrower. The Agent shall promptly deliver to the Borrower a copy of the audit report for each such audit and the provisions of Section 12.10 shall apply in respect of each such audit. Should an audit disclose any discrepancies between the L3M Average Production Volume contained in any report(s) delivered by the Borrower and actual L3M Average Production Volume for such period(s) where such discrepancy would result in a higher Applicable Margin for any period(s), such higher Applicable Margin shall be deemed to apply with effect as of the first day of the calendar month after the original monthly report(s) was received, and the additional interest for such period(s) resulting from the adjustment of the Applicable Margin shall be due and payable 10 Business Days following the Borrower's receipt of the audit report for the applicable audit."
- (d) Effective as of the Amendment 3 Effective Date (as defined below), Section 5.03 of the Loan Agreement is deleted in its entirety and replaced with:

"Provided that there is no Event of Default ongoing and that TCII has extended the maturity date of the TCII Indebtedness to a date that is on or after March 31, 2022 (the "**TCII Extension**"), the Borrower has the option, upon written notice to the Agent enclosing evidence of the completion of the TCII Extension such notice received not less than thirty (30) days before December 31, 2021, to extend the Maturity Date to March 31, 2022."
- (e) Effective as of the Amendment 3 Effective Date (as defined below), Section 8.01 of the Loan Agreement is amended to add a new clause (u), as follows:

"(u) Liquidity. From and after the Amendment 3 Effective Date, the Borrower shall establish and maintain, at all times while any indebtedness remains owing to the Lender, Liquidity in the amount of not less than Cdn\$2,000,000 at all times. The Borrower shall deliver notice in writing to Agent's reasonable satisfaction, showing compliance with this Section by the 25th of each calendar month in respect of the preceding month and at any other time within 10 Business Days of being requested to provide such information by the Agent."
- (f) Effective as of the Amendment 3 Effective Date, Section 8.04(c) of the Loan Agreement relating to delivery of unaudited financial statements of the Borrower for its Fiscal Quarters within 45 days of the end of such Fiscal Quarters is deleted in its entirety.

- (g) Effective as of the Amendment 3 Effective Date, Schedule A to the Loan Agreement is amended to delete the reference therein to the Arkema Supply Agreement, Section 1.01 of the Loan Agreement is amended to delete the definition of "Arkema Supply Agreement" and all other references in the Loan Agreement to the Arkema Supply Agreement are deleted. The Agent and the Lender acknowledge and agree that the Arkema Supply Agreement shall not be a Material Project Agreement and its termination shall not constitute a Material Adverse Change or Material Adverse Effect.
- (h) Effective as of the Amendment 3 Effective Date (as defined below), Subsection 9.01(q) is amended to remove "; and" at the end of such Subsection and to replace it with "," and Subsection 9.01(r) is amended to remove "." at the end of such Subsection and replace it with "; and" and Section 9.01 of the Loan Agreement is amended to add a new clause (s), as follows:

"(s) There is the occurrence of any event of default under the HSBC Documents."

3. Representation and Warranties and Defaults or Events of Default

In order to induce the Agent and the Lender to enter into this Agreement, the Borrower:

- (a) confirms and agrees that, subject to the receipt of the consents of TCII and HSBC contemplated in Section 4(c) and except as disclosed in Schedule I to this Agreement, all of the representations and warranties of the Borrower contained in Article 7 of the Loan Agreement are true and correct on and as of the date hereof as though made on and as the date hereof; and
- (b) represents and warrants that no Default or Event of Default has occurred that is continuing, except for such Defaults or Events of Default as are waived pursuant to Section 5. Such representation and warranty shall survive the execution and delivery of this Agreement.

4. Effectiveness

This amendments to the Loan Agreement provided for in this Agreement shall become effective as of the first date (such date being referred to as the "**Amendment 3 Effective Date**") that each of the following conditions precedent (the "**Amendment 3 Conditions**") shall have been satisfied or waived by the Agent (provided that the condition in clause (c) below shall not be waived without the prior written consent of the Borrower) provided that such Amendment 3 Conditions must be met by the Borrower or waived by the Agent on or before the date that is 60 days after the date hereof or such later date as the Agent, in its sole discretion, determines (the "**Condition Date**"):

- (a) the Agent shall have received this Agreement, executed and delivered by a duly authorized officer or signatory of each Obligor;
- (b) the Agent will have received evidence of the Equity Commitment;
- (c) the Agent shall have received a consent to this Agreement with respect to the payment of the work fees contemplated by Section 2(b) of this Agreement, the

increase in interest rates contemplated by Section 2(c) of this Agreement, and the covenant to maintain Liquidity contemplated by Section 2(e) of this Agreement executed and delivered by each of TCII and HSBC pursuant to the Intercreditor Agreement, which consent shall be in form and substance satisfactory to the Agent, acting reasonably;

- (d) the Agent shall have received (i) a duly executed amendment to the Collateral Debenture perfecting the Agent's security over all after-acquired Mineral Titles and Surface Rights of the Borrower, including without limitation Surface Lease No.158 (Water Lot 1) and Surface Lease No. 159 (Water Lot 2) both issued to the Borrower on April 17, 2021 (collectively, the "**After-Acquired Surface Rights**"), and (ii) a legal opinion covering corporate matters related to the borrower, title to the Mineral Titles and Surface Rights (including after-acquired rights) and with respect to the Agent and Lender's security over the assets of the Borrower from counsel to the Borrower in form and substance acceptable to the Agent;
- (e) the Agent shall have received a certificate of the Borrower confirming the representations and warranties of the Borrower in Article 7 of the Loan Agreement continue to be true and correct in all material respects as of the Amendment 3 Effective Date, in each case except as disclosed in Schedule I to this Agreement, and certifying that, as of the Amendment 3 Effective Date, no event has occurred and is continuing or would result from the consummation of this Agreement that would constitute a Default or an Event of Default, except for such Defaults or Events of Default as are waived pursuant to Section 5; and
- (f) the Borrower shall have paid the Mandatory Cash Interest for the period from April 1, 2021 through July 31, 2021 in full.

5. Waiver and Forebearance

- (a) The Agent and the Lender hereby irrevocably waive the obligations of the Borrower pursuant to Section 8.04 of the Loan Agreement to cause to be prepared and delivered to the Agent (i) the annual audited consolidated financial statements of the Guarantor for the year ended December 31, 2020 within 120 days after the end of such Fiscal Year, (ii) unaudited financial statements of the Borrower for its Fiscal Quarters within 45 days of the end of such Fiscal Quarters, and (iii) the monthly reports and financial statements required pursuant to Section 8.04(d) of the Loan Agreement for the period from April 1, 2021 through July 31, 2021 by the 25th day of the applicable month. The Borrower agrees to deliver (i) such annual audited consolidated financial statements to the Agent within three Business Days following the date such financial statements are available to the Borrower following determination by the Guarantor and its auditors of the appropriate treatment of the claim by Arkema France disclosed in Schedule I to this Agreement, and (ii) such monthly reports and financial statements within five Business Days of the Amendment 3 Effective Date.
- (b) The Agent, the Lender and the Obligors hereby acknowledge the failure of the Borrower to have met the obligations to (i) repay the outstanding principal amount of the Credit Facilities, including, without duplication, Capitalized Interest, together with all accrued and unpaid interest, fees and other amounts then

unpaid by it under the Credit Facilities in full on April 30, 2021, (ii) pay all interest, fees and other amounts accrued or accruing from April 1, 2021 to the Amendment 3 Effective Date when such amounts became due and payable under the Credit Facilities, and (iii) obtain consent for and deliver security over the After-Acquired Surface Rights to the Agent as required by the Collateral Debenture (the "**Defaults**"). The Agent and the Lender have agreed to forbear on taking any steps to exercise their security interest in the property, both real and personal, of the Borrower, which has been charged to the Agent and Lender as security for amounts owing under the Loan Agreement, SUBJECT TO the satisfaction of all of the all Amendment 3 Conditions by the Borrower on or before the Condition Date.

- (c) Effective on the Amendment 3 Effective Date, the Agent and the Lender shall be deemed to have irrevocably waived the Defaults.
- (d) This Agreement does not act as a waiver or forbearance of any other obligation or condition of the Loan Agreement or Security Documents.

6. **Confirmation**

- (a) The Obligors, the Agent and the Lender acknowledge, confirm and agree that, except as specifically provided herein, nothing in this Agreement waives, amends or otherwise alters the Loan Agreement, the other Loan Documents or the rights and remedies of the Agent and the Lender thereunder or under applicable Law, all of which remain in full force and effect. The amendments referred to herein apply only to the specific subject matter thereof, and nothing herein shall constitute an amendment or waiver of, consent to, or shall in any manner affect any of the rights and remedies of the Agent or the Lender with respect to any other matter.
- (b) Each of the Obligors agrees to comply with all of its Obligations under the Loan Agreement as amended by this Agreement and confirms that all Security Documents and other Loan Documents given by it as security for its Obligations remain in full force and effect in accordance with their respective terms and continue to support all of the Borrower's Obligations to the Agent and the Lenders subject to the terms thereof. For greater certainty, subject to the terms thereof, each Obligor that has previously executed and delivered a Security Document acknowledges and confirms that each such Security Document secures the Obligations of such Obligor under and in connection with the Loan Agreement as amended by this Agreement and all other relevant Loan Documents. Without limiting the foregoing, the Guarantor agrees that its guarantee dated January 31, 2017, as amended, in favour of the Secured Parties and any other Security Documents of such Guarantor remain in full force and effect and the execution and delivery of this Agreement shall in no way reduce, impair or discharge any Guaranteed Obligations (as defined in the guarantee of such Guarantor).

7. **Miscellaneous**

- (a) The Borrower agrees to pay on demand all reasonable, documented costs and expenses of the Agent in connection with the preparation, negotiation, execution,

and administration of this Agreement, including the reasonable fees and expenses of counsel for the Agent, up to a maximum of \$30,000 plus any applicable HST.

- (b) The Loan Agreement and the other Loan Documents shall be read and construed throughout so as to incorporate the provisions of this Agreement.
- (c) This Agreement will be construed in accordance with the laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein and will be treated in all respects as a Newfoundland and Labrador contract.
- (d) The parties hereto shall from time to time do all such further acts and things and execute and deliver all such documents as are required in order to effect the full intent of and fully perform and carry out the terms of this Agreement.
- (e) This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns, and shall enure to the benefit of the parties hereto and their respective successors and permitted assign.
- (f) If any provision of this Agreement is determined by any court of competent jurisdiction to be illegal or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either of the parties. Any provision of this Agreement which is illegal or unenforceable will be ineffective only to the extent of such illegality or unenforceability, without invalidating the remaining provisions hereof.
- (g) This Agreement may be executed in any number of counterparts, and by the any of the parties hereto in separate counterparts, each of which will be an original, but all of which will, taken together, constitute one and the same agreement. The parties hereby acknowledge and agree that facsimile and electronic signatures of this Agreement will have the same force and effect as original signatures.

[Signature pages follow]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

BORROWER:

Address: P.O. Box 337, 1 Clarke's Pond Road,
St. Lawrence, NL A0E 2V0
Attention: Casey Walsh
Facsimile: 709-873-3335
Email: cwalsh@canadafluorspar.com

CANADA FLUORSPAR (NL) INC.

By: CWW
Name: Casey Walsh
Title: Director

CO-COVENANTOR:

Address: P.O. Box 337, 1 Clarke's Pond Road,
St. Lawrence, NL A0E 2V0
Attention: Casey Walsh
Facsimile: 709-873-3335
Email: cwalsh@canadafluorspar.com

NEWSPAR, by its partners, CANADA FLUORSPAR (NL) INC. and CFI NEWSPAR HOLDINGS INC.

CFI NEWSPAR HOLDINGS INC.

By: CWW
Name: Casey Walsh
Title: Director

CANADA FLUORSPAR (NL) INC.

By: CWW
Name: Casey Walsh
Title: Director

GUARANTOR:

Address: P.O. Box 337, 1 Clarke's Pond Road,
St. Lawrence, NL A0E 2V0
Attention: Casey Walsh
Facsimile: 709-873-3335
Email: cwalsh@canadafluorspar.com

CANADA FLUORSPAR INC.

By: CWW
Name: Casey Walsh
Title: Director

AGENT:

Address: 77 King Street West, Suite 2925
P.O. Box 322
Toronto, Ontario M5K 1K7

Attention: Graham Marr

Facsimile: 1-888-920-9599

Email: gmarr@bridgingfinance.ca

BRIDGING FINANCE INC.

PricewaterhouseCoopers Inc., in its capacity as receiver and manager
of Bridging Finance Inc. and its affiliated entities and not in its personal capacity

By: 

Name:

Title:

Graham Page, LIT
Vice President

LENDER:

Address: 77 King Street West, Suite 2925
P.O. Box 322
Toronto, Ontario M5K 1K7

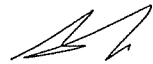
Attention: Graham Marr

Facsimile: 1-888-920-9599

Email: gmarr@bridgingfinance.ca

**SPROTT BRIDGING INCOME FUND LP,
by its Agent, Bridging Finance Inc.**

PricewaterhouseCoopers Inc., in its capacity as receiver and manager
of Bridging Finance Inc. and its affiliated entities and not in its personal capacity

By: 

Name:

Title:

Graham Page, LIT
Vice President

Schedule I

Disclosures and Exceptions to Representations and Warranties

1. The representation and warranty in Section 7.01(b) of the Loan Agreement is qualified by the fact that CF AZ Holdings Inc. has sold its interest in Acoustic Zoom Inc. for nominal consideration.
2. The representations and warranties in Sections 7.01(h) and 7.01(i) of the Loan Agreement are qualified by the fact that the Borrower and the Guarantor have granted security over their assets, including all of the equity interests of the Borrower, to Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Tourism, Culture, Industry and Innovation, and HSBC Bank Canada.
3. Schedule D, as referenced in Section 7.01(m) of the Loan Agreement, is amended to refer to the following insurance policies:

Policy Type	Insurer	Policy No.	Effective	Expiry
PROPERTY / BOILER & MACHINERY (EQUIPMENT BREAKDOWN)	Allianz	CAE00040920B	30-Nov-20	30-Nov-21
DIRECTORS' & OFFICERS' LIABILITY	Liberty Mutual	DOTOABUCP6001	08-Sep-20	08-Sep-21
CRIME	Liberty Mutual	CMTOABUCP3001	08-Sep-20	08-Sep-21
COMMERCIAL GENERAL LIABILITY	Lloyd's (via Price Forbes)	IC2000360	30-Nov-20	30-Nov-21
TERMINAL OPERATIONS LIABILITY (MARINE)	TT Club (via Lockton)	MAHHZ2101883	12-Jul-21	12-Jul-22
CHARTERERS	Charterama	A02308-2020	27-Aug-20	27-Aug-21
PROTECTION & INDEMNITY (BARGE)	Standard Club	328793	20-Feb-20	27-Aug-21
REGISTERED VEHICLES	AVIVA Insurance Club of Canada	6541220649	21-Nov-20	21-Nov-21

4. Schedule E, as referenced in Section 7.01(u) of the Loan Agreement, is amended to refer to the following claims:
 - (a) Cox's Construction Limited ("Cox's") has filed a Statement of Claim with the Supreme Court of Newfoundland and Labrador (the "Court") against the Borrower in the amount of \$1,497,638.24 for unpaid invoices for equipment and

operation services provided to the St. Lawrence Fluorspar Project. Cox's has requested that the Court award the plaintiff summary judgment in the matter in part or in full, or in the alternative, direct that the matter, or part thereof, proceed by way of summary trial. The Borrower disputes the amount claimed by the plaintiff, has filed with the Court to oppose the application in its entirety and requests that the parties be ordered to proceed with pre-trial proceedings in the ordinary course.

- (b) Arkema France ("**Arkema**") has filed a Statement of Claim with the Ontario Superior Court of Justice against the Borrower and the Guarantor for damages for breach of contract in the amount of \$29,892,512 (plus interest and costs). In 2016, Arkema and CFI entered into the Arkema Supply Agreement, pursuant to which Arkema paid \$29,892,512 to the Borrower in exchange for the Borrower granting Arkema the ability to acquire fluorspar for a ten year period at a contractually mandated specification and pre-arranged prices. Arkema has purported to terminate the Arkema Supply Agreement and has demanded repayment of the funds it has advanced as a termination payment under the Arkema Supply Agreement. The Borrower and the Guarantor deny a breach of contract, state that the Borrower has been ready, willing and able to comply with its obligations under the Arkema Supply Agreement, and note that to date the Borrower has not received a purchase order nor a delivery schedule for fluorspar from Arkema. The Borrower and the Guarantor intend to file a statement of defense in due course.

- 5. The representations and warranties in Sections 7.01(k), 7.01(r) and 7.01(v) of the Loan Agreement are qualified by the disclosure in item 4(b) above with respect to the dispute with Arkema in respect of the Arkema Supply Agreement.

Canada Fluorspar (NL) Inc.
P.O. Box 337
1 Clarke's Pond Road
St. Lawrence, NL
A0E 2V0



Tel: (709) 873-3331 Fax: (709) 873-3335

March 26, 2021

Bridging Finance Inc. and Sprott Bridging Income Fund LP
77 King Street West, Suite 2925
P.O. Box 322
Toronto, Ontario M5K 1K7

Attention: Graham Marr

Dear Mr. Marr:

Extension of Loan Agreement

We refer to the second amended and restated loan agreement dated February 1, 2018, between Canada Fluorspar (NL) Inc., as Borrower, Newspar, by its partners Canada Fluorspar (NL) Inc. and CFI Newspar Holdings Inc., as Co-Covenantor, Canada Fluorspar Inc., as Guarantor, Bridging Finance Inc., as Agent, and Sprott Bridging Income Fund LP, by its agent Bridging Finance Inc., as Lender, as amended by amendment no. 1 dated March 21, 2019 and amendment no. 2 dated June 17, 2020 (the "**Loan Agreement**"). Capitalized terms used but not defined in this letter have the respective meanings given to them in the Loan Agreement.

Pursuant to the Loan Agreement, the Maturity Date is scheduled to occur on the earlier of (i) March 31, 2021, and (ii) the date on which the outstanding principal amount of the Credit Facilities becomes due and payable in full, whether upon voluntary prepayment under Section 5.04 of the Loan Agreement or mandatory prepayment pursuant to Section 9.02 of the Loan Agreement.

We are writing to confirm our mutual agreement to extend the Maturity Date by 30 days, so that the Maturity Date will instead occur on the earlier of (i) April 30, 2021, and (ii) the date on which the outstanding principal amount of the Credit Facilities becomes due and payable in full, whether upon voluntary prepayment under Section 5.04 of the Loan Agreement or mandatory prepayment pursuant to Section 9.02 of the Loan Agreement (the "**Extension**").

Please sign this letter and return it to the undersigned by email at cwalsh@canadafluorspar.com to confirm your agreement to the Extension.

Except for the Extension, nothing in this letter waives, amends or otherwise alters the Loan Agreement, the other Loan Documents or the rights and remedies of the Agent and the Lender thereunder or under applicable Law, all of which remain in full force and effect.

We trust the above is satisfactory; however, if there are any questions or concerns please contact the undersigned.

Canada Fluorspar (NL) Inc.



Yours truly,

CANADA FLUORSPAR (NL) INC.

A handwritten signature in dark ink, appearing to be 'Casey Walsh', written over a horizontal line.

By: _____

Name: Casey Walsh

Title: Director

**NEWSPAR, by its partners, CANADA
FLUORSPAR (NL) INC. and CFI
NEWSPAR HOLDINGS INC.**

CFI NEWSPAR HOLDINGS INC.

A handwritten signature in dark ink, appearing to be 'Casey Walsh', written over a horizontal line.

By: _____

Name: Casey Walsh

Title: Director

CANADA FLUORSPAR (NL) INC.

A handwritten signature in dark ink, appearing to be 'Casey Walsh', written over a horizontal line.

By: _____

Name: Casey Walsh

Title: Director

ACKNOWLEDGED AND AGREED as of March ____, 2021.

BRIDGING FINANCE INC.

By: _____

Name:

Title:

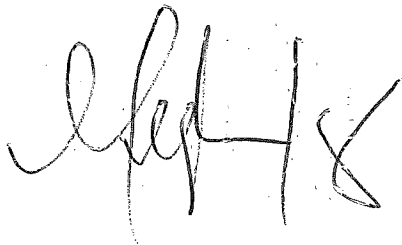
**SPROTT BRIDGING INCOME FUND LP,
by its Agent, Bridging Finance Inc.**

By: _____

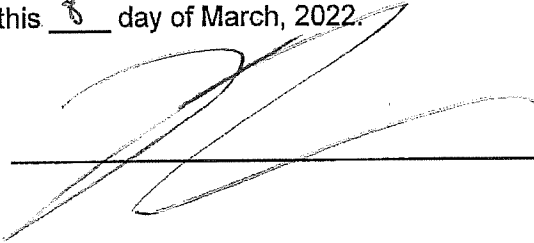
Name:

Title:

TAB D

A handwritten signature in cursive script, appearing to read "Phil Clarke".

This is **EXHIBIT "D"** of the **AFFIDAVIT**
OF PHIL CLARKE sworn before me
this 8 day of March, 2022.

A handwritten signature in cursive script, appearing to read "Phil Clarke", written over a horizontal line.

LOAN AGREEMENT

THIS LOAN AGREEMENT (the "Loan Agreement") made at the City of St. John's, in the Province of Newfoundland and Labrador, dated as of the 30th day of March, 2017.

AMONG: **HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR**, as represented by the Minister of Tourism, Culture, Industry and Innovation,

(the "Lender" or the "Government")

AND: **CANADA FLUORSPAR (NL) INC.**, a body corporate, existing pursuant to the laws of the Province of Newfoundland and Labrador

("CFI (NL)")

AND: **NEWSPAR**, a general partnership formed under the laws of the Province of Newfoundland and Labrador, by its partners **CANADA FLUORSPAR (NL) INC.** and **CFI NEWSPAR HOLDINGS INC.**

("Newspar")

AND: **CANADA FLUORSPAR INC.**, a body corporate, existing pursuant to the laws of the Province of Ontario

("CFI", and together with CFI (NL) and Newspar, the "Borrower")

WHEREAS:

- A. The Borrower has requested from the Lender and the Lender has agreed to provide the Borrower with a loan in the amount of seventeen million dollars (\$17,000,000.00) (the "Loan") on the terms and conditions herein contained; and
- B. The Loan is to enable the Borrower to advance its fluorspar mining operations at AGS vein in St. Lawrence, Newfoundland and Labrador (the "Project").

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto covenant and agree as follows:

1. DEFINITIONS

- a. "Available Cash Flow" – after tax consolidated net annual cash flow of the Borrower, calculated as follows: net profit, plus depreciation, plus bonuses and dividends paid, plus management fees, plus rehabilitation, deferred and sustaining

over annual budgeted amounts, plus royalties (except for royalties payable to any Governmental Body), less principal payments on long term debt (all as defined or permitted under International Financial Reporting Standards). For greater certainty, acceptable annual expenses for the calculation of net profit shall include, but not be restricted to: production costs, general and administrative costs, shipping costs, sales commission and expenses, interest charges, property taxes, and rehabilitation, sustaining and deferred capital costs limited to amounts noted annually in the business plan. For additional greater certainty, no management fees, if any, to Golden Gate Private Equity Inc. or any of its affiliates (including any affiliates of the Borrower) shall be included in the calculation of the Available Cash Flow. Available Cash Flow is determined based on a review of the audited consolidated financial statements of CFI;

- b. “Bridging Finance Loan” – the \$27,000,000.00 demand non-revolving term loan on the terms and conditions set out in a loan agreement dated as of January 31, 2017 among CFI (NL), as borrower, Newspar, as co-covenantor, CFI, as guarantor, Bridging Finance Inc., as agent, and Sprott Bridging Income Fund LP, by its agent, as lender;
- c. “Buildings” – as defined in section 13(c);
- d. “Business Day” – any day, other than Saturday, Sunday or any statutory holiday in the Province of Newfoundland and Labrador;
- e. “Capital Lease” - a lease that is required to be classified and accounted as a capital lease on a balance sheet in accordance with Canadian generally accepted auditing principles and International Financial Reporting Standards;
- f. “Closing Date” – the date when the Loan funds are released by the Lender to the Borrower;
- g. “Encumbrance” - with respect to any Person, any hypothec, security interest, mortgage, debenture, pledge, lien, prior claim, charge, assignment by way of security, or any other agreement or encumbrance of any nature that secures the performance of an obligation, and a Person is deemed to own, subject to an Encumbrance of any Property that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or similar arrangement (other than an operating lease) relating to such Property; and “Encumbrances”, “Encumbrancer”, “Encumber” and “Encumbered” have corresponding meanings;
- h. “Event of Default” - as defined in section 16;
- i. “Force Majeure” – any event beyond the control of any party hereto including, without limiting the generality of the foregoing, flood, earthquake, fire, explosion, epidemic, war, riot, civil disturbance, strikes, labour disturbances, sabotage, and

restraint by any court, tribunal or public authority, and which by the exercise of due diligence and foresight such party could not reasonably be expected to avoid;

- j. “Governmental Body” - any (a) federal, provincial, territorial, state, municipal, local or other governmental or public department, court, commission, board, bureau, agency or instrumentality, domestic or foreign; or (b) any subdivision or authority of any of the foregoing;
- k. “Law” or “Laws” - all laws, including all federal, provincial, territorial, state and local statutes, codes, ordinances, guidelines, decrees, rules, regulations and municipal by-laws and all judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, and all published orders, directives, decisions, rulings of any Governmental Body, binding on the Person referred to in the context in which the term is used;
- l. “Material Adverse Change” - any change of circumstances or any event which has, or would reasonably be expected to have, a Material Adverse Effect;
- m. “Material Adverse Effect” - an event or circumstance which has an effect on (i) the ability of the Borrower to perform its obligations under this Loan Agreement and the security set forth in section 10 of this Loan Agreement (including, for greater certainty, maintenance of the Lender’s rank or priority created pursuant to this Loan Agreement (with the exception of Permitted Encumbrances) or the ability of the Lender to enforce any of its rights under this Loan Agreement), or (ii) the Borrower’s ability to operate the Project;
- n. “Mining Rights” – mineral licences, mining leases and surface leases as described in Schedule “A”, attached hereto, together with such other Project-related mineral licences, mining leases and surface leases and/or surface leases issued from time to time, comprising the Project Area, all as issued to the Borrower in accordance with *Mineral Act*, *Mining Act*, and any other applicable legislation, regulation and requirements;
- o. “Payment Obligation” – as defined in section 5(b)(iv);
- p. “Permitted Encumbrance” - those Encumbrances listed in Schedule “B”, attached hereto;
- q. “Person” - any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Body or other entity, however designated or constituted;
- r. “Project” – as defined in recitals;

- s. "Project Area" – the property, including rights-of-way, easements, waterlots, existing structures and adjacent property, held by the Borrower and which is necessary for the access, construction and maintenance of the Project;
- t. "Property" - with respect to any Person, all or any portion of that Person's property, assets or undertaking, both real and personal;
- u. "Property Taxes" – as defined in section 12(b)(i);
- v. "Province" – the Province of Newfoundland and Labrador;
- w. "Purchase Money Encumbrance" - any Encumbrance charging a Property acquired by the Borrower (or leased pursuant to a Capital Lease), which is granted or assumed by the Borrower or which arises by operation of law in favour of the transferor concurrently with and for the purpose of the acquisition of such Property, in each case where (a) the principal amount secured by the Encumbrance is not in excess of 100% of the purchase price (after any post-closing adjustment) of the Property acquired, and (b) such Encumbrance extends only to the Property acquired and its proceeds; and
- x. "Term" – as defined in section 4.

2. LOAN

- a. The Loan will be advanced as one-time payment in fiscal 2016-17 on or before March 31, 2017. The Borrower undertakes to repay to the Lender the principal sum, as and when such is fully advanced pursuant to this Loan Agreement, of seventeen million dollars (\$17,000,000.00) in lawful money of Canada, representing a loan with interest at the rate or rates prescribed in section 5. However, notwithstanding above, the date of the advance of the Loan shall be left to the discretion of the Lender until such time as the Lender is satisfied that all terms and conditions of this Loan Agreement have been complied with. Furthermore, notwithstanding anything in this Loan Agreement, the execution and registration of this Loan Agreement shall not bind the Lender to advance the Loan, which shall be in the sole discretion of the Lender.
- b. If any Event of Default has occurred before the Loan has been advanced, the Lender may, in its absolute discretion, without notice and without prejudice to any other rights and remedies it may have in the circumstances, treat this Loan Agreement as being null and void.

3. CONDITIONS PRECEDENT

The Government shall not have any obligations under this Loan Agreement until the following conditions are met to its satisfaction by the Borrower:

- a. the Borrower provides satisfactory written evidence to the Government that sufficient financing to successfully complete the Project has been committed, as follows: Golden Gate Capital Opportunity Fund, L.P. for not less than \$24,254,008; Bridging Finance Loan for \$27,000,000; Atlantic Canada Opportunities Agency for \$5,441,773; CFI (NL) for not less than \$30,100,000;
- b. the Borrower provides details of the capital expenditures in respect of the Project that have already been made by the Borrower. The Lender maintains the right to request supporting documentation for the Borrower's capital expenditures, and the Borrower agrees to provide same;
- c. the execution by the Borrower, Golden Gate Capital Opportunity Fund, L.P., and the Government of a shareholders' subordination agreement in accordance with section 10 which is in form and substance satisfactory to the Lender;
- d. all security required herein, in form and substance satisfactory to the Government, registered as required to perfect and maintain the security created thereby and such certificates, authorizations, and resolutions as the Government may reasonably require;
- e. receipt of copies of satisfactory certificates of compliance or good standing with respect to the corporate or partnership (as applicable) status of the Borrower;
- f. the Borrower furnishes to the Lender, where applicable, copies of certificates of incorporation, resolutions of the board of directors of the Borrower, shareholders resolutions, if any, in a form satisfactory to the Lender authorizing the borrowing contemplated by this Loan Agreement, the execution and delivery of this Loan Agreement and the security set forth in section 10 of this Loan Agreement, all certified by the secretary of the Borrower or another authorized officer of the Borrower;
- g. the Borrower provides the Lender with evidence of clear standing, provided by the Borrower's counsel, for the Borrower (as applicable) with respect to statutory liens with the Department of Finance, Canada Revenue Agency, and the appropriate Municipality and the Workplace Health, Safety & Compensation Commission;
- h. the Borrower provides the Lender with up-to-date search results and clearances, provided by the Borrower's counsel, for the Borrower (as applicable) in relation to the Personal Property Registry, the Judgment Enforcement Registry, the Superintendent of Bankruptcy, Bank Act security, as well as the Supreme Court of Newfoundland and Labrador and the Federal Court of Canada;
- i. the Borrower provides the Lender with the following confirmations:

- i. by way of auditor's letter or other means of the Borrower's investment of at least \$63.2 million between 2000 and 2015;
 - ii. by way of auditor's letter or other means of the Borrower's investment of at least \$30 million between January 1, 2016 and December 31, 2016; and
 - iii. a development plan and a rehabilitation and closure plan are approved by the Department of Natural Resources.
- j. such financial and other information or documents relating to the Borrower as the Government may require;
- k. the Borrower provides the Government a copy of the fully executed port lease between Peter Kiewit Sons ULC and the Borrower dated January 1, 2017;
- l. the Borrower establishes to the Government's satisfaction the existence of long-term sale contracts with reputable clients, at terms and conditions satisfactory to the Government;
- m. the Lender receives the organizational chart that outlines ownership (expressed as %) of the Borrower and that includes Golden Gate Capital Opportunity Fund, L.P.;
- n. the Lender receives a certificate of the Borrower, dated as of the Closing Date, signed by a senior officer the Borrower, certifying for and on behalf of the Borrower, but without personal liability, that:
 - (i) no Material Adverse Change has occurred and is continuing since the date of the most recent audited consolidated financial statements of CFI (NL);
 - (ii) the representations and warranties of the Borrower contained in this Loan Agreement are true and correct as of the Closing Date with the same force and effect as if made at and as of such time after giving effect to the transactions contemplated by this Loan Agreement;
 - (iii) the Borrower has complied with or satisfied all of the covenants and terms and conditions of the Borrower contained in this Loan Agreement that are to be complied with or satisfied at or prior to the Closing Date, which have otherwise not been waived by the Lender; and
 - (iv) no Event of Default has occurred and is continuing;
- o. the Lender will have received a title opinion from Borrower's counsel dated as of the Closing Date addressed to the Lender pertaining to the Property (including Mining Rights) and the Lender's security thereover, subject to Permitted Encumbrances; and

- p. the Lender will have received an opinion of Borrower's counsel dated as of the Closing Date addressed to the Lender pertaining to the existence and good standing of the Borrower; execution, authorization and enforceability of this Loan Agreement and the security set forth in section 10 of this Loan Agreement; non-violation of constating documents and laws; creation of security interests and registration of the security set forth in section 10 of this Loan Agreement; and as the Government may reasonably require.

4. TERM

This Loan is made for a maximum term extending no later than December 31, 2021 (the "Term"). Notwithstanding anything else contained herein (including for greater certainty, section 5(b)(v)), any amounts due or outstanding to the Lender from the Borrower in accordance with this Loan Agreement at the expiry of the Term shall immediately become due and payable.

5. REPAYMENT

- a. The Loan will bear simple interest at a rate of 3.00% accrued monthly, in arrears. For greater clarity, interest on the Loan shall be calculated on the daily outstanding balance of the Loan from (and including) the date it is advanced until (but excluding) the date it is repaid in full.
- b. Unless this Loan Agreement is terminated:
 - i. The Borrower shall pay accrued interest on the Loan in annual payments calculated as of December 31st of each fiscal year on the subsequent April 30th;
 - ii. The Borrower shall repay the principal on the Loan (including any expenses) in annual payments, based on the Available Cash Flow in a fiscal year and commencing with the Borrower's 2018 fiscal year. The annual payments shall be calculated as of December 31st for each fiscal year, and shall be payable on the subsequent April 30th. For greater certainty, the first payment of principal on the Loan (including any expenses) shall be payable on April 30th, 2019;
 - iii. The annual payment in section 5(b)(ii) will firstly be applied to the accrued and unpaid interest, if any, and any expenses (including those under section 15), if any, and only then to principal on the Loan;
 - iv. The annual payments in section 5(b)(ii) shall equal 20% of the Available Cash Flow of the Borrower for each year ("Payment Obligation") based upon the audited financial statements of the Borrower to be received no later than 120 days from CFI (NL)'s year-end along with the applicable payment; and

- v. Where in a given year the Available Cash Flow is zero or a negative number, the Borrower shall not be required to make any payment under section 5(b)(ii) in respect of that year. For greater certainty, the interest payment under section 5(b)(i) shall be payable regardless of whether the Available Cash Flow is zero or a negative number.
- c. The Borrower shall have the option of repayment of the full outstanding balance of the Loan (including any interest and expenses) at any time, without penalty, at which time its obligations under this section shall have been satisfied.
- d. The Borrower may request from the Government on an annual basis a statement of the outstanding balance of the Loan.
- e. The Government shall have the right to audit the Borrower's calculation of Available Cash Flow upon reasonable notice to the Borrower within 5 years of any particular calculation or payment (for greater clarity, any payment that remains due and outstanding) to the Government; and if, as the result of such audit, it is established by the Lender that Available Cash Flow was not properly calculated, Available Cash Flow shall be adjusted by the Lender, and the Payment Obligation (and any corresponding interest payments) will be calculated accordingly.
- f. Interest under section 5(a) shall be chargeable while the Loan, or portion thereof, is outstanding.

6. PLACE OF PAYMENT

Any sum payable to the Lender shall be paid in lawful money of Canada at the Lender's place of business, the address of which is given below in section 22, or at any other place indicated in writing by the Lender to the Borrower.

7. INSURANCE

- a. During the Term, the Borrower shall, at its own expense:
 - (i) Insure and keep insured the Project during and after completion of construction, against such liabilities, casualties, risks and contingencies and of such types and in such amounts as is customary in the case of similar operations in Canada. Such insurance shall indemnify the Borrower and the Government against claims for damage or injury to persons or property or for the loss of life occurring on the Project Area, the Project or the area adjacent thereto, the extent and limit of such insurance to be determined in consultation with Government, the Borrower, and the Borrower's financial lenders;

- (ii) The insurance policies shall contain a waiver or waivers of subrogation against the Government, and the Borrower waives, releases and discharges the Government from all rights and claims which the Borrower might have or acquire against the Government arising out of damage to or destruction of the Project occasioned by the perils insured against by the Borrower or which the Borrower has agreed to insure against, whether or not the rights and claims arise through the negligence or other fault of the Government, its servants, agents or contractors. The Borrower agrees to look solely to its insurers in the event of loss whether the insurance coverage is sufficient fully to reimburse the Borrower for the loss or not;
- b. Every contract of insurance required herein shall be placed with a company licensed under the laws of the Province of Newfoundland and Labrador and ordinarily engaged in the business of insuring against the risks to be covered;
- c. The Government shall be named as loss payable, as its interest may appear on all property insurance policies (other than business interruption insurance) and as an additional insured on all general liability insurance policies of the Borrower;
- d. If the Borrower fails to obtain or maintain the insurance required hereunder, the Government may obtain the insurance and shall give the Borrower notice setting out the amount and dates of payment of all costs and expenses incurred by the Government in connection therewith to the date of the notice. In that event the Borrower shall, with the next installment of Payment Obligation, pay the costs and expenses to the Government together with interest thereon at the long term borrowing rate of the Government from time to time calculated from the date of payment by the Borrower to the Government failing which the amount of the costs and expenses together with interest shall be recoverable by the Government in the same manner as if it were a Payment Obligation reserved and in arrears;
- e. The Borrower shall furnish the Government with certificates or other acceptable evidence of all insurance effected pursuant to this section; and
- f. The complete or partial destruction of or damage to the Project by any cause does not terminate this Loan Agreement or the Mining Rights nor entitle the Borrower to surrender possession of the Project Area nor to demand any abatement or reduction of the Payment Obligation or other charges payable under this Loan Agreement or the Mining Rights, any laws or statutes to the contrary notwithstanding. Within sixty (60) days from the happening of the damage or destruction, the Borrower shall begin the repair or replacement thereof and with due diligence repair or reconstruct the Project or replace the Project with another Project of the same type and character and of equal value. After completing the repair, reconstruction or replacement, the balance of any insurance proceeds or other proceeds available by reason thereof belong absolutely to the Borrower.

8. GENERAL TERMS

During the Term and except as otherwise permitted by the prior written consent of the Government, the Borrower shall:

- a. Permit the Government at all reasonable times to enter and view the state of the Project;
- b. Not do or omit or permit a nuisance;
- c. Procure the prompt discharge, at the Borrower's expense, of all construction, commercial, mechanic or similar liens claimed in respect of the Project Area or the Project;
- d. Not assign, transfer, mortgage or encumber this Loan Agreement (except as permitted herein) nor sublet the whole or substantially the whole of the Project Area;
- e. Not dispose of, in one transaction or a series of transactions, all or any part of its Property, whether now owned or hereafter acquired, except in the ordinary course of business and except (i) such Property as may be obsolete, surplus, worn out, unnecessary or no longer useful to it in the conduct of its business; (ii) the disposition of inventory, minerals or any other product or by-product of the Project to a Person dealing with it on an arm's length basis; (iii) the surrender or waiver of any contractual rights or the settlement, release or surrender of any contractual rights or litigation claims; or (iv) the granting or permitting to exist any Permitted Encumbrances. For greater certainty, unless otherwise permitted in this Loan Agreement, the Borrower covenants and agrees with the Lender that the Borrower will not convey, transfer or assign the assets comprising the Project or otherwise dispose of its interest in this Project and the lands which are the subject of this Loan Agreement to an assignee or transferee not previously approved, in writing, by the Lender.
- f. Promptly pay all charges or costs for water, electricity and other utilities;
- g. Indemnify the Government against all liabilities, damages, costs, claims, losses or actions arising out of or related to:
 - (i) this Loan Agreement, or any certificate, agreement or other document required to be delivered by the Borrower under this Loan Agreement, or of a covenant, condition or agreement in the Mining Rights on the part of the Borrower to be observed or performed;
 - (ii) damage to the property of the Borrower, or a sublessee or licensee of the Borrower and persons claiming through the Borrower, or damage to other property; and

- (iii) injury to or the death of a person or persons occurring on the Project Area, the Project or the area adjacent thereto;

other than any liabilities, damages, costs, claims or losses that are determined by a court of competent jurisdiction in a final non-appealable judgment to have resulted directly from the gross negligence of the Lender.

- h. Not permit the Project to be used for any purpose for which it was not generally designed;
- i. Not name the Project or permit it to be named without the prior written consent of the Government, which consent will not unreasonably be withheld;
- j. Except as herein provided, not make or permit to be made any major structural alteration, addition, change or improvement to the Project or construct a new or materially different project on the Project Area without obtaining the prior written approval of the Government. Before requesting the Government's approval, the Borrower shall submit to the Government detailed plans and specifications of the proposed alterations, additions, changes or improvements to the Project or of the new project. The alterations, additions, changes or improvements to the Project or of the new project shall meet the requirements of municipal, provincial and federal governments or other authorities, of fire insurance underwriters. Such new project shall be governed generally by the provisions of this Loan Agreement as applicable;
- k. The Borrower authorizes the Lender to obtain credit or other information about the Borrower, and any of its assets, from, and the Lender may, in respect of this Loan Agreement, exchange such information with: (a) any financial institution, credit reporting agency, rating agency, credit bureau, Governmental Body or regulatory authority; and (b) anyone with whom the Borrower may have or propose to have financial dealings.

Since more than one person is signing this Loan Agreement as the Borrower, the obligations of each of the Borrower hereunder shall be joint and several.

9. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender that:

- a. Each of CFI (NL) and CFI has been incorporated or continued and is a valid and subsisting company in good standing under the Laws of its jurisdiction of incorporation or continuance, as applicable;
- b. Newspaper is a partnership validly formed under the laws of the Province of Newfoundland and Labrador and has not been dissolved;

- c. The Borrower has all requisite corporate or other power and authority to carry on its business as now conducted or proposed to be conducted and to own or lease and operate the property and assets thereof;
- d. The Borrower has conducted and is conducting the business thereof in compliance in all respects with all applicable Laws of each jurisdiction in which it carries on business, including all Laws applicable to the development and operation of the Project;
- e. The borrowing of money by the Borrower and the execution, delivery and performance of this Loan Agreement and the security set forth herein are within the corporate powers and capacities of the Borrower and have been duly authorized by proper corporate or partnership, as applicable, proceedings;
- f. There are no actions, suits or proceedings pending or to the knowledge of the Borrower threatened against or adversely affecting the Borrower in any court or before or by any Governmental Body, commission, board, bureau or agency, Canadian or foreign;
- g. The execution and delivery of this Loan Agreement, the consummation of the transactions contemplated by this Loan Agreement, the execution and delivery to the Lender of the security set forth herein, and the compliance with the covenants, terms, provisions and conditions of this Loan Agreement will not conflict with or result in a default of any of the terms or provisions of the constating documents or by-laws of the Borrower, any resolution of the directors, shareholders or partners of the Borrower, any applicable Laws, or any agreement or instrument to which the Borrower is now a party or which purports to be binding on the Borrower or its property and assets;
- h. This Loan Agreement and all other deeds, documents or instruments to be delivered pursuant to this Loan Agreement will, when executed and delivered, constitute valid and binding obligations of the Borrower enforceable against it in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other Laws of general application affecting enforcement of creditors' rights;
- i. Other than those consents, approvals and registrations that have already been obtained and other than obtaining the consent of the Minister of Natural Resources (Newfoundland and Labrador) to the granting of an Encumbrance over the Mining Rights, the borrowing of money under this Loan Agreement and the execution and delivery of this Loan Agreement and the security set forth in section 10 of this Loan Agreement do not require the consent or approval of, or registration of any Person including shareholders of the Borrower;
- j. All balance sheets, earnings statements and other financial data, which have been or shall be furnished to the Lender to induce the Lender to enter this Loan

Agreement or otherwise in connection with this Loan Agreement have been or will be prepared in accordance with Canadian generally accepted auditing principles and International Financial Reporting Standards and do or will fairly present in all material respects, the financial condition and the results of the operations of the applicable Borrower, and all other information, certificates, schedules, reports and other papers and data furnished by the Borrower are or will be at the time they are so furnished, accurate and complete in all material respects and current as of the date it is provided;

- k. The Borrower has good and marketable title to all its property and assets given as security for the Loan free and clear of Encumbrances, except Permitted Encumbrances; and
- l. The Borrower is not in default of any other agreement for a credit facility or debt instrument with the Lender or any other financial institution.

For greater clarity, the above applies to each of CFI (NL), Newspar and CFI.

10. SECURITY

- a. As a continuing collateral security for the payment of all advances made under the Loan and interest, expenses and all other monies payable pursuant to this Loan Agreement, the Borrower shall deliver to the Lender the following executed original documents, all in form and content satisfactory to the Lender, contemporaneously with execution of this Loan Agreement:
 - i. General Security Agreement (duly executed); and
 - ii. Debenture (duly executed).

11. SUBORDINATION

Except for Permitted Encumbrances, any present or future indebtedness owed by the Borrower to any financial institution or group of financial institutions or financiers (without regard if they are arm's length or not) that have or will make credit facilities available to the Borrower and any security granted in respect thereof, shall subordinate to and is hereby postponed in all respects in favour of the Lender pursuant to this Loan Agreement or the security set forth in section 10 of this Loan Agreement.

For greater clarity, any indebtedness owed by the Borrower to Golden Gate Capital Opportunity Fund, L.P. or any of its affiliates or subsidiaries shall be subordinate to and is hereby postponed in all respects in favour of the Lender.

12. TERMS OF USAGE

- a. The proceeds of the Loan shall be used exclusively by the Borrower for the Project.
- b. During the Term, the Borrower shall:
 - (i) Pay as they become due all realty and other governmental taxes, including local improvement rates, business taxes, license fees, assessments and levies on or in respect of the Project Area, the Project, improvements and equipment therein, their occupation or use by the Borrower, its assignees, sublessees, concessionaires, licensees or other persons (herein called "Property Taxes");
 - (ii) Indemnify the Government for Property Taxes paid by the Government which are the obligation of the Borrower, and the Government is entitled to promptly recover the payments from the Borrower. The Borrower may take advantage of any legal provision for paying Property Taxes by installments or deferring payments, provided no penalty is incurred other than interest on the unpaid balance;
 - (iii) Comply with and conform to the requirements of applicable Laws (including those relating to zoning, use, health, safety and environmental protection) from time to time in force during the Term and any extension thereof or that apply to the Project
 - (iv) At the Borrower's expense, during the Term and any extension thereof, operate and maintain the Project Area, the Project and the equipment, machinery and other facilities at any time situated thereon or used in connection therewith, and keep them at all times in good order and condition commensurate with a first-class Project; and at the Borrower's expense make all repairs, interior and exterior, structural and non-structural, ordinary as well as extraordinary, foreseen as well as unforeseen, required to keep the Project and the equipment, machinery and other facilities in good order and condition; the repairs to be in all respects substantially equal in quality and workmanship to the original work and material in the Project, and to meet the requirements of municipal and government authorities and fire insurance underwriters;
 - (v) At all times to keep and maintain the access roads, area ways and rights of way adjacent to the Project, to the extent required to reasonably operate the Project, clean and free, including from rubbish, ice and snow;
 - (vi) Not suffer any waste or injury to the Project Area, the Project or any part thereof, and not use or occupy the Project Area, the Project or any part thereof or permit them to be used or occupied for an unlawful purpose, except in compliance with applicable Laws;

- (vii) Not, except as is contemplated by this Loan Agreement, make or authorize any material alterations or additions to the Buildings without the consent of the Lender and shall not use them or permit them to be used for purposes unrelated to the purposes stipulated under this Loan Agreement or its ancillary documents;
- (viii) Permit the Lender, the assigns of the Lender or any person designated by the Lender to test, inspect or evaluate the Buildings or the lands or to conduct a site assessment in order to determine whether there has been a breach of any enactment, particularly any enactment concerning environmental protection. If there is a breach of an enactment, the Lender may take such action as is necessary to ensure compliance with the enactment. The Borrower acknowledges that by taking action, the Lender assumes no responsibility for the breach of the enactment. The Borrower shall reimburse the expenses that the Lender incurred in taking such action.

13. UNDERTAKINGS AND COVENANTS OF THE BORROWER

The Borrower undertakes and covenants the following:

- a. To provide the Lender with confirmations from the Department of Natural Resources that the Borrower has complied with all obligations required by the Department of Natural Resources (including, but not limited to, satisfaction of required financial assurance) and has obtained all required approvals (including, but not limited to, an approval of a gender equity and diversity plan);
- b. The Borrower shall maintain its good standing with registry of companies (as applicable);
- c. Throughout the Term of the Loan, the Borrower shall keep any buildings used in connection with the Project and secured by the security granted herein (the "Buildings") in good repair and shall make all necessary repairs, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect; the representatives of the Lender may request inspection of them as reasonably required on provision to the Borrower of twenty-four (24) hours advance notice (provided that all representatives of the Lender shall comply with all site rules and all applicable health and safety rules and regulations applicable to the Project);
- d. The Borrower consents in advance to the granting, where necessary, of any permits that may be required for such inspection;
- e. The Borrower undertakes to take reasonable and proper care of the Buildings, ordinary wear and tear excepted;

- f. The Borrower will give the Lender immediate written notice of any Material Adverse Change of which it becomes aware;
- g. The Borrower will cause this Loan Agreement and the security set forth in section 10 of this Loan Agreement and any other instruments of conveyance or assignment effected pursuant to this Loan Agreement to be and remain registered, recorded or filed from time to time in a manner and places as may in the opinion of the Lender be of advantage in perfecting the security and will furnish to the Lender evidence satisfactory to it of registration, recording and filing;
- h. The Borrower will diligently maintain, use and operate or will cause to be maintained, used or operated, the property and assets which are mortgaged or charged and will carry on and conduct its business in a proper and efficient manner so as to preserve and protect the property and assets of the business and its earnings, incomes, rents and profits;
- i. The Borrower will duly and punctually pay to the Lender, the principal, accrued interest and all other monies payable on the dates, at the place, in the monies and in the manner mentioned in this Loan Agreement;
- j. The Borrower will duly and punctually pay or reimburse the Lender for all costs, charges and expenses (including legal fees) incurred by the Lender in connection with the efforts of the Lender to effect recovery under this Loan Agreement or any security taken in pursuance of this Loan Agreement, including all costs, charges and expenses in connection with the recovery or enforcement of payment of monies advanced under the Loan, together with interest at the rate set out above;
- k. The Borrower will maintain at all times proper records and books of account, which in all material respects contain full and correct entries of all dealings and financial transactions relating to its business and assets in accordance with Canadian generally accepted auditing principles and International Financial Reporting Standards;
- l. The Borrower will do, observe and perform all of its obligations and all matters and things necessary or expedient to be done, observed or performed under any law or regulation of Canada, its respective province of incorporation or formation, or any other province where its assets may be located, or any municipality, for the purpose of creating and maintaining the security provided for in this Loan Agreement;
- m. The Borrower will do all acts that are necessary to maintain its existence under the laws of the jurisdiction of its incorporation or formation, as applicable, and operations, if different, and will obtain, renew and maintain in full force and effect all authorizations, approvals, consents, licences, permits and exceptions as may be required to enable it to observe and perform the obligations on its part to

be performed under this Loan Agreement and all agreements and security delivered in connection with or incidental to this Loan Agreement;

- n. The Borrower will give the Lender immediate written notice of the occurrence of any litigation, proceeding or dispute in excess of \$250,000.00 affecting the Borrower, and will provide to the Lender all reasonable information requested by the Lender concerning the status of such litigation, proceeding or dispute;
- o. The Borrower covenants with the Lender that it will not, without obtaining the approval of the Lender, such approval not to be unreasonably withheld:
 - (i) sell, lease or transfer or otherwise dispose of all or a substantial part of its assets;
 - (ii) do any act which could adversely affect the ranking or validity of the security interests created, granted or intended to be created or granted to the Lender; or
 - (iii) change the general nature of the business of the Borrower;
- p. The Borrower shall use all proceeds advanced under the Loan for the Project and for no other purpose; and
- q. The Borrower shall not, without Government's prior written consent:
 - (i) sell any of its Property, except in the ordinary course of Borrower's business;
 - (ii) transfer, mortgage, pledge, change or distribute share capital or assets or redeem, purchase or otherwise retire, reorganize or pay off any loans (shareholder or otherwise) (except for the loan with Bridging Finance) or shares of present or future capital stock in respect of the Borrower;
 - (iii) declare or pay dividends to shareholders of the Borrower;
 - (iv) make loans to or invest in other entities, or issue guarantees on behalf of others; and
 - (v) enter into any consulting, or other, agreement of contract with a shareholder or other non-arm's length party or entity unless on prevailing market rates; and the Borrower discloses all such related party contracts and expenses annually as part of the annual review documentation.

14. ADDITIONAL UNDERTAKINGS

- a. The Borrower shall permit the Lender or its representatives or agents access to the records and facilities of the Borrower at such times and under such circumstances as the Lender deems appropriate in order to determine or verify compliance with the terms of this Loan Agreement or its ancillary documents. The Borrower shall provide such documentation as the Lender may require in order to verify and to confirm expenditures related to the Loan.
- b. If requested, the Borrower shall provide an audited financial report certifying compliance with this Loan Agreement.
- c. The Borrower will permit any person designated by the Lender in writing to visit and inspect the Property (provided that all representatives of the Lender shall comply with all site rules and all applicable health and safety rules and regulations applicable to the Project), corporate books and financial records of the Borrower and to discuss the affairs, finances and accounts of the Borrower with the principal officers of the Borrower at all reasonable times and as often as the Lender may reasonably request.
- d. Any audits or verification required by the Lender shall be performed by the corporate auditor appointed to audit the CFI's financial statements. The audited financial statements shall contain, on a continuing basis (i.e., annually), the calculation of amounts as may be due to the Lender, within 120 days of the fiscal year end of the Borrower.
- e. CFI shall provide to the Lender copies of its annual audited financial statements, as well as income and expense statement related to the Project, and annual production schedule (all not later than 120 days after fiscal year end).
- f. The Borrower shall require its secured and subordinated debt holders to acknowledge the Lender's investment and confirm that the Borrower and none of their subsidiaries or affiliates are in breach of any debt covenants, or alternatively, will agree to waive any and all covenant breaches prior to the Lender advancing any funds further to the Loan.
- g. The Borrower shall not incur any additional debt without the prior written consent of the Lender, except any additional debt incurred for capital purposes that doesn't exceed (i) \$1,000,000 per transaction, and (ii) \$5,000,000 in the aggregate per year.

15. REIMBURSEMENT OF EXPENSES

Any sums paid by the Lender for maintenance of the premises, insurance premiums, or legal fees, as well as any other sums payable by the Borrower which the Lender decides it should itself pay or which the Lender pays pursuant to the terms of this Loan Agreement (otherwise than in the form of an advance) or to protect its security, shall be payable or repayable forthwith by the

Borrower, without any notice, and shall bear interest at the rate of 3.00% per annum fixed from the date of the payment of such sums by the Lender.

16. DEFAULT

The occurrence of any one or more of the following events (each such event being referred to as an "Event of Default") will constitute a default under this Loan Agreement without prejudice to any other grounds of default stipulated herein or provided for by law:

- a. If the Borrower defaults in payment under (i) this Loan Agreement, (ii) any other agreement to which the Borrower (for greater clarity, any CFI (NL), Newspar, or CFI) and the Lender are parties, or (iii) any other agreement the Borrower (for greater clarity, any CFI (NL), Newspar, or CFI) has with any financial institution (including, but not limited, Bridging Finance Inc.);
- b. If the Borrower defaults or fails to observe any of the provisions, obligations, covenants or undertakings of the Borrower contained herein or in any other agreement between the Borrower (for greater clarity, any CFI (NL), Newspar, or CFI) and the Lender;
- c. If any order is made or a resolution passed for the winding-up of the Borrower or if a petition is filed under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended or replaced, against the Borrower or an authorized assignment for the benefit of creditors is made by it or if a receiver or agent is appointed by or on behalf of a secured creditor of the Borrower or if an application is made under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended or replaced, or if a proposal is made by the Borrower to its creditors under the *Bankruptcy and Insolvency Act*;
- d. If voluntary wind-up proceedings are commenced by the Borrower without the prior written consent of the Lender;
- e. If an encumbrancer, whether permitted or otherwise, takes possession of or seizes any part of the Borrower's Property the value of which is in excess of \$250,000.00 or if any process of a court, execution, distress, or analogous process becomes enforceable or is enforced against any of the Borrower's Property the value of which is in excess of \$250,000.00 and the Borrower is not instituting proceedings to vacate or lift the said execution, distress or court process;
- f. If the Borrower terminates, abandons or ceases or threatens to terminate, abandon or cease to carry on its business, or makes an unauthorized sale in bulk of its assets;
- g. If the Lender in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the obligations is or is about to be impaired or that the collateral is or is about to be placed in jeopardy;

- h. The occurrence of loss, theft, damage or destruction of the Buildings or the collateral not covered by adequate insurance containing a loss payable clause for the protection of the assets, as its interest may appear;
- i. If the statements of the Borrower in this Loan Agreement or in any documents provided to the Lender for purposes of this Loan are false in whole or in part;
- j. If the Borrower abandons, cancels or terminates any material part of the Project, before or after its completion and commencement of operations, without the approval of the Government;
- k. If the Borrower, fails to meet substantive commitments or obligations as required;
- l. If the Borrower, sells or disposes of any provincially funded assets, without the prior written approval of the Government;
- m. If any Person (other than Golden Gate Private Equity Inc. or any of its respective affiliates or investment funds affiliated with Golden Gate Private Equity Inc.), or group of Persons (other than Golden Gate Private Equity Inc. or its respective affiliates or investment funds affiliated with Golden Gate Private Equity Inc.) acting jointly or in concert, acquires the shares representing more than 50% of the aggregate ordinary voting power represented by equity interests of Borrower (for greater clarity, any one of CFI (NL), Newspar or CFI) without the prior written consent of the Government; or
- n. If, within one (1) year of execution of this Loan Agreement, the Borrower does not provide the Lender with satisfactory confirmations from the Department of Natural Resources that the Borrower has executed the benefits agreement.

17. NOTICE OF DEFAULT

- a. The Borrower will immediately, after it becomes aware of the occurrence of an Event of Default, give written notice thereof to the Lender. Where notice of the occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing will be given by the Borrower to the Lender immediately after the Borrower becomes aware that the Event of Default has been cured.
- b. Notwithstanding the above provision, the Government may provide the Borrower with a written notice specifying the Event of Default and the Government's required action to remedy same.

18. TERMINATION

If the Borrower gives the Lender a notice provided pursuant to section 17(a), or does not respond to or comply with a notice provided pursuant to section 17(b), and:

- a. the Borrower defaults in respect of section 16(a) and such default continues for thirty (30) days after written notice by the Lender or the Borrower; or
- b. the Borrower defaults in respect of section 16(b) and such default continues for the lesser of (i) any period of time provided for under applicable Laws; (ii) thirty (30) days after written notice by the Lender or the Borrower; or any longer period as the Lender may agree in writing,

the Borrower will immediately repay the outstanding principal amount of the Loan, together with all accrued interest, fees and other amounts then unpaid by it under this Loan Agreement in full, and this Loan Agreement will be automatically terminated on such date.

19. SURVIVAL

Despite any other provision of this Loan Agreement, the following sections and the obligations contained therein survive any termination of this Loan Agreement: section 14(d) and section 14(e), with each of these sections surviving for five (5) years following the date of termination of this Loan Agreement; section 5(e), section 8(g), and section 12(b)(ii).

20. FORCE MAJEURE

If any party hereto is rendered unable by reason of a Force Majeure to fulfill any obligation under this Loan Agreement, it shall be released from performing to the extent it is prevented from so doing.

A party hereto affected by a Force Majeure shall exercise due diligence to correct its inability to perform its obligations with all reasonable dispatch. A party hereto affected by a Force Majeure shall not be liable for injury, damage or loss resulting from such inability. However, settlement of lock-outs shall be wholly within the discretion of the party having the difficulty.

21. CUMULATIVE REMEDIES

All rights and remedies of the Lender arising out of this Loan Agreement respecting the Loan are cumulative and not alternative, with the result that the exercise of one of them by the Lender does not deprive it of the ability to exercise any of the others.

22. NOTICE

Any notice or other communication (each, a “notice”) required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by telecopy or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

- a. In the case of the Borrower to:

Canada Fluorspar (NL) Inc.
Suite 605, TD Place
140 Water Street
St. John's, NL A1C 6J4
Attention: Chief Financial Officer

Facsimile: 709.753.9681

AND:

Canada Fluorspar Inc.
Suite 605, TD Place
140 Water Street
St. John's, NL A1C 6J4
Attention: Chief Financial Officer

Facsimile: 709.753.9681

AND:

Newspar
Suite 605, TD Place
140 Water Street
St. John's, NL A1C 6J4
Attention: Chief Financial Officer

Facsimile: 709.753.9681

With a copy to:

Cox & Palmer
Suite 1100, 235 Water Street
St. John's NL A1C 1B6
Attention: William T. Cahill

Facsimile: 709.738.7999

b. In the case of the Lender to:

Government of Newfoundland and Labrador
Department of Tourism, Culture, Industry and Innovation
P.O. Box 8700, 2nd Floor
Confederation Building (West Block)
St. John's, NL
A1B 4J6
Attention: Minister

Facsimile: 709.729.0654

A notice is deemed to be delivered and received (i) if sent by personal delivery, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by same-day service courier, on the date of delivery if sent on a Business Day and delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (iii) if sent by overnight courier, on the next Business Day, or (iv) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile. A party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a notice will be assumed not to be changed. Sending a copy of a notice to a party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice to that party. The failure to send a copy of a notice to legal counsel does not invalidate delivery of that notice to a party.

23. DECLARATION OF THE BORROWER

Subject to Permitted Encumbrances, the Borrower hereby warrants that the lands described herein are free from Encumbrances and the Borrower undertakes not to Encumber, without the prior written consent of the Lender, which consent shall not be unreasonably withheld, such lands as long as there are any sums still owing to the Lender hereunder.

24. AMENDMENTS

It is agreed that this Loan Agreement can be amended only with the written approval of the Lender.

25. GOVERNING LAW

This Loan Agreement shall be governed by and construed in accordance with the laws of the Province of Newfoundland and Labrador and the laws of Canada applicable therein. The courts of the Province of Newfoundland and Labrador shall have exclusive jurisdiction to entertain any action arising under this Loan Agreement and the parties hereto irrevocably submit to the jurisdiction of such courts. Each of the parties hereby agrees that it will not raise any objection to the venue of any proceedings in any such court, including the objection that the proceedings have been brought in an inconvenient forum.

26. ASSIGNMENT

The rights and benefits of the Borrower hereunder may not be assigned by the Borrower without the prior written consent of the Government. The Lender may assign its rights and benefits hereunder without Borrower's prior written consent.

27. ENTIRE AGREEMENT

This Loan Agreement, including the schedules hereto and the other documents required to be delivered in connection with this Loan Agreement constitute the entire agreement between the Lender and the Borrower with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Loan Agreement.

28. INTERPRETATION

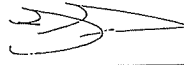
- a. Where the context so requires, any word in the singular also includes the plural, and vice versa; any word in the masculine form also includes the feminine. The words "include", "includes", "including" or any variations thereof, when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement.
- b. The Borrower agrees to provide such other or additional documentation as is necessary to give effect to this Loan Agreement. The Borrower covenants that it will execute or cause to be made, done or executed, all further and lawful acts, deeds, things, devices, conveyances and assurances whatsoever for effecting the purposes and intent of this Loan Agreement as counsel for the Lender shall reasonably advise or request.
- c. Unless otherwise indicated, all dollar amounts in this Loan Agreement are expressed in Canadian funds.
- d. Any provision of this Loan Agreement which is or becomes prohibited or unenforceable in any jurisdiction shall not invalidate or impair the remaining provisions of this Loan Agreement which shall be deemed severable from the prohibited or unenforceable provision and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable that provision in any other jurisdiction.
- e. Any condoning, excusing or overlooking by the Government of any default, breach, non-performance or non-observance by the Borrower of any covenant, proviso or condition contained in this Loan Agreement does not operate as a waiver (unless the Government agrees to such waiver in writing) of the Government's rights hereunder in respect of any continuing or subsequent default, breach, non-performance or non-observance, nor defeat or affect in any way the rights of the Government hereunder in respect of any continuing or subsequent default, breach, non-performance or non-observance.

- f. This Loan Agreement may be executed in any number of counterparts (including counterparts by facsimile or other electronic means) and all such counterparts taken together will be deemed to constitute one and the same instrument. Any party hereto executing and delivering a copy of this Loan Agreement by facsimile or other electronic means will deliver an original to the other parties promptly following such facsimile delivery.
- g. The Borrower acknowledges and agrees that the final terms and conditions of the Loan Agreement are subject to such internal approvals and authorizations as the Lender may reasonably require whether by operation of law or otherwise.

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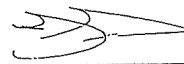
IN WITNESS WHEREOF the parties hereto have duly executed this Loan Agreement as of the day and year first above written.

CANADA FLUORSPAR (NL) INC.

Per: 

Name: Lindsay Gorrill
Title: President & Chief Executive Officer

CANADA FLUORSPAR INC.

Per: 

Name: Lindsay Gorrill
Title: President & Chief Executive Officer

**NEWSPAR, a general partnership by its partners,
CFI NEWSPAR HOLDINGS INC. and CANADA
FLUORSPAR (NL) INC.**

CFI NEWSPAR HOLDINGS INC.

Per: 

Name: Lindsay Gorrill
Title: President & Chief Executive Officer

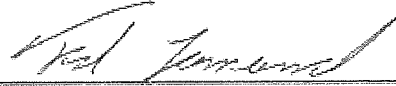
CANADA FLUORSPAR (NL) INC.

Per: 

Name: Lindsay Gorrill
Title: President & Chief Executive Officer

**HER MAJESTY IN RIGHT OF NEWFOUNDLAND
AND LABRADOR, as represented by the Minister of
Tourism, Culture, Industry and Innovation**

Per:



Name:

Title:

SCHEDULE "A"

All real property interests located at St. Lawrence, Newfoundland and Labrador inclusive of all buildings and structures now or hereafter erected thereon, including, without limitation, the following interests:

1. Mineral Licence No. 18023M issued on October 21, 2010 by The Honourable Minister of Natural Resources;
2. Mineral Licence No. 22721M issued on February 19, 2007 by The Honourable Minister of Natural Resources;
3. Mineral Licence No. 23139M issued on May 18, 1995 by The Honourable Minister of Natural Resources;
4. Mineral Licence No. 23140M issued on May 18, 1995 by The Honourable Minister of Natural Resources;
5. Mineral Licence No. 24837M issued on December 9, 2010 by The Honourable Minister of Natural Resources;
6. Mining Lease No. 212 (Director) from Her Majesty the Queen in Right of Newfoundland and Labrador, as represented by The Honourable Minister of Natural Resources and registered on March 5, 2012 at Volume 3, Folio 50;
7. Surface Lease No. 126 (Director) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on March 5, 2012 at Volume 1, Folio 27;
8. Mining Lease No. 213 (Tarefare) from Her Majesty the Queen in Right of Newfoundland and Labrador, as represented by The Honourable Minister of Natural Resources and registered on March 27, 2012 at Volume 3, Folio 51;
9. Surface Lease No. 130 (Tarefare) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on March 27, 2012 at Volume 1, Folio 31;
10. Mining Lease No. 214 (Blue Beach) from Her Majesty the Queen in Right of Newfoundland and Labrador, as represented by The Honourable Minister of Natural Resources and registered on March 27, 2012 at Volume 3, Folio 52;
11. Surface Lease No. 131 (Blue Beach) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on March 27, 2012 at Volume 1, Folio 32;
12. Mining Lease 150 (Grebes Nest now AGS) from Her Majesty the Queen in Right of

Newfoundland, as represented by The Honourable Minister of Mines and Energy and registered on August 1, 1997 at Volume 1, Folio 47;

13. Surface Lease No. 127 (Grebes Nest now AGS) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on March 1, 2012 at Volume 1, Folio 28;
14. Surface Lease 128 (Water Lot) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on March 5, 2012 at Volume 1, Folio 29;
15. Surface Lease 129 (Wharf Access) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on March 5, 2012 at Volume 1, Folio 30;
16. Surface Lease 133 (Tailings Pond) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on March 5, 2012 at Volume 1, Folio 34;
17. Surface Lease for Fluorspar Mine Facility and Mill No. E-110124 from Her Majesty the Queen in Right of Newfoundland, as represented by The Honourable Minister of Government Services and Lands;
18. Mining Lease 236 from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on May 3, 2016 at Volume 4 Folio 19;
19. Surface Lease 148 (the AGS) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on May 3, 2016 at Volume 2, Folio 13;
20. Surface Lease 149 (Haul Road 1) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on May 3, 2016 at Volume 2, Folio 14;
21. Surface Lease 150 (Haul Road 2) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on May 3, 2016 at Volume 2, Folio 15;
22. Surface Lease 151 (Haul Road 3) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on May 3, 2016 at Volume 2, Folio 16;
23. Surface Lease 152 (John Fitzpatrick Pond) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on May 3, 2016 at Volume 2, Folio 17;
24. Surface Lease 153 (Bypass Road 1) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on April 1, 2016 at Volume 2,

Folio 18;

25. Surface Lease 154 (Bypass Road 2) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on April 1, 2016 at Volume 2, Folio 19; and
26. Surface Lease 155 (Bypass Road 3) from the Lieutenant Governor in Council for the Province of Newfoundland and Labrador and registered on April 1, 2016 at Volume 2, Folio 20;

and including, without limitation, all related mining and milling operations, port facilities, additional, supplementary or successor mining leases, mineral licences, exploration rights and permits in respect of the rights to prospect, explore for, mine, mill and transport minerals therefrom.

SCHEDULE "B"

PERMITTED ENCUMBRANCES

- (a) Encumbrances for taxes, rates, assessments or governmental charges or levies not at the time due nor delinquent;
- (b) undetermined or inchoate Encumbrances arising or potentially arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Laws or of which written notice has not been duly given in accordance with applicable Laws or which, although filed or registered, relate to obligations not due or delinquent;
- (c) restrictions, easements, rights-of-way, restrictive covenants, licenses, servitudes, watercourse, right of access or user or other similar rights in land (including, without restriction, rights of way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved by other Persons and rights reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant or permit to terminate or to require annual payments as a condition to the continuance thereof, which do not, either individually or in the aggregate, materially impair the use, development, management, ownership or operation of the property subject thereto;
- (d) the rights reserved to or vested in municipalities or governmental or other public authorities or agencies by statutory provisions or by the terms of leases, licenses, franchises, grants or permits, to terminate the leases, licenses, franchises, grants or permits or to require annual or other periodic payments as a condition of the continuance thereof, but only to the extent that same does not in the aggregate materially impair the use, development, management, ownership or operation of the property subject thereto;
- (e) reservations in any original grants from the Government of any land or interest therein, statutory exceptions to title, and reservations of mineral rights in any grants from the Government or from any other predecessors in title;
- (f) securities given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the development, management, ownership and operation of property;
- (g) Encumbrances or deposits to secure workers' compensation, unemployment insurance or other similar statutory assessments, or to secure costs of litigation when required by law, and surety or appeal bonds or deposits;
- (h) zoning, use and building by laws and ordinances, federal, provincial or municipal by-laws or regulations (as applicable) and other governmental restrictions as to the use of property;
- (i) site plan control agreements, servicing agreements and other similar agreements with municipalities affecting the development or use of the immovable property which do not,

either individually or in the aggregate, materially impair the use, development, management, ownership or operation of the property subject thereto;

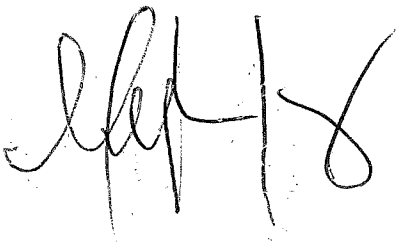
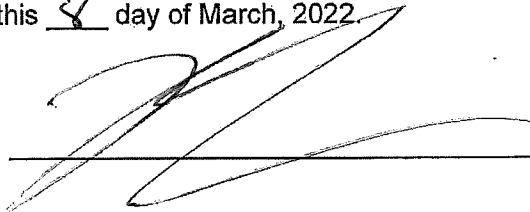
- (j) title defects or irregularities which are of a minor nature and in the aggregate will not materially impair the use or marketability of the property for the purposes for which it is held;
- (k) Purchase Money Encumbrances;
- (l) Encumbrances in favor of customs and revenue authorities arising as a matter of Law to secure payment of customs duties in connection with the importation or exportation of goods;
- (m) Encumbrances created pursuant to this Loan Agreement and the security set forth in section 10 of this Loan Agreement;
- (n) Encumbrances created pursuant to the Bridging Finance Loan;
- (o) any Encumbrances for unpaid royalties or duties not yet due pursuant to mining leases, claims or other mining rights running in favour of any Governmental Body;
- (p) Encumbrances that (i) exist at the time assets subject to any Encumbrances are acquired by the Borrower and (ii) extend only to the assets acquired by the Borrower;
- (q) pledges or deposits of cash or cash equivalent instruments made at a time when no Event of Default has occurred and is continuing for purposes of securing obligations to (i) financial institutions issuing letters of credit to secure obligations under pension plans, retirement plans or for government reclamation costs, or (ii) issuers of letters of credit, letters of guarantee, surety bonds, performance bonds or guarantees and similar types of instruments issued in the ordinary course of business with respect to any reclamation obligations; but excluding any of the foregoing incurred to secure or support indebtedness for borrowed money (including, without limitation, by way of overdraft and drafts or orders accepted representing extensions of credit in respect of borrowed money);
- (r) Encumbrances over the inventory and receivables of the Borrower as security for working capital as may be reasonably required to support the Borrower's operations;
- (s) any other Encumbrances consented to in writing by the Lender; and
- (t) Encumbrances evidenced by the following financing statements registered against the Borrower in the Personal Property Security Registry for the Province of Newfoundland and Labrador (the "PPR"):
 - i. Financing Statement registered in favour of GM Financial Canada Leasing Ltd. at Registration No. 12688420 of the PPR;
 - ii. Financing Statement registered in favour of Ford Credit Canada Limited at Registration No. 13246541 of the PPR;

- iii. Financing Statement registered in favour of Ford Credit Canada Leasing, a Division of Canadian Road Leasing Company at Registration No. 13549977 of the PPR;
- iv. Financing Statement registered in favour of VW Credit Canada Inc. at Registration No. 13905807 of the PPR;
- v. Financing Statement registered in favour of Bank of Montreal/Banque de Montreal at Registration No. 14560924 of the PPR (which, for greater certainty, relates to a pledge of cash as security for an irrevocable letter of credit issued to the Department of Fisheries and Oceans in the amount of \$441,794.93 for certain reclamation obligations of the Borrower);
- vi. Financing Statement registered in favour of Atlas Coco Canada Inc. at Registration No. 14635064 of the PPR;
- vii. Financing Statement registered in favour of Atlas Coco Canada Inc. at Registration No. 14635296 of the PPR;
- viii. Financing Statement registered in favour of Canadian Dealer Lease Services Inc. and Bank of Nova Scotia - DLAC at Registration No. 12297222 of the PPR;
- ix. Financing Statement registered in favour of Equipement SMS Inc. at Registration No. 14575401 of the PPR;
- x. Financing Statement registered in favour of Equipement SMS Inc. at Registration No. 14593941 of the PPR;
- xi. Financing Statement registered in favour of Equipement SMS Inc. at Registration No. 14606503 of the PPR;
- xii. Financing Statement registered in favour of Komatsu International (Canada) Inc. at Registration No. 14634182 of the PPR;
- xiii. Financing Statement registered in favour of Equipement SMS Inc. at Registration No. 14583066 of the PPR;
- xiv. Financing Statement registered in favour of Equipement SMS Inc. at Registration No. 14653943 of the PPR;
- xv. Financing Statement registered in favour of Canadian Dealer Lease Services Inc. and Bank of Nova Scotia - DLAC at Registration No. 12399234 of the PPR;
- xvi. Financing Statement registered in favour of GM Financial Canada Leasing Ltd. at Registration No. 12240057 of the PPR, as amended at Registration No. 14641963;
- xvii. Financing Statement registered in favour of BMW Canada Inc. at Registration No. 14633879 of the PPR;

- xviii. Financing Statement registered in favour of Bridging Finance Inc., as Agent, and Sprott Bridging Income Fund LP at Registration No. 14667497 of the PPR;
- xix. Financing Statement registered in favour of Bridging Finance Inc., as Agent, and Sprott Bridging Income Fund LP at Registration No. 14667521 of the PPR;
- xx. Financing Statement registered in favour of Komatsu International (Canada) Inc. at Registration No. 14690457 of the PPR;
- xxi. Financing Statement registered in favour of Komatsu International (Canada) Inc. at Registration No. 14716542 of the PPR;
- xxii. Financing Statement registered in favour of Equipement SMS Inc. at Registration No. 14716633 of the PPR; and
- xxiii. Financing Statement registered in favour of Komatsu International (Canada) Inc. at Registration No. 14781844 of the PPR.

TAB E

This is **EXHIBIT "E"** of the **AFFIDAVIT**
OF PHIL CLARKE sworn before me
this 8 day of March, 2022.

A handwritten signature in dark ink, appearing to read 'Phil Clarke', written over a horizontal line.A handwritten signature in dark ink, written over a horizontal line.

Canada Fluorspar Inc. (CFI)
Cash Flow Projection (Interim Receivership & CCAA - Care and Maintenance - Sale and Investor Solicitation Process)
For the Period of February 21, 2022 to July 10, 2022
(in 000s CAD)

Week No.	Notes	Interim Receiver		CCAA SISP - Phase 1										CCAA SISP - Phase 2										Total								
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20											
21-Feb-22	Week Start																															
27-Feb-22	Week Ending																															
Cash Inflows	Collection of Receivables																															
	Other																															
	Total Cash Inflows																															
Cash Outflows	Payroll	776	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	2,708	
	Maintenance Costs	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	
	Fuel	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	220	
	Freight	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	40	
	Utilities	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	1,160	
	Insurance	6	79	-	-	6	79	-	-	6	79	-	-	6	79	-	-	6	79	-	-	6	79	-	-	6	79	-	-	6	425	
	Materials/Supplies	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	40	
	Professional Fees - Restructuring	150	150	75	75	75	75	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	1,300	
	Other/Miscellaneous	1	12	1	1	1	1	5	1	1	1	5	1	1	1	1	5	1	1	1	1	1	1	1	1	1	1	1	1	1	47	
	Telephone/Communications	3	4	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	65	
	Environmental	4	16	4	4	4	4	4	4	4	4	4	4	4	4	4	28	4	4	4	4	4	4	4	4	4	4	4	4	4	171	
	Logistics/Warehousing	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	40
	Contingency																															
	Total Cash Outflows		1,019	350	377	162	383	301	352	137	358	221	352	137	352	143	460	137	352	143	436	137	352	352	352	352	352	352	352	352	352	6,306
Net Cash Flow		(1,019)	(350)	(377)	(162)	(383)	(301)	(352)	(137)	(358)	(221)	(352)	(137)	(352)	(143)	(460)	(137)	(352)	(143)	(436)	(137)	(352)	(352)	(352)	(352)	(352)	(352)	(352)	(352)	(352)	(6,306)	

Cash Balance																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			</
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Notes:

A - The projection is prepared on the basis that operations will cease and the Company will file for restructuring proceedings under the CCAA to obtain a stay of proceedings against its creditors, debtor-in-possession financing and commence a Sales and Investor Solicitation Process (SISP) for the mine.

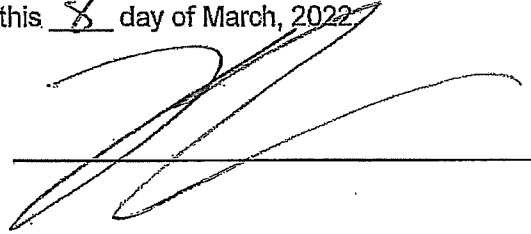
B - CFI has a factoring arrangement with its operating lender, HSBC. The cash flow assumes any receivables collected would be offset against HSBC's debt.

C - Payroll consists of the approximately 51 personnel required to preserve and maintain the assets while a SISP process can be completed, including costs to Ceridian.

D - Restructuring fees include the Grant Thornton Limited (Monitor), its legal counsel (McInnes Cooper), the Company's legal counsel (Cox & Palmer) to complete the CCAA restructuring process including SISP to locate a buyer for the operations.

TAB F

This is EXHIBIT "F" of the AFFIDAVIT
OF PHIL CLARKE sworn before me
this 8 day of March, 2022

A handwritten signature in dark ink, appearing to read "Phil Clarke", written over a horizontal line.A handwritten signature in dark ink, written over a horizontal line.

DIP FINANCING AGREEMENT

Dated as of March 7, 2022

WHEREAS Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., and Newspar (a general partnership) (collectively, the "**Borrower**"), by Grant Thornton Limited, in its capacity as Monitor (the "**Monitor**"), has requested and the DIP Lenders (as defined below) have agreed to provide financing to the Borrower during the pendency of the Borrower's proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") to be commenced before the Supreme Court of Newfoundland and Labrador (the "**CCAA Court**"), such financing to be provided in accordance with the terms and conditions set out herein;

AND WHEREAS, for greater certainty throughout this DIP Financing Agreement, the Monitor is authorized to enter into this DIP Financing Agreement on behalf of the Borrower and to take the steps set out herein pursuant to the terms of the Interim Receivership Order (in each case in the name of and on behalf of the Borrower);

AND WHEREAS, the DIP Lenders have agreed to provide financing in order to fund the Borrower's cold idle care and maintenance operations during the CCAA Proceedings as undertaken by the Monitor (collectively, the "**Operations**"), including the costs of the CCAA Proceedings, subject to the terms and conditions set forth herein;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1. **BORROWER:** Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., and Newspar (a general partnership), by Grant Thornton Limited, in its capacity as Monitor.
2. **DIP LENDERS:** Each of (i) Bridging Finance Inc., a body corporate, existing pursuant to the laws of Canada, as agent for the Bridging Funds ("**BFI**") and (ii) Her Majesty in Right of Newfoundland and Labrador, as represented by the Minister of Industry, Energy and Technology (as successor to the Minister of Tourism, Culture, Industry and Innovation) (the "**Province**", and collectively with BFI, the "**DIP Lenders**").

The relative commitments of each of the DIP Lenders, and the anticipated timing of each such advance, and the permitted uses for each such advance, is set out in **Schedule A** attached hereto.
3. **DEFINED TERMS:** Unless otherwise defined herein, capitalized words and phrases used in this DIP Financing Agreement have the meanings given thereto in **Schedule B** hereto. Unless otherwise noted, all references to currency, "dollars" or "\$" shall be deemed to refer to Canadian dollars. Payments made to or by DIP Lenders hereunder shall be in Canadian dollars.
4. **DIP FACILITY:** A secured debtor-in-possession, interim, non-revolving multiple draw credit facility (the "**DIP Facility**") up to a maximum principal

DRAWDOWNS: amount of \$6,500,000 (the "**Facility Amount**"), subject to the terms and conditions contained herein.

The aggregate initial advance under the DIP Facility in an amount up to \$3,600,000 (the "**Initial Advance**"), which shall be comprised of each of the respective initial advances for each of the DIP Lenders as specified in Schedule A attached hereto, shall be funded to the Borrower by each DIP Lender within one (1) Business Day after the date on which the Initial Funding Conditions (as defined below) have been satisfied or waived in accordance with Section 7, or such shorter period as the DIP Lenders may agree to in writing in their sole discretion.

The aggregate second advance (other than the Initial Advance and the Subsequent Advances, if any) under the DIP Facility as contemplated by Schedule A attached hereto (the "**Second Advance**" and together with the Initial Advance, each an "**Advance**") shall be funded to the Borrower within two (2) Business Days following (i) the date on which the Second Funding Conditions (as defined below) have been satisfied or waived in accordance with Section 8, and (ii) the receipt of a drawdown request certificate in the form attached hereto as **Schedule C** (the "**Drawdown Request Certificate**"), or such shorter period as the DIP Lenders may agree to in writing in their sole discretion (the "**Second Advance Date**").

Each subsequent advance (other than the Initial Advance and the Second Advance) under the DIP Facility (each a "**Subsequent Advance**" and together with the Initial Advance and the Second Advance, each an "**Advance**") may be funded to the Borrower as BFI and the Province may agree to in writing in their sole discretion (a "**Subsequent Advance Date**").

5. INTEREST: Interest shall be payable on the aggregate outstanding principal Facility Amount advanced at a rate equal to Prime +12% *per annum*, calculated and accrued monthly in arrears on the last Business Day of each month by way of the DIP Lenders capitalizing and applying such amount to the principal amount outstanding under the DIP Facility until the funds advanced are repaid in full and the DIP Facility is terminated. All accrued and capitalized interest shall be due and payable in full together with all other amounts outstanding in respect of the DIP Facility in cash on the date the DIP Facility is repaid or terminated as set out herein.

6. PURPOSE AND PERMITTED PAYMENTS:

The Borrower shall use proceeds of the DIP Facility solely for the following purposes and in the following order, in each case in accordance with the DIP Budget:

- (a) to pay the reasonable and documented professional and advisory fees and expenses of (i) the Borrower and their legal counsel, and (ii) the Monitor and their legal counsel; and
- (b) to fund, in accordance with the DIP Budget, the Borrower's funding requirements during the CCAA Proceedings, including, without limitation, in respect of the SISF (as defined below) and the working capital and other general corporate funding requirements of the Borrower during such period;

For greater certainty, the Borrower may not use the proceeds of the DIP Facility to pay: (i) any obligations that are not included in the DIP Budget without the prior written consent of the DIP Lenders, (ii) the interest owing to the DIP Lenders under this DIP Financing Agreement, and (iii) the DIP Lenders Expenses.

7. CONDITIONS PRECEDENT TO INITIAL FUNDING OF FACILITY AMOUNT:

The DIP Lenders' agreement to fund the Initial Advance to the Borrower is subject to the satisfaction or waiver by the DIP Lenders of the following conditions precedent (the "**Initial Funding Conditions**") as determined by the DIP Lenders, each of which is for the benefit of the DIP Lenders and may be waived by the DIP Lenders in their sole discretion:

- (a) The DIP Lenders (or their counsel) shall have had a reasonable opportunity to review advance copies of, and must be satisfied in all respects with, the terms of the Initial Order and all material documents to be filed in respect of the Initial Order (in each case as determined by the DIP Lenders in their sole discretion);
- (b) The CCAA Court shall have entered the Initial Order substantially in form and substance reasonably acceptable to the DIP Lenders (or their counsel), which shall include approval of this DIP Financing Agreement (including the Initial Advance already made by BFI), authorization for the DIP Lenders to advance the remaining Initial Advance to the Borrower hereunder, and the grant by the CCAA Court of a charge in favour of the DIP Lenders (the "**DIP Lenders' Charge**") on the Collateral, securing all obligations owing by the Borrower to the DIP Lenders hereunder including, without limitation, all principal and interest owing to the DIP Lenders as set out herein (collectively, the "**DIP Financing Obligations**") and providing, among other things, that the DIP Lenders' Charge shall have priority on the Collateral over all Liens,

other than (A) the Permitted Priority Liens (including the Administration Charge) and (B) Liens of any Person that did not receive notice of the application for the Initial Order, and such Initial Order shall not have been stayed, vacated or otherwise amended, restated or modified in any manner that adversely affects the DIP Lenders, without the written consent of the DIP Lenders;

- (c) The Borrower shall have executed and delivered this DIP Financing Agreement;
- (d) No Event of Default shall have occurred or will occur as a result of the requested Initial Advance;
- (e) There shall be no Liens ranking in priority to the DIP Lenders' Charge over the Collateral, other than the Permitted Priority Liens, including the Administration Charge;
- (f) The DIP Lenders shall have received a Drawdown Request Certificate at least one (1) Business Day prior to the requested date of advance; and
- (g) To the best of their knowledge, the DIP Lenders are satisfied that no Material Adverse Change shall have occurred after the date of the issuance of the Initial Order.

8. **CONDITIONS
PRECEDENT TO
SECOND ADVANCE:**

The DIP Lenders' agreement to fund the Second Advance under the DIP Facility to the Borrower, up to the Facility Amount, is subject to the satisfaction of the following conditions precedent prior to such advance (the "**Second Funding Conditions**" and together with the Initial Funding Conditions, collectively, the "**Funding Conditions**") as determined by the DIP Lenders, each of which is for the benefit of the DIP Lenders and may be waived by the DIP Lenders in their sole discretion:

- (a) At the comeback motion in respect of the Initial Order, the CCAA Court shall have issued an amended and restated Initial Order (the "**Amended Initial Order**") in form and substance acceptable to the Borrower and the DIP Lenders, in their sole discretion, including as necessary to (i) authorize the Borrower to borrow up to the Facility Amount (increasing the maximum permitted DIP Financing Obligations), and (ii) provide that the DIP Lenders' Charge shall be increased to the Facility Amount and shall have priority over all Liens in respect of the Borrower's Collateral other than the Permitted Priority Liens including the Administration Charge;
- (b) The Amended Initial Order shall not have been stayed, vacated or otherwise amended, restated or modified without the prior written consent of the DIP Lenders;
- (c) There shall be no Liens ranking in priority to the DIP Lender Charge over the Borrower's Collateral other than the Permitted Priority Liens including the Administration Charge;
- (d) The Borrower shall have received one or more Qualified Phase 1 Bid(s) (as such term is defined in the SISP) in accordance with the terms of the SISP;
- (e) The Initial Funding Conditions shall continue to be satisfied;
- (f) The DIP Lenders shall have received a Drawdown Request Certificate at least one (1) Business Day prior to the requested date of advance; and
- (g) To the best of their knowledge, the DIP Lenders are satisfied that no Material Adverse Change shall have occurred after the date of the issuance of the Initial Order or the Amended Initial Order.

9. **DIP FACILITY
SECURITY:**

All DIP Financing Obligations of the Borrower to the DIP Lenders under or in connection with the DIP Facility shall be secured by the DIP Lenders' Charge.

The DIP Lenders' Charge shall not secure any pre-filing obligations.

All Collateral will be free and clear of all Liens, except for the Permitted Liens.

10. MONITOR:

The monitor in the CCAA Proceedings shall be Grant Thornton Limited (the "**Monitor**"). The Monitor shall be authorized to and shall make itself available to have direct discussions with the DIP Lenders, and the DIP Lenders shall be entitled to receive information from the Monitor as may be requested by the DIP Lenders from time to time, in each case subject to any disclosure restrictions contained in the Amended Initial Order or any other Court Order.

11. REPAYMENT:

Subject to section 17, the DIP Facility shall be repayable in full on the earlier of: (i) the occurrence of any Event of Default hereunder which is continuing and has not been cured or waived by the DIP Lenders; (ii) the completion of a Restructuring Transaction; (iii) the termination of the CCAA Proceedings or their conversion to any form of receivership or bankruptcy proceedings; and (iii) 9 months from the date of the Initial Order (the earliest of such dates being the "**Maturity Date**"). The Maturity Date may be extended from time to time at the request of the Borrower and with the prior written consent of the DIP Lenders for such period and on such terms and conditions as the Borrower and the DIP Lenders may agree.

Any repayment of the DIP Facility shall be applied *pari passu* to the DIP Lenders' respective advances hereunder.

The repayment of the DIP Facility shall be applied to accrued interest owing to the respective DIP Lenders under this DIP Financing Agreement, DIP Lenders Expenses accrued after the Filing Date, and to principal amount owing to each respective DIP Lender.

**12. DIP BUDGET AND
VARIANCE
REPORTING:**

Attached hereto as **Schedule D** is a copy of the agreed DIP Budget (excluding the supporting documentation provided to the DIP Lenders in connection therewith) as in effect on the date hereof (the "**Initial DIP Budget**"), which the DIP Lenders acknowledge and agree has been reviewed and approved by them, and is in form and substance satisfactory to the DIP Lenders. Such Initial DIP Budget shall be the DIP Budget referenced in this DIP Financing Agreement unless and until such time as a revised DIP Budget has been approved by the DIP Lenders in accordance with this section.

The Borrower or the Monitor may update and propose a revised DIP Budget to the DIP Lenders no more frequently than every 2 weeks (unless otherwise consented to by the DIP Lenders), in

each case to be delivered to the Monitor and the DIP Lenders and their legal advisors by no earlier than the Friday of the second week following the date of the delivery of the prior DIP Budget. Such proposed revised DIP Budget shall have been reviewed and approved by the Monitor and the DIP Lenders.

At any time, the latest DIP Budget accepted by the DIP Lenders in writing shall be the DIP Budget for the purpose of this DIP Financing Agreement.

On the last Business Day of every second week, the Borrower shall deliver to the Monitor and the DIP Lenders and their legal advisors a variance calculation (the "**Variance Report**") setting forth actual receipts and disbursements for the preceding two weeks (each a "**Testing Period**") and on a cumulative basis as against the then-current DIP Budget, and setting forth all the variances, on a line-item and aggregate basis in comparison to the amounts set forth in respect thereof for such Testing Period in the DIP Budget; each such Variance Report shall be promptly discussed with the DIP Lenders and their legal advisors. Each Variance Report shall include reasonably detailed explanations for any material variances during the relevant Testing Period.

13. PREPAYMENTS:

The Borrower may, without premium or penalty, prepay any amounts outstanding under the DIP Facility at any time prior to the Maturity Date.

14. MANDATORY REPAYMENTS:

Unless otherwise consented to in writing by the DIP Lenders, the DIP Facility shall be promptly repaid and the Facility Amount shall be permanently reduced upon a sale, realization or disposition of or with respect to any of the Borrower's Collateral (including obsolete, excess or worn-out Collateral) out of the ordinary course of business, or any insurance proceeds paid to the Borrower in respect of such Collateral, in an amount equal to the net cash proceeds of such sale, realization, disposition or insurance (for greater certainty, net of transaction fees and applicable taxes in respect thereof). Any amount repaid may not be reborrowed.

15. AFFIRMATIVE COVENANTS:

The Borrower agrees to do, or cause to be done, the following, unless otherwise consented to or waived in writing by the DIP Lenders:

- (a) Serve their CCAA comeback motion (the "**Comeback Motion**") in respect of the Initial Order on all secured parties, if any, that did not receive notice of the application for the Initial Order and shall include an application by the Borrower requesting that the CCAA Court order that the DIP Lenders' Charge shall rank in priority to the Liens of any such secured parties that did not receive notice of the application for the Initial Order, but excluding, in each

case, any secured party holding a Permitted Priority Lien;

- (b) (i) Allow representatives or advisors of the DIP Lenders reasonable access to the books, records, financial information and electronic data rooms of or maintained by the Borrower, and (ii) cause management, the financial advisors and legal counsel of the Borrower, to promptly cooperate with reasonable requests for information by the DIP Lenders and their counsel, in connection with this DIP Facility, the CCAA Proceedings, or compliance of the Borrower with its obligations pursuant to this DIP Financing Agreement;
- (c) Keep the DIP Lenders apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower and the CCAA Proceedings, including all matters relating to its pursuit of a Restructuring Transaction, in each case subject to disclosure restrictions contained in any Court Order;
- (d) Deliver to the DIP Lenders the reporting and other information from time to time reasonably requested by the DIP Lenders and as set out in this DIP Financing Agreement including, without limitation, the Variance Reports at the times set out herein;
- (e) Use the proceeds of the DIP Facility only in accordance with the restrictions set out in this DIP Financing Agreement and pursuant to the DIP Budget and Court Orders;
- (f) Comply with the provisions of the Initial Order, all other orders of the CCAA Court entered in connection with the CCAA Proceedings (collectively, the “**Court Orders**” and each a “**Court Order**”);
- (g) Conduct its business in accordance with the DIP Budget;
- (h) Promptly notify the DIP Lenders of the occurrence of any Event of Default;
- (i) Comply in all material respects with Applicable Law, except to the extent not required to do so pursuant to the Initial Order or any other Court Order;
- (j) Provide the DIP Lenders’ counsel with draft copies of, and the reasonable opportunity to review and comment on, all material motions, applications, proposed Court Orders and other materials or documents that the Borrower intends to file in the CCAA Proceedings at least five (5) Business Days prior to any such filing or, where it is not practically

possible to do so within such time, as soon as possible prior to the date on which such motion, application, proposed Court Order or other materials or document is served on the service list in respect of the CCAA Proceeding; provided that all such filings by the Borrower must be in form and substance satisfactory to the DIP Lenders in their sole discretion to the extent that any such filings materially affect the rights and interests of the DIP Lenders;

- (k) Take all reasonable actions to defend the Court Orders from any appeal, reversal, modifications, amendment, stay or vacating to the extent that it would materially affect the rights and interests of the DIP Lenders;
- (l) Provide the DIP Lenders and their legal advisors from time to time with such information regarding the progress of the Borrower's pursuit of a Restructuring Transaction as may be reasonably requested by the DIP Lenders, including copies of any Restructuring Transaction proposals received by the Borrower;
- (m) Comply with the DIP Budget subject to any Material Adverse Change identified and agreed by the DIP Lenders; and
- (n) Achieve the following milestones (the "**Milestones**") by the dates set out below (or such later dates as may be agreed to in advance in writing by the DIP Lenders in their sole discretion):
 - (i) the Comeback Motion shall be heard by the CCAA Court not later than ten (10) days following the entry of the Initial Order; and
 - (ii) the CCAA Court shall have granted an Amended Initial Order, in form and substance satisfactory to the DIP Lenders including a SISP in a form substantially as set out in Schedule E, not later than two (2) Business Days following the hearing of the Comeback Motion.

16. NEGATIVE COVENANTS:

The Borrower covenants and agrees not to do, or cause not to be done, any one or more of the following, other than with the prior written consent of the DIP Lenders:

- (a) Transfer, lease or dispose of all or any substantial part of its property, assets or undertaking outside of the ordinary course of business, except such asset sales or dispositions may be permitted pursuant to the Amended Initial Order;

- (b) Make any payment, including, without limitation, any payment in respect of any pre-filing liabilities (including any lease liabilities or related obligations), other than such amounts as may be permitted to be paid pursuant to the Amended Initial Order and approved by the Monitor;
- (c) Create or permit to exist any indebtedness other than (A) the indebtedness existing as of the date hereof, (B) the DIP Financing Obligations, (C) any obligations to HSBC arising after the Filing Date in connection with the HSBC Facilities, and (D) post-filing trade payables or other obligations incurred in the ordinary course of business;
- (d) Make any distribution, dividend, return of capital or other distribution in respect of, or any redemption of, equity securities (in cash, securities or other property or otherwise);
- (e) Make any investments or acquisitions whether direct or indirect or enter into any new contract or other obligation with respect to any material liabilities without the DIP Lenders' express consent;
- (f) Create or permit to exist any Liens on any of its properties or assets other than the Permitted Liens; or
- (g) Amalgamate, consolidate with or merge into or sell all or substantially all of their assets to another entity, or change their corporate or capital structure (including their organizational documents) or enter into any agreement committing to such actions.

**17. EVENTS OF
DEFAULT:**

The occurrence of any one or more of the following events shall constitute an event of default (each an "**Event of Default**") under this DIP Financing Agreement:

- (a) Failure by the Borrower to pay: (i) principal, interest or other amounts when due pursuant to this DIP Financing Agreement; or (ii) the DIP Lender Expenses within ten (10) Business Days of being invoiced therefor in accordance with the terms of this DIP Financing Agreement, and any such failure to pay remains unremedied for more than two (2) Business Days;
- (b) Failure by the Borrower to (i) comply with the use of proceeds contemplated by Section 6 hereof, (ii) meet any Milestone within five (5) Business Days of the date set out therefor in Section 15(n), or (iii) perform or comply with any of the other covenants set out herein (other than as

set out in paragraph (a) above or in items (i) and (ii) of this paragraph (b)) and such failure remains unremedied for five (5) Business Days following receipt of written notice thereof from any one or more of the DIP Lenders;

- (c) Any representation or warranty by the Borrower made in this DIP Financing Agreement is or proves to be incorrect or misleading in any material respect as of the date made;
- (d) Issuance of a Court Order: (i) dismissing or terminating the CCAA Proceedings or lifting the stay in the CCAA Proceedings to permit the enforcement of any security against the Borrower or the Collateral, the appointment of a receiver/interim receiver/similar official (except pursuant to the Interim Receivership Order), an assignment in bankruptcy, or the making of a bankruptcy order or receiving order against or in respect of a Borrower (except pursuant to the Interim Receivership Order), in each case which order is not stayed pending appeal thereof, (ii) granting or permitting any other Lien in respect of the Collateral that is in priority to or pari passu with the DIP Lenders' Charge other than as permitted pursuant to this DIP Financing Agreement (including, for greater certainty, any Permitted Priority Liens including the Administration Charge), or (iii) staying, reversing, vacating or otherwise modifying this DIP Financing Agreement or the DIP Lenders' Charge, in each case unless otherwise consented to by the DIP Lenders, and in each case which order is not stayed pending appeal thereof;
- (e) Unless consented to in writing by the DIP Lender, the expiry without further extension of the stay of proceedings provided for in the Initial Order or the Amended Initial Order;
- (f) A Variance Report or a revised DIP Budget contemplates or forecasts an adverse change or changes from the then existing DIP Budget and such change(s) constitute a Material Adverse Change, or any revised DIP Budget forecasts that borrowings under the DIP Facility will exceed the Facility Amount at any time (unless and until the DIP Lenders provide prior written consent to increase the Facility Amount); and
- (g) The denial or repudiation by the Borrower of the legality, validity, binding nature or enforceability of this DIP Financing Agreement.

18. REMEDIES:

Upon the occurrence of an Event of Default, and subject to the Amended Initial Order, any one of the DIP Lenders may declare the DIP Financing Obligations to be immediately due and payable

and terminate all commitments hereunder, and may thereafter exercise any and all of the following rights and remedies against the Borrower or the Collateral under or pursuant to this DIP Financing Agreement and the DIP Lenders' Charge:

- (a) cease making Advances under this DIP Financing Agreement;
- (b) apply to the CCAA Court for appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Borrower and for the appointment of a trustee in bankruptcy of the Borrower;
- (c) set-off or consolidate any amounts then owing by the DIP Lenders to the Borrower against the obligations of the Borrower to the DIP Lenders (in their capacities as such) hereunder; and
- (d) exercise all such other rights and remedies under Applicable Law.

No failure to exercise, nor any delay in exercising, on the part of the Monitor or any DIP Lender, any right or remedy under this DIP Financing Agreement (or any part thereof) shall operate as a waiver of any such right or remedy or constitute an election to affirm any of the DIP Facility. No election to affirm the DIP Facility on the part of the Monitor and/or any DIP Lender shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this DIP Facility and/or any other document entered into in connection with the DIP Facility are cumulative and not exclusive of any rights or remedies provided by law.

**19. INDEMNITY AND
RELEASE:**

The Borrower agrees to indemnify and hold harmless the DIP Lenders and their directors, officers, employees, legal counsel, advisors, and agents (all such persons and entities being referred to hereafter as "**Indemnified Persons**") from and against any and all actions, suits, proceedings, claims, losses, damages and liabilities of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against any Indemnified Person as a result of or arising out of or in any way related to the DIP Facility or this DIP Financing Agreement and, upon demand, to pay and reimburse any Indemnified Person for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding or claim; provided, however, the Borrower shall not be obligated to indemnify any Indemnified Person against any loss, claim, damage, expense or liability (i) to the extent it resulted

from the gross negligence or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction or (ii) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of the Borrower. The Borrower shall not be responsible or liable to any Indemnified Person or any other person for consequential damages, loss of profits or punitive damages.

Notwithstanding anything to the contrary herein, the indemnities granted under this DIP Financing Agreement shall survive any termination of the DIP Facility or this DIP Financing Agreement.

20. DIP LENDER'S APPROVALS:

Any consent, agreement, amendment, approval, waiver or instruction of the DIP Lenders to be delivered hereunder, may be delivered by any written instrument, including by way of electronic mail, by counsel on behalf of the respective DIP Lender.

In any circumstance requiring an approval or agreement of the DIP Lenders hereunder, unanimity shall be required among the DIP Lenders.

Any agreement, amendment, instruction or request of the Borrower hereunder may be delivered by any written instrument, including by way of electronic mail, by counsel on behalf of the Borrower.

21. ASSIGNMENT:

The DIP Lenders may assign or grant participation interests in all or part of their interest in the DIP Agreement, the DIP Financing Obligations, and the DIP Lenders' Charge in whole or in part to any Person, subject to (i) providing the Monitor with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of the DIP Lender hereunder, (ii) the prior written consent of the Borrower, unless either (A) an Event of Default has occurred and is continuing or (B) the assignee is an affiliate of the DIP Lender or a fund managed by the DIP Lender, and (iii) prior written consent of the other DIP Lender.

Neither this DIP Agreement nor any right or obligation hereunder may be assigned by the Borrower. Notwithstanding the foregoing, no assignment or grant of participation interests by the DIP Lender shall include any right of the DIP Lender to provide its approval or consent hereunder.

22. FURTHER ASSURANCES:

The Borrower shall, at their sole expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents and things as the DIP Lenders may reasonably request for the purpose of giving effect to this DIP Financing Agreement.

23. ENTIRE AGREEMENT;

This DIP Financing Agreement, including the schedules hereto, constitute the entire agreement between the parties relating to the

- CONFLICT:** subject matter hereof.
- 24. AMENDMENTS, WAIVERS, ETC.:** No amendment of any provision of this DIP Financing Agreement shall be effective unless agreed to in writing, executed by the Borrower and the DIP Lenders and, in the case of any material amendment, the Monitor.
- No waiver or delay on the part of the DIP Lenders in exercising any right or privilege hereunder will operate as a waiver hereof or thereof unless made in writing by the DIP Lenders and delivered in accordance with the terms of this DIP Financing Agreement, and then such waiver shall be effective only in the specific instance and for the specific purpose given.
- 25. SEVERABILITY:** Any provision in this DIP Financing Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.
- 26. NO THIRD PARTY BENEFICIARY:** No person, other than the Borrower, the DIP Lenders, the Monitor, and the Indemnified Persons is entitled to rely upon this DIP Financing Agreement and the parties expressly agree that this DIP Financing Agreement does not confer rights upon any other party.
- 27. COUNTERPARTS AND ELECTRONIC SIGNATURES:** This DIP Financing Agreement may be executed in any number of counterparts and by facsimile or other electronic transmission including "pdf email", "DocuSign" or other similar method, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.
- 28. NOTICES:** Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the such Person at its address set out on its signature page hereof. Any such notice, request or other communication hereunder shall be concurrently sent to the Monitor and its counsel. Any such notice shall be deemed to be given and received when received, unless received after 5:00 p.m. (Newfoundland and Labrador time) or on a day other than a Business Day, in which case the notice shall be deemed to be received the next Business Day.
- 29. GOVERNING LAW:** This DIP Financing Agreement shall be governed by, and construed in accordance with, the laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein.

[signature pages follow]

IN WITNESS HEREOF, the parties hereto hereby execute this DIP Financing Agreement as at the date first above mentioned.

Address:
PricewaterhouseCoopers Inc.
PwC Tower
18 York Street, Suite 2600
Toronto, ON M5J 0B2
Attention: Michael McTaggart
Email: michael.mctaggart@pwc.com

**BRIDGING FINANCE INC. as agent for the
BRIDGING FUNDS, by its court-appointed
Receiver and Manager,
PRICEWATERHOUSECOOPERS INC.:**



Per: _____

Name: Michael McTaggart, LIT
Title: Senior Vice President

I have the authority to bind the corporation.

Address:
Government of Newfoundland and Labrador
Department of Industry, Energy and
Technology
P.O. Box 8700
50 Elizabeth Avenue
St. John's, NL A1B 4J6
Attention: Minister
Facsimile: 709.729.2766

**HER MAJESTY IN RIGHT OF NEWFOUNDLAND
AND LABRADOR**, as represented by the Minister
of Industry, Energy and Technology

Per: _____

Name:
Title:

Address:
Grant Thornton LLP
Nova Centre, North Tower
Suite 1000 -1675
Grafton Street, Halifax, NS B3J 0E9
Attention: Phil Clarke
Email: Phil.Clarke@ca.gt.com

**GRANT THORNTON LIMITED in its capacity as
Monitor for CANADA FLUORSPAR (NL) INC.,
CANADA FLUORSPAR INC., AND NEWSPAR
(A GENERAL PARTNERSHIP):**

Per: _____

Name: Phil Clarke, KStJ, CPA, CA, CIRP,
LIT
Title: Partner

I have the authority to bind the corporation.

IN WITNESS HEREOF, the parties hereto hereby execute this DIP Financing Agreement as at the date first above mentioned.

Address:
PricewaterhouseCoopers Inc.
PwC Tower
18 York Street, Suite 2600
Toronto, ON M5J 0B2
Attention: Michael McTaggart
Email: michael.mctaggart@pwc.com

**BRIDGING FINANCE INC. as agent for the
BRIDGING FUNDS, by its court-appointed
Receiver and Manager,
PRICEWATERHOUSECOOPERS INC.:**

Per: _____

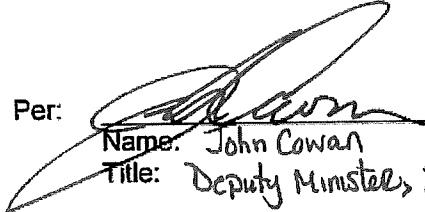
Name: Michael McTaggart
Title: Partner, Consulting & Deals

I have the authority to bind the corporation.

Address:
Government of Newfoundland and Labrador
Department of Industry, Energy and
Technology
P.O. Box 8700
50 Elizabeth Avenue
St. John's, NL A1B 4J6
Attention: Minister
Facsimile: 709.729.2766

**HER MAJESTY IN RIGHT OF NEWFOUNDLAND
AND LABRADOR, as represented by the Minister
of Industry, Energy and Technology**

Per: _____


Name: John Cowan
Title: Deputy Minister, Industry, Energy & Technology

Address:
Grant Thornton LLP
Nova Centre, North Tower
Suite 1000 -1675
Grafton Street, Halifax, NS B3J 0E9
Attention: Phil Clarke
Email: Phil.Clarke@ca.gt.com

**GRANT THORNTON LIMITED in its capacity as
Monitor for CANADA FLUORSPAR (NL) INC.,
CANADA FLUORSPAR INC., AND NEWSPAR
(A GENERAL PARTNERSHIP):**

Per: _____

Name: Phil Clarke, KStJ, CPA, CA, CIRP,
LIT
Title: Partner

I have the authority to bind the corporation.

SCHEDULE A

DIP LENDER COMMITMENTS

BFI - commitment to advance: (i) \$1,800,000, which has been fully advanced towards the Initial Advance before the date of this DIP Financing Agreement, intended to permit the Borrower to fund its Operations and the CCAA Proceedings through Phase 1 of the SISP; and (ii) \$1,450,000, to be fully advanced towards the Second Advance on the Second Advance Date, intended to permit the Borrower to fund its Operations and the CCAA Proceedings through Phase 2 of the SISP, if any.

Province - commitment to advance to the Monitor (whether directly or indirectly through its legal counsel, in trust): (i) \$1,800,000, to be fully advanced towards the Initial Advance on the Initial Advance Date, intended to permit the Borrower to fund its Operations and the CCAA Proceedings through Phase 1 of the SISP, and for no other purpose; and (ii) \$1,450,000, to be fully advanced towards the Second Advance on the Second Advance Date, intended to permit the Borrower to fund its Operations and the CCAA Proceedings through Phase 2 of the SISP, if any.

At its sole discretion, the Province may have an option (but not an obligation) to advance moneys (in part or in whole) to the Monitor (whether directly or indirectly through its legal counsel, in trust) prior to the Initial Advance Date or the Second Advance Date.

General

Notwithstanding anything in this DIP Financing Agreement, Phase 2 of the SISP shall only commence if BFI and the Province mutually agree in writing to proceed with Phase 2 of the SISP.

Should either BFI or the Province decide to terminate Phase 2 of the SISP, any undisbursed funds remaining in respect of the Second Advance shall be returned proportionally to BFI and the Province.

Each of the DIP Lenders acknowledges and confirms that BFI's contribution to the Initial Advance represents the amount by which BFI's loan in respect of Credit Facility 01 (as same is defined in the Intercreditor Agreement) has been reduced. For clarity, the principal under Credit Facility 01 has been reduced by \$1.8 million and re-loaned under this DIP Financing Agreement.

SCHEDULE B

DEFINED TERMS

"Administration Charge" means an administration charge in an aggregate amount not to exceed \$250,000 which shall rank in priority to the DIP Lenders' Charge pursuant to the Initial Order.

"Advance" has meaning given thereto in Section 5.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, *"control"* (including, with correlative meanings, the terms *"controlling," "controlled by"* and *"under common control with"*), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, or by contract or otherwise.

"Applicable Law" means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations and all applicable official directives, orders, judgments and decrees of any Governmental Authority having the force of law and binding on such Person.

"Borrower" has the meaning given thereto in the Recitals.

"Bridging Facilities" means the credit facilities provided to the Borrower by Sprott Bridging Income Fund LP, by its agent Bridging Finance Inc., pursuant to a Second Amended and Restated Loan Agreement dated as of February 1, 2018, as amended.

"Bridging Funds" means Bridging Income Fund LP, Bridging Private Debt Institutional LP, Bridging Mid-Market Debt Fund LP, Bridging Private Debt Lending Master Fund I, LP (Cayman), Bridging SMA 1 LP, and Bridging SMA 2 LP.

"Business Day" means any day other than a Saturday, Sunday or any other day in which banks in St. John's, Newfoundland, are not open for business.

"CCAA" has the meaning given thereto in the Recitals.

"CCAA Court" has the meaning given thereto in the Recitals.

"CCAA Proceedings" has the meaning given thereto in the Recitals.

"Collateral" means all of the Borrower's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof.

"Comeback Motion" has the meaning given thereto in Section 15(a).

"Court Order" and **"Court Orders"** have the meanings given thereto in Section 15(f).

"DIP Facility" has the meaning given thereto in Section 4.

"DIP Financing Agreement" means this DIP financing agreement, all schedules hereto, and all instruments supplemental to or in amendment or confirmation of this DIP Financing Agreement, in each case as the same may be supplemented, amended, restated or replaced from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this DIP Financing Agreement and all attached schedules and unless otherwise indicated, references to sections and schedules are to sections and schedules of this DIP Financing Agreement.

"DIP Financing Obligations" has the meaning given thereto in Section 7.

"DIP Lender" has the meaning given thereto in Section 2.

"DIP Lenders' Charge" has the meaning given thereto in Section 7(b).

"DIP Lender Expenses" means all reasonable and documented out-of-pocket legal fees and disbursements DIP Lenders incurred on or after the Filing Date.

"Drawdown Request Certificate" has meaning given thereto in Section 5.

"Event of Default" has the meaning given thereto in Section 17.

"Facility Amount" has the meaning given thereto in Section 4.

"Filing Date" means the date of commencement of the CCAA Proceedings.

"Funding Conditions" has the meaning given thereto in Section 8.

"Governmental Authority" means any federal, provincial, state, municipal, local or other government, governmental or public department, commission, board, bureau, agency or instrumentality, domestic or foreign and any subdivision, agent, commission, board or authority of any of the foregoing.

"HSBC Facilities" means the credit facilities provided to the Borrower by HSBC Bank Canada pursuant to (i) a Facility Letter dated August 28, 2018, as amended, and (ii) a Trade Invoice Recourse Financing Facility Agreement dated May 25, 2018, as amended.

"Indemnified Persons" has the meaning given thereto in Section 19.

"Initial Advance" has meaning given thereto in Section 5.

"Initial Funding Conditions" has the meaning given thereto in Section 7.

"Initial Order" means an initial order of the CCAA Court granted pursuant to the CCAA pursuant to which the Borrower shall commence the CCAA Proceedings.

"Intercreditor Agreement" means that certain Amended and Restated Intercreditor Agreement dated as of May 25, 2018 between Bridging Finance Inc. (on its own behalf and as agent for Sprott Bridging Income Fund LP), the Province, HSBC Bank Canada, the Borrower and certain affiliates of the Borrower, as amended.

"Interim Receivership Order" means the Order of Chief Justice Whalen of the Supreme Court of Newfoundland and Labrador, dated February 21, 2022, appointing Grant Thornton Limited as interim receiver for Canada Fluorspar (NL) Inc. and Canada Fluorspar Inc.

"Liens" means all liens, hypothecs, charges, mortgages, trusts, deemed trusts (statutory or otherwise), encumbrances and security interests of every kind and nature whatsoever.

"Material Adverse Change" means a liability that is not stayed or that arises or an event that occurs, including, but not limited to, (i) any change in the business, assets, or conditions (financial or otherwise), of the Borrower, or (ii) any change in SISF, that will in the DIP Lenders' judgment materially further impair the Borrower's financial condition or ability to comply with its obligations under this DIP Financing Agreement.

"Maturity Date" has the meaning given thereto in Section 11.

"Milestones" has the meaning given thereto in Section 15(n).

"Monitor" means Grant Thornton Limited, the court-appointed monitor in the CCAA Proceedings pursuant to the Initial Order.

"Operations" has the meaning given thereto in the Recitals.

"Permitted Liens" means (i) the DIP Lenders' Charge; (ii) any charges created under the Initial Order or other Court Order, in each case subsequent in priority to the DIP Lenders' Charge and approved by the DIP Lenders; (iii) validly perfected Liens existing prior to the date hereof, including without limitation those securing the Bridging Facilities, the HSBC Facilities and the Province Facilities; (iv) inchoate statutory Liens arising after the Filing Date in respect of any accounts payable arising after the Filing Date in the ordinary course of business, subject to the obligation to pay all such amounts as and when due; and (v) the Permitted Priority Liens.

"Permitted Priority Liens" means (i) the Liens over the Collateral of the Borrower securing the HSBC Facilities, solely to the extent that they have priority pursuant to the Intercreditor Agreement over the Liens over the Collateral of the Borrower which secure the Bridging Facilities and the Province Facilities, (ii) the Administration Charge, (iii) if applicable, Liens in favour of secured parties that did not receive notice of the application for the Initial Order, provided that if, upon application by the Borrower pursuant to the Comeback Motion, the CCAA Court enters a further order providing that the DIP Lenders' Charge shall rank in priority to such secured parties' Liens, such Liens shall no longer constitute Permitted Priority Liens; and (iv) any amounts payable by the Borrower for wages, vacation pay, employee deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of input credits), income tax and workers compensation claims, in the case of this item (iv) solely to the extent such amounts are given priority by Applicable Law and only to the extent that the priority of such amounts have not been subordinated to the DIP Lenders' Charge granted by the CCAA Court.

"Person" means an individual, partnership, corporation, business trust, joint stock company, limited liability company, unlimited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Phase 1" has the meaning set out in the SISF attached as Schedule E to this DIP Financing Agreement.

"Phase 2" has the meaning set out in the SISP attached as Schedule E to this DIP Financing Agreement.

"Prime" means the primate rate of the Bank of Nova Scotia.

"Province" means Her Majesty in Right of Newfoundland and Labrador (as represented by the Minister of Industry, Energy and Technology).

"Province Facilities" means the credit facilities provided to the Borrower by the Province pursuant to a Loan Agreement dated March 30, 2017, as amended.

"Restructuring Transaction" has the meaning given thereto in the SISP.

"Second Advance" has meaning given thereto in Section 4.

"Second Funding Conditions" has the meaning given thereto in Section 8.

"SISP" means a sales and investment solicitation process reasonably acceptable to the DIP Lenders, subject to the approval of the CCAA Court, and to be administered by the Monitor and the Borrower, seeking to find a Restructuring Transaction to maximize recoveries for the stakeholders of the Borrower, the form and substance of which is attached hereto at Schedule E, and which form is acceptable to each of the DIP Lenders.

"Subsequent Advance" has meaning given thereto in Section 4.

SCHEDULE C

FORM OF DRAWDOWN REQUEST CERTIFICATE

TO: The DIP Lenders

Reference is made to that certain DIP Financing Agreement among Canada Fluorspar (NL) Inc., Canada Fluorspar Inc., and Newspar (a general partnership) by its Monitor, Grant Thornton Limited, as Borrower, and Bridging Finance Inc. as agent for the Bridging Funds and Her Majesty in Right of Newfoundland and Labrador (as represented by the Minister of Industry, Energy and Technology), as DIP Lenders, dated as of March 7, 2022 (the "**DIP Financing Agreement**"; capitalized terms used herein and not otherwise defined have the meanings given to them in the DIP Financing Agreement).

The undersigned Borrower hereby gives irrevocable notice pursuant to the terms of the DIP Financing Agreement for the proposed advance as follows:

The date of the proposed **[Initial]** **[Second]** Advance is: •

The aggregate amount of the **[Initial]** **[Second]** Advance is: •

The undersigned Borrower hereby irrevocably directs the DIP Lender to disburse the **[Initial]** **[Second]** Advance to those accounts and in accordance with the wire instructions set out in Schedule A hereto, and this direction shall be good and sufficient authority to the DIP Lender for so disbursing the **[Initial]** **[Second]** Advance.

The undersigned Borrower hereby certifies:

- (i) that all representations and warranties of the Borrower contained in the DIP Financing Agreement remain true and correct in all material respects both before and after giving effect to the use of the **[Initial]** **[Second]** Advance,
- (ii) that all of the covenants of the Borrower contained in the DIP Financing Agreement and all other terms and conditions contained in the DIP Financing Agreement, including the satisfaction or the continued satisfaction of all Funding Conditions, have been complied with by the Borrower,
- (iii) no Event of Default then exists and is continuing or would result from the **[Initial]** **[Second]** Advance, and
- (iv) that the use of proceeds of the **[Initial]** **[Second]** Advance will be used solely for the purposes set out in Section 6 of the DIP Financing Agreement and in accordance therewith.

CANADA FLUORSPAR (NL) INC., CANADA FLUORSPAR INC., AND NEWSPAR (A GENERAL PARTNERSHIP) by its MONITOR, GRANT THORNTON LIMITED

Per: _____

Name: _____

Title: _____

**SCHEDULE A
TO
DRAWDOWN REQUEST CERTIFICATE**

Wire Instructions for Advance to Borrower

TD Canada Trust
140 Water Street
St. John's, NL A1C 6H6

Account Name: McInnes Cooper
Bank Code: 004
Transit #: 58003
Account #: 0324120

Wire Instructions for Advance to Monitor

TD Canada Trust
140 Water Street
St. John's, NL A1C 6H6

Account Name: McInnes Cooper
Bank Code: 004
Transit #: 58003
Account #: 0324120

SCHEDULE D

DIP BUDGET

Canada Fluorspar Inc. (CFI)
Cash Flow Projection (Interim Receivables & CCAA - Care and Maintenance - Sale and Investor Solicitation Process)
For the Period of February 21, 2022 to July 10, 2022
(in 000s CAD)

(in 000s CAD)																					
Notes	Interim Receiver		CCAA SISP - Phase 1								CCAA SISP - Phase 2										Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Week No.	21-Feb-22	28-Feb-22	07-Mar-22	14-Mar-22	21-Mar-22	28-Mar-22	04-Apr-22	11-Apr-22	18-Apr-22	25-Apr-22	02-May-22	09-May-22	16-May-22	23-May-22	30-May-22	06-Jun-22	13-Jun-22	20-Jun-22	27-Jun-22	04-Jul-22	
Week Start	27-Feb-22	06-Mar-22	13-Mar-22	20-Mar-22	27-Mar-22	03-Apr-22	10-Apr-22	17-Apr-22	24-Apr-22	01-May-22	08-May-22	15-May-22	22-May-22	29-May-22	05-Jun-22	12-Jun-22	19-Jun-22	26-Jun-22	03-Jul-22	10-Jul-22	
Week Ending																					
Cash Inflows																					
Collection of Receivables	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Inflows		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash Outflows																					
Payroll	C	776	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	2,708	
Maintenance Costs		4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	90	
Fuel		11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	220	
Freight		2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	40	
Utilities		58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	1,160	
Insurance		6	79	-	6	79	-	-	6	79	-	-	-	6	79	-	-	6	79	425	
Materials/Supplies		2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	40	
Professional Fees - Restructuring		150	150	75	75	75	75	50	50	50	50	50	50	50	50	50	50	50	50	1,300	
Other/Miscellaneous		1	12	1	1	1	5	1	1	1	5	1	1	1	5	1	1	1	1	47	
Telephone/Communications		3	4	3	3	4	3	3	3	4	3	3	3	3	4	3	3	3	3	65	
Environmental		4	16	4	4	4	59	4	4	4	4	4	4	4	28	4	4	4	4	171	
Logistics/Warehousing		2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	40	
Contingency																					
Total Cash Outflows		1,019	350	377	162	383	301	352	137	358	221	352	137	352	143	460	137	352	143	496	6,306
Net Cash Flow		(1,019)	(350)	(377)	(162)	(383)	(301)	(352)	(137)	(358)	(221)	(352)	(137)	(352)	(143)	(460)	(137)	(352)	(143)	(496)	(6,306)
Cash Balance																					-
Operating Cash Balance			790	440	1,863	1,701	1,319	1,018	666	529	3,071	2,850	2,499	2,362	2,010	1,867	1,407	1,270	919	776	340
DIP Financing - Bridging Finance (Receiver)		1,809							1,450												3,259
DIP Financing - Prov. of Newfoundland			1,800						1,450												3,250
Net Cash Flow		(1,019)	(350)	(377)	(162)	(383)	(301)	(352)	(137)	(358)	(221)	(352)	(137)	(352)	(143)	(460)	(137)	(352)	(143)	(496)	(6,306)
Closing Cash Balance		790	440	1,863	1,701	1,319	1,018	666	529	3,071	2,850	2,499	2,362	2,010	1,867	1,407	1,270	919	776	340	203

Notes:

A - The projection is prepared on the basis that operations will cease and the Company will file for restructuring proceedings under the CCAA to obtain a stay of proceedings against its creditors, debtor-in-possession financing and commence a Sales and Investor Solicitation Process (SISP) for the mine.

B - CFI has a factoring arrangement with its operating lender, HSBC. The cash flow assumes any receivables collected would be offset against HSBC's debt.

C - Payroll consists of the approximately 51 personnel required to preserve and maintain the assets while a SISP process can be completed, including costs to Cardian.

D - Restructuring fees include the Grant Thornton Limited (Monitor), its legal counsel (McInnes Cooper), the Company's legal counsel (Cox & Palmer) to complete the CCAA restructuring process including SISP to locate a buyer for the operations.

SCHEDULE E
AGREED-UPON FORM OF SISP

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 ●, 2022. Said order was amended and restated by the Court on March ●, 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 ●, 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

<u>Event</u>	<u>Date</u>
<u>1. Solicitation Letter</u> Monitor to distribute Solicitation Letter, to potentially interested parties	By no later than March 20 2022, at 5:00 p.m. (Newfoundland Standard Time)
<u>2. CIM and VDR</u> 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
<u>3. Phase 1 Qualified Bidders & Bid Deadline</u> 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.

<u>Event</u>	<u>Date</u>
<u>4. Phase 1 Successful Bid</u> 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)
<u>5. Phase 2 Bid Deadline & Qualified Bidders</u> Phase 2 Bid Deadline (for delivery of definitive offers by Phase 2 Qualified Bidders in accordance with the requirement of paragraph 22 of the Bidding Procedures)	By no later than June 12, 2022, at 5:00 p.m. (Newfoundland Standard Time)
<u>6. Auction</u> Auction Commencement Date (if needed)	By no later than June 19, 2022
<u>7. Selection of final Successful Bid</u> Deadline for selection of final Successful Bid	By no later than June 19, 2022, at 5:00 p.m. (Newfoundland Standard Time)
<u>8. Definitive Documentation</u> Deadline for completion of definitive documentation in respect of Successful Bid	By no later than June 26, 2022
<u>9. Approval Motion – Successful Bid</u> Deadline for filing of Approval Motion in respect of Successful Bid	By no later than July 3, 2022
<u>10. Closing – Successful Bid</u> Anticipated deadline for closing of Successful Bid being the Target Closing Date	July 10, 2022 or such earlier date as is achievable
<u>11. Outside Date – Closing</u> 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 33 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 32 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 22(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 36 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 30.

“Approval Order(s)” shall have the meaning set forth in paragraph 30.

“Auction” shall have the meaning set forth in paragraph 27.

“Backup Bid” shall have the meaning set forth in paragraph 29.

“Backup Bidder” shall have the meaning set forth in paragraph 29.

“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 21.

“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 35.

“Court” shall have the meaning set forth in the preamble.

“Deposit” shall have the meaning set forth in paragraph 22(i).

“DIP” means the DIP Financing Agreement dated March 9, 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 27(h)27(h).

“Opportunity” shall have the meaning set forth in paragraph 2.

“Outside Date” shall have the meaning set forth in paragraph 22(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 21.

“Phase 2 Qualified Bid” shall have the meaning set forth in paragraph 21.

“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 25.

“Successful Bidder” shall have the meaning set forth in paragraph 25.

“Target Closing Date” shall have the meaning set forth in paragraph 22(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 Parnterhsip)

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

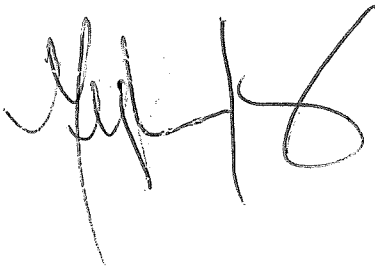
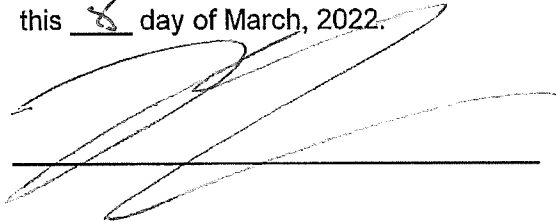
with a copy to:

McInnes Cooper

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

TAB G

This is **EXHIBIT "G"** of the **AFFIDAVIT
OF PHIL CLARKE** sworn before me
this 8 day of March, 2022.

A handwritten signature in dark ink, appearing to read 'Phil Clarke', written over a horizontal line.A handwritten signature in dark ink, written over a horizontal line.

**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

**FIRST REPORT OF GRANT THORNTON LIMITED,
IN ITS CAPACITY AS COURT APPOINTED INTERIM RECEIVER
AND PROPOSED 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 8, 2022



Grant Thornton

**Grant Thornton Limited,
Court Appointed Interim Receiver
and Proposed Monitor**

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

APPENDICES

A – Interim Receivership Order

B – List of Creditors

C – Audited Financial Statements as of December 31, 2020

D – Internal Draft Financial Statements as of December 31, 2021

E – Cash Flow Forecast

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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. (collectively referred to as the "**Company**" or "**CFI**") by Order of the Supreme Court of Newfoundland and Labrador (the "**Court**"). A copy of the Order of the Honourable Chief Justice Raymond P. Whalen is attached hereto as **Appendix "A"** (the "**Interim Receivership Order**").
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*; 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. The Interim Receiver's report and other information in respect of these proceedings (the "**Interim Receivership Proceedings**") are posted on the Interim Receiver's website at www.GrantThornton.ca/CFI.

PURPOSE OF THE REPORT

4. The purpose of this report (the "**First Report**") is to inform the Court as to the following:
 - (a) the activities of the Interim Receiver since the Date of appointment;
 - (b) the status of various aspects of the Interim Receivership Proceedings;
 - (c) the state of the business and affairs of the Company and the causes of its financial difficulty and insolvency;
 - (d) the details of CFI's assets and liabilities including the charges, security interests and encumbrances registered against CFI;
 - (e) the Interim Receiver's comments on its application before this Honourable Court seeking certain relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") granting, inter alia, a stay of proceedings until July 10, 2022 and appointing GTL as monitor ("**Monitor**") in the CCAA proceedings, including:
 - i. The proposed conduct of the CCAA Proceedings;
 - ii. The Company's proposed Debtor-in-Possession financing ("**DIP Financing**") and its efforts in securing same;
 - iii. A discussion of the proposed Court ordered Charges (defined herein) and such Charges' effect on the Company's stakeholders;
 - iv. GTL's qualifications to act as Monitor;
 - (f) the Interim Receiver's receipts and disbursements from the Date of Appointment to March 4, 2022; and
 - (g) the Company's cash flow projection for the period ending July 10, 2022 (the "**Cash Flow Forecast**").
5. The Interim Receiver is requesting the following relief from this Honourable Court:
 - (a) An order (the "**Proposed Initial Order**") under the CCAA, among other things:
 - i. Granting a stay of proceedings;
 - ii. Appointing GTL as Monitor;
 - iii. Approving the proposed Sales and Investors Solicitation Process ("**SISP**");

- iv. Approving the DIP Financing and related charge in favour of the DIP Lenders (defined herein) over the Company's Property; and
- v. Granting a charge (the "**Administrative Charge**") against the Company's Property to a maximum amount of \$250,000 as security for the professional fees and disbursements incurred by counsel to the Company, the Monitor, and the Monitor's legal counsel.

TERMS OF REFERENCE

- 6. In preparing this First Report, the Interim Receiver 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 Interim Receiver 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 Interim Receiver expresses no opinion or other form of assurance pursuant to GAAP or IFRS with respect to such information.
- 7. Some of the information used in preparing this First 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 Interim Receiver'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.
- 8. In the course of its mandate, the Interim Receiver has assumed the integrity and truthfulness of the information and explanations presented to it by the Company and its Management, within the context in which such information was presented. To date, nothing has come to the Interim Receiver's attention that would cause it to question the reasonableness of these assumptions. The Interim Receiver has requested that

Management, bring to its attention any significant matters which were not addressed in the course of the Interim Receiver's specific inquiries. Accordingly, this Report is based solely on the information (financial or otherwise) made available to the Interim Receiver by the Company and its Management.

9. This First 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 Interim Receiver. Accordingly, the reader is cautioned that this Report may not be appropriate for any other purpose. The Interim Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this First Report contrary to the provisions of this paragraph.
10. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND INFORMATION

DESCRIPTION OF COMPANY

11. CFI is one of the few active producers of fluorspar in Canada and the United States. The Company was developing the St. Lawrence Fluorspar Mine Project in St. Lawrence, Newfoundland and Labrador, to mine high-quality fluorspar ore from the AGS Vein to produce acid-grade fluorspar concentrate and export to domestic and international markets. This is known as the AGS Fluorspar Project, discovered in 2013.
12. Fluorspar is an essential mineral to many industries and applications, including lithium ion batteries; solar panels; refrigeration and air conditioners; high-performance polymers for aerospace; automotive and electronics applications; high-strength and purity glass for smart phones and electronic devices; pharmaceuticals, anesthesia's and medical devices; fire retardants and welding consumables; and steel and aluminum production.
13. The Company was incorporated under the laws of Ontario and is extra provincially registered to conduct business in Newfoundland and Labrador. Since 2014, the Company has been wholly owned by Golden Gate Capital ("GGC").
14. The Company's chief place of business is the Province of Newfoundland and Labrador where all of its assets are located.

OPERATIONAL REVIEW

15. CFI has a production capacity of approximately 180,000 dry metric tons of fluorspar per year. The current estimate of ore in the AGS Vein is expected to operate for approximately 10 years. The Company also has other fluorspar ore bodies in the vicinity of the AGS Fluorspar Project, which could be mined after the AGS ore has been exhausted.
16. Since 2018, shipments have been loaded from a pier in Marystown, NL. However, in July 2021, the Company loaded its first shipment from its new Blue Beach Marine Terminal, 5 kilometers from the mine site in St. Lawrence. The Blue Beach Marine Terminal is capable of handling vessels of 10,000 to 65,000 deadweight tonnage.
17. In addition to mine development at the AGS Fluorspar Project and the Marine Terminal at Blue Beach Cove, the Company also operates the following:
 - (a) A Mill Facility with a production capacity of up to 180,000 tonnes per year of acidspar concentrate;
 - (b) Infrastructure to support the mine and mill, including access roads, conveyors, an administration building, a warehouse and maintenance building, employee facilities, a concentrate storage building, a security building, and an electrical building; and
 - (c) A Tailings Management Facility to store 2.8 million tonnes of flotation tailings over the life of the AGS Fluorspar Project.

ASSETS

18. The Company's fluorspar project in St. Lawrence, Newfoundland and Labrador consists of the following main assets:
 - (a) Mineral properties including a number of mining and surface leases consisting of three open pit mines;
 - (b) Mill facility, tailings management facility, storage buildings, maintenance shop, administration building and other auxiliary buildings;
 - (c) Blue Bay marine terminal;
 - (d) Equipment and rolling stock; and

- (e) Finished inventory of approximately 8,845 wet metric tons (WMT) of Calcium Fluorite Fluorspar CaF₂ (acid-grade).

LIABILITIES

19. Attached as Appendix "B" is the estimated list of creditors as prepared by the Company. A summary of the Company's creditors is as follows:

CFI - Creditors	
Secured Creditors	\$94,511,855
Capital Leases	9,813,248
Unsecured Creditors	22,759,806
Total	\$127,084,909

20. The principal secured obligations of the Company, are further described below:

HSBC Bank Canada ("HSBC")

- a) HSBC is a secured creditor of CFI who is owed approximately \$18,000,000 USD as of February 28, 2022.
- b) Based on a preliminary review of HSBC's security agreements by CFI's legal counsel, HSBC has a first ranking security interest over the accounts receivable of the Company. There is also an intercreditor agreement between HSBC, Bridging, and the PNL, which provides that HSBC has priority over Bridging and PNL with respect to inventory up to \$2,000,000 USD. Outside of this limit, Bridging and PNL have priority over HSBC with respect to Inventory. The Factoring Agreement with HSBC was excluded from the Interim Receivership order. The Factoring Agreement is excluded from the proposed CCAA proceeding.
- c) As of February 28, 2022, the Company had approximately \$21,000,000 USD in outstanding accounts receivable; however, it was determined that for three invoices totaling \$3,036,000 USD, the product was not yet shipped to the customers, therefore actual outstanding accounts receivable is approximately \$18,000,000 USD. Those 3 invoices were presented to HSBC and factored pursuant to the Factoring Agreement.

- d) Refined fluorspar inventory on hand as of the Date of Appointment was approximately 8,845 tons worth approximately \$4,000,000 USD assuming a market price of \$460/ton. Since the Date of Appointment, a number of customers have shown interest in acquiring the inventory.

Bridging Finance Inc.

- e) A Demand Loan provided to the Company by Bridging in the principal amount of \$40,000,000, and a second Demand Loan provided by Bridging in the principal amount of \$23,000,000 (the "Bridging Loans"). The Bridging Loans are secured by a security interest granted in favour of Bridging with respect to all of the Company's present and after-acquired personal property.

Province of Newfoundland and Labrador

- f) A Demand Loan provided by the Province of Newfoundland and Labrador (the "PNL") to the Company in the principal amount of \$17,000,000 (the "PNL Loan"). The PNL Loan is also secured by a security interest granted in favour of PNL with respect to all of the Company's present and after-acquired personal property.

21. GTL has not obtained an independent security opinion in respect of the HSBC Loan, Bridging Loan and the PNL Loan.

FINANCIAL PERFORMANCE

22. For the fiscal years ending December 31, 2020 and December 31, 2021, CFI incurred a net loss of \$29,241,211 and \$44,244,834 (internal preliminary draft figure) respectively. Attached as Appendix "B" and "C" are the Company's financial statements.

CAUSE OF INSOLVENCY

23. According to the Company production of fluorspar concentrate started to increase in the first half of 2021, with new production records achieved in May and June 2021.
24. However, COVID-19 related restrictions and continuing construction challenges caused a lack of labour and among other issues, caused significant production slowdowns during November 2021 to January 2022.
25. Most of the Company's sales volume is contractualized. Unfortunately, the Company's sales have been constrained by operational and COVID-19 related matters that resulted in lower production.

26. CFI has incurred significant operating losses over the past 2 years, however, it is believed that with additional capital expenditures to the Blue Bay Terminal along with a restructuring of the mill operation, the Company could be better positioned to generate a profit. In the short term, continuing to operate is not possible without continued financial support.

EMPLOYEES

27. As of February 21, 2022, the Company employed 261 people (active employees) in St. Lawrence, Newfoundland and Labrador. Between the dates of February 21 to February 22, 2022, the Company terminated 208 of the 261 active employees in its effort to place the operations into care and maintenance mode.
28. The Interim Receiver terminated 8 employees since its appointment.
29. There are currently 45 employees retained to maintain the assets in cold idle, maintain security, and maintain the environmental monitoring functions.

INTERIM RECEIVER'S ACTIVITIES

30. The Interim Receiver attended the Company's site on February 21, 2022, to among other things, preserve the assets of the Company, seek options related to a sales process, and place the Company into care and maintenance mode while restructuring options are pursued.
31. On the Date of Appointment, the Interim Receiver met with CFI's operational managers to discuss the current status of the Company's operations and any urgent operational issues that required immediate attention to preserve the Company's assets.
32. The Interim Receiver with the Company's staff made a list of items that need to be completed in order to shut down the operations and maintain the assets, and the level of employees required to do so. Such plans have been implemented and are ongoing as of the date of this First Report.
33. Since the Date of Appointment, the Interim Receiver's staff have been on site at regular intervals and its main activities have included:
- (a) Assessing the security controls that the Company had at the site and working with security personnel to enhance security including changing locks, setting up additional

security cameras, blockading certain access points to the site, notifying the RCMP of our appointment and maintaining the Company's books and records;

- (b) Overseeing the Company's termination of the majority of the employees;
- (c) Identifying and retaining a portion of the Company's staff which would be required to safely shut down operations, provide security, maintain environmental monitoring, and implement a care and maintenance plan in regard to the assets;
- (d) Obtaining certain books and records of the Company to assist the Interim Receiver in assessing the restructuring options for the Company;
- (e) Communicating with certain employees and creditors in regard to the Interim Receivership Order;
- (f) Assessing the level of supplies on hand and making arrangements for continued goods and services to be provided in order to care for and preserve the assets;
- (g) Notifying HSBC of our appointment and arranging for the balance of funds to be placed in a trust account in the Interim Receiver's name;
- (h) Posting the Interim Receivership Order and other pertinent documents on the Interim Receiver's website;
- (i) With assistance from the Company's staff, prepared a cash flow forecast on the basis that the operations ceased, and a care and maintenance plan was implemented;
- (j) Understanding and summarizing priority vendors that require immediate payment to continue delivery of critical goods and services;
- (k) Providing the employees with a list of questions concerning the Interim Receiver's appointment;
- (l) Assisting the secured lenders extensive negotiation regarding providing Debtor in Possession financing;
- (m) Responding to customer and creditor queries; and
- (n) Responding to queries from parties interested in participating in a potential sales process.

SUMMARY OF RECEIPTS AND DISBURSEMENTS

34. Receipts and disbursements from the Date of Appointment to March 4, 2022 are summarized as follows:

CFI - Interim Receivership Statement of Receipts and Disbursements		
	CAD\$	Notes
Opening Cash on Hand	\$ 1,950,030	a
Receipts	-	
Disbursements		
Fuel	44,000	b
Insurance	78,434	c
Mineral Licensing	61,680	d
Other - HST Paid	15,642	e
Payroll	1,228,274	f
Professional Fees - Restructuring	100,488	g
Total Disbursements	1,528,519	
Closing Cash on Hand	\$ 421,511	

- (a) Opening Cash on Hand - consisted of approximately \$1.13 million in the Company's HSBC bank accounts and \$820,000 on deposit with its payroll service provider, Ceridian;
- (b) Fuel - consists of payments to Western Petroleum for post-interim receivership delivery of gas, diesel, and furnace oil required to shut down the operations and maintain the facilities;
- (c) Insurance - insurance premiums paid to BFL Canada (CAFO Finance Contract) for commercial, property and liability insurance for month of March 2022;
- (d) Mineral Licensing - amounts paid to the Province of Newfoundland for mine/surface lease rental fees, license renewal fees, and bond in lieu of work expenditures on the Company's mining leases and licenses;
- (e) Other - HST Paid - mainly consist of HST paid on expenditures;

(f) Payroll – employee costs represent the gross wages, employee source deductions, health benefits for the bi-weekly period ending February 18, 2022 for approximately 261 employees and the bi-weekly period ending March 4, 2022 for the reduced workforce of approximately 51 employees; and

(g) Professional Fees – Restructuring – The Interim Receiver has accrued fees of \$100,488 to date.

35. As of March 4, 2022, the Company has approximately \$421,000 in cash on hand and will require DIP financing in order to preserve the assets over the period of the proposed SISP.

36. The utility service providers have yet to provide the Interim Receiver invoices for services provided since the date of appointment, including NL Power, Bell, etc. The Interim Receiver has maintained the provision of these services and expect invoices to follow in due course. These utility costs have NOT been accrued and are expected to be significant.

RESTRUCTURING OPTIONS / SALES AND INVESTOR SOLICITATION PROCESS / NEXT STEPS

37. As iterated throughout this First Report and to summarize the matters discussed leading us into the proposed restructuring options:

(a) CFI is 100% owned by Golden Gate Capital ("GGC"). Prior to the Interim Receivership Order, GGC notified the Company that it decided that it would not inject any further capital into the Company to cover operating losses.

(b) GTL was appointed as Interim Receiver to assist the secured creditors assess CFI's restructuring options.

(c) CFI's existing operations are not profitable under its current state and the Company is not viable given its current debt structure.

(d) Due to ongoing operational losses and the Company's limited cash resources, CFI cannot afford to continue operating and has had to shut down its operations and terminate the majority of its employees.

38. The only option available to CFI is to commence a sales and investor solicitation process ("SISP") designed to obtain offers for the purchase of the business and assets. To continue to preserve the assets and conduct the SISP, the Company will need to obtain DIP Financing to cover the costs through to the end of the proposed SISP.

39. Absent DIP Financing, the Company will have no cash and will be forced to file for bankruptcy.

CCAA PROCEEDINGS

40. As contemplated in paragraph 6. (o) of the Interim Receivership Order, the Interim Receiver was given the power to make an application before the Court seeking certain relief (the "Initial Order") under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "CCAA") granting, among other things, a stay of proceedings for not more than ten (10) days from the Initial Order (the "Stay Period") and appointing GTL as Monitor. The proceedings to be commenced by the Companies under the CCAA will be referred to hereinafter as the "CCAA Proceedings".

DEBTOR-IN-POSSESSION FINANCING

41. The terms of the DIP Facility are detailed in the DIP Term Sheet, a copy of which is attached as Exhibit "F" to the Affidavit of Phil Clarke. GTL does not believe that creditors, on balance, will be prejudiced from approval of the DIP Facility and DIP charges. It is the Interim Receiver's view that the SISP is best option to find a purchaser of the assets of the business and provide a possible recovery to creditors, and best chance of seeking a new owner/operator for the mine.
42. Absent DIP financing, the Company has no cash to continue operating in any capacity and will have to file a bankruptcy.

SALES AND INVESTOR SOLICITATION PROCESS

43. Prior to the Date of Appointment, GTL developed a proposed SISP with assistance of GGC and the secured creditors. Prior to the appointment of the Interim Receiver, GGC decided to not participate in the proposed DIP and SISP, however, Bridging and the Province of Newfoundland and Labrador has committed to providing DIP financing to carry out the SISP.
44. An overview of the SISP is provided. Capitalized terms not defined herein are defined in the SISP. The timing of the SISP may change depending on court approval, if at all.

Event	Date
<u>1. Solicitation Letter</u> Monitor to distribute Solicitation Letter, to potentially interested parties	By no later than March 20, 2022, at 5:00 p.m. (Newfoundland Standard Time)
<u>2. CIM and VDR</u> Monitor to prepare and have available for parties having executed the NDA (Potential Bidders) the CIM and VDR	By no later than March 20, 2022, at 5:00 p.m. (Newfoundland Standard Time), or at such later time as the Monitor, in consultation with the Company, deems appropriate
<u>3. Phase 1 Qualified Bidders & Bid Deadline</u> 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)
<u>4. Phase 1 Successful Bid</u> 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)
<u>5. Phase 2 Bid Deadline & Qualified Bidders</u> Phase 2 Bid Deadline (for delivery of definitive offers by Phase 2 Qualified Bidders)	By no later than June 12, 2022, at 5:00 p.m. (Newfoundland Standard Time)

Event	Date
in accordance with the requirement of paragraph 21 of the Bidding Procedures)	
<u>6. Auction</u> Auction Commencement Date (if needed)	By no later than June 19, 2022
<u>7. Selection of final Successful Bid</u> Deadline for selection of final Successful Bid	By no later than June 19, 2022, at 5:00 p.m. (Newfoundland Standard Time)
<u>8. Definitive Documentation</u> Deadline for completion of definitive documentation in respect of Successful Bid	By no later than June 26, 2022
<u>9. Approval Motion – Successful Bid</u> Deadline for filing of Approval Motion in respect of Successful Bid	By no later than July 3, 2022
<u>10. Closing – Successful Bid</u> Anticipated deadline for closing of Successful Bid being the Target Closing Date	July 10, 2022 or such earlier date as is achievable
<u>11. Outside Date – Closing</u> Outside Date by which the Successful Bid must close	July 10, 2022

45. The Interim Receiver is of the view that the SISP is appropriate for the following reasons:

- (a) Prior to the Interim Receivership, PricewaterhouseCoopers in its capacity as receiver of Bridging conducted a sales and investor solicitation process for the assets of Bridging including CFI's loan which resulted in a number of parties showing interest in acquiring the debt owed from CFI. The Interim Receiver will be able to approach these parties identified during the Bridging SISP as potential purchasers;
- (b) In addition, a regional and national advertising campaign will increase exposure to any potential parties not previously aware of the Bridging SISP;
- (c) The Company's assets will be widely exposed to the market for a sufficient length of time
- (d) Bridging along with the PNL have agreed to provided DIP financing which will provided sufficient cash resources to preserve the assets and carry out the SISP
- (e) As this will now be the second sales process that has been ran in respect of the Company's, the market is likely aware of the potential of, and issues surrounding, the subject assets. Such awareness should reduce the due diligence period required, and lead to a rapid sale process for Successful Bidders;
- (f) GGC, Bridging, and the PNL are supportive of the SISP;
- (g) Numerous parties have come forward during the Interim Receivership process expressing interest in participating in the sales process; and
- (h) The Company has advised that its customers may be likely participants in a SISP.

46. Absent a SISP the Company will be forced into liquidation via a bankruptcy process.

PROPOSED DEBTOR-IN-POSSESSION FINANCING

- 47. As mentioned previously, GGC advised it was not willing to provide any further equity financing to the Company. Considering this, the Company sought DIP Financing from the secured creditors.
- 48. During the Interim Receivership period, efforts were commenced to seek DIP Financing from the existing lenders. These efforts has resulted in the following: Bridging to provide DIP Financing in the amount of \$3.25 million along with the PNL who is willing to provide DIP Financing in the amount of \$3.25 million, for the Company, with the assistance of the Monitor, to keep the mine in care and maintenance mode and complete the SISP.

49. The DIP Facility Loan Agreement (the "**DIP Financing Agreement**") entered into on March 7, 2022 with Bridging Finance and the PNL (in such capacity, the "**DIP Lenders**") has agreed to advance to the Company a total amount of up to \$6.50 million (the "**DIP Facility**"), which will be made available to the Company during these CCAA Proceedings, of which an initial amount of \$3.60 million will be advanced to the Company during the Initial 10-day Stay Period (the "**Initial Advance**").
50. It is contemplated that the DIP Lenders would be granted a Court-ordered charge over all of the Company's property, up to a maximum amount of \$3.6 million on the Initial Order, increasing to \$6.50 million on the comeback order, to secure amounts owing by the Company pursuant to the DIP Financing Agreement (the "**DIP Charge**"). The DIP Charge will only secure obligations in respect of the DIP Facility and will not secure any other obligation. The DIP Charge will not secure any obligation that existed prior to the Initial Order.
51. Given the limited resources and the circumstances of the Company, the Interim Receiver is of the view that it would be difficult if not impossible and impractical for the Company to obtain alternative financing outside of creditor protection proceedings given the limited amount of time available to the Company before it runs out of cash.
52. Based on the information it has received, the Interim Receiver is of the view that the DIP Facility and the DIP Charge are appropriate in the circumstances.

CASH FLOW FORECAST

53. The Company, with assistance from the Interim Receiver, prepared a cash flow forecast, attached as **Appendix "E"** (the "**Cash Flow Forecast**"), which covers the period from February 21, 2022 to July 10, 2022 (the "**Cash Flow Period**"). The Cash Flow Forecast was prepared on the assumption that the Company's mining operations will be shut down and a care and maintenance program for the assets carried out. The Cash Flow Period was prepared over a 20-week period to estimate the time to complete the proposed SISP and complete a transaction with respect to the sale of the business/assets.
54. The Cash Flow Forecast has been prepared by management using probable and hypothetical assumptions set out therein (the "**Probable and Hypothetical Assumptions**").

55. The Interim Receiver has reviewed the Cash Flow Projection to the standard required of a Court-appointed Monitor by s. 23(1)(b) of the CCAA. The Interim Receiver's review of the Cash Flow Projection consisted of inquiries, analytical procedures, and discussions related to information supplied to the Interim Receiver by Management of the Company. Since the Probable and Hypothetical Assumptions need not be supported, the Interim Receiver's procedures with respect to same were limited to evaluating whether they were consistent with the purpose of the Cash Flow Projection. The Interim Receiver has also reviewed the support provided by the Company for the Probable and Hypothetical Assumptions and the preparation and presentation of the Cash Flow Projection. Based on the Interim Receiver's review, nothing has come to its attention that causes it to believe that, in all material respects:
- (a) the Probable and Hypothetical Assumptions are not consistent with the purpose of the Cash Flow Projection;
 - (b) as at the date of this Report, the Probable and Hypothetical Assumptions developed by management are not suitably supported and consistent with the Company's plans or do not provide a reasonable basis for the Cash Flow Projection, given the Probable and Hypothetical Assumptions; or
 - (c) the Cash Flow Projection does not reflect the Probable and Hypothetical Assumptions.
56. The Company's cash position at the commencement of the CCAA Proceedings is estimated to be approximately \$421,000 before accounting for utility costs. The Cash Flow Projection estimates the Company will require incremental advances under the DIP facility of approximately \$6.50 million to fund its cash shortfall during the Cash Flow Period. The Company is projecting total disbursements of approximately \$6.30 million. A copy of the detailed cash flow is attached hereto as **Appendix "E"**.

GENERAL COMMENTS

57. In addition, the Interim Receiver makes the following general comments on the Cash Flow Projection:
- (a) receipts are represented as \$NIL due to the Company's operations being placed into care and maintenance mode. It is understood that HSBC has a first ranking charge over the receivables and to that effect we understand that HSBC intends

to sweep all funds received to repay their loan. As it is not the intention of the Company to operate during the CCAA proceedings a \$NIL estimate for receipts is consistent with expectations.

- (b) disbursements appear to be consistent with the level of operations contemplated by management and the Interim Receiver for the Company during the Cash Flow Period;
- (c) the Cash Flow Projection contemplates paying post-filing employee wage and other employee obligations and related source deductions in the ordinary course,;
- (d) the Cash Flow Projection contemplates paying vendors in accordance with existing credit terms, with provisions for the possibility of different credit terms,; and
- (e) disbursements include forecast payments to the Company's legal counsel and financial advisors, and the Monitor and its legal counsel..

PROPOSED COURT ORDERED CHARGES

58. The Proposed Initial Order provides for two charges that rank as follows:

- (a) first – the Administrative Charge; and
- (b) second – the DIP Charge.

(collectively, the "**Charges**"). The Proposed Initial Order states that the Charges are to rank ahead of all security, interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (the "**Encumbrances**") in favour of any Person (as defined in the Proposed Initial Order), however does not prime any secured creditor not served with the initial application.

ADMINISTRATION CHARGE

59. The Proposed Initial Order contemplates the Monitor, the Monitor's Counsel and the Company's counsel, be granted a court-ordered charge on the assets of Company as security for professional fees and disbursements relating to services rendered in respect of the Company (whether incurred prior to or after the commencement of the CCAA proceedings) at the standard rates and charges in an amount not to exceed \$250,000 (the "**Administrative Charge**").

60. The Administration Charge threshold has been established based on the various professionals' previous history and experience with restructurings of similar magnitude and complexity. If an Initial Order under the CCAA is granted, the Interim Receiver believes that the proposed Administration Charge is required and reasonable in the circumstances.

DIP CHARGE

61. It is a condition of the DIP Facility that it be secured by a charge over the assets of the Company.
62. Based on discussions with Bridging Finance and the PNL and reviewing the Company's information, the Interim Receiver is of the view that the DIP Charge is reasonable and appropriate in the circumstances

QUALIFICATIONS TO ACT AS MONITOR

63. GTL is a licensed insolvency trustee within the meaning of section 2(1) of the *Bankruptcy and Insolvency Act* (Canada). In addition, GTL is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA.
64. GTL has consented to act as Monitor should the Court grant the Company's request for relief in the CCAA Proceedings.
65. The senior GTL representative with carriage of this matters is an experienced Chartered Insolvency and Restructuring Professional and a Licensed Insolvency Trustee, who has acted in restructurings and CCAA matters across various provinces in Canada. GTL and its affiliates also have extensive experience in the mining industry.

NEED FOR A STAY OF PROCEEDINGS AND THE CCAA PROCEEDINGS

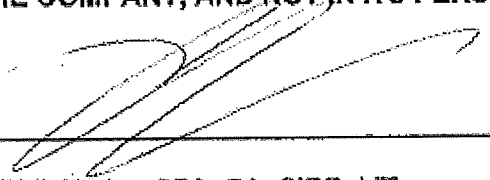
66. Over the past two years the Company's operations have been negatively impacted by challenges of COVID-19, production problems, and mill and mine development challenges which has resulted in significant liquidity issues. GGC, who had been supporting liquidity requirements through additional investment is no longer willing to do so. The proposed CCAA Proceedings, including the 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.

67. For the reasons set out in this Report, the Interim Receiver 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 8th day of March 2022.

**GRANT THORNTON LIMITED,
SOLELY IN ITS CAPACITY AS INTERIM RECEIVER
OF THE COMPANY, AND NOT IN ITS PERSONAL CAPACITY**

Per: 

Phil Clarke, CPA, CA, CIRP, LIT

Senior Vice-President

Appendix A

SCHEDULE "I"

**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

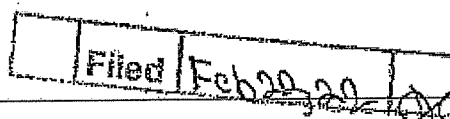
INTERIM RECEIVERSHIP ORDER

BEFORE THE HONOURABLE CHIEF JUSTICE RAYMOND P. WHALEN:

UPON The application of PricewaterhouseCoopers Inc., in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and Bridging Income Fund LP (formerly Sprott Bridging Income Fund LP) (the "Applicant"), for appointment of an interim receiver in respect of Canada Fluorspar (NL) Inc. and Canada Fluorspar Inc. (collectively, the "Debtor");

AND UPON READING the Originating Application and the affidavit of Graham Page sworn February 19, 2022, and the consent of Grant Thornton Limited to act as interim receiver (in such capacity, the "Interim Receiver") of the Debtor;

AND UPON HEARING counsel for the Applicant any other counsel or other interested parties present;



IT IS HEREBY ORDERED THAT:

SERVICE

1. The time for service of the notice of application and the material filed herein for this order (the "Order") is hereby abridged and deemed good and sufficient and this application is properly returnable today and any further service thereof is hereby dispensed.

APPOINTMENT

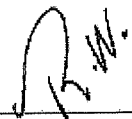
2. Pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "BIA") Grant Thornton Limited is hereby appointed Interim Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, save and except for the Excluded Property (the "Property").
3. For greater certainty, the Interim Receiver will not take possession of the Property except to the extent necessary to carry out its obligations hereunder.

DEFINED TERMS

4. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in Schedule "A".

INTERIM RECEIVER'S POWERS

5. The Interim Receiver is not authorized or permitted to operate or conduct the business of the Debtor; provided, however, that the Receiver is hereby empowered and authorized, but not obligated, to take such steps as are necessary (or cause the Debtor to take such steps as are necessary) to protect, preserve, and secure the Property.



6. The Interim Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Interim Receiver is hereby expressly empowered and authorized to do any of the following where the Interim Receiver considers it necessary or desirable:
- (a) to exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve, protect, and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, preserve and protect the assets of the Debtor, including the power to incur any obligations in the ordinary course of business, and the powers to enter into any agreements, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - (d) to retain or hire any employees on behalf of the Debtor for any period of time on substantially the same terms and conditions as those existing between such employees and the Debtor, if applicable, prior to the appointment of the Interim Receiver;
 - (e) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Interim

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Receiver's powers and duties, including without limitation those conferred by this Order;

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor. For greater certainty, this provision shall not apply to the Excluded Property;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Interim Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Interim Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to report to, meet with and discuss with such affected Persons (as defined below) as the Interim Receiver deems appropriate all matters relating to the Property and the interim receivership, and to share information, subject to such terms as to confidentiality as the Interim Receiver deems advisable;
- (k) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Interim Receiver for registration this Order shall be immediately registered by the Registrar of Deeds

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for the Province of Newfoundland and Labrador or any other similar government authority, notwithstanding Section 7 of the *Registration of Deeds Act*, 2009, SNL 2009, c R-10.01, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of deeds shall accept all Affidavits of Corporate Signing Authority submitted by the Interim Receiver in its capacity as Interim Receiver of the Debtor and not in its personal capacity;

- (i) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Interim Receiver, in the name of the Debtor;
- (m) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (n) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (o) to commence proceedings for the Debtor pursuant to the *Bankruptcy and Insolvency Act* or the *Companies' Creditors Arrangement Act*; and
- (p) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Interim Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Debtor, and without interference from any other Person (as defined below).

A handwritten signature in dark ink, appearing to be 'R. W.' with a stylized flourish at the end.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE INTERIM RECEIVER

7. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Interim Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Interim Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Interim Receiver upon the Interim Receiver's request.
8. All Persons shall forthwith advise the Interim Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records (and all transaction related thereof), and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks or other data storage media containing any such Information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph or in paragraphs 7 and 9 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Interim Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

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9. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Interim Receiver for the purpose of allowing the Interim Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names, and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE INTERIM RECEIVER

10. Without leave of the Court no action lies against the Interim receiver with respect to any report made under, or any action taken pursuant to B/A.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

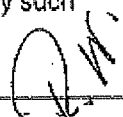
11. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Interim Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing

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agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph; and (ii) affect a Regulatory Body's investigation in respect of the debtor or an action, suit or proceeding that is taken in respect of the debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "Regulatory Body" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

NO EXERCISE OF RIGHTS OR REMEDIES

12. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtor or the Interim Receiver or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided, however, that nothing in this Order shall:
- (a) empower the Debtor to carry on any business that the Debtor is not lawfully entitled to carry on;
 - (b) prevent the filing of any registration to preserve or perfect a security interest;
 - (c) prevent the registration of a claim for lien; or
 - (d) exempt the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment.
13. Nothing in this Order shall prevent any party from taking an action against the Applicant where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such



party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Interim Receiver at the first available opportunity.

14. Nothing in this Order shall prevent HSBC from exercising any rights or remedies, taking any enforcement steps, actions or commencing any proceedings against the Debtor with respect to the Excluded Property.

NO INTERFERENCE WITH THE INTERIM RECEIVER

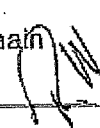
15. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, except with the written consent of the Debtor and the Interim Receiver, or leave of this Court.

CONTINUATION OF SERVICES

16. All persons having:

- (a) statutory or regulatory mandates for the supply of goods and/or services; or
- (b) oral or written agreements or arrangements with the Debtor, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Debtor

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Debtor or exercising any other remedy provided under such agreements or arrangements. The Debtor shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain



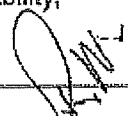
names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtor in accordance with the payment practices of the Debtor, or such other practices as may be agreed upon by the supplier or service provider and each of the Debtor and the Interim Receiver, or as may be ordered by this Court.

INTERIM RECEIVER TO HOLD FUNDS

17. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Interim Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, but excluding the Excluded Property, shall be deposited into one or more new accounts to be opened by the Interim Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Interim Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

18. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Interim Receiver, on the Debtor's behalf, may terminate the employment of such employees.
19. Despite anything in federal or provincial law, if the Interim Receiver, in that position, carries on the business of the Debtor or continues the employment of a debtor's employees, the interim receiver is not by reason of that fact personally liable in respect of a liability,



including one as a successor employer, that is in respect of the employees or former employees of the debtor or a predecessor of the debtor or in respect of a pension plan for the benefit of those employees and that exists before the interim receiver is appointed or that is calculated by reference to a period before the appointment.

LIMITATION ON ENVIRONMENTAL LIABILITIES

20. Nothing herein contained shall require the Interim Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination (collectively, the "Environmental Legislation"), provided however that nothing herein shall exempt the Interim Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Interim Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.
21. The Interim Receiver shall not be liable for any mine closure or environmental and land rehabilitation-related liabilities or obligations in respect of or in any way related to the Property (or caused by or resulting from any matter or thing originating on or coming from the Property). For greater certainty:

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(a) Notwithstanding anything in any Environmental Legislation, the Interim Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:

- (i) before the Interim Receiver's appointment; or
- (ii) after the Interim Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Interim Receiver's gross negligence or wilful misconduct.

(b) Nothing in sub-paragraph (a) exempts the Interim Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.

(c) Notwithstanding anything in any Environmental Legislation, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Interim Receiver to remedy any environmental condition or environmental damage affecting the Property, the Interim Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,

- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Interim Receiver, if the order is in effect when the Interim Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Interim Receiver:

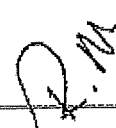
- (A) complies with the order, or

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- (B) on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Interim Receiver, if the order is in effect when the Interim Receiver is appointed, by,
 - (A) the court or body having jurisdiction under the law pursuant to which the order was made to enable the Interim Receiver to contest the order; or
 - (B) the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Interim Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE INTERIM RECEIVER'S LIABILITY

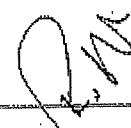
22. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Interim Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property provided that the interim receiver shall act honestly and in good faith and deal with the Property in a commercially reasonable manner. Nothing in this Order shall derogate from any



limitation on liability or other protection afforded to the Interim Receiver under any applicable law.

INTERIM RECEIVER'S ACCOUNTS

23. The Interim Receiver and counsel to the Interim Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges.
24. The Interim Receiver and counsel to the Interim Receiver shall be entitled to the benefits of and are hereby granted a charge (the "Interim Receiver's Charge") on the Property, which charge shall not exceed an aggregate amount of \$250,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Interim Receiver and such counsel, both before and after the making of this Order in respect of these proceedings, and the Interim Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person but subject to sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.
25. The Interim Receiver and its legal counsel shall pass their accounts from time to time.
26. Prior to the passing of its accounts, the Interim Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Interim Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.



FUNDING OF THE INTERIM RECEIVERSHIP

27. Subject to prior approval of the Applicant, the Interim Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$2,000,000 (or such greater amount as this Court may by further order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Interim Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Interim Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Interim Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.
28. Neither the Interim Receiver's Borrowings Charge nor any other security granted by the Interim Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
29. The Interim Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "Interim Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
30. The monies from time to time borrowed by the Interim Receiver pursuant to this Order or any further order of this Court and any and all Interim Receiver's Certificates evidencing the same or any part thereof shall rank on a pari passu basis, unless otherwise agreed to by the holders of any prior issued Interim Receiver's Certificates.

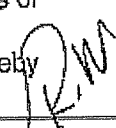
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31. The Interim Receiver shall be allowed to repay any amounts borrowed by way of Interim Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

ALLOCATION

32. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Interim Receiver's Charge and the Interim Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

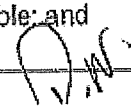
33. For greater certainty, neither the Interim Receiver's Charge nor the Interim Receiver's Borrowing Charge shall apply or attach to the Excluded Property.
34. The Interim Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
35. Unless otherwise ordered by this Court, the Interim Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Interim Receiver's reports shall be filed by the registry notwithstanding that they do not include an original signature.
36. Nothing in this Order shall prevent the Interim Receiver from acting as a receiver, a receiver and manager, a trustee in bankruptcy, or a monitor of the Debtor.
37. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Order and to assist the Interim Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby
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respectfully requested to make such orders and to provide such assistance to the Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Interim Receiver in any foreign proceeding, or to assist the Interim Receiver and its agents in carrying out the terms of this Order.

38. The Interim Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Interim Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
39. The Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis, including legal costs on a solicitor-client full indemnity basis, to be paid by the Interim Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
40. Any Interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Interim Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

FILING

41. The Interim Receiver shall establish and maintain a website in respect of these proceedings at www.grantthornton.ca/cfi (the "Interim Receiver's Website") and shall post there as soon as practicable:

- (a) all materials prescribed by statute or regulation to be made publicly available; and
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- (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Interim Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

42. Service of this Order shall be deemed good and sufficient by:

a. serving the same on:

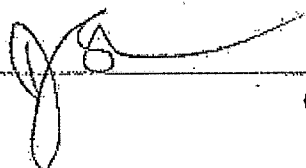
- (i) the persons listed on the service list created in these proceedings or otherwise served with notice of these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
- and

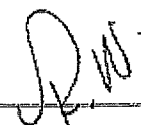
b. posting a copy of this Order on the Interim Receiver's Website.

and service on any other person is hereby dispensed with.

43. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

DATED at St. John's, in the Province of Newfoundland and Labrador, this 21 day of February, 2022.


COURT
OFFICER



SCHEDULE "A"

Defined Terms

"Excluded Property" means: (i) any and all Receivables and / or Financed Receivables, as such terms are defined pursuant to a Trade Invoice Recourse Financing Facility Agreement between HSBC and Canada Fluorspar (NL) Inc. dated May 25, 2018, as amended, together with all rights and remedies arising thereunder, insurance policies and proceeds resulting therefrom, and proceeds generally, and (ii) all Export Development Canada insurance policies or support in favour of HSBC.

"HSBC" means HSBC Bank Canada.

R.W.

SCHEDULE "B"

Interim Receiver Certificate

Certificate No.

Amount \$

This is to certify that Grant Thornton Limited, the Interim receiver (the "Interim Receiver") of the assets, undertakings, and properties of Canada Fluorspar (NL) Inc., and Canada Fluorspar Inc., (the "Debtors") acquired for, or used in relation to, a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by order of the Supreme Court of Newfoundland and Labrador (the "Court") dated the day of February, 2022 (the "Order") made in an action having court file number 2022-01G 0709, has received as such Interim Receiver from the holder of this certificate (the "Lender") the principal sum of \$, being part of the total principal sum of \$ which the Interim Receiver is authorized to borrow under and pursuant to the Order.

The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [monthly/semi-annually/annually/other] not in advance on the day of each month after the date hereof at a rate per annum equal to the rate of per cent above the prime commercial lending rate of from time to time.

Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Interim Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Interim Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at

Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Interim Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

The charge securing this certificate shall operate so as to permit the Interim Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

The Interim Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

[signature page to follow]

R.W.

Dated the day of , 2022.

Grant Thornton Limited, solely in its
capacity as Interim Receiver of the
Property, and not in its personal
capacity

Per:

Name:

Title:

Handwritten initials: J.W.

Appendix B

Canada Fluorspar (NL) Inc.
List of Creditors (CAD\$)
Estimated as of March 4, 2022

Secured Creditors	Total
Bridging Finance Inc.	55,000,000.00
HSBC Canada (\$17,684,097 * 1.273 USD/CAD)	22,511,855.48
Province of Newfoundland and Labrador	17,000,000.00
	<u>94,511,855.48</u>

Capital Leases	Total
BMO (re Harvey & Company)	157,911.95
CAT Financial Credit	705,450.39
De Lage Landen Financial	79,333.34
Epiroc Financial	19,253.30
Ford Credit	2,383.28
Komatsu Intl CA LNS	8,667,601.98
Meridian Financing	106,628.40
Quadra Flocculant System	74,685.87
	<u>9,813,248.31</u>

Unsecured Creditors	Total
A. Harvey & Co. LTD	132,904.21
Acklands - Grainger Inc.	22,668.89
Adaptive Marine Solutions Inc.	45,198.26
AGAT Laboratories	8,132.81
Aggregate Equipment (Prepayment Balance)	44,343.75
Agilent Technologies Canada Inc.	22,049.03
AGP Mining Consultants Inc.	45,499.75
Air Liquide Canada Inc.	94,358.66
Akita Equipment & Auto Transfer	55,545.00
Alltech Consulting Inc.	18,146.54
Ameritrol, Inc.	1,107.68
Andrew Moores	2,180.00
Argentina Freezers & Terminals (Division of A. Harvey)	2,619.73
Arthur Hann	2,352.74
Asgco Manufacturing Inc.	26,835.05
Asian Technologies Inc.	267.09
Atlantic Crane & Material Handling Limited	7,808.43
Atlantic Explosives Limited	1,868,553.24
Atlantic Purification Systems	17,825.18
Aylward's Home Centre - Marystown	6,427.58
Aylward's Home Centre - St. Lawrence	1,012.15
Baird & Associates	139,998.23
Basil Fearn (93) Limited	75,394.25
Battlefield Equipment	23,784.71
BDI a division of Bell Mobility Inc.	1,720.23
Bell Mobility	2,984.67
Belzona Atlantic Canada	3,353.40
Box L Mining and Ranching LLC	72,692.63

Brandt Tractor Ltd.	46,890.02
Brenco High Voltage Solutions	33,558.15
Brenton Industrial	6,218.31
Brenton Investments Limited	10,166.88
Brenton Rentals & Sales Ltd.	109,243.46
Bridging Finance Inc.	3,618.41
Bruce Sutherland Associates Limited	136.44
Burin Peninsula Chamber of Commerce	130.00
Butland Communications	16,732.72
CAFO Insurance	78,434.36
Cahill Fabrication Structural	43,121.55
Cahill Technical Services	2,029.75
Canadian Manufacturers & Exporters	862.50
Canadian Tire	6,439.99
Canadian Nuclear Safety Commission	45.18
Carauster Industrial	66,451.97
CDW Canada Corp.	58,710.32
Century2K Inc	4,887.50
Ceridian Canada Ltd.	3,392.50
Chromalox	10,396.87
City Electric Supply	5,932.50
Cole Parmer	5,616.51
Concur Technologies Inc	368.46
Control Pro Distributors Inc.	10,623.98
Dallas Mercer Consulting Inc.	15,439.90
Dassault Systemes Canada Inc.	1,978.00
Davies Ward Phillips & Vineberg LLP	47,130.73
Davis Industrial Hygiene	4,600.00
De Lage Landen Financial Services Canada Inc.	2,383.33
DocuSign Inc.	6,326.99
Donaldson Company, Inc.	746.11
Dormody Engineering Incorporated	151,662.00
Dunphy's Transport Inc.	13,938.00
Eagle Crusher	1,000.95
Easy-Kilon Pressure System Ltd.	1,409.78
East Coast Hydraulics Nfld Ltd.	11,247.28
East Coast Metal Fabrication (2016) Inc.	1,035.00
Eastern Analytical Ltd.	27,517.10
Eastern Composite Services Inc.	73,560.17
Eastlink	2,655.24
Edward Kelly	1,569.97
Eggerding B.V.	18,380.70
Electronic Centre Limited	535.22
Emberley's Transport Ltd.	54,820.70
Emco Waterworks	89,641.55
Export Development Canada	14,036.16
Farrell's Excavating Ltd.	619,383.19
Federal Express Canada Ltd.	31.70
FILTERFAB COMPANY	862.95
FLS Transportation Services	12,076.80
FLSmith Inc. - Salt Lake City Operations	63,554.17
Fuze Logistics Services Inc.	10,010.75

GCR Tires & Service - Div. of Bridgestone Canada Inc.	2,168,074.44
General Auto & Industrial	537,926.19
GFI Environmental Services, Inc.	4,328.89
Golden Gate Capital	25,309.27
Golder Associates Ltd.	9,810.45
Graham Tobin	12,650.00
Graybar Canada Limited	2,493.03
Groeneveld Lubrication Solutions Inc.	6,102.36
Guy J. Bailey Ltd.	1,725.00
H2FLOW Equipment Inc.	1,342.67
Hamilton Equipment Company, Inc	499.62
Head, Johnson, Kachigian & Wilkson, PC	38,019.04
HERCULES SLR INC.	102,314.87
HI- Tech Scales LTD	22,477.56
HI-Point Industries	16,656.03
Hiscock's Spring Service	4,592.20
Hitech Communications Ltd.	27,634.55
Horsburgh & Scott	4,152.65
Hoskin Scientific	552.00
Hotsy Water Blast Manufacturing	1,045.81
Hubert Beck	1,800.00
Imprint Speciality Promotions Limited	20,196.30
Inaminka Marine Services Ltd.	130,081.02
Inspectorate America Corporation (Bureau Veritas) FX 1.26	82,730.58
ICS Wear Group Inc.	6,078.33
IRL Supplies	708.69
Jenike & Johanson Ltd.	16,706.50
Jewer Bailey Consultants Ltd.	25,766.90
JMT of New York Inc.	747.50
K&D Pratt	1,202.89
Kai Tire	185,808.61
Kiewit Offshore Services, a div of PKSU	132,283.08
Knight Piesold	14,531.59
Knightbridge Robertson Surretto	94,231.00
Laurentide Controls Ltd.	81,400.16
LGL Limited	31,259.83
Liflow Ltd	140,512.26
LSW Wear Parts Ltd.	6,203.29
M&M Quick Copy	11,718.62
Major's Contracting Ltd	754,028.58
Mallay's Industrial Services Ltd.	61,109.30
Manulife Financial	63,409.25
Maples and Calder	1,467.30
Marystown Ford Sales	1,532.31
Metso Outotec Canada Inc.	2,102.09
Mikan Scientific Inc.	13,749.29
Modern Business Equipment	7,161.43
Montreal Tractor Inc.	1,798.27
Morrison Hershfield	20,102.00
M-Roc Ltd.	1,333,479.86
Multotec Canada Ltd.	51,750.08
Newfound Forming Limited	5,750.00

Newfound Mechanical Limited	146,323.13
Newfoundland Distributors Ltd.	5,629.86
Newfoundland Marine Surveys Inc.	2,781.08
Newfoundland Power	566,847.84
Norman Marine Services	56,064.80
Norman Wilson	9,395.00
North Atlantic Systems Inc.	3,953.77
OK Tire - B&W Property Enterprises (2013) Ltd.	86,723.44
Orkin Canada	2,962.40
Ormac Industrial Supply Inc.	86,039.47
OSIsoft LLC	100,969.96
Oxford Instruments America Inc.	20,483.60
Pardy's Recreation & Marine Ltd.	28,639.05
Pardy's Waste Management	205,209.00
Parts for Trucks, Inc.	4,749.84
PBA Industrial Supplies Ltd.	10,815.75
PEAK Design Limited	2,300.00
Peninsula Castle	4,192.07
Peninsula Glass & Tire	957.95
Pennecon Grand Banks Warehousing	486,953.27
Pennecon Technical Services Limited	109,912.12
Peter Kiewit Sons ULC	18,669.66
Pike's Building Centre	110.91
Price Waterhouse Coopers LLP	5,045.05
Provincial Fence Products Limited	87.98
Pugliesevich Crews & Services Limited	2,277.00
Quadra Chemicals Inc.	144,424.33
R&E TRANSPORTATION	13,788.75
R. Pittman Enterprises	8,625.00
Recler General	27,632.19
Rideout Tool and Machine Inc.	21,484.22
Riverside Aggregate Solutions Inc.	15,063.24
RJG Construction Limited	226,100.10
RoBulog, Rotterdam Bulk Logistics	27,807.00
Rock Safety Industrial Ltd.	31,322.76
Rothlochston Subsea Inc	6,546.72
Russel Metals Inc.	8,422.60
RYKE Reliability Inc.	117,069.30
S&S Supply	2,852.00
S.E. International	120.69
SANSOM Equipment Ltd.	99,726.35
Scandinavian Fittings & Flanges Canada Inc.	15,277.75
Seabulk Inc	15,480.94
Sepor, Inc	594.43
Sepro Mixing & Pumping Corp.	48,202.75
SGS Nederland BV	10,236.89
SGS North America, Inc.	1,708.29
Shred-It International ULC	1,947.11
Siebtechnik Tema	76,861.59
Slack Technologies, LLC	32,363.76
SMS Equipment Inc.	4,775,232.96
Soutex Inc.	46,487.44

SP Excavating Inc.	20,527.50
Spartan Industrial Marine	607.09
St. Lawrence Clover Farm	7,989.37
St. Lawrence Pharmacy	1,100.00
Staples Advantage/Corporate Express	21,048.23
Stellar Industrial Sales Ltd.	4,044.02
Summit Mechanical Services (2020) Limited	24,754.20
T R Excavating Inc.	270,808.73
Tag Team Mechanical	6,563.97
Tamal Industrial Rubber Limited	1,706.90
Tank Connection LLC	2,299.71
Tega Industries Canada Inc.	68,943.67
TEMA ISENMANN, Inc.	9,202.80
Thermo Fisher	4,954.98
Tiller Engineering Inc.	17,250.00
Tobin's Efficiency Units	7,590.00
Toromont CAT	274,467.87
trajectorE Engineering Inc.	11,500.00
United Rentals of Canada Inc.	172,160.74
UPS Canada	197.45
Vallen Canada Inc	75,532.59
Valmin Fire Protection Ltd	91,592.44
Vipond Inc.	2,760.00
Vision 33	11,258.67
Wajax Industrial Components	49,513.00
Wally Drake's Trucking	28,076.77
Walter Loder	12,132.50
Wamic Holdings Inc.	1,444.25
Water Blast Manufacturing LP	860.60
Weir Minerals	353,298.16
WESCO Distribution Canada LP	119,854.98
Western Alliance Logistics	5,554.50
Western Petroleum Newfoundland Limited	2,559,283.85
Westfund, a Division of EMCO	14,797.40
Williams Scotsman	11,531.65
Wiscombe's Cleaning	8,029.73
	22,759,806.42

Appendix C

Consolidated financial statements of Canada Fluorspar Inc.

December 31, 2020

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Independent Auditor's Report

To the Shareholders of
Canada Fluorspar Inc.

We have audited the consolidated financial statements of Canada Fluorspar Inc. (the "Corporation"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of comprehensive loss, the changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

We draw attention to Note 1, 13 and 25 in the financial statements, which indicates that the Corporation incurred a net and comprehensive loss of \$29,241,211 during the year ended December 31, 2020, and as of that date, the Corporation's current liabilities exceeded its current assets by \$81,855,613. In addition \$79,903,542 of debt was scheduled to mature during the year ended December 31, 2021, of which \$62,507,492 was extended to mature on March 31, 2022, and \$17,000,000 was extended to mature on December 31, 2022.

As stated in Note 1, these events or conditions, along with other matters as set forth in Note 13 and 25, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
December 23, 2021
St. John's, Newfoundland and Labrador

Canada Fluorspar Inc.
Consolidated statement of comprehensive loss
Year ended December 31, 2020
(Expressed in Canadian dollars)

	Notes	2020 \$	2019 \$
Revenue			
Sales	1	24,391,202	—
Government wage subsidy	24	5,473,884	—
Interest and other income		224,548	423,066
		30,089,634	423,066
Cost of operations			
Mine	4	12,589,574	—
Mill	4	11,212,958	—
Depletion, depreciation and amortization		12,008,123	—
General and administrative	4	10,768,487	5,942,752
Freight on sales		3,917,459	—
		50,496,601	5,942,752
Loss before undernoted items		(20,406,967)	(5,519,686)
Other expenses (income)			
Interest expense		7,697,945	—
Unrealized/realized foreign exchange loss		786,687	479,733
Other expenses		506,985	1,162,619
Gain on modification of debt	13	(345,410)	—
Accretion expense	13	188,037	224,028
Loss on equity investment	12	—	450,459
Loss on disposal of property, plant & equipment		—	2,345,359
		8,834,244	4,662,198
Net loss and comprehensive loss before income taxes		(29,241,211)	(10,181,884)
Deferred income tax recovery	5	—	3,138,324
Net loss and comprehensive loss		(29,241,211)	(7,043,560)

The accompanying notes are an integral part of the consolidated financial statements.

Canada Fluorspar Inc.
Consolidated statement of financial position
As at December 31, 2020
(Expressed in Canadian dollars)

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash		301,161	4,504,520
Accounts receivable	6	15,573,874	11,247,008
Inventory	7	11,432,350	4,341,382
Prepays		1,241,988	1,637,117
		<u>28,549,373</u>	<u>21,730,027</u>
Non-current assets			
Long-term receivables	6	8,084,965	6,610,400
Exploration and evaluation expenditures	8	466,481	9,885,005
Mineral properties	9	117,972,497	48,347,291
Construction in progress	10	20,589,103	262,048,496
Property, plant and equipment	11	221,370,672	23,310,242
Goodwill	22	13,882,249	13,882,249
		<u>410,915,340</u>	<u>385,813,710</u>
Liabilities			
Current liabilities			
Credit facility	13	10,428,788	1,950,618
Accounts payable and accrued liabilities		17,214,027	25,117,329
Current portion of long-term debt	13	79,903,542	62,952,144
Current portion of lease liability	14	2,858,629	4,811,484
		<u>110,404,986</u>	<u>94,831,575</u>
Long-term liabilities			
Long-term debt	13	2,907,267	20,244,174
Deferred revenue	15	50,260,419	43,760,444
Provision for closure and reclamation	16	8,084,965	6,610,400
Lease Liability	14	3,716,137	5,113,238
		<u>175,373,774</u>	<u>170,559,831</u>
Basis of presentation	1		
Commitments and contingencies	21		
Subsequent events	25		
Total equity	18	<u>235,541,566</u>	<u>215,253,879</u>
Total liabilities and equity		<u>410,915,340</u>	<u>385,813,710</u>

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board

_____, Director

_____, Director

Canada Fluorspar Inc.
Consolidated statement of changes in equity
Year ended December 31, 2020
(Expressed in Canadian dollars)

	Share capital \$	Contributed surplus \$	Share-based payment reserve \$	(Deficit) retained earnings \$	Total equity \$
As at December 31, 2018	136,029,192	1,751,520	272,080	(2,276,537)	135,776,255
Comprehensive loss for the year	—	—	—	(7,043,560)	(7,043,560)
Equity contribution by owners, net of related costs	86,443,581	—	—	—	86,443,581
Purchase of shares	75,000	—	—	—	75,000
Share option forfeiture	—	—	2,603	—	2,603
As at December 31, 2019	222,547,773	1,751,520	274,683	(9,320,097)	215,253,879
Comprehensive loss for the year	—	—	—	(29,241,211)	(29,241,211)
Equity contribution by owners, net of related costs	49,528,898	—	—	—	49,528,898
As at December 31, 2020	272,076,671	1,751,520	274,683	(38,561,308)	235,541,566

The accompanying notes are an integral part of the consolidated financial statements.

Canada Fluorspar Inc.
Consolidated statement of cash flows

Year ended December 31, 2020

(Expressed in Canadian dollars)

	Notes	2020 \$	2019 \$
Operating activities			
Net loss		(29,241,211)	(7,043,560)
Adjustments for non-cash items			
Accretion of government grant	13	188,037	224,028
Gain on modification of debt	13	(345,410)	—
Share option forfeiture		—	2,603
Loss on equity investment	12	—	450,459
Loss on disposal		—	2,345,359
Depletion, depreciation and amortization		12,008,123	96,264
Deferred income taxes (recovery)	5	—	(3,138,324)
Interest expense on deferred revenue	15	3,249,987	—
Change in non-cash operating working capital			
(Increase)/decrease in accounts receivable		(4,326,866)	2,192,821
Increase in inventory		(7,090,968)	(2,693,885)
Decrease/(increase) in prepaids		395,129	(1,193,696)
(Decrease)/increase in accounts payable		(7,903,302)	8,199,223
Increase/(decrease) in credit facility		8,478,170	(4,369,903)
		<u>(24,588,311)</u>	<u>(4,928,611)</u>
Financing activities			
Repayment of long-term debt		(228,136)	(717,204)
Repayment of lease liability		(5,225,233)	(5,240,032)
Proceeds from disposal of assets		—	100
Equity investment by parent	18	49,528,898	86,443,581
Equity investment through share purchase		—	75,000
		<u>44,075,529</u>	<u>80,561,445</u>
Investing activities			
Mine rehabilitation and closure plan payment	16	(1,474,565)	(1,850,300)
Exploration and evaluation expenditures	8	(466,481)	(622,103)
Purchase of mineral properties	9	(3,547,452)	—
Purchases for construction of AGS Project	10	(10,890,427)	(60,196,392)
Purchase of property, plant and equipment	11	(7,311,652)	(10,910,239)
		<u>(23,690,577)</u>	<u>(73,579,034)</u>
Net (decrease) increase in cash		(4,203,359)	2,053,800
Cash at beginning of year		4,504,520	2,450,720
Cash at end of year		<u>301,161</u>	<u>4,504,520</u>
Supplemental disclosure			
Interest paid		9,378,562	10,010,982
Taxes paid		—	—

The accompanying notes are an integral part of the consolidated financial statements.

Canada Fluorspar Inc.
Notes to the consolidated financial statements
December 31, 2020
(Expressed in Canadian dollars)

1. Corporate information and basis of presentation

Canada Fluorspar Inc. (the "Corporation") was incorporated on June 30, 1993 as Northern Resource Investments Ltd. under the laws of Saskatchewan and was continued in Alberta as of July 31, 1996 as Burlin Fluorspar Ltd. ("Burlin"), until a merger on April 15, 2009 between Burlin and Rivera Capital Corp ("Rivera") created Canada Fluorspar Inc. under the laws of Alberta.

The Corporation and CF Acquisition Inc., a wholly owned subsidiary of Golden Gate Capital, completed a court-approved plan of arrangement under Section 182 of the Business Corporations Act (Ontario) on March 6, 2014. The shares of the Corporation were then delisted from the TSX Venture Exchange immediately following the acquisition. The Corporation and CF Acquisition Inc. amalgamated, and the newly amalgamated entity is considered a continuation of Canada Fluorspar Inc.

The Corporation is domiciled in Canada. The Corporation's registered office is located at 155 Wellington Street West, Toronto, ON, M5V 3J7 and its head office is located at P.O. Box 337, 1 Clarke's Pond Road, St. Lawrence, Newfoundland and Labrador, A0E 2V0. The Corporation's parent is CF Holdings SARL and the ultimate parent of the group is Golden Gate Capital.

These statements are prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS").

The Corporation achieved commercial production on the AGS project in St. Lawrence, Newfoundland and Labrador in June 2020. Management considered several factors in determining when commercial production was achieved including, among other things, the ability to sustain ongoing production at a steady or increasing rate and at a level of pre-determined percentage of design capacity. From an accounting perspective, the Corporation recognized commercial production effective July 1, 2020, being the first day of the month following satisfaction of the commercial production criteria. Effective this date, the Corporation's stockpiled ore was reclassified from construction in progress (Note 10) to inventory (Note 7), construction in progress was componentized into mineral properties (Note 9) and appropriate asset classes (Note 11), depreciation and depletion commenced, and revenue and operating expenses related to the sale of fluorspar started being recognized through profit and loss.

These financial statements have been prepared on a going concern basis, which contemplates the realization of the Corporation's assets and discharge of liabilities and commitments in the normal course of business. The Corporation has a net and comprehensive loss of \$29,241,211 during the year ended December 31, 2020 (2019 - \$10,181,884), and as of that date, the Corporation's current liabilities exceeded its current assets by \$81,855,613 (2019 - \$73,101,548).

The continued operations of the Corporation are dependent upon its ability to increase operating cashflows from the AGS project and obtaining adequate external financing.

These consolidated financial statements were approved by the Board of Directors on November 19, 2021.

2. Summary of significant accounting policies

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Corporation, its subsidiaries and the Newspaper Partnership as at December 31, 2020. Canada Fluorspar (NL) Inc. and the Newspaper Partnership are wholly owned subsidiaries.

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company using consistent IFRS accounting policies. All intra-group balances, income and expenses, unrealized gains and losses, and dividends, if any, resulting from intra-group transactions are eliminated upon consolidation.

The Corporation accounts for its interests in Canada Fluorspar (NL) Inc. and Newspar as subsidiaries and consolidates its 100% share of the assets, liabilities, income and expenses of both.

(b) Foreign currency translation

The Corporation's consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Corporation and its subsidiaries. Each entity determines its own functional currency and items included in the financial statements of each entity are measured using their respective functional currency.

Transactions in foreign currencies are initially recorded at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange prevailing at the reporting date.

All gains or losses on foreign currency translation are recognized in profit or loss.

(c) Revenue recognition

The Corporation evaluates all contractual arrangements it enters into and evaluates the nature of the promises it makes, and rights and obligations under the arrangement, in determining the nature of its performance obligations. Where such performance obligations are concluded to be distinct from each other, the consideration to which the Corporation expects to be entitled under the arrangement is allocated to each performance obligation based on its relative estimated stand-alone selling prices. Performance obligations that are concluded not to be distinct are combined together into a single unit of account. Revenue is recognized at an amount equal to the transaction price allocated to the specific performance obligation when it is satisfied.

Revenue from the direct sale of concentrate for a fixed price is recognized when the Corporation transfers control of the good to the customer.

Revenue excludes duties and taxes collected on behalf of third parties. Revenue also includes the net consideration to which the Corporation expects to be entitled. Revenue is recognized to the extent that it is highly probable that a significant reversal will not occur. Generally, payment of the transaction price is due within credit terms that are consistent with industry practices.

(d) Income taxes

Income tax comprises current and deferred income tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

2. Summary of significant accounting policies (continued)

(d) Income taxes (continued)

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to Canadian taxation authorities. Current tax expense comprises the expected tax payable on taxable income for the period using tax rates enacted or substantively enacted in Canada at the reporting date, and any adjustment to tax payable in respect of previous periods. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation.

Deferred tax

Deferred tax is measured using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(e) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognized in profit or loss over the useful life of a depreciable asset by way of a reduced depreciation charge. Certain government grants may also be measured at a nominal amount.

2. Summary of significant accounting policies (continued)

(f) Financial instruments

Financial assets and liabilities are initially measured at fair value and are recognized in the Corporation's Statements of Financial Position when the Corporation becomes a party to the contractual provisions of the instrument. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")), are added to or deducted from the fair value of the financial assets or liabilities on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

Financial assets are initially recorded at fair value and are measured subsequently at either amortized cost, fair value through other comprehensive income, or fair value through profit or loss depending on the classification of the financial assets.

Amortized cost

Financial assets are measured subsequently at amortized cost using the effective interest rate method if acquired principally to collect contractual cash flows of principal and interest on specified dates. Interest income calculated using the effective interest rate method is recognized in profit or loss through "interest and financing costs, net" on the Consolidated Statement of Comprehensive Loss.

Fair Value Through Other Comprehensive Income ("FVTOCI")

Financial assets are measured subsequently at FVTOCI using the effective interest rate method if acquired to collect contractual cash flows of principal and interest on specified dates and to sell the financial asset. Interest income calculated using the effective interest rate method is recognized in profit or loss through "interest and financing costs, net" on the Consolidated Statement of Comprehensive Loss. Any other changes to the carrying amount of the financial asset are recognized in OCI.

Fair Value Through Profit or Loss ("FVTPL")

Financial assets are measured subsequently at FVTPL by default or do not meet the criteria for being measured at amortized cost or FVTOCI. Fair value gains or losses at the end of each reporting period are recognized in profit or loss through "interest and financing costs, net" on the Consolidated Statement of Comprehensive Loss to the extent they are not part of a designated hedging relationship.

Impairment of Financial Assets

At the end of each reporting period, the Corporation assesses whether to recognize a loss allowance for expected credit losses ("ECL") for a financial asset or a group of financial assets, other than those classified as FVTPL. If there is objective evidence that an ECL exists, the loss is recognized in profit or loss with a corresponding adjustment to the carrying amount of the financial asset through a loss allowance account. The ECL is estimated as the difference between the contractual cash flows that the Corporation is entitled to receive and the cash flows that the Corporation expects to receive.

2. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Financial liabilities

Financial liabilities that are held-for-trading are measured subsequently at FVTPL, with gains and losses arising on changes in fair value recognized in profit or loss through "interest and financing costs, net" on the Consolidated Statement of Comprehensive Loss to the extent they are not part of a designated hedging relationship. Changes in fair value of the financial liability due to changes in the credit risk of the liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

All other financial liabilities not designated as at FVTPL are measured subsequently at amortized cost using the effective interest rate method.

Classification of Financial Instruments

The following table summarizes the Corporation's selected financial instrument classifications based on its intentions:

Financial Instruments	Classification
Other financial asset/liability	FVTPL
Cash	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Bank indebtedness	Amortized cost
Long-term debt	Amortized cost
Lease liability	Amortized cost

(g) Mineral properties

The costs associated with mining properties include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired. Mining properties include costs directly attributable to bringing a mineral asset into the state where it is capable of operating in the manner intended by management.

The Corporation estimates its mineral reserves and mineral resources based on information compiled by appropriately qualified persons. The estimation of recoverable reserves will be impacted by forecasted commodity prices, exchange rates, production costs and recoveries among other factors. Changes in the reserve or resource estimates may impact the carrying value of assets and depreciation and impairment charges recorded in the consolidated income statement.

A mining property is considered to be capable of operating in a manner intended by management when it commences commercial production. Upon commencement of commercial production, a mining property is depleted on a unit-of-production method. Unit-of-production depletion rates are determined based on the estimated recoverable proven and probable reserves at the mine.

(h) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and impairment losses.

2. Summary of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is de-recognized.

The assets' residual values, useful lives, and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Mining equipment is predominantly depreciated using the machine hour rate of depreciation. This rate is calculated using cost less any residual value divided by useful life in machine hours, which range from 25,000–35,000 hours. The remaining property plant and equipment is depreciated on a straight line basis and have useful lives ranging from 3 to 10 years. Depreciation related to the construction of assets has been capitalized as costs of construction during the year.

Assets under construction are carried at cost, less any recognized impairment loss. Assets under construction will be classified to the appropriate category of property, plant and equipment when completed and ready for their intended use. Depreciation on these assets, on the same basis as other property, plant and equipment assets, commences when the assets are ready for their intended use.

(i) Exploration and evaluation expenditures

Exploration and evaluation expenditures relate to costs incurred on the exploration and evaluation of potential mineral reserves and resources and include costs such as exploratory drilling, sample testing and the costs of pre-feasibility studies. Exploration and evaluation expenditures for each area of interest are carried forward as an asset provided that one of the following conditions is met:

- Such costs are expected to be recouped in full through successful development and exploration of the area of interest or, alternatively, by its sale; or
- Exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing or planned for the future.

An impairment review is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

One or more of the following facts and circumstances may indicate that the Corporation should test exploration and evaluation assets for impairment:

- (a) The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- (b) Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- (c) Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or

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2. Summary of significant accounting policies (continued)

(i) Exploration and evaluation expenditures (continued)

- (d) Sufficient data exist that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The Corporation has determined that there is no impairment of exploration and evaluation expenditures in the year ended December 31, 2020.

Exploration and evaluation expenditures are transferred to mineral properties once the work is completed to support the future development of the property and the mine moves into the development stage.

(j) Cash

Cash comprise cash on deposit at banks, cash on hand and net of outstanding bank overdrafts, if any.

(k) Inventory

Inventory consists of stockpile and supplies. Fluorspar concentrate stockpiles are valued at the lower of cost and net realizable value. Net realizable value is the relevant market price less estimated costs of completion and costs of selling the final product. Cost is determined by the weighted average method and comprises raw materials, direct labour, repairs and maintenance, utilities, and mine and mill site overhead expenses, including depreciation, incurred in producing finished goods.

Material supplies are used during various stages of the fluorspar mining, processing, and milling processes, and are valued at the lower of weighted average cost and net realizable value.

(l) Provisions

Decommissioning and restoration provision

The Corporation records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation, and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development and construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in profit or loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

As the Corporation's construction to date has resulted in site disturbance it has recorded a provision for closure and reclamation (Note 16).

2. Summary of significant accounting policies (continued)

(m) Share-based payments

The Corporation has a stock option plan which is considered an equity-settled share-based compensation plan. The fair value of stock options at the grant date is estimated using the Black-Scholes Option Pricing Model. Compensation expense is recognized over the stock option vesting period in profit or loss based on the number of options to vest. The Corporation estimates the number of awards likely to vest at the time of a grant and at each reporting date up to the vesting date and based on management's estimate of the outcome of the performance condition. When compensation expense is recognized the offset is credited to share-based payment reserve. Consideration received on the exercise of share options is recorded as share capital and the related share-based payment reserve is transferred to share capital.

(n) Business combinations and goodwill

Applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The determination of the acquisition-date fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of royalty interest in mineral properties and exploration and evaluation assets acquired generally requires a high degree of judgment, and include estimates of mineral reserves and resources acquired, expected production levels, future prices and discount rates.

Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Acquisition-related costs are recognized in the consolidated statement of comprehensive loss.

Where a business combination is achieved in stages, the Corporation's previously held interests in the acquired entity is remeasured to fair value at the acquisition date, which is the date the Corporation attains control, and any resulting gain or loss is recognized in the consolidated statement of comprehensive loss. Amounts previously recognized in other comprehensive income related to interests in the acquiree prior to the acquisition date are reclassified to the consolidated statement of comprehensive loss, where such treatment would be appropriate if the interest were disposed of.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition of the business less accumulated impairment losses, if any, and is tested for impairment annually. For the purposes of impairment testing, goodwill is allocated to each of the Corporation's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

2. Summary of significant accounting policies (continued)

(o) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction, and production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(p) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual cash-generating units or otherwise, they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(q) Leases

The Corporation as a lessee

The Corporation assesses whether a contract is or contains a lease at inception of the contract. The Corporation recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Corporation recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2. Summary of significant accounting policies (continued)

(q) Leases (continued)

The Corporation as a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Corporation remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Corporation did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Corporation incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Corporation expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2. Summary of significant accounting policies (continued)

(q) Leases (continued)

The Corporation applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss (see Note 13).

For a contract that contains a lease component and one or more additional lease or non-lease components, the Corporation allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(r) Adoption of new accounting standards

The following is a list of standards/interpretations that have been issued and are effective for accounting periods commencing on or after January 1, 2020.

- IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (Amendments to IAS 1 and IAS 8)
- IFRS 16 – Leases – COVID-19 Amendment
- IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (amendments to IAS 16)
- IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)
- IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current (Amendments to IAS 15)

(i) IAS 1 – Presentation of financial statements and IAS 8 – Accounting policies, Changes in accounting estimates and errors (Amendments to IAS 1 and IAS 8)

The International Accounting Standards Board issued amendments to IAS 1 and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition and to include the concept of 'obscuring information'.

The new definition states that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

The amendments are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted. The amendments are intended to improve the understanding of the existing requirements rather than to significantly impact the Corporation's materiality judgments. Management assessed that this did not have a material impact during the year.

(ii) IFRS 16 – Leases – COVID-19 Amendment

On May 28, 2020, the International Accounting Standards Board published 'COVID-19-Related Rent Concessions' amending the standard to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after June 1, 2020. Management assessed that this did not have a material impact during the year.

2. Summary of significant accounting policies (continued)

(r) Adoption of new accounting standards (continued)

(iii) IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (amendments to IAS 16)

The IASB issued amendments to IAS 16 relating to proceeds before intended use. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

These amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

(iv) IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract, such as direct labour and materials, or an allocation of other costs that relate directly to fulfilling contracts, such as the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Management has not assessed if this amendment is currently applicable to the Corporation, however, it may be applicable to future transactions. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

(v) IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current (Amendments to IAS 15)

The IASB issued amendments to IAS 1 to promote consistency in applying the requirements by helping companies determine whether, in the Statement of Financial Position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The classification is based on rights that are in existence at the end of the reporting period and specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments are applied retrospectively upon adoption. The amendment is effective for annual reporting periods beginning on or after January 1, 2023.

3. Significant accounting judgments, estimates, and assumptions

The preparation of the Corporation's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities and the disclosure of contingent liabilities or contingent assets at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Exploration and evaluation expenditures

The application of the Corporation's accounting policy for exploration and evaluation expenditures requires judgment in determining whether future economic benefits are likely either from future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination is an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditures.

The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Commercialization

Prior to producing at levels of operating capacity intended by management, costs incurred are capitalized as part of construction in progress and proceeds from sales are offset against capitalized costs. Depletion of capitalized costs for mining properties begins when commercialization has been reached. Management considers several factors in determining when commercialization has been reached including, among other things, the ability to sustain ongoing production at a steady or increasing rate and at a level of pre-determined percentage of design capacity.

When a mine development project moves into the production stage, the capitalization of certain mine development and construction costs cease. Subsequent costs are either regarded as forming part of the cost of inventory or expensed. However, any costs relating to mining asset additions or improvements or mineable reserve development are assessed to determine whether capitalization is appropriate.

Provisions and contingencies

The amount recognized as a provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, the assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Corporation assesses its liabilities and contingencies based upon the best information available, relevant laws and other appropriate requirements.

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3. Significant accounting judgments, estimates, and assumptions (continued)*Income taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the range of business relationships, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded. The Corporation establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

4. Cost of operations

Within mine, mill and general and administrative, as presented on the consolidated statement of comprehensive loss, the Corporation has incurred the following expenses:

	2020	2019
	\$	\$
Mine		
Salaries and wages	4,404,769	—
Consultants and contractors	1,210,137	—
Materials and consumables	6,700,419	—
Other support costs	274,249	—
	<u>12,589,574</u>	<u>—</u>
Mill		
Salaries and wages	3,796,443	—
Consultants and contractors	351,107	—
Materials and consumables	6,677,906	—
Other support costs	387,502	—
	<u>11,212,958</u>	<u>—</u>
General and administrative		
Salaries and wages	5,033,323	1,270,272
Consultants and contractors	773,373	1,048,425
Materials and consumables	784,470	1,061,786
Other support costs	4,177,321	2,562,269
	<u>10,768,487</u>	<u>5,942,752</u>

Prior to commercialization, \$25,466,979 of mining, milling, and G&A costs related to the development of the mine were capitalized within assets under construction during 2020.

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5. Income taxes

The major components of recovery and the reconciliation of the expected tax recovery based on the effective tax rate of 30% (2019 - 30%) and the reported tax recovery in the statement of comprehensive loss are as follows:

	2020 \$	2019 \$
Current loss before income taxes	(29,241,211)	(10,181,694)
Statutory tax rate	30%	30%
Expected income tax recovery	(8,772,363)	(3,054,508)
Stock based compensation	—	—
Change in unrecognized temporary differences	8,800,383	4,309,579
Permanent differences	2,281	1,248
Revision of prior year estimates	(30,302)	(4,394,643)
Total	(1)	(3,138,324)

Deferred income tax assets and liabilities

Deferred taxes reflect the net tax effects of the differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred income tax assets, liabilities, and tax losses as at December 31, 2020, and December 31, 2019, are attributable to the following:

	2020 \$	2019 \$
Mineral properties	(35,391,750)	(16,116,540)
Cumulative resource development and exploration expenditures	13,282,706	(6,283,171)
Long-term debt	1,717,006	2,769,205
Non-capital loss carry forward	9,217,278	11,685,752
Provision for closure and reclamation	2,425,490	1,983,120
Property, plant & equipment	7,362,393	5,474,151
Cumulative eligible capital expenditures	153,292	164,830
Deferred revenue	974,996	—
Other	258,588	322,653
Total	—	—

The Corporation recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets has been met. The Corporation presently has non-capital loss carryforwards of \$72,903,955 that will expire between 2026 and 2040 for which no deferred tax asset has been recognized.

Canada Fluorspar Inc.**Notes to the consolidated financial statements**

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5. Income taxes (continued)*Deferred income tax assets and liabilities*

The Corporation has non-capital losses totaling \$72,903,955 (2019 - \$54,152,196). These losses may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire as follows:

	\$
2026	1,998
2027	234,039
2028	205,065
2029	458,334
2030	509,858
2031	809,403
2032	1,119,876
2033	1,291,954
2034	1,335,290
2035	2,135,803
2036	2,056,905
2037	12,623,691
2038	8,864,919
2039	21,670,447
2040	19,586,373
	72,903,955

6. Receivables

	2020 \$	2019 \$
Trade accounts receivable	14,384,065	9,400,982
Government remittance receivable	1,189,809	1,846,026
Accounts receivable	15,573,874	11,247,008
Long-term accounts receivable	8,084,965	6,610,400
Total receivables	23,658,839	17,857,408

When measuring expected credit losses for the loss allowance, the Corporation uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Long-term receivables includes a balance of \$8,084,965 which was paid to the Government of Newfoundland in relation to the closure and reclamation liability (see Note 16).

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Notes to the consolidated financial statements
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6. Receivables (continued)

The aging analysis of receivables is as follows:

	Total \$	Neither past due nor impaired \$	< 30 days \$	30-60 days \$	> 60 days \$
December 31, 2019	17,857,408	17,857,408	7,084,117	619,977	10,153,314
December 31, 2020	23,658,839	23,658,839	15,573,874	—	8,084,965

7. Inventory

Inventories consist of the following:

	2020 \$	2019 \$
Finished goods	5,522,131	—
Material supplies	5,910,219	4,341,382
	<u>11,432,350</u>	<u>4,341,382</u>

Prior to commercialization of the mine; the Corporation's stockpiled ore was included within assets under construction ("AUC"). Once commercialization was met, finished goods inventory was reclassified out of AUC and accounted for separately.

8. Exploration and evaluation expenditures

	Exploration and evaluation expenditures \$
Cost	
At December 31, 2018	9,262,902
Additions (net of government grants)	622,103
Disposals	—
At December 31, 2019	<u>9,885,005</u>
Additions (net of government grants)	466,481
Reclassification for commercialization	<u>(9,885,005)</u>
At December 31, 2020	<u>466,481</u>

During the year, the Corporation reclassified exploration and evaluation expenditures related to development of the mine site into mineral properties, as the mine reached commercialization during 2020.

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9. Mineral properties

	Mineral properties \$
Cost	
At December 31, 2018	48,347,291
Additions	—
At December 31, 2019	48,347,291
Additions	3,547,452
Non-cash additions	510,000
Reclassification for commercialization	71,194,843
Depletion	(5,627,089)
At December 31, 2020	117,972,497

As the Corporation has reached commercial production in the current year, costs previously included in exploration and evaluation and AUC have been reclassified into mineral properties.

10. Construction in process

	Construction in Process \$
Cost	
At December 31, 2018	187,720,118
Additions	74,328,378
At December 31, 2019	262,048,496
Additions	10,890,427
Reclassification for commercialization	(252,349,820)
At December 31, 2020	20,589,103

As the Corporation has reached commercialization during the current year, costs associated with construction of the mine were reclassified out of AUC and into mineral properties and property, plant and equipment. The remaining costs relate to ongoing projects in progress as of year end.

Canada Fluorspar Inc.
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11. Property, plant and equipment

	Buildings	Infrastructure	Site	Primary crusher	Mill & equipment	Office and related equipment	Computer equipment	Vehicles	Mining equipment	Other assets	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At December 31, 2018	3,039,074	—	—	—	—	2,705,691	204,846	1,593,715	14,600,653	115,025	22,249,004
Additions	10,310	—	—	—	—	387,692	82,637	704,143	9,659,490	63,661	10,907,333
Disposals	(2,357,930)	—	—	—	—	—	(2,910)	(240,370)	(378,500)	—	(2,979,710)
At December 31, 2019	691,454	—	—	—	—	3,093,383	283,973	2,047,488	23,881,643	178,686	30,176,627
Additions	4,400	—	—	719,541	4,053,692	155,098	—	39,378	2,337,368	2,175	7,311,552
Reclassification for commercialization	—	—	—	—	—	227,346	—	—	—	—	227,346
Disposals	(10,982,235)	19,964,334	—	19,268,300	148,505,944	—	—	—	—	—	196,948,168
At December 31, 2020	11,676,089	19,964,334	—	19,987,850	152,559,636	3,475,827	283,973	2,086,866	26,219,011	180,861	236,436,447
Depreciation and impairment	(184,857)	—	—	—	—	(977,243)	(159,212)	(555,859)	(2,888,342)	(81,099)	(4,646,712)
Additions	(59,236)	—	—	—	—	(301,464)	(35,599)	(277,268)	(2,086,769)	(20,133)	(2,780,469)
Disposals	132,229	—	—	—	—	—	—	67,917	340,650	—	560,796
At December 31, 2019	(111,964)	—	—	—	—	(1,278,707)	(194,811)	(545,210)	(4,634,461)	(101,232)	(6,866,385)
Additions	(442,495)	(910,253)	—	(387,805)	(2,783,860)	(243,997)	(23,393)	(329,484)	(3,050,426)	(18,677)	(8,199,390)
Disposals	—	—	—	—	—	—	—	—	—	—	—
At December 31, 2020	(554,459)	(910,253)	—	(387,805)	(2,783,860)	(1,521,704)	(218,204)	(874,694)	(7,694,867)	(119,909)	(15,065,775)
Netbook value	579,490	—	—	—	—	1,814,576	89,162	1,592,278	19,247,182	77,454	23,310,242
At December 31, 2019	11,123,630	19,054,081	—	19,600,045	149,775,776	1,954,423	65,769	1,212,172	18,524,124	60,952	221,370,672
At December 31, 2020	11,123,630	19,054,081	—	19,600,045	149,775,776	1,954,423	65,769	1,212,172	18,524,124	60,952	221,370,672

Depreciation charged on equipment of \$1,836,224 for the year ended December 31, 2020 (2019 - \$2,219,673), has been capitalized to mineral properties. The book value of the right of use assets classified and included in property, plant and equipment is \$15,693,965.

Canada Fluorspar Inc.**Notes to the consolidated financial statements**

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12. Investment in Acoustic Zoom Inc.

During 2016, the Corporation acquired a 20% ownership of Acoustic Zoom Inc. ("AZ") through CFI AZ Holdings Inc., a wholly owned subsidiary of the Corporation. AZ is an imaging technology services company. The Corporation held 0% ownership in AZ as at December 31, 2020 (2019 - 0%). This investment was accounted for using the equity method in the Corporation's consolidated financial statements.

In 2019, management determined that AZ is not expected to provide returns on the investment made and as such the entire investment was written down to \$nil. The investment continued to be carried at \$nil in 2020.

The Corporation has recorded a loss of \$nil (2019 - loss of \$450,459) on the equity investment related to the Corporation's write-off of the investment and prior year's share of profit and loss.

13. Long-term debt and credit facilities

	2020 \$	2019 \$
Bridging Finance loan #1, BMO prime plus a margin based on last 3-month average production volumes, repayable upon maturity on March 31, 2021	32,169,764	32,169,764
Bridging Finance loan #2, BMO prime plus a margin based on last 3-month average production volumes, repayable upon maturity on March 31, 2021	22,130,955	22,130,955
Bridging Finance loan #3, BMO prime plus a margin based on last 3-month average production volumes, repayable upon maturity on March 31, 2021	8,206,773	8,206,773
Loan from Provincial Government of Newfoundland and Labrador, bearing interest of 3% to maturity on December 31, 2021	17,000,000	17,000,000
ACOA loan, interest free, repayable in monthly instalments of \$50,000 to maturity on October 1, 2026	3,026,800	3,334,173
ACOA loan, interest free, repayable in increments of 2.14% of gross sales with no maturity date	276,517	354,653
Total	82,810,809	83,196,318
Less: current portion	79,903,542	62,952,144
	2,907,267	20,244,174

Security on Bridging Finance and Provincial Government loans includes a collateral debenture on all Mineral Titles and Surface Rights of the Corporation. As noted in Note 25, \$62,507,492 of the current portion has had its maturity date extended until December 31, 2021, with an option to extend further until March 31, 2022, under certain conditions.

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13. Long-term debt and credit facilities (continued)

Principal repayments in each of the next five years are as follows:

	Principal \$
2021	79,903,542
2022	600,000
2023	600,000
2024	600,000
2025	600,000
Thereafter	507,267
	<u>82,810,809</u>

Atlantic Canada Opportunities Agency Loan

On March 10, 2017, the Corporation signed a loan agreement with the Atlantic Canada Opportunities Agency ("ACOA"), for a loan of up to \$5 million at a stated interest rate of 0%. Fair value has been determined using an imputed interest rate of 6.375%. The following table summarizes the amounts received and related deemed government grant:

	Cash received \$	Deemed government grant \$	Recorded balance \$
Loan balance as at December 31, 2018	5,000,000	1,342,733	3,710,145
Accretion charges	—	—	224,028
Principal payment	—	—	(600,000)
Loan balance as at December 31, 2019	—	—	<u>3,334,173</u>
Accretion charges	—	—	188,037
Gain on fair value of debt	—	—	(345,410)
Principal payment	—	—	(150,000)
Loan balance as at December 31, 2020	—	—	<u>3,026,800</u>

During the year, ACOA provided relief by deferring payments on loans in response to the COVID-19 pandemic. This has resulted in a gain on the fair value of debt of \$345,410.

Receivables Finance Credit Facility

The Corporation has a receivables finance credit facility with credit availability up to \$20,000,000 USD provided there is sufficient collateral security of eligible receivables, bearing interest at a rate of LIBOR + 2.70%. As of year-end, \$10,428,788 CAD of this facility was utilized (2019 - \$1,950,618 CAD). The Corporation also holds a variable rate operating loan facility of up to \$2,000,000 USD provided there is sufficient collateral security of eligible inventory. As of year-end, the facility was undrawn (\$nil for 2019).

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14. Lease liability

	2020 \$	2019 \$
Komatsu mine fleet finance lease, bearing interest at 0.99%, repayable in monthly instalments of \$52,602. Repaid during the year.	—	679,894
Komatsu mine fleet finance lease, interest free, repayable in monthly instalments of \$31,850. Repaid during the year.	—	210,528
Komatsu mine fleet finance lease, bearing interest at 3.9%, repayable in monthly instalments of \$6,787. Repaid during the year.	—	86,260
Komatsu mine fleet finance lease, bearing interest at 0.99%, repayable in monthly instalments of \$61,904 to maturity on February 7, 2021	185,153	861,320
Komatsu mine fleet finance lease, bearing interest at 0.99%, repayable, in monthly instalments of \$92,389 to maturity on March 24, 2021	276,711	1,376,733
CAT Financial finance lease, bearing interest at 8.75%, repayable in monthly instalments of \$51,654 to maturity on July 28, 2021	351,837	917,077
Atlas Copco Canada Inc finance lease, bearing interest at 1.75%, repayable in monthly instalments of \$20,308 to maturity on January 18, 2022	293,648	517,730
Atlas Copco Canada Inc finance lease, bearing interest at 1.75%, repayable in monthly instalments of \$16,742 to maturity on January 18, 2022	233,245	426,838
Komatsu mine fleet finance lease, bearing interest at 4.50%, repayable in monthly instalments of \$64,095 to maturity on February 28, 2022	2,536,380	3,180,094
Komatsu mine fleet finance lease, bearing interest at 4.5% repayable in monthly instalments of \$24,336 to maturity on February 28, 2022	984,964	1,227,173
Komatsu mine fleet finance lease, interest free, repayable in monthly instalments of \$8,137 to maturity on October 19, 2022	179,014	276,657
CAT Financial finance lease, bearing interest at 6.70%, repayable in monthly instalments of \$31,060 to maturity on March 17, 2023	755,244	—
CAT Financial finance lease, bearing interest at 6.70%, repayable in monthly instalments of \$4,573 to maturity on May 10, 2023	122,128	—
Komatsu mine fleet finance lease, interest free, repayable in monthly instalments of \$4,759 to maturity on March 1, 2024	185,595	—
Meridian finance lease, interest free, repayable in monthly instalments of \$1,427 to maturity on June 15, 2024	61,365	—
Meridian finance lease, bearing interest at 3.35%, repayable in monthly instalments of \$1,946 to maturity on June 15, 2025	148,511	—
BMO finance lease, bearing interest at 4.50%, repayable in monthly instalments of \$3,433 to maturity on April 27, 2026	193,232	—
Other leases	67,739	164,418
Total	6,574,766	9,924,722
Less: current portion	2,858,629	4,811,484
	3,716,137	5,113,238

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14. Lease liability (continued)

Lease liability repayments in each of the next 5 years are as follows:

	Principal \$
2021	2,858,629
2022	1,676,585
2023	1,236,160
2024	715,342
2025	49,486
Thereafter	38,564
	<u>6,574,766</u>

15. Deferred revenue

In 2016, as part of the arrangement whereby Arkema Canada Inc. exited from the Newspar Partnership, the Corporation entered into a supply agreement with Arkema France S.A. ("Arkema") whereby Arkema will have the right to acquire approximately 20% of the Corporation's annual nameplate production volume, for a period of 10 years, at a fixed base purchase price (subject to certain price adjustments based on then market prices and the date in which commercial production commences). The consideration paid in 2016 to the Corporation for this agreement (\$29,892,512) has been treated as deferred revenue and will be recognized as revenue in future years based on the underlying terms of the agreement.

In accordance with IFRS 15, the Corporation calculated, as at December 31, 2020, interest amounting to \$6,499,975 (2019 - \$2,833,476) using an effective interest rate of 12.5%, which represents the financing component of the amount previously received from Arkema. The financing component is an increase to the contract liabilities in the consolidated statement of financial position. Pre-commercialization, the Corporation capitalized half of this amount in construction in progress which was reclassified upon commercialization to mineral properties and property, plant and equipment. The financing component is capitalized because it is directly attributable to the AGS project.

There was no delivery of product to Arkema during 2020 (see Note 25).

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16. Provision for closure and reclamation

The Corporation recognizes a provision related to its constructive and legal obligations in St. Lawrence to restore its properties. The cost of this obligation is determined based on the expected future level of activity and costs related to decommissioning the mine and restoring the property. The provision is calculated at the net present value of the estimated future undiscounted cash flows of \$8,257,894 (2019 - \$7,188,200) using a discount rate of 3.3%.

	2020	2019
	\$	\$
Provision for closure and reclamation	8,084,965	6,610,400

This balance is paid to the Government of Newfoundland and Labrador as part of the Mine Rehabilitation and Closure Plan submitted to the Minister of Natural Resources to ensure the funds are set aside appropriately in compliance with section 10.(3) of the *Mining Act of Newfoundland and Labrador*. As the liability rests with the Corporation, a corresponding long-term receivable is recorded for amounts paid until remediated (see Note 6).

17. Fair values

Fair value hierarchy

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following methods and assumptions were used to estimate the fair values:

- Cash, receivables, and accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term debt is measured using the current fair market borrowing rate for a similar asset and liability, a level 2 valuation technique.

There have been no changes in these levels and no changes in classifications during the year ended December 31, 2020. Management has determined that carrying value approximates fair value for financial assets and liabilities of the Corporation.

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18. Share capital and reserves

Share capital

Authorized, unlimited number

Common shares

Issued and outstanding

	Number of shares #	Share capital \$
Common shares		
As at December 31, 2018	139,662,683	136,029,192
Equity investment by parent	86,443,581	86,443,581
Equity investment by director	75,000	75,000
As at December 31, 2019	<u>226,181,264</u>	<u>222,547,773</u>
Equity investment by parent	<u>49,528,898</u>	<u>49,528,898</u>
As at December 31, 2020	<u>275,710,162</u>	<u>272,076,671</u>

Stock options

On May 29, 2015, the Corporation implemented a stock option plan, coincident with a private placement of 1.1 million common shares and granted 1,726,830 options to directors as well as certain executives of the Corporation to purchase common shares at an exercise price of \$1.00.

In 2016, the Corporation granted 48,643 additional options to a new director at an exercise price of \$1.00. In 2018, 1,459,293 options were forfeited with the departure of certain executives.

During 2017, 2018, 2019, and 2020, there were no additional stock options issued.

The stock options vest in five tranches at a rate of 16% annually of the total number of options granted. Consequently, 252,954 options vested from 2015 to 2019. The remaining 20% of options granted only vest upon the occurrence of an approved sale. The stock options have a total Black-Scholes option pricing value of \$184,599 (\$184,599 in 2019). Only options vested in the year have been realized resulting in an expense recorded in the consolidated statement of comprehensive loss.

	2020
Average share price at date of grant	\$ 1.00
Expected dividend yield	0.00%
Expected share price volatility	71.15%
Risk-free interest rate	0.96%
Forfeiture rate	0.00%
Expected life of options	5 years
Average exercise price at date of grant	\$ 1.00
Stock options outstanding	316,180
Black-Scholes fair value	<u>\$ 0.58</u>

Canada Fluorspar Inc.**Notes to the consolidated financial statements**

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19. Related party disclosures

The consolidated financial statements include the financial statements of the Corporation and subsidiaries listed in the following table:

Name	Country of operation	% Equity interest	
		2020 %	2019 %
Canada Fluorspar (NL) Inc.	Canada	100	100
Newspar Partnership	Canada	100	100

20. Financial risk management objectives and policies

The Corporation's primary risk management objective is to protect the Corporation's financial position and cash flows to support development of the St. Lawrence project and for exploration for and evaluation of additional mineral resources.

The Corporation's cash is invested in business accounts with quality financial institutions and is available on demand. Significant risks managed by the Corporation include interest rate, foreign currency, credit, liquidity and price risk.

The Corporation's principal financial liabilities comprise of long-term debt, credit facilities, and accounts payable and accrued liabilities. These financial liabilities provide financing for the Corporation's operations. The Corporation's cash is derived directly from its operating and financing activities.

The Corporation's senior management oversees the management of these risks and reports the risk to the Board of Directors.

The Board of Directors reviews and approves policies for managing each of these risks which are summarized below:

Interest rate risk

The Corporation invests surplus cash in bank deposits which, due to their short-term nature, do not expose the Corporation to significant interest rate risks.

The Corporation is exposed to interest rate risk on its variable interest rate financial instruments. The Bridging Finance loans have variable interest rates which subject it to periodic re-estimation of cash flows to reflect movements in market interest rates that alter the effective interest rate and create a risk of changes in cash flow.

A fluctuation of 100 basis points in prevailing prime interest rates related to the loans would result in a fluctuation in interest costs of approximately \$625,000 for the year.

Foreign currency risk

Foreign currency risk is the risk to the Corporation's earnings that arise from fluctuations of foreign currency exchange rates and the degree of volatility of these rates. The Corporation is exposed to currency risk associated with its currency exchange risk on cash denominated in USD and current and future sales that are expected to be in USD while the majority of its operating costs are incurred in the functional currency.

20. Financial risk management objectives and policies (continued)

Credit risk

The business activities of the Corporation exposes it to counterparty credit risk that would result if the counterparty failed to meet its obligations in accordance with the terms and conditions of its contracts with the Corporation. In order to minimize credit risk, the Corporation has adopted a policy of only dealing with creditworthy counterparties. Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Corporation reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Corporation consider that the Group's credit risk is significantly reduced.

There is little perceived credit risk in respect of trade and other receivables. The Corporation's maximum exposure to credit risk at December 31, 2020, was represented by receivables. The Corporation holds no collateral over any of these balances.

Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its contractual obligations. The Corporation manages liquidity risk by continuously reviewing both actual and forecasted cash flows to ensure that it has sufficient cash available to meet its contractual obligations.

As at December 31, 2020, the Corporation had a working capital deficiency of \$81,855,613 compared to working capital deficiency of \$73,101,548 as at December 31, 2019.

Price risk

The Corporation is exposed to changes in the market price for its commodity. The Corporation manages this risk by entering into contractual supply agreements with potential customers for a portion of its planned production.

Capital management

The Corporation's objective when managing capital is to safeguard its accumulated capital in order to maintain its ability to continue as a going concern to reach development of its mineral rights and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Corporation consists of long-term debt and equity.

The Corporation is in compliance with all externally imposed capital requirements. As at December 31, 2020, the Corporation's overall strategy with respect to capital risk management remains unchanged as compared to December 31, 2019.

The Corporation will continually assess the adequacy of its capital structure and make adjustments within the context of the Corporation's strategy, economic conditions, and the risk characteristics of the business.

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21. Commitments and contingencies

Commitments

The Corporation's signed commitments for 2020, and beyond include finance leases on equipment and long-term debt as described in Note 13 and 14.

Guarantees

The Corporation indemnifies its directors and officers against claims reasonably incurred and resulting from the performance of their services to the Corporation, and maintains liability insurance for its directors and officers.

Contingent liabilities

Claims and legal proceedings may be instituted against the Corporation in the normal course of business. Legal proceedings are often subject to numerous uncertainties and it is not possible to predict the outcome of individual cases. In management's opinion, the Corporation has made adequate provision for or has adequate insurance to cover all claims and legal proceedings.

22. Goodwill

The Corporation performs impairment testing for its goodwill on an annual basis, as at December 31, 2020, and more frequently if there are indicators of impairment.

At December 31, 2020, the Corporation performed an impairment test for its goodwill which arose from the Newspar acquisition in 2016. For the impairment test, value in use ("VIU") was used to determine the recoverable amount since it was higher than the fair value less costs of disposal ("FVLCD"). VIU was calculated using discounted after-tax cash flows based on cash flow projections and assumptions supporting the Corporation's interest in its subsidiaries.

Expected future cash flows used to determine the VIU in the impairment testing are inherently uncertain and could materially change over time. Should management's estimate of the future not reflect actual events, future impairments may be identified. This may have a material effect on the Corporation's consolidated financial statements. Although it is reasonably possible for a change in key assumptions to occur, the possible effects of a change in any single assumption may not fairly reflect the impact on a CGU's fair value as the assumptions are inextricably linked.

23. Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

24. Canada Emergency Wage Subsidy

As a result of the COVID-19 pandemic, the Government of Canada implemented various financial assistance packages. During the year, the Corporation received a \$5,473,884 (2019 - \$nil) non-repayable wage subsidy, which has been recorded on a gross basis on the consolidated statement of comprehensive loss.

25. Subsequent events

(a) Equity injections by shareholder

The majority shareholder provided additional equity financing subsequent to the financial statement date totaling USD \$17,320,037.

(b) Bridging Finance receivership and Bridging Finance loan amendment

On April 30, 2021, upon application of the Ontario Securities Commission, PricewaterhouseCoopers LLP ("PwC") was appointed as receiver and manager of all assets, undertakings and properties of Bridging Finance Inc.

On August 18, 2021, the Corporation signed amendment No. 3 to the second amended and restated loan agreement with Bridging Finance Inc. to capitalize 80% of interest beginning April 1, 2021, and to extend the maturity date of the credit facilities totaling \$62,507,492 (Note 13) from March 31, 2021 to December 31, 2021, with an option to extend the maturity date, under certain conditions, to March 31, 2022. Those conditions have been met as of the time of issuance.

(c) Provincial Government of Newfoundland loan amendment

On November 29, 2021, the Corporation and the Provincial Government of Newfoundland signed an amendment to extend the maturity date of the credit facilities totaling \$17,000,000 (Note 13) from December 31, 2021 to December 31, 2022, with interest in arrears and interest related to 2021, payable on April 30, 2022.

(d) Statement of Claim filed by Arkema

On June 1, 2021, Arkema filed a Statement of Claim with the Ontario Superior Court of Justice against the Corporation for damages for breach of contract in the amount of \$29,892,512 (plus interest and costs). In 2016, Arkema and the Corporation entered into the Arkema Supply Agreement, pursuant to which Arkema paid \$29,892,512 to the Corporation in exchange for the Corporation granting Arkema the ability to acquire fluorspar for a ten year period at a contractually mandated specification and pre-arranged prices. Arkema has purported to terminate the Arkema Supply Agreement and has demanded repayment of the funds it has advanced as a termination payment under the Arkema Supply Agreement. The Corporation denies a breach of contract, states that the Corporation has been ready, willing and able to comply with its obligations under the Arkema Supply Agreement, and notes that to date the Corporation has not received a purchase order nor a delivery schedule for fluorspar from Arkema. A Statement of Defence was filed by the Corporation on August 20, 2021. It is not possible to predict the outcome of this case.

Appendix D

INTERNAL DRAFT

CFI Consolidated (CAD)	
Income Statement Summary	
	Year to Date December 31, 2021
Revenue	
Acidspar Sales	64,726,396
(-) Freight and Related Costs	7,591,214
Net Revenue	57,135,182
Mine (including maintenance)	29,461,024
Mill (including maintenance)	19,980,543
Logistics/SS/HSS/Env/Finance/G&A	16,050,120
Concentrate Inventory Adjustment	4,182,156
(-) Total Net Expenses	69,673,844
EBITDA	(12,538,662)
(-) Depletion, Depreciation & Amortization	27,480,374
(-) FX Loss/(Gain)	(3,652,893)
(-) Net Other Expenses/(Income)	(2,432,149)
EBIT	(33,933,994)
(-) Interest Expense	10,310,840
EBT	(44,244,834)
(-) Income Taxes	-
Net Income (Loss)	(44,244,834)

INTERNAL DRAFT

CFI Consolidated (CAD)	
Balance Sheet	
	As of Month Ended December 31, 2021
Cash and Equivalent	639,296
Accounts Receivable Sales	22,616,878
Other Receivables	1,430,790
Inventory	8,937,484
Prepays	554,879
Current Assets	34,179,327
Long Term Receivable	8,084,965
Exploration and Evaluation Assets	2,651,428
Assets under Construction	28,561,677
Mineral Properties	104,231,236
Net Fixed Assets	213,487,398
Net Intangible Assets	42,490
GoodWill	13,882,249
Non Current Assets	370,941,443
Total Assets	405,120,770
Loans & Borrowings	20,345,909
Accounts Payable & Accrued liabilities	14,920,986
Total Current Liabilities	35,266,896
Long term debt	98,481,289
Provision for closure and reclamation	8,084,965
Deferred Taxes	(547,604)
Deferred Revenue	50,260,419
Total Non Current Liabilities	156,279,070
Total Liabilities	191,545,965
Share Capital	293,783,760
Reserves	272,080
Contributed Surplus	1,751,521
Consolidation Account	(432,408)
Retained earnings	(37,555,314)
Profit (Loss) for Period	(44,244,834)
Total Shareholders' Equity	213,574,805
Total Liabilities and Shareholders' Equity	405,120,770

INTERNAL DRAFT

Canada Fluorspar (NL) Inc.	
Income Statement Summary	
Year to Date	
December 31, 2023	
REVENUE	
Acidapat Sales	64,723,942
Aggregate Sales	2,454
Other Income	3,022,809
Total Revenue	67,749,205
Freight on Sales	7,591,234
Net Revenue	60,157,971
EXPENSES	
Geology	
Labour & Associated Costs	258,419
External Consultants & Contractors	(34,316)
Materials & Consumables	1,844
Other Support Costs	197,653
Total Geology	423,600
Mining	
Labour & Associated Costs	7,953,297
External Consultants & Contractors	2,286,349
Materials & Consumables	13,075,546
Other Support Costs	233,502
Total Mining	23,544,694
Mobile Maintenance	
Labour & Associated Costs	1,346,981
External Consultants & Contractors	680,784
Materials & Consumables	3,326,998
Other Support Costs	128,068
Total Maintenance	5,482,730
Milling	
Labour & Associated Costs	8,013,080
External Consultants & Contractors	726,877
Materials & Consumables	10,377,639
Other Support Costs	537,147
Total Milling	19,654,743
Logistics & Site Services	
Labour & Associated Costs	622,254
External Consultants & Contractors	4,409,137
Materials & Consumables	66,524
Other Support Costs	2,427,835
Total Logistics & Site Services	7,525,750
General & Administration	
Labour & Associated Costs	3,394,343
External Consultants & Professional Fees	1,826,635
Materials & Consumables	582,522
Other Support Costs	2,725,810
Total General & Administrative	8,529,310
Concentrate Inventory Adjustment	4,187,155
Total Expenses	59,875,844
EBITDA	(9,815,659)
Interest Expense	10,330,840
Income Taxes	-
FX Gain/Loss	(3,658,571)
Depreciation & Amortization	27,482,374
Other Gains (Losses)	587,829
Total Other Expenses	24,722,572
Net Income (Loss)	(67,235,424)

INTERNAL DRAFT

Canada Fluorspar (NL) Inc.		December 31, 2021
Cash and Equivalent	(1,430,661)	
Accounts Receivable Sales	22,616,878	
Other Receivables	1,430,790	
Inventory	8,937,484	
Prepays	554,879	
Current Assets	32,109,370	
Long Term Receivable	8,084,965	
ARO Asset	-	
Exploration and Evaluation Assets	2,651,428	
Assets under Construction	28,561,677	
Mineral Properties	104,231,236	
Net Fixed Assets	213,487,398	
Net Intangible Assets	42,490	
Funding Projects	-	
Long Term Investments	60,000,000	
GoodWill	-	
Non Current Assets	417,059,194	
Total Assets	449,168,564	
Loans & Borrowings	20,345,909	
Accounts Payable & Accrued liabilities	14,920,986	
Income Taxes	-	
Flow Through Share Liabilities	-	
Total Current Liabilities	35,266,896	
Long term debt	98,481,289	
Provision for closure and reclamation	8,084,965	
Deferred Taxes	-	
Deferred Revenue	50,260,419	
Total Non Current Liabilities	156,826,674	
Total Liabilities	192,093,569	
Share Capital	1	
Reserves	-	
Contributed Surplus	-	
Consolidation Account	345,752,824	
Retained earnings	(44,441,406)	
Profit (Loss) for Period	(44,236,424)	
Total Shareholders' Equity	257,074,995	
Total Liabilities and Shareholders' Equity	449,168,564	

INTERNAL DRAFT

Canada Fluor spar Inc.

Year-to-date

Income Statement Summary

December 31, 2021

Interest Income	-
Other Revenue (Not from Sale of Goods)	-
Cost of Sales	-
Revenue	-
Salaries and Wages	-
Other Employee Costs	-
Travel and Entertainment	-
Office Costs	-
Legal Fees	-
Audit and Accounting fees	-
Other Professional fees	-
Marketing	-
Public Company fees	-
Safety Costs	-
Other Expenses	2,731
Fx gains and losses	5,678
Depreciation and Amortization	-
Interest Expense	-
Share based payments	-
Income Taxes	-
Total Expenses	8,410
Other Gains (Losses)	-
Total Other Gains (Losses)	-
Net Income (Loss)	(8,410)

INTERNAL DRAFT

Canada Fluorspar Inc.

December 31, 2021

Cash and Equivalent	2,069,957
Interest Receivable	-
Other Receivables	-
Inventory	-
Prepays	-
Current Assets	2,069,957
Long Term Receivable	-
Exploration and Evaluation Assets	-
Net Fixed Assets	-
Net Intangible Assets	-
Assets under Construction	-
Shoal Cove	-
Prefeasibility (Incl. wharf)	-
Feasibility	-
Construction - AGS Open Pit Project	-
Funding Projects	-
Long Term Investments	-
Goodwill	13,882,249
Non Current Assets	13,882,249
Total Assets	15,952,206
Accounts Payable & Accrued liabilities	-
Income Taxes	-
Flow Through Share Liabilities	-
Total Current Liabilities	-
Long term debt	-
Provision for closure and reclamation	-
Deferred Taxes	(547,604)
Deferred Revenue	-
Total Non Current Liabilities	(547,604)
Total Liabilities	(547,604)
Share Capital	293,783,759
Reserves	272,080
Contributed Surplus	1,751,521
Consolidation Account	(286,185,233)
Retained earnings	6,886,092
Profit (Loss) for Period	(8,410)
Total Shareholders' Equity	16,499,810
Total Liabilities and Shareholders' Equity	15,952,206

Appendix E

இதற்கு உதாரணமாக

5. The commitment is expressed on the basis that operators will co-operate with the Company and the restructuring proceedings under the Court's order.

Figure 2: Qualitative comparison of the results of the proposed method with the results of the baseline method.

1. $\mathcal{H} = \mathcal{H}_1 \oplus \mathcal{H}_2$ and $\mathcal{H}_1 \cap \mathcal{H}_2 = \{0\}$.
2. $\mathcal{H}_1$ and $\mathcal{H}_2$ are both invariant under T .
3. $T|_{\mathcal{H}_1}$ and $T|_{\mathcal{H}_2}$ are both invertible.

1. The first step is to identify the problem or question that needs to be addressed. This involves understanding the context and the specific requirements of the task.