



COURT FILE NO. S-234515
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

WEAVER CAPITAL CORP.

PETITIONER

AND

EAGLE GRAPHITE CORPORATION

RESPONDENT

**FIRST REPORT OF FTI CONSULTING CANADA INC., IN ITS
CAPACITY AS COURT-APPOINTED RECEIVER OF
EAGLE GRAPHITE CORPORATION**

August 11, 2023

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INTRODUCTION

1. On July 20, 2023, FTI Consulting Canada Inc. was appointed receiver (the “**Receiver**”) of the assets, undertakings and property of Eagle Graphite Corporation (“**EG**” or the “**Company**”) pursuant to an order (the “**Receivership Order**”) of this Honourable Court.
2. The Receivership Order authorized and empowered, but did not obligate, the Receiver to, *inter alia*:
 - (a) take possession of and exercise control over any or all assets, undertakings and properties of the Company, including any proceeds thereof (the “**Property**”) and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) receive, preserve and protect the Property, or any part or parts thereof;
 - (c) manage, operate and carry on the business of the Debtor;
 - (d) market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
 - (e) sell, convey, transfer, lease or assign any or all of the Property or any part or parts thereof out of the ordinary course of business:
 - (a) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$100,000; and
 - (b) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;

- (f) apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
 - (g) 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 considered necessary or appropriate by the Receiver, in the name of the Debtor; and
 - (h) take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.
3. The Receiver's reports and other information in respect of these proceedings are posted on the Receiver's website at cfcanada.fticonsulting.com/EagleGraphite.
4. The purpose of this report, the Receiver's first report (the "**First Report**"), is to:
- (a) inform the Court of the activities of the Receiver since the date of its appointment;
 - (b) advise the Court on the status of various aspects of the Receivership proceedings; and
 - (c) seek the approval of this Honourable Court for the Receiver to conduct a sale process and enter into a Stalking Horse Sale Agreement.

TERMS OF REFERENCE

5. In preparing this report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, EG's books and records and discussions with various parties (collectively, the "**Information**").
6. Except as described in this Report:
 - (a) the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) the Receiver has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
7. Future-oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein are as defined in the Receivership Order or other Orders granted in the Receivership proceedings.

BACKGROUND INFORMATION

9. EG was incorporated under the *Canada Business Corporation Act* on December 23, 2014 and has its registered office in Toronto, Ontario.
10. The Company is a natural resource company engaged in mining activities at a site located in the Slocan Valley area of British Columbia known as the Black Crystal property (“**Black Crystal**”).
11. The Company’s mining activity is focused on graphite, a form of carbon which, among other things, is used for conducting heat and electricity in electrodes, batteries and solar panels in addition to acting as a lubricant for bearings and machinery.
12. James Deith is the sole director of the Company.
13. The Black Crystal site includes an open-pit quarry providing access to the graphite deposits, a processing facility and related equipment and is subject to two mineral leases and two mineral claims held by the Company.
14. The Receiver understands that production from the quarry and the processing plant ceased in or around 2013.
15. The parent company of EG is Eagle Graphite Incorporated (“**EGI**”), a publicly traded company listed on the TSX Venture Exchange.
16. On October 4, 2022, the trading in the shares of EGI were halted as a result of a Cease Trading Order issued by the Ontario Securities Commission for failure to file its interim financial statements and management discussion and analysis for the period ending May 31, 2022.

17. The Company had three mineral claims, however due to lack of liquidity the Company failed to pursue one of its claims by performing exploration work or making payments. As a result one these claims was forfeited to the government and reclaimed by a third party.
18. Weaver Capital Corp. (“**Weaver**”) is the first ranking secured creditor of EG having acquired an existing debt from ANH Refractories Company (“**ARC**”).
19. The affidavit of Jeffrey Wood sworn June 1, 2023 (the “**Wood Affidavit**”) and filed in support of Weaver’s application for the granting of the Receivership Order details the history of the ARC secured debt and the transfer and assignment of ARC’s debt and security to Weaver. The Wood Affidavit excluding its Exhibits is attached as Appendix A.
20. The estimated debt owing to Weaver by EG as at January 27, 2023 was \$3.5 million.
21. As a result of several defaults by EG relating to its loan agreements assigned to Weaver, on January 27, 2023, Weaver’s counsel demanded repayment of EG’s indebtedness and together delivered a notice of intention to enforce its security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (the “**BIA**”).
22. The Wood Affidavit also provides a history of the procedural efforts of Weaver in attempting to enforce its security, culminating in the issuance of the Receivership Order.
23. As indicated in the Wood Affidavit, one of the objectives for the appointment of a Receiver was to conduct a sale process that would result in the granting of an order to provide to the Chief Gold Commissioner (BC) allowing transfer of title to the mineral leases.

RECEIVER'S ACTIVITIES SINCE APPOINTMENT

Statutory compliance

24. On July 28, 2023, the Receiver mailed its Notice and Statement pursuant to subsections 245(1) and 246(1) of the BIA to the Superintendent of Bankruptcy and to all known creditors of the Company. A copy of the Notice and Statement is attached as Appendix B.
25. The Receiver established a website at cfcanada.fticonsulting.com/EagleGraphite where it has posted copies of court orders, motion materials and reports filed in connection with the receivership proceedings.

Security of Assets

26. Immediately following its appointment, the Receiver visited Black Crystal to familiarize itself with the site. The Receiver met with the former site manager who lives on Black Crystal in exchange for providing security.
27. The Receiver and the former site manager agreed to maintain those arrangements.
28. The Receiver noted the lack of mobile equipment on site, however the processing plant appeared to be in a reasonable state.
29. The Receiver has notified the Company's insurer requesting that the beneficiary under the policy be revised to the Receiver.
30. The Receiver set up a deposit account with the Bank of Nova Scotia for the administration of the receivership.

Security Opinion

31. The Receiver's legal counsel has reviewed Weaver's security and provides an opinion (the "**Security Opinion**") that, subject to the standard and customary qualifications, assumptions and limitations, the security of Weaver over the assets, property and undertakings is valid and enforceable.

THE STALKING HORSE OFFER

32. As indicated in the Wood Affidavit, subsequent to the issuance of the Receivership Order, Weaver approached the Receiver regarding its desire to enter into a stalking horse offer with the Receiver that would be subject to a sale and investment solicitation process conducted by the Receiver.
33. On August 10, 2023, the Receiver received an Agreement of Purchase and Sale from Weaver (the "**Stalking Horse Offer**"), the substantive terms of which are as follows:
- (a) Weaver would acquire all of EG's assets including the mineral claims, mineral leases and the processing plant and equipment on an as is, where is basis;
 - (b) the purchase price would be \$3.7 million consisting of a cash deposit in the amount of \$555,000 with the balance being in the form of a credit bid against the ARC debt;
 - (c) the Stalking Horse Offer would be subject to a sale process (the "**Sale Process**") which would form a schedule to the Stalking Horse Offer; and
 - (d) the closing of the transaction would occur within five business days of the Receiver obtaining a sale approval and vesting order from this Honourable Court, in the event the Stalking Horse Offer is the successful purchaser resulting from the Sale Process.

34. Copies of the Stalking Horse Offer and the Sale Process are attached as Appendices C and D, respectively.

SALE PROCESS

35. The Sale Process proposed to be conducted by the Receiver consists of the following:
- (a) as soon as reasonably possible following the approval of the Sale Process, the Receiver will publish a notice of the purchase opportunity in the national edition of the Globe and Mail, the Northern Miner publication and any other publications considered appropriate by the Receiver;
 - (b) as soon as reasonably practicable, the Receiver will prepare an initial offering summary (the “**Teaser Letter**”) notifying prospective purchasers of the existence of the Sale Process and inviting prospective purchasers to submit an offer to the Receiver in accordance with the terms of the Sale Process;
 - (c) the Receiver will set up an electronic data room which will provide interested parties with access to information considered relevant to the Sale Process (including a copy of the Stalking Horse Offer) upon receipt of an executed confidentiality agreement;
 - (d) the Receiver will prepare a form of template agreement of purchase and sale (a “**Binding APS**”) consistent with the terms and conditions of the Stalking Horse Offer which will be made available to all interested parties;
 - (e) the deadline for receipt of Binding APS’s is 5:00 pm PT on September 25, 2023; and

- (f) if a Binding APS is received which complies with the information requests indicated in the Sale Process, then the Receiver may determine at its sole discretion to hold an auction to determine a successful bidder.

THE APPRAISED VALUE OF BLACK CRYSTAL

- 36. The Receiver is aware of three valuations that were commissioned; two by Weaver and one by the Company.
- 37. A summary of the three valuations are as follows:
 - (a) a report from Mostert Mining Consulting dated March 1, 2023 (the “**Mostert Valuation**”) prepared for Weaver indicating a value of \$3.0 million. The Mostert Valuation compared Black Crystal to other comparable projects and reviewed other recent transactions to determine value;
 - (b) a report from Weymark Consulting Ltd. dated March 3, 2023 (the “**Weymark Valuation**”) prepared for Weaver indicating a value of \$2.8 million. The Weymark Valuation also compared Black Crystal to other comparable projects and reviewed other recent transactions to determine value; and
 - (c) a report from ABH Engineering Inc. dated May 9, 2023 (the “**ABH Valuation**”) prepared for Eagle Graphite Corp. indicating a value of \$126.0 million. The ABH Valuation was based on a discounted cash flow model to determine value.
- 38. The Receiver notes a comment made in the Mostert Valuation that it did not view the discounted cash flow model as applicable since there were no cash flows to consider.

39. The Receiver is not a Chartered Business Valuator, however the Receiver generally agrees with the premises noted by the Corporate Finance Institute which states on its website: “The best way to value a mining asset or company is to build a discounted cash flow (DCF) model that takes into account a mining plan produced in a technical report (like a Feasibility Study). Without such a study available, one has to resort to more crude metrics.”
40. One of the “crude metrics” indicated is the EV/Resource ratio which takes the enterprise value of the business and divides it by the total resources contained in the ground. This metric is typically used for early-stage development projects, where there is not a lot of detailed information (not enough to do a discounted cash flow analysis).
41. The EV/Resource ratio was utilized in both the Mostert Valuation and the Weymark Valuation.
42. Accordingly, the Receiver is of the view that the Mostert Valuation and the Weymark Valuations would be more consistent with how the majority of investors would approach a valuation of Black Crystal and the discounted cash flow approach relies on speculative assumptions.
43. As a result, the Receiver believes that the purchase price indicated in the Stalking Horse Offer is reasonable.

RECEIVER'S RECOMMENDATIONS AND APPROVALS SOUGHT

44. The Receiver's comments with respect to the Stalking Horse Offer and the Sale Process are as follows:
- (a) the Stalking Horse Offer sets a baseline price that is reasonable and the Sale Process provides an opportunity for superior offers;
 - (b) the Stalking Horse Offer does not contain a break fee or expense reimbursement for the cost and time incurred in preparing the offer and accordingly does not increase the price for other parties wishing to participate in the Sale Process;
 - (c) given the Security Opinion the Receiver is of the view the credit bid aspect is acceptable and the Stalking Horse Offer provides certainty of a sale which can only result in higher recoveries for stakeholders; and
 - (d) the timelines and process for the Sale Process are reasonable and are intended to provide a robust canvassing of the market for potential purchasers.
45. The Receiver recommends that this Honourable Court grant an order authorizing the Receiver:
- (a) to enter into the Stalking Horse Offer substantially in the form attached as Appendix C; and
 - (b) conduct the Sale Process pursuant to the procedures outlined in Appendix D.

46. All of which is respectfully submitted this 11th day of August, 2023.

FTI Consulting Canada Inc.,
in its capacity as receiver of
the assets, property and undertaking of
Eagle Graphite Corporation



fol. Name: Craig Munro
Title: Managing Director,
FTI Consulting Canada Inc.

APPENDIX A

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

WEAVER CAPITAL CORP.

Applicant

and

EAGLE GRAPHITE CORPORATION

Respondent

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED; AND
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**AFFIDAVIT OF JEFFREY WOOD
(SWORN JUNE 1, 2023)**

I, JEFFREY WOOD, of the City of Vaughan, in the Regional Municipality of York, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the president of Weaver Capital Corp. ("**Weaver**"), the first-ranking secured creditor of Eagle Graphite Corporation ("**Eagle**"). As such, I have personal knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out herein, I have stated the source of my information and, in all such cases, believe it to be true.
2. I swear this affidavit in support of Weaver's application for:

- (a) an Order (the "**Receivership Order**") appointing Rosen Goldberg Inc. as receiver (the "**Receiver**"), without security, of all of the property, assets and undertaking of Eagle including all proceeds thereof and certain contracts, rights, permits, licences, mineral claims and mining leases in relation to a graphite production and processing facility known as the "Black Crystal" property or project, located in the Slocan Valley area of British Columbia, approximately 35 kilometres west of the city of Nelson and 35 kilometres north of the city of Castlegar (the "**Property**"); and
- (b) if the Receivership Order is granted, a separate order (the "**Stalking Horse and Sales Process Order**"): (i) approving the marketing and sales process of the Property (the "**Sales Process**") as described in the proposed Receiver's Pre- Receivership Report dated on or about June 1, 2023 (the "**Pre-Receivership Report**"); (ii) authorizing the Receiver to carry out the Sales Process and to take such steps and execute such documentation as may be necessary or incidental to the Sales Process; (iii) approving the stalking horse agreement of purchase and sale dated on or about June 1, 2023 (the "**Stalking Horse APS**") entered into between Weaver ("**Weaver**" or the "**Stalking Horse Bidder**") and the Receiver; and (iv) authorizing the Receiver to execute all necessary documents in respect of the Stalking Horse APS, including without limitation, the payment of the Break Fee (as defined in the Stalking Horse APS) by the Receiver to the Stalking Horse Bidder in accordance with the provisions of the Stalking Horse APS.

Eagle

3. Eagle is a mining company that is federally incorporated, and has its registered office in Toronto, Ontario. Its main asset is a mine site located in the Slocan Valley area of British Columbia, and the resource mined is primarily graphite. James Thomas Deith is a director and officer of Eagle. A copy of the Corporate Profile of Eagle dated March 2, 2023 is attached hereto as **Exhibit "A"**.

4. Eagle holds certain contracts, rights, permits, licences, mineral claims and mining leases in relation to the Property. The Property includes an open-pit quarry allowing access to the graphite deposits (the "**Quarry**"), a processing facility and related equipment (the "**Plant and Equipment**") and two mining or mineral leases registered in the name of Eagle under title numbers 390937 and 392322 (the "**Mineral Leases**"), and two mineral claims under title numbers 318625 and 318627 (the "**Mineral Claims**").

5. No graphite has been mined from the Quarry for about five years.

6. As noted, Eagle holds or held certain permits, licenses, mineral claims and mining leases with respect to the "Black Crystal" project, which are listed in Schedule "A" of the Mining Assignment (defined and attached below) and Schedule "C" of the Acknowledgement, Consent and Release (defined and attached below) including the Mineral Leases and Mineral Claims. The Property also includes some infrastructure related to the Quarry or Plant and Equipment (i.e., a flotation processing facility, outbuildings, equipment, a weigh scale, a storage pad for plant feed, and water circulation and settling ponds to handle the by-product of the flotation process). Given that no graphite has been mined from the Quarry for approximately five years,

the current state of the Plant and Equipment and whether they are currently ready-state to restart mining operations and production is an open question.

Troubling Signs

7. In addition to the lack of mining at the Quarry for the past five years, Eagle's parent company that owns the shares of Eagle, Eagle Graphite Incorporated ("**Eagle's Parent Company**"), has ceased trading as a public company and Eagle has failed to pursue one of its Mineral Claims.

8. Eagle's Parent Company is or was a publicly traded company, and its shares are or were listed on the NEX Exchange under the symbol "EGA".

9. On or about September 27, 2022, Eagle's Parent Company issued a News Release anticipating that the Ontario Securities Commission would be issuing a Cease Trade Order, and announcing that three out of four of its directors have resigned, leaving Jamie Deith as the CEO and the sole remaining director.

10. On or about October 4, 2022, the Ontario Securities Commission issued a Cease Trade Order (the "CTO") with respect to Eagle's Parent Company, as a result of it failing to file the periodic disclosure required by the applicable securities legislation. As a result of the CTO, the TSX Venture Exchange suspended trading in the securities of Eagle's Parent Company on October 4, 2022.

11. Eagle's Parent Company remains or continues to be cease traded as of the date of this application.

12. I am advised by Weaver's B.C. counsel and verily believe that before March 7, 2023, there were registered in the name of Eagle, three Mineral Claims and two Mineral Leases, and that due to Eagle's failure to pursue one of the Mineral Claims (by performing exploration work or making payments in lieu), Mineral Claim 1093665 previously registered in its name has been forfeited to the government on March 7, 2023, and has been immediately reacquired by a new claim registered by a third party.

Weaver and its Security

13. Weaver is an Ontario company, with its registered office located in Kleinburg, Ontario. I am the president, secretary and director of Weaver. A copy of the corporate Profile Report of Weaver dated March 3, 2023 is attached hereto as **Exhibit "B"**.

14. Weaver is a secured creditor of Eagle and has a first-ranking security interest in the Property.

15. Eagle's indebtedness and security was assigned and transferred to Weaver. The original debt of Eagle arose pursuant to an Annual Supply Contract between Eagle and ANH Refractories Company, for itself and as agent for its affiliates, Harbison-Walker Refractories Company, North American Refractories Company, ANH Canada Incorporated, and A.P. Green Industries Inc. dated as of September 3, 2010, as amended or amended and restated from time to time by agreements dated August 30, 2012, January 1, 2014, and May 30, 2014 (collectively, the "**Supply Agreement**"). A copy of the initial Supply Agreement dated September 3, 2010 is attached hereto as **Exhibit "C"**.

16. Given Eagle's indebtedness under the Supply Agreement, Eagle entered into the following agreements in an attempt to satisfy that debt: a Forbearance and Amendment Agreement dated June 21, 2017; an Amendment to Forbearance Agreement dated January 16, 2020 (together, the "**Forbearance Agreements**"); and a Letter of Intent dated April 29, 2022 (the "**LOI**"). A copy of the Forbearance Agreements and LOI are attached hereto as **Exhibit "D"**. In this Affidavit, the Supply Agreement, Forbearance Agreements and LOI are referred to as the "**Credit Documents**".

17. The LOI and Forbearance Agreements contemplated a settlement or payment of Eagle's indebtedness under the Supply Agreement but Eagle failed to make certain payments and defaulted under the Forbearance Agreements and LOI.

18. As security for its indebtedness under the Supply Agreement, Eagle granted various security in favour of North American Refractories Company, for itself and as agent for ANH Refractories Company, Harbison-Walker Refractories Company and A.P. Green Industries Inc. (the "**Original Secured Party**"), including a General Security Agreement between Eagle and the Original Secured Party dated March 5, 2013 (the "**GSA**") and an Assignment of Contracts, Rights, Permits and Licences from Eagle to the Original Secured Party dated January 1, 2014 (the "**Mining Assignment**") (together, the "**Security**"). A copy of the GSA and Mining Assignment are attached hereto as **Exhibit "E"**.

19. Under the Mining Assignment, Eagle agreed to assign and transfer to the Original Secured Party, Eagle's interest in all contracts, rights, permits and licences held by Eagle including those described or listed in Schedule "A" of the Mining Assignment.

20. HarbisonWalker International, Inc. (the "**Successor Secured Party**") is the successor by merger of, among other entities, North American Refractories Company and Harbison-Walker Refractories Company HarbisonWalker International Holdings, Inc. is the successor to ANH Refractories Company. HarbisonWalker International Holdings, Inc. has assigned all of its rights, title and interest in and to the Supply Agreement to the Successor Secured Party.

21. The Original and/or Successor Secured Party registered financing statements, financing change statements and other registrations in respect of the Security pursuant to the provisions of the *Personal Property Security Act* (Ontario) ("**Ontario PPSA**") and the *Personal Property Security Act* (British Columbia) ("**BC PPSA**") (collectively, the "**PPSA**") and other applicable legislation. A copy of the Ontario PPSA search (current to January 29, 2023) and the BC PPSA search (current to February 15, 2023), conducted on Eagle are attached hereto as **Exhibit "F"**.

22. On December 5, 2022, Eagle executed an Acknowledgement, Consent and Release (the "**Acknowledgement, Consent and Release**") to the Successor Secured Party and Weaver. Under the Acknowledgement, Consent and Release, Eagle generally acknowledged, consented or represented, among other things, that: (a) Eagle is indebted to the Successor Secured Party in the principal amount of USD\$1,534,000.00 plus any and all interest, fees, expenses, costs and other allowable charges (collectively, the "**Indebtedness**" or "**Debt**"); (b) As at November 30, 2022, the total Indebtedness was USD\$2,550,247.13; (c) The Indebtedness of Eagle to the Successor Secured Party arose pursuant to the Supply Agreement and is acknowledged in the Credit Documents; (d) The Indebtedness is secured by the Security; (e) The settlement of the Indebtedness contemplated by the LOI was not consummated, and the LOI has been validly terminated by the Successor Secured Party in accordance with its terms; and (f) Eagle consents to the assignment by the Successor Secured Party to Weaver of the Indebtedness, and the

Successor Secured Party's right, title, interest and benefit in the Credit Documents and the Security. A copy of the Acknowledgement, Consent and Release is attached hereto as **Exhibit "G"**.

23. On December 9, 2022, the Successor Secured Party and Weaver entered into an Assignment Agreement (the "**Assignment Agreement**"). Under the Assignment Agreement, among other things, Weaver acquired the Indebtedness and the Successor Secured Party's right, title, interest and benefit in the Credit Documents and the Security. A copy of the Assignment Agreement is attached hereto as **Exhibit "H"**.

24. Further to the Assignment Agreement, Weaver registered financing statements or financing change statements in respect of the Security pursuant to the provisions of the PPSA, in Ontario and British Columbia. The only other PPSA registration or registrations with respect to Eagle are in favour of Wood I Company Ltd. They were made or registered subsequent in time to the PPSA registrations in favour of the Original and/or Successor Secured Party, as assigned to Weaver. Weaver, therefore, has a first ranking security interest over the Property pursuant to the PPSA.

25. As noted, Wood I Company Ltd. is a subsequent secured PPSA creditor behind the security held by Weaver. It supports the Sales Process. I am the officer and director of Wood I Company Ltd.

26. The GSA provides for the appointment of a receiver over the Property of Eagle upon an event of default.

27. Under the GSA, an event of default includes a failure to pay the Debt after demand and a failure to preserve, protect and maintain the Property.

Defaults, Demand and Notices

28. The following are, or have given rise to, defaults, events of default or breaches of the Security including, without limiting the foregoing: (a) the failure of Eagle to pursue one of the Mineral Claims and its forfeiture; (b) the failure of Eagle to pay the Debt; and (c) the uncertain state of the Plant and Equipment and whether or not they are currently ready-state to restart mining operations after a five-year delay (collectively, the "**Defaults**"). Weaver is also concerned that no graphite has been mined at the Quarry for about five years and that Eagle's Parent Company has ceased trading as a public company.

29. By letter dated January 17, 2023, Weaver's counsel demanded repayment of the Indebtedness from Eagle (the "**Demand Letter**") and together delivered a notice of intention to enforce security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (the "**BIA**") (the "**BIA Notice**"). A copy of the Demand Letter and BIA Notice are attached hereto as **Exhibit "I"**.

30. As at the date of the Demand Letter and BIA Notice, the total amount of the Indebtedness was USD\$2,583,885.50 (Canadian dollars: \$3,544,315.74). Eagle was given until January 27, 2023 to pay the Indebtedness. The Debt remains outstanding to this date and increases on a daily basis as a result of interest and costs.

Foreclosure Proceedings

31. On January 30, 2023, Weaver also issued a notice for foreclosure pursuant to the Ontario PPSA (the "**Ontario Foreclosure Notice**") in respect of the Property to Eagle and certain other parties entitled to notice pursuant to the Ontario PPSA. A copy of the Ontario Foreclosure Notice is attached hereto as **Exhibit "J"**.

32. By letter dated February 13, 2023 ("**Cassels' letter**"), Eagle's lawyer, Cassels Brock & Blackwell LLP (Vancouver office) ("**Cassels**"), wrote to Weaver's lawyer and indicated, among other things, that British Columbia and not Ontario is the proper forum for these foreclosure proceedings since Eagle and the Property are located in British Columbia, the governing law of the relevant documents is British Columbia and there is no real or substantial connection to Ontario. As noted above, the registered office of Eagle is in Ontario.

33. In Cassels' letter, Eagle objected and gave notice under the Ontario PPSA to Weaver retaining the Property in full satisfaction of the alleged Indebtedness on the basis that, among other things: (i) Eagle holds the right, title, and/or interest, as applicable, in and to the Property; (ii) the value of the Property exceeds the alleged Indebtedness; and (iii) the foreclosure of the Property sought by the Ontario Foreclosure Notice would result in an unjustified windfall to Weaver (collectively, "**Eagle's Objections to the Ontario Foreclosure Notice**"). A copy of Cassels' letter is attached hereto as **Exhibit "K"**.

34. Given Eagle's Objections to the Ontario Foreclosure Notice, Weaver commissioned two independent appraisals of the Property. One is by Mostert Mining Consulting dated March 1, 2023 and the other is by Weymark Consulting dated March 3, 2023 (the "**Weaver Appraisals**").

35. On February 15, 2023, given Eagle's Objections to the Ontario Foreclosure Notice. Weaver issued and served a notice for foreclosure pursuant to the BC PPSA (the "**BC Foreclosure Notice**") in respect of the Property, on Eagle and certain other parties entitled to notice pursuant to the BC PPSA. A copy of the BC Foreclosure Notice is attached hereto as **Exhibit "L"**.

36. Eagle received the BC Foreclosure Notice on or about February 16, 2023. Eagle was served with the BC Foreclosure Notice by registered mail and email on or about that date. A copy of the Affidavit of Service, confirming same and sworn by Betty Lau, a law clerk with the law firm representing Weaver, on March 6, 2023, is attached hereto as **Exhibit "M"**. On Wednesday, March 1, 2023, James Thomas Deith of Eagle texted me a message in reply to my text message as follows: "Hi Jamie. Just so your in the loop. We will be issuing a foreclosure notice today as your request. In BC. But would still like to continue our conversations of yesterday. Thanks jeff"; to which James Thomas Deith replied: "Appreciate the courtesy"; and on Wednesday, March 1, 2023 at 11:44 AM: "Hi Jeff, just a courtesy heads up-we're sending a response today to the latest notice". A copy of the text or screen shot is attached hereto as **Exhibit "N"**. Despite the text message, no response from James Thomas Deith or Eagle to the latest notice was received by me or Weaver on March 1, 2023.

37. On or about March 3, 2023, the 15-day notice period expired under the BC Foreclosure Notice. No notice of objection to the BC Foreclosure Notice was received by Weaver from Eagle or any other party during that period.

38. I am advised by Weaver's counsel that under section 61(3) of the BC PPSA, if no notice of objection is given to the BC Foreclosure Notice, Weaver, as the secured party, is, at the expiry

of the 15-day period under the BC Foreclosure Notice, deemed to have irrevocably elected to retain the Property in satisfaction of the Indebtedness and is entitled to hold or dispose of the Property free from all rights and interests of Eagle, and generally from any other person with a subordinate interest.

39. Upon the expiry of the objection period under the BC PPSA, Weaver sought the transfer of the Property or more specifically, the mineral claims and mineral leases in relation to the Property, to Weaver from the Mineral Titles Branch (BC) or Chief Gold Commissioner (BC), by registering a statutory declaration against the applicable mineral claims and mineral leases in the Mineral Titles Online registry (BC) ("MTO") on March 13, 2023 under event number 5976542. The Property registered in the MTO under the name of Eagle included the two Mineral Claims and the two Mineral Leases. Copies of the statutory declaration and registration are attached hereto to my Affidavit as **Exhibit "O"**.

40. While the Deputy Chief Gold Commissioner (BC), in a letter dated March 31, 2023, confirmed the registration, she also noted that unless Eagle consented to the transfer of the applicable mineral claims and/or mineral leases to Weaver then a court order would be necessary to complete the transfer. Eagle has not consented to the transfer to Weaver and raised objections to the Ontario foreclosure in Cassels' letter. A copy of the letter dated March 31, 2023 from the Deputy Chief Gold Commissioner (BC) is attached hereto to my Affidavit as **Exhibit "P"**.

41. Given Eagle's Objections to the Ontario Foreclosure Notice, Eagle's lack of consent to the transfer of the applicable mineral claims and/or mineral leases to Weaver and the requirement, without that consent, by the Deputy Chief Gold Commissioner (BC) of a court order transferring the said claims and/or leases to Weaver, Weaver commenced court proceedings in British

Columbia by way of a Petition To The Court ("**Weaver's Petition**") on or about April 18, 2023, as Court File No. VLC-S-S-2329665 (the "**BC proceedings**"). Part of the relief sought by Weaver in the BC proceedings included generally that Eagle's objections to Weaver's foreclosure were ineffective; that Weaver was entitled to possession of the Property pursuant to the foreclosure; that Weaver was entitled to a vesting order regarding the Property; and that the Chief Gold Commissioner be directed and authorized to enter Weaver as the owner of the Property in the MTO. Attached hereto as **Exhibit "Q"** is a copy of Weaver's Petition.

42. On or about the time of the commencement of the BC proceedings, Weaver discovered or learned that Eagle did object to Weaver's BC Foreclosure Notice. Unfortunately, Eagle's notice of objection to Weaver's BC Foreclosure Notice was sent by e-mail on or about March 1, 2023 in an attached letter from Cassels to Weaver's lawyer dated March 1, 2023 and that e-mail never reached the in-box of Weaver's lawyers. Attached hereto as **Exhibit "R"** is a copy of Cassels' letter dated March 1, 2023.

43. After the start of the BC proceedings, Eagle issued and served its Response to Petition on or about May 9, 2023 (the "**Response to Petition**"). It generally opposed the foreclosure proceedings on the grounds that it gave notice of objection to Weaver's BC Foreclosure Notice, the Weaver Appraisals were of limited (if any) evidentiary value, and the appraisal commissioned by Eagle or its lawyer, completed by ABH Engineering Inc. (the "**Eagle Appraisal**"), better or more accurately reflected the current market value of the Property and ought to be preferred over the Weaver Appraisals. Attached hereto as **Exhibit "S"** is a copy of Eagle's Response to Petition.

44. In its Response to Petition, Eagle or its lawyer makes the following point: "There is no prejudice to Weaver if this Court denies the relief sought and requires that the Property be marketed for sale. The Property is secure, insured, and being appropriately cared for and maintained. There is credible third-party evidence that the proceeds of sale of the Property will be more than sufficient to repay Weaver in full, as well as the costs of a receivership or other appropriate process for the marketing and sale of the Property."

45. Given Eagle's objections to Weaver's foreclosure in British Columbia [and Ontario], the significant difference in the valuations or appraisals of the Property between the Weaver Appraisals and the Eagle Appraisal, and Eagle's Response to Petition in the BC proceedings, Weaver has dismissed or taken steps to dismiss the BC proceedings. I am advised by Weaver's lawyer that generally under the BC PPSA [and Ontario PPSA], upon an objection to a foreclosure, the secured party is required to dispose of the collateral or property by public sale, private sale or otherwise. Weaver is therefore bringing this application in Ontario for, among other things, the appointment of the Receiver and the approval of the Sales Process. As I indicated above, the registered office of Eagle is in Toronto, Ontario and the Quarry in British Columbia has not been mined for over five years.

The Rationale and Authority for the Receivership Order and the Stalking Horse and Sales Process Order

46. The terms of the Security authorize Weaver to appoint a Receiver over the Property of the Eagle, as a result of the Defaults.

47. The Debt is due, and despite the Demand Letter, has not been paid by Eagle or otherwise. Weaver is also concerned that no graphite has been mined at the Quarry for about five years, that

Eagle allowed one of the Mineral Claims to lapse or be forfeited, and that Eagle's Parent Company has ceased trading as a public company. In the circumstances, Weaver is of the view that Eagle is not in a position to pay the Debt.

48. Given these Defaults and Weaver's concerns about Eagle and the Property, Weaver believes that the appointment of a receiver is just and convenient, and is the most effective and appropriate manner to market and sell the Property and to distribute the net sale proceeds to creditors and stakeholders.

49. Under the proposed Receivership Order, the Receiver is empowered and authorized, among other things, to preserve and protect the Property and to market and sell the Property. The proposed Stalking Horse and Sales Process Order elaborates or sets out the Sales Process by authorizing and directing the Receiver to undertake the Sales Process with respect to the Property. The Sales Process is intended to attract interested parties for the Property at a price which maximizes recovery of proceeds for the benefit of all of Eagle's stakeholders.

50. Weaver wishes to purchase the Property including the Plant and Equipment, Mineral Leases and Mineral Claims, and has expressed this interest with the proposed Receiver. As a result, the proposed Receiver has entered into a sale agreement with the Stalking Horse Bidder. In light of Weaver's interest in the Property, the sale agreement is in the form of the Stalking Horse APS.

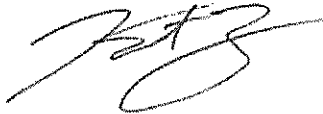
51. The terms and conditions of the Stalking Horse APS and Sales Process are set out in the draft Stalking Horse and Sales Process Order, attached to this Application Record.

52. Weaver proposes that Rosen Goldberg Inc. be appointed as Receiver, without security, over all of the assets, undertakings and properties of Eagle.

53. Rosen Goldberg Inc. is a federally incorporated company and licensed insolvency trustee under the BIA, and has agreed to act as Receiver, if so appointed, and has provided its consent to the appointment (the "Consent"). Attached hereto as Exhibit "T" is a copy of the proposed Receiver's Consent.

54. This Affidavit is made in support of the within application, and for no other or improper purpose.

SWORN by Jeffrey Wood of the City of Vaughan, in the Regional Municipality of York, before me at the City of Mississauga, in the Province of Ontario, on June 1, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits
(or as may be)



JEFFREY WOOD

Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.

WEAVER CAPITAL CORP.
Applicant

-and-
Respondent

EAGLE GRAPHITE CORPORATION

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**PROCEEDING COMMENCED AT
TORONTO**

**AFFIDAVIT OF JEFFREY WOOD
(SWORN JUNE 1, 2023)**

FOGLER, RUBINOFF LLP

Lawyers

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Lawyers for the Applicant

APPENDIX B



July 28, 2023

To: All Known Creditors of Eagle Graphite Corporation

Eagle Graphite Corporation – In Receivership

On July 20, 2023, FTI Consulting Canada Inc. was appointed as receiver (the “**Receiver**”) without security, of all of the assets, undertakings and property of Eagle Graphite Corporation (the “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor.

A copy of the receivership order and other public materials in respect of the receivership proceedings are available at the Receiver’s website:

<http://cfcanada.fticonsulting.com/EagleGraphite/>

Periodic updates on the progress of the receivership will be posted on the Receiver’s website. The Receiver may be contacted by email at EagleGraphite@fticonsulting.com.

Enclosed is a copy of the Receiver’s Notice and Statement provided in accordance with Subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*.

Yours truly,

FTI Consulting Canada Inc.,
in its capacity as Receiver of
Eagle Graphite Corporation
and not in its personal capacity

FORM 87

NOTICE AND STATEMENT OF THE RECEIVER

(Subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*)

IN THE MATTER OF THE RECEIVERSHIP OF

Eagle Graphite Corporation (the "Debtor")

The Receiver gives notice and declares that:

On July 20, 2023, FTI Consulting Canada Inc. was appointed as receiver (the "Receiver") without security, of all of the assets, undertakings and property of the Debtor acquired for, or used in relation to a business carried on by the Debtor. A summary of the Debtor's assets are approximated as follows:

Cash	C\$9,895
Plant, property and equipment	792
Mineral property rights	245,600
Reclamation bond	149,646
Other	11,143
Total Assets	<u>C\$417,076</u>

1. The Receiver was appointed pursuant to an Order of the Supreme Court of British Columbia granted July 20, 2023 (the "Receivership Order"). Accordingly, the Receiver took possession and control of certain of the assets on July 20th in accordance with the Receivership Order.
2. The following information relates to the receivership:

- a) Address of the insolvent person: Eagle Graphite Corporation
c/o Cassels Brock & Blackwell LLP
2200- 885 West Georgia Street
Vancouver, BC V6C 3E8
- b) Principal line of business: Mining
- c) Location of business: Slocan Park, BC

- d) Pursuant to the Debtor's records, the total amount owed to each creditor who holds a security on the property described above was approximately:

<u>Secured Creditor</u>	<u>Claim Amount</u>
Weaver Capital	US\$2,600 thousand
Wood I Company	C\$60 thousand

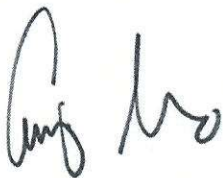
- e) A detailed listing of other creditors and the amounts due are listed in the attached Schedule A. The total amount owed to other creditors is approximately C\$1.8 million.
- f) Prior to the commencement of the receivership the mine and plant had ceased operations, last producing graphite in 2013.
- g) The intended plan of action of the Receiver during the receivership is to evaluate the mine and plant, exploring alternatives to realize on the Property with a view to maximizing recoveries for all creditors.
- h) Contact person for the Receiver:

Huw Parks
FTI Consulting Canada Inc.
Suite 1450, 701 W. Georgia St.
Vancouver, BC
V7Y 1B6

Email: EagleGraphite@fticonsulting.com

Dated at the city of Vancouver in the province of British Columbia, this 28th day of July 2023.

FTI Consulting Canada Inc.



Craig Munro
Managing Director

Schedule A
Eagle Graphite Corporation
 List of Known Creditors as at July 20, 2023
 Amounts are presented in CAD*

Creditor Name	Address	City	Province/State	Postal Code/ZIP	Country	Secured	Unsecured
Weaver Capital	28 Nightfall Court	Kleinberg	ON	L0J 1C0	Canada	3,358,930	-
Wood I Company	c/o Fogler Rubinfoff LLP, 77 King St W Suite 3000	Toronto	ON	M5K 1G8	Canada	60,000	-
BC Ministry of Finance (Rural Tax)	PO Box 9446 Stn Prov Govt	Victoria	BC	V8W 9V6	Canada	-	11,984
Cassels Brock & Blackwell LLP	40 Temperance St, North Tower Suite 3200	Toronto	ON	M5H 0B4	Canada	-	24,275
TD Bank	TD Tower, 700 West Georgia Street, Suite 1700	Vancouver	BC	V7Y 1B6	Canada	-	60,000
Eagle Graphite Incorporated	6420 Eagles Dr	Courtenay	BC	V9J 1V4	Canada	-	1,367,221
Fortis BC	PO Box 8970 Stn Main	Vancouver	BC	V6B 4E2	Canada	-	2,323
Impact Equipment	306 - 1st Ave.,	Trail	BC	V1R 4V3	Canada	-	4,423
Jamie Deith	6420 Eagles Dr	Courtenay	BC	V9J 1V4	Canada	-	354,604
Latitude Minerals Inc	6420 Eagles Dr	Courtenay	BC	V9J 1V4	Canada	-	3,802
University of British Columbia Okanagan	OM1 - 1157 Alumni Ave	Kelowna	BC	V1V 1V7	Canada	-	1,735
Total						3,418,930	1,830,368

* USD amounts have been converted to CAD using the Bank of Canada published rate on July 20, 2023.

APPENDIX C

FTI CONSULTING CANADA INC., solely in its capacity as the court-appointed receiver of the assets, property and undertaking of Eagle Graphite Corporation, and not in its personal capacity and without personal or corporate liability (the "Vendor" or the "Receiver")

- and -

WEAVER CAPITAL CORP. (the "Purchaser")

AGREEMENT OF PURCHASE AND SALE

August 10, 2023



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THIS AGREEMENT OF PURCHASE AND SALE is made this 10 day of August, 2023

BETWEEN:

FTI CONSULTING CANADA INC., solely in its capacity as the court-appointed receiver of the assets, property and undertaking of Eagle Graphite Corporation, and not in its personal capacity and without personal or corporate liability (the "**Vendor**" or the "**Receiver**")

-and-

WEAVER CAPITAL CORP. (the "**Purchaser**")

RECITALS

Pursuant to the appointment of the Receiver by the British Columbia Supreme Court (the "**Court**") of all of the assets, undertakings and properties (collectively, the "**Property**") of Eagle Graphite Corporation (the "**Debtor**") by Order dated July 20, 2023 (the "**Appointment Order**") pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended, (the "**Receivership Proceeding**"), and subject to (i) the designation of the within transaction as the successful bid; (ii) the granting of an approval and vesting order; and (iii) other conditions set forth in this Agreement, the Receiver has agreed to sell, convey, transfer and deliver to the Purchaser, and the Purchaser has agreed to purchase, acquire, assume and accept from the Receiver the Purchased Assets (as these terms are defined hereinafter), on the terms and subject to the conditions set out in this Agreement;

Under the Appointment Order, the Receiver is empowered and authorized to sell the Purchased Assets;

Subject to the approval of the Court, the Receiver wishes to sell and the Purchaser wishes to purchase on an "as is, where is" basis, all of the right, title and interest of the Receiver or the Debtor in the Purchased Assets pursuant to the terms and conditions of this Agreement.

In conjunction with the sales process contemplated herein, the Receiver will be seeking an Order of the Court approving this Agreement as a stalking horse bid and the procedures for marketing and selling the Purchased Assets.

NOW THEREFORE WITNESS THAT in consideration of the sum of Two Dollars now paid by the Purchaser to the Receiver, the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties covenant and agree as follows:

ARTICLE 1
DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, including the schedules to this Agreement, the following words and terms shall have the meanings set out below:

"**Acceptance Date**" means the date this Agreement is executed and delivered by both the Vendor and the Purchaser.

"**Agreement**" means this agreement of purchase and sale executed by the Purchaser and accepted by the Vendor, including all schedules, and all amendments or restatements, and references to "**Article**", "**Section**" or "**Schedule**" mean the specified Article or Section of, or Schedule to, this Agreement;



"Ancillary Agreements" means, collectively, any assignment and assumption agreements, and such other agreements, documents, assignments, or instruments of transfer and conveyance reasonably satisfactory in form and substance to the Purchaser and the Receiver, none of which shall contain any representations or warranties of the Receiver except for those provided herein;

"Appointment Date" means the date of the Appointment Order;

"Appointment Order" has the meaning given in the Recitals;

"Assigned Contracts" means those Contracts, which are not Excluded Contracts, for which no consent to assignment is required or where consent to assignment is required, such consent has been obtained;

"Assumed Liabilities" has the meaning given in Section 2.3;

"Bill of Sale" means one or more bills of sale duly executed by the Receiver in respect of the personal property forming part of the Purchased Assets; none of which shall contain any representations or warranties of the Receiver except for those provided herein;

"Books and Records" means, collectively, the books and records of the Debtor relating to the Purchased Assets, including financial, corporate, operations and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, business reports, plans and projections and all other documents, surveys, plans, files, records, assessments, correspondence and other data and information, financial or otherwise, including all data, information and databases stored on computer-related or other electronic media;

"Business" means mining graphite at the production and processing facility known as the "Black Crystal" property or project, located in the Slocan Valley area of British Columbia, approximately 35 kilometres west of the city of Nelson and 35 kilometres north of the city of Castlegar;

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia;

"Claims" includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions or other similar processes;

"Closing" means the completion of the Transaction;

"Closing Cash Payment" means an amount sufficient to pay (i) any outstanding Priority Claims, and (ii) any Cure Costs, in the event the Deposit is insufficient to pay out such amounts;

"Closing Certificate" has the meaning given in Section 8.5;

"Closing Date" means the date on which the Closing occurs as set forth in Section 6.1(a);

"Closing Time" has the meaning given in Section 6.1(b);

"Consent" means any approval, authorization, consent, Order, licence, permission, permit (including any environmental permit), qualification, exemption or waiver by any Governmental Authority or other Person;

"Contract Notice Date" has the meaning given in Section 2.4(a);

"Contracts" means the contracts, licences, leases, agreements, arrangements, documents, commitments, entitlements or engagements to which the Debtor is a party or by which the Debtor is bound, as more particularly set out in Schedule A hereto;

A handwritten signature in black ink, appearing to be 'J. Fur', is located in the bottom right corner of the page.

"Court" has the meaning given in the Recitals;

"Credit Bid Amount" means the total of \$3,145,000, which is the partial amount owing by the Debtor to the Purchaser pursuant to various credit documents, including but not limited to the Acknowledgement, Consent and Release dated December 5, 2022 between the Debtor, the Purchaser and HarbisonWalker International, Inc. and secured by, amongst other things, a general security agreement between the Debtor and HarbisonWalker International, Inc. dated March 5, 2013;

"Cure Costs" means the amount, if any, that is required to cure any monetary defaults of the Debtor under any Assigned Contract;

"Debtor" has the meaning given in the Recitals;

"Deposit" means the sum of \$555,000 paid in accordance with Section 2.6.

"Encumbrance" means any mortgage, charge, the Receiver's Borrowings Charge, the Receiver's Charge, construction or builder's lien, assignment by way of security, pledge, hypothec, security interest, lien (statutory or otherwise), conditional sales contract or other title retention agreement, trust, deemed or statutory trust, judgment, execution, writ, debenture, levy, financial or monetary claim, encumbrance, adverse claim or interest, exception, reservation, easement, right of way, encroachment, servitude, restrictions on use, any right of occupancy, any right or claim of specific performance, any matter capable of registration against title, option, right of first refusal or similar right, right of pre-emption or privilege or any contract creating any of the foregoing, and any other encumbrance, interest or instrument charging, or creating a security interest in, the Purchased Assets or any part thereof or interest therein including, but shall not include the Permitted Encumbrances

"Environmental Law" means any and all applicable international, federal, provincial, state, municipal or local laws, by-laws, statues, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations relating to the environmental occupational health and safety, health protection or Hazardous Materials;

"Excluded Assets" means the assets listed in Schedule B hereto;

"Excluded Contract" means any contracts, licences, leases, agreements, arrangements, documents, commitments, entitlements or engagements to which the Debtor is a party or by which the Debtor is bound that is not a Contract;

"Fixtures and Chattels" means the right, title and interest of the Debtor to all fixtures, chattels, and other items but excluding the Excluded Assets;

"Final Order" means, in respect of any Order, such Order after (i) the expiry of applicable appeal periods; or (ii) in the event of an appeal or application for leave to appeal or to stay, vary, supersede, set aside or vacate such Order, final determination of such appeal or application by the applicable court or appellate tribunal;

"Governmental Authorities" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof, over part or all of the Purchased Assets, the transaction contemplated in this Agreement and/or one or both of the parties hereto and shall include a board or association of insurance underwriters; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power over part or all of the Purchased Assets, the transaction contemplated in this Agreement and/or one or both of the parties hereto and shall include a board or association of insurance underwriters. Without limitation, Governmental Authorities shall include



the Mineral Titles Branch (British Columbia), the Chief Gold Commissioner (British Columbia) and the Deputy Chief Gold Commissioner (British Columbia);

"**Hazardous Materials**" means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation, to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Governmental Authorities, and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environmental health and/or safety matters and, not to limit the generality of the foregoing, includes asbestos, urea formaldehyde foam insulation and mono-or poly-chlorinated biphenyl wastes;

"**Laws**" means currently existing applicable statutes, by-laws, rules, regulations, Orders, ordinances or judgments, in each case of any Governmental Authority having the force of law;

"**Order**" means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority;

"**Ordinary Course of Business**" means the ordinary and usual course of the routine daily affairs of the Business consistent with past practice;

"**Outside Date**" means October 31, 2023, or such later date as agreed to by the Parties;

"**Parties**" means the Receiver and the Purchaser, collectively, and "**Party**" means any one of them;

"**Permitted Encumbrances**" means those Encumbrances which are identified in **Schedule C** hereto;

"**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

"**Priority Claims**" means any valid statutory claims or portion thereof that are determined to rank in priority to the secured debt, including without limitation, (a) any source deduction claim in favour of any Governmental Authority, including the Canada Revenue Agency arising from the failure to deduct, withhold or remit any Taxes, (b) any claim in favour of an employee pursuant to section 81.4 of the *Bankruptcy and Insolvency Act* (Canada), (c) any claim for amounts owing under the *Excise Tax Act* (Canada) (for greater certainty, solely to the extent any such claim is determined to rank in priority to the Secured Debt), (d) any claims for realty taxes, and (e) the Receiver's Charge and Receiver's Borrowings Charge;

"**Property**" has the meaning given in the Recitals including a graphite mine located in the Slocan Valley area of British Columbia, approximately 35 kilometres west of the city of Nelson and 35 kilometres north of the city of Castlegar, with an open-pit quarry allowing access to graphite deposits (the "**Quarry**"), a processing facility and related equipment (the "**Plant and Equipment**") and two mining or mineral leases registered in the name of the Debtor under title numbers 390937 and 392322 (the "**Mineral Leases**"), and two mineral claims under title numbers 318625 and 318627 (the "**Mineral Claims**"), and including any Fixtures, Chattels and intellectual property;

"**Purchase Price**" has the meaning given in Section 2.5;

"**Purchased Assets**" means all of the right, title and interest of the Debtor, in and to the tangible and intangible properties, assets, interests, rights and claims related to the Property and/or the Business, wherever located including British Columbia, as of the Closing Date including without limitation the Quarry, Plant and Equipment, Mineral Leases and Mineral Claims and the following assets, if any:

- (a) all inventory;
- (b) all chattels, fixtures and equipment;
- (c) all intellectual property;
- (d) all rights under non-disclosure or confidentiality, non-compete or non-solicitation agreements with employees and agents or with third parties;
- (e) the Assigned Contracts, if any, and the Permitted Encumbrances; and
- (f) all other personal property not contemplated by the foregoing, but excluding the Excluded Assets;

"**Purchaser**" means Weaver Capital Corp.;

"**Receiver**" means FTI Consulting Canada Inc., in its capacity as the court-appointed receiver of the Property and not in its personal or corporate capacity;

"**Receiver's Charge**" means the Receiver's Charge as defined in the Appointment Order and to be used or applied therein upon the appointment of the Receiver;

"**Receiver's Borrowings Charge**" has the meaning given in the Appointment Order and to be used or applied therein upon the appointment of the Receiver;

"**Receiver's Certificates Obligations**" means all outstanding obligations of any kind pursuant to the Receiver's Certificate, and secured by the Receiver's Borrowings Charge;

"**Receiver's Certificates**" has the meaning given in the Appointment Order and to be used or applied therein upon the appointment of the Receiver;

"**Receiver's Website**" means <http://cfcanada.fticonsulting.com/EagleGraphite>;

"**Receivership Proceeding**" has the meaning given in the Recitals;

"**Sale Application**" means an application by the Receiver seeking, inter alia, the Vesting Order;

"**Sales Process**" means the sales process or procedure in the form attached hereto as **Schedule D** setting out the terms and conditions of a procedure for the solicitation of offers to purchase the Property;

"**Stalking Horse and Sales Process Order**" means the Order of the Court approving the Sales Process, substantially in the form attached hereto without schedules as **Schedule E**;

"**Stalking Horse APS**" means this Agreement;

"**Stalking Horse Purchaser**" means the Purchaser;

"**Successful Auction Bid**" has the meaning given to it in the Sales Process;

"**Successful Auction Bidder**" has the meaning given to it in the Sales Process;

"**Successful Bid**" has the meaning given to it in the Sales Process;

"**Successful Bidder**" has the meaning given to it in the Sales Process;



"**Tax**" and "**Taxes**" includes any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, excise, withholding, business, franchising, property, development, occupancy, payroll, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, and other government pension plan premiums or contributions;

"**Transaction**" means the purchase and sale of all of the Purchased Assets;

"**Transfer Direction**" means a written direction from the Purchaser calling for and directing that the Purchased Assets be transferred to the Purchaser or one or more designees;

"**Transfer Taxes**" has the meaning given in Section 8.2(c);

"**Vesting Order**" means the Order of the Court approving the sale by the Receiver to the Purchaser of the Purchased Assets, and vesting all right, title and interest of the Receiver and the Debtor, free and clear of all Encumbrances (other than Permitted Encumbrances), in a form satisfactory to the Receiver and Purchaser acting reasonably.

1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Currency** — All references to money amounts are to lawful currency of Canada;
- (b) **Governing Law** — This Agreement is a contract made under and shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable in the Province of British Columbia;
- (c) **Headings** — Headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (d) **Including** — Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation";
- (e) **No Strict Construction** — The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party;
- (f) **Number and Gender** — Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders;
- (g) **Severability** — If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other Parties or circumstances; and
- (h) **Time Periods** — Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by

extending the period to the next Business Day following if the last day of the period is not a Business Day.

1.3 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties relating to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and the Purchaser shall acquire all right, title and interest of the Receiver, if any, and of the Debtor. Any cost estimates, projections or other predictions contained or referred to in any other material that has been provided to the Purchaser or any of its affiliates, subsidiaries, agents or representatives are not and shall not be deemed to be representations or warranties of the Receiver or any of its affiliates, subsidiaries, agents, employees or representatives.

1.4 Schedules

The schedules to this Agreement, listed below, are an integral part of this Agreement:

SCHEDULE A - CONTRACTS

SCHEDULE B - EXCLUDED ASSETS

SCHEDULE C - PERMITTED ENCUMBRANCES

SCHEDULE D - SALES PROCESS

SCHEDULE E - STALKING HORSE AND SALES PROCESS ORDER

SCHEDULE F – VESTING ORDER

SCHEDULE G – ASSUMED LIABILITIES

ARTICLE 2 **PURCHASE AND SALE**

2.1 Purchase and Sale of Purchased Assets

On the Closing Date, subject to the terms and conditions of this Stalking Horse APS (which conditions, for greater certainty, include the issuance of the determination by the Receiver that this Agreement is the Successful Bid or Successful Auction Bid, and the issuance of the Vesting Order), the Receiver shall transfer, sell, convey, and assign unto the Stalking Horse Purchaser or its designee(s), all right, title and interest of the Receiver, if any, and of the Debtor, in and to the Purchased Assets and the Stalking Horse Purchaser or its designee(s) shall acquire and accept the Purchased Assets pursuant to the Vesting Order, free and clear of all Encumbrances other than the Permitted Encumbrances.

2.2 Excluded Assets

Notwithstanding any provision of this Agreement to the contrary, the Purchased Assets shall not include any of the Excluded Assets and nothing herein shall be deemed to sell, transfer, assign or convey the Excluded Assets.



2.3 Assumed Liabilities

The Purchaser shall assume as of 12:01 a.m. (Vancouver time) on the Closing Date, and shall pay, discharge and perform, as the case may be, the liabilities and obligations listed on **Schedule G** (collectively, the "**Assumed Liabilities**").

Other than the Assumed Liabilities and the Permitted Encumbrances, the Purchaser shall not assume and shall not be liable for any liabilities or obligations of the Debtor of any nature whatsoever, whether present or future, known or unknown, absolute or contingent, and whether or not relating to the Business or the Property, including without limitation, any Encumbrances.

2.4 Assignment and Assumption of Contracts

- (a) The Purchaser covenants to the Receiver that, no later than ten (10) Business Days prior to the return date of the Sale Application, the Purchaser shall advise the Receiver in writing as to which Contracts shall be Excluded Contracts (the "**Contract Notice Date**"). At any time on or prior to the Contract Notice Date, the Purchaser may elect to exclude any Contracts from the Purchased Assets, and add such Contracts to the Excluded Contracts list by giving written notice to the Receiver of its intention to do so. For greater certainty any exclusion of Contracts pursuant to this Section 2.4 shall not affect the Purchase Price.
- (b) The Assigned Contracts shall form part of the Purchased Assets assigned and transferred to the Purchaser or its designee(s) at or after Closing, the consideration for which is included in the Purchase Price. The Purchaser will assume and agree to perform and discharge the Assumed Liabilities under the Assigned Contracts pursuant to this Agreement and the applicable Ancillary Agreements.
- (c) At or prior to Closing, the Receiver and the Purchaser shall use commercially reasonable efforts to obtain all necessary Consents to assign the Contracts (other than the Excluded Contracts) to the Purchaser. In the event that any Consent is not obtained by the Closing, the Receiver will co-operate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Contracts to the Purchaser, including assisting the Purchaser in attempting to obtain any such Consent after Closing for a period of four (4) weeks following Closing, provided that pursuant to such arrangements the Purchaser agrees to pay and fully indemnifies the Receiver for all costs (including any fees and disbursements of the Receiver and its legal counsel), obligations or liabilities incurred thereunder or in connection therewith.
- (d) Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Contract, to the extent such Contract is not assignable under applicable Laws without the consent of any other Person party thereto where the Consent of such Person has not been given or received.
- (e) For greater certainty, if any necessary Consent is required to assign a Contract but not obtained, neither the Receiver nor the Purchaser shall be in breach of this Agreement nor shall the Purchase Price be adjusted or the Closing delayed.

2.5 Purchase Price

The purchase price for the Purchased Assets, exclusive of all applicable Transfer Taxes, shall be the aggregate of the following (the "**Purchase Price**"):

- (a) the Credit Bid Amount (\$3,145,000.00);
- (b) the amount of the Deposit (\$555,000.00);



- (c) the Assumed Liabilities, if any; and
- (d) the Closing Cash Payment, if any.

to be satisfied in the manner set forth in Section 2.6. All applicable Transfer Taxes shall be paid by the Purchaser, on the Closing subject to the terms hereof and the availability of any exemptions, deferrals or elections under any applicable legislation for such applicable Transfer Taxes.

2.6 Deposit

The Purchaser shall pay the Deposit to the Receiver by way of certified cheque, bank draft, or wire concurrently with delivery of this Agreement by the Purchaser. The Deposit shall be held by the Receiver in trust in a non-interest bearing account.

The Deposit shall be dealt with in accordance with the Sales Process and Section 2.8.

2.7 Closing Cash Payment

On or before two Business Days prior to the Closing, the Purchaser shall deposit with the Receiver the Closing Cash Payment, if any, which shall be held in trust by the Receiver pending the Closing, provided that notwithstanding any terms to the contrary herein, in the event that a Closing Cash Payment is required to be made by the Purchaser in accordance with the terms herein, the Purchaser shall have the option to terminate this Agreement by written notice to the Receiver given prior to the Closing Date in which event the Deposit shall be returned to the Purchaser and the terms of Section 7.2 shall apply.

2.8 Payment of Priority Claims and Cure Costs

Promptly upon Closing, the Receiver shall apply the Deposit and the Closing Cash Payment, if any, to pay the Priority Claims, if any, and the Cure Costs, if any.

2.9 Satisfaction of Purchase Price

The Purchase Price shall be satisfied on Closing by applying a credit to the Purchaser for the following:

- (a) the Closing Cash Payment, if applicable;
- (b) the Deposit;
- (c) the Credit Bid Amount; and
- (d) the assumption by the Purchaser of the Assumed Liabilities, if applicable.

2.10 Purchase Price Allocation

Within two business days of the Purchaser being notified by the Receiver that this Agreement has been determined to be the Successful Bid or Successful Auction Bid pursuant to the Sales Process, the Purchaser shall prepare a written initial allocation of the amounts of the credits in Section 2.6 above and the Assumed Liabilities, if any, comprising the Purchase Price in respect of each of the Purchased Assets. The Parties, acting reasonably, shall agree, prior to the Closing, on such allocation.



ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE PARTIES

3.1 Representations and Warranties of the Receiver

The Receiver hereby represents and warrants to the Purchaser, as of the date hereof and as of Closing Date, the matters set out below.

- (a) The Receiver has been appointed by the Court as receiver of the Property pursuant to the Appointment Order, a copy of which is available on the Receiver's Website.
- (b) Subject to the issuance of the Vesting Order, this Agreement constitutes a valid and binding obligation of the Receiver enforceable against it in accordance with its terms subject to any limitations imposed by Law, and the Receiver has the necessary power and authority to carry out its obligations hereunder.
- (c) The Receiver has not authorized any Encumbrance affecting any of the Purchased Assets (other than any Permitted Encumbrances, any charge created by the Appointment Order, or arising by operation of Laws in the normal course of the Business).

3.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Receiver, as of the date hereof and as of the Closing Date, the matters set out below:

- (a) The Purchaser has been duly incorporated and is validly subsisting under the Laws of the jurisdiction of its incorporation, and has all requisite corporate capacity, power and authority to carry on its business as now conducted by it and is qualified to carry on business under the Laws of the jurisdictions where it carries on a material portion of its business.
- (b) The execution, delivery and performance of this Agreement by the Purchaser does not result in the violation of any of the provisions of its constating documents or by-laws.
- (c) This Agreement has been duly executed and delivered by the Purchaser and constitutes legal, valid and binding obligations of the Purchaser, enforceable against it in accordance with its terms subject only to any limitation under applicable Laws relating to: (i) bankruptcy, winding-up, insolvency, arrangement and other similar Laws of general application affecting the enforcement of creditors' rights; and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (d) Except for the Vesting Order, no Consent and no declaration to or filing or registration with any Governmental Authority is required in connection with the execution and delivery by the Purchaser of this Agreement or the performance by the Purchaser of its obligations hereunder.
- (e) The Purchaser or its designee will be a registrant for the purposes of the tax imposed under Part IX of the *Excise Tax Act* (Canada) on Closing.
- (f) The Purchaser will not be a non-resident of Canada for purposes of the *Income Tax Act* (Canada) on or prior to Closing.



ARTICLE 4
PROCEDURES

4.1 Stalking Horse and Sales Process Order and Vesting Order

- (a) The Receiver and the Purchaser acknowledge that (i) this Agreement is subject to Court approval of the Stalking Horse and Sales Process Order, (ii) Closing the Transaction is subject to this Agreement being determined by the Receiver to be the Successful Bid or Successful Auction Bid, and (iii) to the issuance of the Vesting Order.
- (b) If this Agreement is determined to be the Successful Bid or Successful Auction Bid pursuant to the Sales Process, the Receiver shall use its commercially reasonable efforts to promptly thereafter file and serve the documents in relation to the Sale Application, on notice to parties satisfactory to the Purchaser acting reasonably.
- (c) The Purchaser shall provide all information, if any, and take such actions as may be reasonably requested by the Receiver to assist the Receiver in obtaining the Vesting Order, and any other order of the Court reasonably necessary to consummate the Transaction.

4.2 Pre-Closing Cooperation

- (a) Prior to the completion of the Transaction, upon the terms, and subject to the conditions of this Agreement, each of the Parties shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and cooperate with each other in order to do, all things necessary, proper or advisable under applicable Laws to consummate the Transaction, including the preparation and filing of all forms, registrations and notices required to be filed to consummate the Closing, and the taking of such actions as are necessary to obtain any requisite Consent, provided that the Receiver shall not be obligated to make any payment or deliver anything of value to any Person (other than filing with and payment of any application fees to Governmental Authorities, all of which shall be paid, funded or reimbursed by the Purchaser) in order to obtain any Consent.
- (b) Each of the Receiver and the Purchaser shall promptly notify the other of the occurrence, to such Party's knowledge, of any event or condition, or the existence, to such Party's knowledge, of any fact, that would reasonably be expected to result in any of the conditions set forth in Section 5.1 or Section 5.2 not being satisfied.

4.3 Acquisition of Assets on "As Is, Where Is" Basis

The Purchaser hereby acknowledges and agrees as follows:

- (a) the Purchased Assets are being purchased on an "as is, where is" basis as at the Closing,
- (b) it has conducted or will conduct its own searches and investigations relating to the Purchased Assets;
- (c) it has conducted such inspections of the Purchased Assets as it deemed appropriate, satisfied itself with respect to the Purchased Assets and all matters connected with or related to the Purchased Assets, and has relied entirely upon its own investigations and inspections in entering into this Agreement to acquire the Purchased Assets without regard to any information made available or provided by the Receiver or its officers, directors, employees or agents;
- (d) it will accept the Purchased Assets in their state, condition and location as at the Closing Time and except as expressly set forth in this Agreement. The Receiver makes no



representations, warranties, statements or promises on its own behalf or on behalf of the Debtor in favour of the Purchaser concerning the Purchased Assets, or the Receiver's or the Debtor's right, title or interest in or to the Purchased Assets, which the Purchaser acknowledges are being acquired on an as-is where-is basis, or the uses or applications of the Purchased Assets, whether express or implied, statutory or collateral, arising by operation of Law or otherwise, including express or implied warranties of merchantability, fitness for a particular purpose, the existence or non-existence of Hazardous Materials, compliance with any or all Environmental laws, title, description, quantity, condition or quality, and that any and all conditions and warranties expressed or implied by the *Sale of Goods Act* (British Columbia) do not apply to the sale of the Purchased Assets and are hereby waived by the Purchaser; and,

- (e) without limiting the generality of the foregoing, it acknowledges and accepts that the description of the Purchased Assets and any portion thereof contained in the Schedules hereto or otherwise provided by the Receiver is for the purpose of identification only; and that no representation, warranty or condition has or will be given by the Receiver or any other party concerning completeness or the accuracy of such descriptions or with respect to any data room set up by the Receiver.

From the Acceptance Date through the earlier of the termination of this Agreement or the Closing, as applicable, the Purchaser shall be entitled to access the Purchased Assets for purposes of inspection of the same upon reasonable prior written notice to the Receiver. In connection with any such inspection(s), the Purchaser will ensure no damage is caused to the Purchased Assets and will be responsible for and will indemnify the Vendor for all damages, costs, expenses and other adverse consequences of the Purchaser's actions, or the actions of any of the Purchaser's employees, contractors or consultants.

4.4 Sales Process

This Agreement is subject to the Sales Process as set out in Schedule D to this Agreement, and such Sales Process shall form part of this Agreement as though repeated herein at length.

ARTICLE 5 **CONDITIONS**

5.1 Conditions of the Purchaser

The obligations of the Purchaser to complete the purchase of the Purchased Assets under this Agreement shall be subject to the satisfaction of or compliance with, at or before the Closing Time, each of the following conditions (each of which is acknowledged to be inserted for the exclusive benefit of the Purchaser and may be waived by it in whole or in part):

- (a) all of the representations and warranties of the Receiver made in or pursuant to this Agreement shall be true and correct at the Closing Time and with the same effect as if made at and as of the Closing Time (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement) and the Purchaser shall have received a certificate from a senior officer of the Receiver confirming to the knowledge of such senior officer, without personal liability, the truth and correctness of such representations and warranties;
- (b) the Receiver shall have performed or complied with, in all material respects, all its obligations, covenants and agreements under this Agreement;
- (c) the Receiver shall have executed and delivered, or caused to be executed and delivered, to the Purchaser on or prior to the Closing Date the documents required to complete the Transaction as may reasonably be required by the Purchaser or its solicitors;



- (d) there shall be no Order issued by any Governmental Authority delaying, restricting or preventing, and no pending Claim or judicial or administrative proceeding, or investigation against any Party by any Person, for the purpose of enjoining, delaying, restricting or preventing, the consummation of the Transaction or otherwise claiming that this Agreement or the consummation of such transactions is improper or would give rise to proceedings under any Laws;
- (e) the Receiver shall have determined that this Agreement is the Successful Bid or Successful Auction Bid in accordance with the Sales Process; and
- (f) the Vesting Order shall be a Final Order and no order shall have been issued which restrains or prohibits the completion of the Transaction;

The Purchaser may waive compliance with any condition in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of non-fulfilment of any other condition, in whole or in part, or to its rights to recover damages, if any, for the breach of any representation, warranty, covenant or condition contained in this Agreement.

The conditions set out in Section 5.1 are conditions to completion of the Transaction but are not conditions to the enforceability of this Agreement.

5.2 Conditions of the Receiver

The obligations of the Receiver to complete the purchase of the Purchased Assets under this Agreement shall be subject to the satisfaction of or compliance with, at or before the Closing Time, each of the following conditions (each of which is acknowledged to be inserted for the exclusive benefit of the Receiver and may be waived by it in whole or in part):

- (a) all of the representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and correct as at the Closing Time and with the same effect as if made at and as at the Closing Time (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement) and the Receiver shall have received a certificate from a senior officer of the Purchaser confirming to his knowledge, without personal liability, the truth and correctness of such representations and warranties;
- (b) the Purchaser shall have performed or complied with, in all material respects, all its obligations, covenants and agreements under this Agreement;
- (c) the Purchaser shall have executed and delivered or caused to be executed and delivered to the Receiver on or prior to the Closing Date the documents required to complete the Transaction as may reasonably be required by the Receiver or its solicitors;
- (d) there shall be no Order issued by any Governmental Authority delaying, restricting or preventing, and no pending Claim or judicial or administrative proceeding, or investigation against any Party by any Person, for the purpose of enjoining, delaying, restricting or preventing, the consummation of the Transaction or otherwise claiming that this Agreement or the consummation of such Transaction is improper or would give rise to proceedings under any Laws;
- (e) the Receiver shall have determined that this Agreement is the Successful Bid or Successful Auction Bid in accordance with the Sales Process;
- (f) the Appointment Order and the Vesting Orders shall be Final Orders and no Order shall have been issued which restrains or prohibits the completion of the Transaction; and

- (g) the Receiver shall have received the funds equal to the Purchase Price.

The Receiver may waive compliance with any condition in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of non-fulfilment of any other condition, in whole or in part, or to its rights to recover damages, if any, for the breach of any representation, warranty, covenant or condition contained in this Agreement.

The conditions set out in Section 5.2 are conditions to completion of the Transaction but are not conditions to the enforceability of this Agreement.

ARTICLE 6 **CLOSING AND DELIVERIES**

6.1 Closing

- (a) Closing shall occur on a Business Day (the "**Closing Date**") to be designated by the Purchaser and reasonably acceptable to the Receiver within 5 Business Days after the satisfaction or waiver of all conditions set out in Sections 5.1 and 5.2 unless otherwise agreed to by the Parties.
- (b) Closing shall take place at 10:00 a.m. PST (the "**Closing Time**") on the Closing Date at the offices of the Receiver's solicitors, or such other time and location as the Parties may agree upon in writing. Any tender of documents hereunder may be made upon the Receiver or the Purchaser or upon the solicitors acting for the Party on whom tender is desired. Any tender of money hereunder shall be made to the Receiver. All proceedings to be taken and all documents to be executed and delivered by all parties at the Closing shall be deemed to have been taken and executed simultaneously and no proceedings shall be deemed to have been taken nor documents executed or delivered until all have been taken, executed and delivered.

6.2 Receiver's Deliveries

At the Closing,

- (a) the sale, transfer, assignment, and conveyance by the Receiver of the Purchased Assets to the Purchaser, free and clear of all Encumbrances other than Permitted Encumbrances, shall be effected by the issued and entered Vesting Order and by execution and delivery by the Receiver of the Bill(s) of Sale and Ancillary Agreements (completed in accordance with the Transfer Direction);
- (b) the Purchaser shall receive delivery, pursuant to the Vesting Order, of free and clear title and possession of the Purchased Assets on an "as is, where is" basis in accordance with Section 4.3 subject to the Permitted Encumbrances, provided that delivery shall occur in situ or in the original place wherever such Purchased Assets are located on the Closing Date;
- (c) the Receiver shall deliver a true and complete copy of the Vesting Order and the Closing Certificate; and
- (d) the Receiver shall deliver a bring-down certificate executed by the Receiver, in a form satisfactory to the Purchaser, acting reasonably, certifying that all of the representations and warranties of the Receiver hereunder remain true and correct in all material respects as of the Closing.



6.3 Purchaser's Deliveries

At the Closing,

- (a) the Purchaser shall advance funds equal to the Closing Cash Payment to the Receiver;
- (b) the Purchaser shall pay the applicable Transfer Taxes to the Receiver on the Purchased Assets being acquired on Closing other than PST which shall be self-assessed;
- (c) the Purchaser shall deliver the Ancillary Agreements to which it is party, executed by the Purchaser, in a form satisfactory to the Receiver, acting reasonably;
- (d) the Purchaser shall deliver a bring-down certificate executed by the Purchaser, in a form satisfactory to the Receiver, acting reasonably, certifying that all of the representations and warranties of the Purchaser hereunder remain true and correct in all material respects as of the Closing;
- (e) the Purchaser shall deliver a document setting out the allocation of the Purchase Price, in form and substance satisfactory to the Receiver, acting reasonably; and,
- (f) the Purchaser shall deliver the Transfer Direction, in form and substance satisfactory to the Receiver, acting reasonably.

6.4 Subsequent Deliveries

The Purchaser may from time to time at or after the Closing require that the Receiver execute and deliver to the Purchaser or as it may direct such further Ancillary Documents and Bill(s) of Sale as may be reasonably required to allow the transfer of all or any part of the Purchased Assets not previously effectively transferred. The Receiver shall execute and deliver such additional documentation as soon as reasonably possible after request therefor.

ARTICLE 7 **TERMINATION**

7.1 Termination

This Agreement may be terminated at any time prior to Closing as follows:

- (a) automatically and without any action or notice by either the Receiver to the Purchaser or the Purchaser to the Receiver, immediately upon the selection by the Receiver of a Successful Bid or Successful Auction Bid if this Agreement is not the Successful Bid or Successful Auction Bid selected at such time;
- (b) subject to any approvals required from the Court, if any, by mutual written consent of the Receiver and the Purchaser;
- (c) by notice from the Receiver to the Purchaser or from the Purchaser to the Receiver, following the issuance of an Order or any other action by a Governmental Authority to restrain, enjoin or otherwise prohibit the transfer of the Purchased Assets as contemplated hereby;
- (d) automatically and without any action by either the Receiver or the Purchaser if Closing has not occurred on or before the Outside Date;



- (e) by the Receiver, if there has been a material violation or breach by the Purchaser of any agreement, covenant, representation or warranty which would prevent the satisfaction of any condition set forth in Section 5.2 and such violation or breach has not been waived by the Receiver or cured, unless the Receiver is in material breach of its obligations under this Agreement; and
- (f) by the Purchaser, if there has been a material violation or breach by the Receiver of any agreement, covenant, representation or warranty which would prevent the satisfaction of any condition set forth in Section 5.1 and such violation or breach has not been waived by the Purchaser or cured, unless the Purchaser is in material breach of its obligations under this Agreement.

7.2 Effects of Termination

This section is applicable only if the Purchaser is the Stalking-Horse Purchaser. If this Agreement is terminated pursuant to Section 7.1 or Section 2.7:

- (a) all further obligations of the Parties under or pursuant to this Agreement shall terminate without further liability of any Party to the other; and
- (b) the Purchaser shall return to the Receiver all documents, work papers and other material of the Receiver and the Debtors, as the case may be, relating to the Transaction, whether obtained before or after the execution hereof.

ARTICLE 8 OTHER COVENANTS OF THE PARTIES: GENERAL

8.1 Access of the Receiver to Books and Records

The Receiver shall, for a period of six (6) years from the completion of the Transaction, have access to the Books and Records relating to the Business, the Purchased Assets and the Assumed Liabilities which are transferred and conveyed to the Purchaser pursuant to this Agreement, and the right to copy such material at its own cost, to the extent necessary or useful in connection with the completion of the administration of the Receivership Proceeding.

8.2 Tax Matters

- (a) The Purchaser and the Receiver agree to furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the Purchased Assets and the Assumed Liabilities as is reasonably necessary for the preparation and filing of any Tax return, claim for refund or other required or optional filings relating to Tax matters, for the preparation for and proof of facts during any Tax audit, for the preparation for any Tax protest, for the prosecution of any suit or other proceedings relating to Tax matters and for the answer to any governmental or regulatory inquiry relating to Tax matters.
- (b) The Purchaser and the Receiver shall each be responsible for the preparation of their own statements, if any, required to be filed under the *Income Tax Act* (Canada) and other similar focus in accordance with applicable Tax Laws.
- (c) All amounts payable by the Purchaser to the Receiver pursuant to this Agreement are exclusive of any, sale, goods and services, harmonized sales, value added, use, consumption, personal property, customs, excise, transfer or similar Taxes, duties, or charges, or any recording or filing fees or similar charges otherwise exigible in respect of the acquisition of the Purchased Assets by the Purchaser (collectively, "**Transfer Taxes**")



and all such Transfer Taxes are the responsibility of and for the account of the Purchaser. The Purchaser and the Receiver agree to cooperate to determine the amount of Transfer Taxes payable in connection with the Transaction. If the Receiver is required by applicable Law or by administration thereof to collect any applicable Transfer Taxes from the Purchaser, the Purchaser shall pay such Transfer Taxes to the Receiver on Closing, against a statement from the Receiver separately indicating the amount of Transfer Tax payable, unless the Purchaser qualifies for an exemption from any such applicable Transfer Taxes, in which case the Receiver shall not collect any such applicable Transfer Taxes from the Purchaser provided the Purchaser, in lieu of payment of such applicable Transfer Taxes to the Receiver, delivers to the Receiver such certificates, elections or other documentation required by applicable Law or the administration thereof to substantiate and affect the exemption claimed by the Purchaser. The GST/PST registration number of the Debtor is to be confirmed at a later date before the Closing Date.

- (d) The Purchaser shall indemnify and save the Receiver harmless from and against all claims and demands for payment of the Transfer Taxes referenced in this Section 8.2, including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such Taxes when due.
- (e) The Purchaser and the Receiver shall also execute and deliver such other Tax elections and forms as they may mutually agree upon, including without limitation joint elections pursuant to section 167(1) of Part IX of the *Excise Tax Act* (Canada) and any equivalent or corresponding provision under any applicable provincial or territorial legislation imposing a similar Tax, that no such Tax be payable with respect to the purchase and sale of the Purchased Assets under this Agreement. The Receiver and the Purchaser shall make such election(s) in prescribed form, to be prepared by the Purchaser and approved by the Vendor (such approval not to be unreasonably withheld) promptly following the Closing.

8.3 Receiver's Capacity

The Purchaser acknowledges and agrees that in all matters pertaining to the Sales Process and this Agreement, including in its execution, FTI Consulting Canada Inc. has acted and is acting solely in its capacity as the receiver of the Property pursuant to the Appointment Order and not in its personal, corporate, or any other capacity and the Receiver and its agents, officers, directors and employees will have no personal or corporate liability under or as a result of this Agreement, or otherwise in connection herewith.

8.4 Receiver Disclosures

The Receiver shall be entitled to disclose this Agreement and all information provided by the Purchaser in connection herewith to the Court, to the parties in interest to the Receivership Proceedings, and to any parties entitled to access in accordance with the Sales Process and to publish this Agreement on the Receiver's Website. The Parties will consult with and be cooperative with each other in respect of any press release or public statement or public communication with respect to this Agreement or Transaction.

8.5 Closing Certificates

The Parties hereby acknowledge and agree that the Receiver shall be entitled to file with the Court a certificate, substantially in the form attached to the Vesting Order (the "**Closing Certificate**") upon receiving written confirmation from the Purchaser that all conditions to Closing have been satisfied or waived. The Receiver shall have no liability to the Purchaser or any other person as a result of filing the Closing Certificate



8.6 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by e-mail:

in the case of a notice to the Purchaser at:

Weaver Capital Corp.,
28 Nightfall Court,
Kleinburg, Ontario LOJ 1C0,

Attention: Jeffrey Wood,
Email: jwood@treelawngroup.com

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

Clark Wilson LLP
885 West Georgia Street, Unit 900
Vancouver, British Columbia V6C 3H1

Attention: Christopher Ramsay and Katie Mak
Email: cramsay@cwilson.com and kmak@cwilson.com

in the case of a notice to the Receiver at:

FTI Consulting Canada Inc.
701 West Georgia Street, Suite 1450, P.O. Box 10089
Vancouver, British Columbia V7Y 1B6

Attention: Craig Munro
Email: craig.munro@fticonsulting.com

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

DLA Piper (Canada) LLP
1133 Melville Street, Suite 2700
Vancouver, British Columbia V6E 4E5

Attention: Colin Brousson
Email: colin.brousson@dlapiper.com

Any notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving notice to the other Party in accordance with the provisions of this Section 8.6.



8.7 Assignment

The Purchaser may only assign this Agreement with the prior written consent of the Receiver, which consent may not be unreasonably withheld. If the Receiver consents to an assignment after the Vesting Order has been obtained and revisions to the Vesting Order are required as a result of the assignment the Purchaser shall be responsible for all costs related to obtaining the revised Vesting Order.

8.8 Expenses

Except as set forth in this Agreement, each of the Parties shall pay their respective legal, accounting, and other professional advisory fees, costs and expenses incurred in connection with the Transaction, and the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement.

8.9 Time of the Essence

Time shall be of the essence in respect of the obligations of the Parties under this Agreement.

8.10 Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

8.11 Amendment

No amendment, supplement, modification or waiver of this Agreement and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by the Party to be bound thereby.

8.12 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the Transaction, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing provided that the reasonable costs and expenses of any actions taken after Closing at the request of a Party shall be the responsibility of the requesting Party.

8.13 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile or other electronic means and all such counterparts and facsimiles (or other electronic deliveries) shall together constitute one and the same agreement.

8.14 Survival

No covenants, representations or warranties of any Party contained in this Agreement or any document delivered pursuant hereto will survive the completion of the sale and purchase and assumption of the Purchased Assets and the Assumed Liabilities hereunder, except for the covenants that by their terms are to be satisfied after the completion of the Transaction, which covenants will continue in full force and effect in accordance with their terms.

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IN WITNESS OF WHICH the Parties have executed this Agreement as of the date first written above.

FTI CONSULTING CANADA INC., solely in its capacity as court-appointed receiver of the assets, property and undertaking of and not in its personal capacity and without personal or corporate liability.

Per: _____

Name:

Title:

I have authority to bind the Corporation

WEAVER CAPITAL CORP.

Per:  _____

Name: *Jeff Wood*

Title: *President*

I have authority to bind the Corporation

**SCHEDULE A
CONTRACTS**

Regarding the Property, two mining or mineral leases registered in the name of the Debtor under title numbers 390937 and 392322 (the "**Mineral Leases**"), and two mineral claims under title numbers 318625 and 318627 (the "**Mineral Claims**").

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**SCHEDULE B
EXCLUDED ASSETS**

1. Cash on Hand of the Debtor prior to the Closing Date;
2. Personal Items;
3. Accounts Receivable of the Debtor in respect of the Business existing at the Closing Date and attributable to any period of time prior to the Closing Date; and
4. All insurance policies of the Debtor or the Receiver in respect of the Purchased Assets.

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**SCHEDULE C
PERMITTED ENCUMBRANCES**

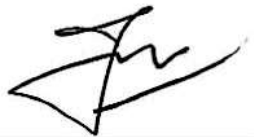
1. Any rights reserved to or vested in any Governmental Authorities by any statutory provision or authority with respect to the Property;
2. Any rights of expropriation, access or use or any other rights conferred or reserved by or in any statute of Canada, or the Province of British Columbia regarding the Property including the Quarry and/or Plant and Equipment;
3. Any unregistered interest in the Property (including, without limitation, leases, claims and other encumbrances) of which the Purchaser has actual notice;
4. Any unregistered easements regarding the provision of utilities to the Quarry and/or Plant and Equipment; and
5. Any reservations, limitations, provisions, conditions or exceptions, including royalties, charges or user fees, related to the Mineral Leases and/or Mineral Claims.

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**SCHEDULE D
SALES PROCESS**

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SCHEDULE E
STALKING HORSE AND SALES PROCESS ORDER (WITHOUT SCHEDULES)

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**SCHEDULE F
INTENTIONALLY DELETED**



**SCHEDULE G
ASSUMED LIABILITIES**

None

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APPENDIX D

SALES PROCESS

1. FTI Consulting Canada Inc. is the receiver (the “**Receiver**”) of the assets, undertakings and properties of Eagle Graphite Corporation (the “**Debtor**”).
2. The Receiver and Weaver Capital Corp. (the “**Stalking Horse Purchaser**”) have entered into an Agreement of Purchase and Sale dated August ____, 2023 (the “**Stalking Horse APS**” or “**Stalking Horse Bid**”) and this Sales Process forms part of such Stalking Horse APS.
3. The Receiver will solicit bids in accordance with the Sales Process described herein. Under the Sales Process, all qualified interested parties will be provided with an opportunity to participate in the Sales Process. The Sales Process is intended to solicit interest in the property, assets and undertakings of the Debtor including the processing facility and equipment, mineral leases and mineral claims as defined in the Stalking Horse APS (the “**Property**” or “**Purchased Assets**”) pursuant to this transaction (the “**Transaction**”).
4. The purpose of this Sales Process is to determine whether a better Transaction than the Stalking Horse APS may be obtained by the Receiver. For the purposes of this Sales Process, a “**Superior Offer**” shall mean: a credible, reasonably certain and financially viable offer made by a Qualified Bidder (as defined herein) to be a counterparty to a Transaction, the terms of which offer are more favourable and no more burdensome or conditional than the terms contained in the Stalking Horse APS.
5. The order of the Supreme Court of British Columbia (the “**Court**”) approving the Sales Process, and any other orders of the Court, shall exclusively govern the process for soliciting and selecting bids for the sale of the Property free and clear of any and all liabilities and encumbrances, except as agreed by the parties.
6. Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day (a “**Business Day**” is any day, other than a Saturday or Sunday, on which banks are ordinarily open for business in Vancouver, British Columbia).

Publication Notice

7. As soon as reasonably possible after the approval of this Sales Process by the Court, the Receiver shall publish notice of this purchase opportunity in any publications considered appropriate by the Receiver which shall include *The Globe & Mail* (National Edition) and *The Northern Miner* publication.

Solicitation of Interest

8. As soon as reasonably practicable, the Receiver will prepare an initial offering summary (the “**Teaser Letter**”) notifying prospective purchasers of the existence of the Sales Process and inviting prospective purchasers to express their interest in making an offer in respect of the Property pursuant to the terms of the Sales Process.

“As Is, Where Is”

9. Any purchase of the Property will be on an “as is, where is” basis without representations or warranties of any kind, nature or description by the Receiver, or any of its respective directors, officers, partners, employees, agents, advisors or estates, except to the extent as may be set forth in a Binding APS (as defined herein) and approved by the Court. By submitting a bid, each Potential Bidder (as defined herein) shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Debtor and its Property prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and the Debtor’s Property in making its bid, and that it did not rely upon any written or oral statements, representations, warranties or guarantees, express, implied, statutory or otherwise, regarding the Debtor or its Property or the completeness of any information provided in connection therewith, except as expressly stated in this Sales Process or as set forth in a Binding APS and approved by the Court.

Participation Requirements

10. Each person who wishes to participate in the Sales Process (a “**Potential Bidder**”), must deliver the following documents to the Receiver by email to Craig.Munro@fticonsulting.com, prior to the distribution of any confidential information as follows:

- (a) an executed confidentiality agreement (“**NDA**”) as provided by the Receiver; and
- (b) a letter setting out: (i) the identity of the Potential Bidder, (ii) the contact information of the Potential Bidder and its legal counsel, if any, and (iii) full disclosure of the principals and ultimate parent of the Potential Bidder.

11. Upon receipt of the documents set out in paragraph 10 herein, the Receiver will send to such Potential Bidder, as soon as reasonably practicable, a confidential information memorandum and access to an electronic data room (the “**Data Room**”), which will provide, among other things, information considered relevant to the Sales Process.

12. If it is determined by the Receiver, in its sole discretion, that a Potential Bidder:

- (a) has a *bona fide* interest in pursuing a Transaction;
- (b) has delivered the documents set out in paragraph 10 herein, and
- (c) has, in addition to the documents set out in paragraph 10 herein, delivered to the Receiver written evidence upon which the Receiver may reasonably conclude that the Potential Bidder has the necessary financial ability to close the Transaction. Such information may include, among other things, the following:
 - (i) the Potential Bidder’s current financial statements (audited if they exist);
 - (ii) contact names and numbers for verification of financing sources;
 - (iii) evidence of the Potential Bidder’s resources and proof of any debt or equity funding commitments that are needed to close the contemplated transaction; and
 - (iv) any such other form of financial disclosure or credit-quality support information demonstrating that the Potential Bidder has the ability to close the contemplated transaction,

then such Potential Bidder will be deemed to be a “**Qualified Bidder**”.

Due Diligence

13. The Receiver, subject to competitive and other business considerations, may give each Qualified Bidder such access to additional due diligence materials and information relating to the Debtor as the Receiver deems appropriate, in its sole discretion, which may include on-site inspections and other matters which a Qualified Bidder may reasonably request and as to which the Receiver may agree. Neither the Receiver, nor any of its representatives, will be obligated to furnish any information relating to the Debtor to any person, in its discretion. The Receiver makes no representation or warranty, express or implied, as to the information provided through this due diligence process or otherwise, except as may be set forth in a Binding APS with the Successful Bidder (as defined herein).

Bid Deadline

14. A Qualified Bidder that desires to make a bid shall deliver written copies of its bid, in the form of the template APS located in the Data Room, together with a blackline outlining all changes made to the APS and the Deposit in the form of a certified cheque, bank draft or wire transfer (a “**Binding APS**” or “**Qualified Bid**”), to the Receiver as follows: FTI Consulting Canada Inc., 701 West Georgia Street, Suite 1450, P.O. Box 10089, Vancouver, BC V7Y 1B6, Attn: Craig Munro, so as to be received by no later than September 25, 2023 at 5:00 p.m. (PT) (or as set by the Receiver or as may be extended as set out below, the “**Bid Deadline**”). The Receiver may extend the Bid Deadline, once or successively, but is not obligated to do so. If the Bid Deadline is extended, the Receiver will promptly notify all Qualified Bidders.

Binding APS

15. A Binding APS must comply with all of the following:
- (a) the bid is an offer to purchase some or all of the Property on terms and conditions acceptable to the Receiver and delivered to the Receiver and prior to the Bid Deadline;
 - (b) it is duly authorized and executed, and includes a purchase price for the Purchased Assets expressed in Canadian dollars (the “**Purchase Price**”), together with all exhibits, schedules and all applicable ancillary agreements thereto;
 - (c) includes a letter of acknowledgment stating that the Qualified Bidder’s offer is irrevocable and open for acceptance until a Transaction closes;
 - (d) it is accompanied by written evidence of a firm, irrevocable commitment for financing or other evidence satisfactory to the Receiver, in its sole discretion, of the ability of the Qualified Bidder to consummate the proposed Transaction, and that will allow the Receiver to make a determination as to the Qualified Bidder’s financial and other capabilities to consummate the proposed sale and pay the Purchase Price;
 - (e) it includes an acknowledgement and representation of the Qualified Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Property

and the Debtor prior to making its bid, (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents in making its bid, and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Property, the Debtor or the completeness of any information provided in connection therewith;

- (f) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution and delivery of the Binding APS submitted by the Qualified Bidder;
- (g) provides a deposit in the amount of not less than 15% of the Purchase Price offered by the Qualified Bidder (the "**Deposit**");
- (h) it is received by the Receiver by the Bid Deadline; and,
- (i) the bid contemplates closing the transaction set out therein within 5 Business Days of the satisfaction or waiver of the conditions in the Binding APS (the "**Closing Date**").

16. The Receiver may determine in its sole discretion whether to entertain bids for the Property that do not conform to one or more of the requirements specified herein but is not obligated to do so.

17. For greater certainty, the Stalking Horse APS shall be deemed to be a Binding APS.

18. Deposits received by the Receiver will be held by the Receiver in a non-interest bearing account pending determination by the Receiver of the Successful Bid with Deposits returned to all Qualified Bidders, other than to the Successful Bidder, within five (5) business days after the selection of the Successful Bidder. The Deposit paid by the Successful Bidder shall be applied to the purchase price of such transaction at closing.

Evaluation of Binding APS

19. Each submitted Binding APS will be considered by the Receiver based upon several factors including, without limitation, items such as the Purchase Price and the net value provided by such bid, the counterparties to such transactions, the proposed transaction documents, other factors affecting the speed and certainty of the closing of the transaction, the value of the transaction, the Property included or excluded from the bid, any related transaction costs, the likelihood and timing of consummating such transactions, whether the Transaction results in a Superior Offer, and such other matters as the Receiver determines in its sole discretion. The Receiver may also, in its sole discretion, invite one or more Qualified Bidders together with the Stalking Horse Purchaser to submit a further and higher bid (the "**Final Binding APS**"). Any Qualified Bidder so invited may elect to increase its bid by way of a Final Binding APS or to reaffirm its Binding APS.

20. Each Qualified Bidder shall comply with all reasonable requests for additional information by the Receiver regarding the Qualified Bidder, the Binding APS or the Final Binding APS. Failure of a Qualified Bidder to comply with such requests for additional information will be a basis for the Receiver to reject a Binding APS or Final Binding APS.

Selection of Successful APS

21. The Receiver will review and evaluate each Binding APS and Final Binding APS, if any, and: (i) the Receiver may identify the highest or otherwise best offer for the Property (the "**Successful Bid**" or "**Successful Bidder**"), or (ii) if no Binding APS or Final Binding APS, other than the Stalking Horse Bid, has been received by the Bid Deadline, then the Receiver shall declare the Stalking Horse Bid as the Successful Bid.

22. Neither a Binding APS nor a Final Binding APS may be withdrawn, modified or amended without the written consent of the Receiver prior to the Successful Bid being determined.

The Auction and Auction Procedures

21. If the Receiver determines that it has received more than one Qualified Bid, it may, at its sole discretion, invite Qualified Bidders to participate in an Auction, as described in more detail below (the "**Auction**"). If an Auction is held, the Receiver shall provide notification and details to the Qualified Bidders of its intention to proceed with the Auction.

22. If the Receiver does not receive any Qualified Bids other than the Stalking Horse APS, it will not hold an Auction, in which case the Stalking Horse APS will be deemed the Successful Bid.

23. If an Auction is to be held, within 5 days of receiving notification of the Auction from the Receiver, each Qualified Bidder must inform the Receiver, by email, whether it intends to participate in the Auction (the "**Auction Bidders**").

24. At least two days' prior to the Auction, the Receiver will inform each Auction Bidder of the Successful Bid (the "**Starting Bid**"). Other than the purchase price, no changes to the Successful Bid selected by the Receiver will be permitted.

25. Only the authorized representatives, professionals or agents of the Stalking Horse Purchaser and each other Auction Bidder identified in advance to the Receiver, shall be eligible to participate at the Auction.

26. The Auction, if any, shall be conducted by the Receiver at a location selected by the Receiver or via Zoom.

27. The Auction will be conducted through a series of "rounds of bidding" (each a "**Round**"). In each Round:

- (a) the Receiver will present the highest Qualified Bid from the preceding Round (the "**Floor Bid**") to the Auction Bidders. In the first Round, the Starting Bid will be the Floor Bid;
- (b) the Auction Bidders will be given an opportunity within a set period of time to improve their Auction Qualified Bid such that the total consideration offered for the Property exceeds the sum of (A) the total consideration offered in the Floor Bid, plus (B) \$200,000.00 (the "**Auction Minimum Bid Increment**") (each an "**Improved Bid**"); and
- (c) the Receiver will consider the Floor Bid and each Improved Bid to determine, in its reasonable business judgment, which is the highest offer for the Property; and

- (d) the Rounds will continue until such time as no Improved Bids are received within the time limit set by the Receiver in its sole discretion, or until the Receiver determines, in its reasonable business judgment, that no Improved Bid is higher than the Floor Bid. The Floor Bid in the last Round of the Auction will be the “**Successful Auction Bid**” and the Auction Bidder making such Successful Auction Bid, the “**Successful Auction Bidder**”. The Receiver shall enter into a binding agreement of purchase and sale with the Successful Auction Bidder.

28. The Successful Auction Bidder agrees to do all such things as may be required by the Receiver to obtain Court approval of the Successful Auction Bid.

29. Subject to the Receiver obtaining the vesting order in respect of the Successful Auction Bid, if the Successful Auction Bidder fails to consummate the transaction by the 5th Business Day following the satisfaction or waiver of conditions in the Binding APS (or such date that may otherwise be mutually agreed upon in writing), the Receiver shall be authorized but not required to deem that the Successful Auction Bidder has breached its obligations pursuant to the Successful Auction Bid, has forfeited its Deposit to the Receiver, and the Receiver is authorized to seek an alternative bidder for the Property.

30. The Potential Bidders and/or Qualified Bidders shall not be allowed any break, termination or similar fee or expense reimbursement. For greater certainty, Potential Bidders and/or Qualified Bidders shall be responsible for all of their own professional and other fees and costs relating to their investigation or closing of any transaction in this regard.

31. The Receiver shall have the right to adopt and implement such other rules for the Auction as may be necessary to promote the goals of this bid process generally.

32. The highest or any offer in the Auction will not necessarily be accepted by the Receiver.

Sale Application Hearing

33. The application for an order of the Court approving any Successful Bid or Successful Auction Bid and a vesting order (the “**Sale Application**”) shall be determined by the Receiver and shall be brought promptly. The Sale Application shall be heard on a date determined by the Receiver and subject to the Court’s availability.

34. All of the Binding APSs, the Final Binding APSs and/or Revised Bids, other than the Successful Bid or Successful Auction Bid, if any, shall be deemed rejected by the Receiver on and as of the date of closing of the Transaction contemplated by the Successful Bid or Successful Auction Bid.

Reservation of Rights

35. The Receiver may: (a) determine which Binding APS, Final Binding APS and/or Revised Bid, if any, is the highest or otherwise best offer; (b) notwithstanding anything contained herein, reject any bid that is (i) inadequate or insufficient as determined by the Receiver, in its sole discretion, or (ii) not in conformity with the requirements of the Sales Process or any order of the Court; and (c) may modify the Sales Process or impose additional terms and conditions on the sale of the Property at any time in its sole discretion.

Miscellaneous

36. The Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of this Sales Process.

Limitation of Liability

37. The Receiver shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder or Qualified Bidder, or any creditor or other stakeholder, for any act or omission related to this Sales Process.

APPENDIX E



Mostert Mining Consulting

March 1, 2023

Weaver Capital Corp.
28 Nightfall Court
Kleinburg
ON
L0J 1C0

Mr. Jeff Wood

This is Exhibit referred to in the affidavit of
..... sworn (or affirmed)
before me on (dd/mm/yyyy)

.....
A Commissioner for taking Affidavits
within British Columbia

Valuation of the Black Crystal Property

Maurice Mostert of Mostert Mining Consulting (MMC) was requested to value the Black Crystal Property (the property) near the town of Castlegar in British Columbia, Canada. MMC understands that the purpose of this valuation is to establish a value for the property as of February 28, 2023, and that the valuation is for the use of Weaver Capital Corp. and for use by Weaver Capital Corp. in an affidavit to support a foreclosure action by Weaver Capital Corp. with respect to the Black Crystal Property.

The valuation was performed utilizing the following two methodologies that are widely used and accepted:

- A comparison method – Black Crystal was valued by comparing comparable (in our opinion) projects, with adjustments made for outliers in the data
- Precedent transactions -- A list of property transactions from 1 January 2020 to date

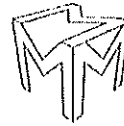
The third method of valuation, i.e., the DCF analysis, is not applicable to this project as there is no cash flow to consider. All values are in Canadian Dollars unless otherwise stated.

Comparisons

The following companies were identified for comparison. They are publicly listed companies with assets in Canada and the USA. Company values were based on their Enterprise Value (EV) relative to their total Ore Resource (Measured, Indicated, and Inferred) contained tonnes of Graphite.

- Nouveau Monde Graphite Inc.
- Graphite One Inc.
- Focus Graphite Inc.
- Lomiko Metals Inc.
- Northern Graphite Corporation*
- Metals Australia Ltd
- Zentek Ltd.*
- Eagle Graphite Incorporated
- Green Battery Minerals Inc.
- Volt Carbon Technologies Inc.*
- Canada Carbon Inc.*

*These companies were excluded from the valuation because they were not deemed comparable for the



Black Crystal Valuation

following reasons:

- Northern Graphite is a producing company.
- Zentek -- Owners of the Albany project and a company that includes Research and Development of nanotechnologies. This is considered a captive mine and the company value is skewed due to the additional projects. Not indicative of property value.
- Volt -- the company is developing proprietary technology and has numerous projects, including non-graphite projects. As above, not indicative of the mining project's value.
- Canada Carbon -- A comparatively high value that is considered an outlier when compared to the sample population

The Black Crystal project is considered an Exploration property for the purposes of this valuation because it has only a Technical Report filed that is NI 43-101 compliant and it has not produced any product in the past 5 years. The project does have existing permits in place as well as some infrastructure. However, the author is of the opinion that the permits do not improve the value of the project significantly and the infrastructure has not been in use for several years. The only comparable project in the list is Berkwood Graphite's Green Battery Minerals. Applying this logic, the comparable value for Black Crystal is \$4.1 million with an EV of \$7.25 / t. Exploration property values are subject to a measure of optimism and should not be considered in isolation.

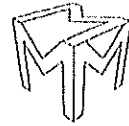
The next level up from an Exploration property (in terms of confidence under NI 43-101) would be a project with a completed Preliminary Economic Assessment (PEA). MMC compared Black Crystal to projects with a PEA in an attempt to gauge potential future value should a PEA be completed in the future. Comparing Black Crystal to projects with PEA's the project Value is estimated at \$2.8 million and an EV of \$4.91 / t. For the purposes of this document, the PEA valuation should not be considered in isolation, except in consideration of the next step in the Feasibility Study chain.

MMC notes that the variance between project value for an Exploration Property versus a PEA is not surprising due to the additional detail and scrutiny that is placed on an NI 43-101 compliant PEA as opposed to a Technical Report.

Conclusion of Comparison Method

Black Crystal Value Range		
Item	Exploration	PEA
Value Range (\$/t)	7.25	4.91
Black Crystal (\$ Millions)	4.13	2.80

In valuating the Black Crystal property using the Comparison Method, MMC estimates the property to be somewhere in the \$2.8 million to \$4.1 million range. MMC considers the median value of \$3.45 million to be fair value for this property under the Comparison method.



Black Crystal Valuation

Precedent Transaction

Property transactions from 1 January 2020 to date have been considered Precedent Transactions for this valuation. The value of deals for graphite projects increases commensurately with the stage of the project, i.e., Exploration Stage projects have lower deal values than Feasibility Stage projects. Projects in the Construction phase are the most highly valued.

For the purposes of this valuation, Black Crystal is considered to be slightly more valuable than an Advanced Exploration stage project, but considerably less than a project with an NI 43-101 compliant Feasibility Study or a reported Ore Reserve. There is no NI 43-101 FS completed and hence no Reserve Estimation. There is some infrastructure on the property, but MMC has not been able to inspect it. Considering the 5-year gap in production MMC estimates that most of the infrastructure would need to be upgraded or replaced. For this reason, MMC does not classify the project as one in the Construction Phase.

The table below shows the Precedent Transactions.

Property Name	Development Stage	Country	Contained Graphite M&I&I Tonnes ('000)	Total Deal Value \$ (Million)	Deal Value/t Resource \$ / t
Campoona	Prefeas/Scoping	Australia	771	10.00	12.97
Coosa	Construction Started	USA	3,404	89.53	26.30
McIntosh	Feasibility Started	Australia	1,056	5.24	4.97
Mousseau West	Advanced Exploration	Canada	254	0.95	3.74
Springdale	Reserves Development	Australia	936	7.55	8.06
Kearney	Reserves Development	Canada	2,340	3.00	1.28

An indicative value range considering Precedent Transactions is seen below.

Black Crystal Value Range		
Item	Exploration	FS
Value Range (\$/t)	3.74	6.82
Black Crystal (\$ millions)	2.13	3.89

Precedent Transaction Conclusion

In valuating the Black Crystal property using the Precedent Transaction Method, MMC estimates the property to be somewhere in the \$2.13 million to \$3.89 million range. MMC considers the Black Crystal project to be slightly more valuable than a pure Exploration Stage project, but considerably less than a



Black Crystal Valuation

Feasibility Stage project. Placing the Black Crystal project at the 25th percentile of the range, MMC estimates the Black Crystal to have a value of \$2.6 million.

Conclusion

MMC performed a valuation of the Black Crystal project on two metrics, to wit, Comparison to comparable projects and Precedent Transactions since 1 January 2020.

Considering the two valuation methods, and giving both measures equal weight, the Black Crystal project is valued at \$3.03 million.

Yours faithfully

Maurice Mostert P.Eng., MSc, FSAIMM

This is Exhibit referred to in the affidavit of
..... sworn (or affirmed)
before me on [dd/mmm/yyyy]

Maurice Mostert P.Eng. M.Sc. FSAIMM

A Commissioner for taking Affidavits

A professional mining engineer with international experience in ultra-deep hard rock mining, business management, and consulting

5

Vancouver, Canada | +1 778 951 8787 | maurice6007@gmail.com | [linkedin.com/in/maurice-mostert](https://www.linkedin.com/in/maurice-mostert)

Core Competencies

STUDY LEADER AND QUALIFIED PERSON

- Managing Pre-Feasibility and Feasibility studies, Mine Optimization studies, concept studies and high value Due Diligence work
- Uranium, Saskatchewan, Canada | Copper, Nevada, USA | Gold, Nunavut, Canada | Platinum, Zimbabwe | Gold, DRC | Zinc, NWT, Canada;
- Competent / Qualified person for SAMREC, JORC, and NI 43-101 compliant reports

BUSINESS LEADER

- An experienced leader, comfortable with leading large, multicultural teams
- A proven record of leading multi-disciplinary teams to produce high-quality projects that are compliant with regulations (JORC, SAMREC, NI 43-101)
- I have led a team of 20 engineers of varying experience levels and skills, working on a variety of projects

MINE PLANNER

- Extensive experience in the planning of a wide variety of mining methods in a range of jurisdictions
- Longhole stoping at depth (2,800 m below collar), Cut and Fill, low profile overhand cut and fill, Block cave, narrow reef, narrow vein, Bord and Pillar
 - South Africa, Namibia, Zimbabwe, Democratic Republic of Congo, Sierra Leone, Peru, Bolivia, Canada, USA
 - Mine planning for arctic regions – Nunavut, Canada

PROJECT MANAGER

- I have a demonstrable track record in the management of large projects for blue-chip clients, as well as EPM contracts for mines under construction
- C\$2.2 M optimization study for Glencore in Peru and Bolivia
 - Project manager for EPM contract for Pumpkin Hollow mine in Nevada; USA

UNDERGROUND MINER

- Hands-on, underground production miner, shift boss and mine captain in some of the deepest mines in the world (~ 3,000 m below collar). Leading multicultural teams in excess of 100 persons. Ensuring the sustained safety and health of the team as well as optimized production.
- Kloof Goldmine, West Driefontein Goldmine, East Driefontein Goldmine, South Deep Goldmine

Education

- Master of Science in Engineering, Mining Engineering, University of Witwatersrand, 2013
- Graduate Diploma in Engineering, Mining Engineering, University of Witwatersrand, 2011
- Bachelor of Business Administration, University of South Africa, 2008
- National Diploma, Mining Engineering, University of Johannesburg, 2002



Affiliations and Registrations

- Fellow of the SAIMM (FSAIMM)
- Professional Engineer (P.Eng.) Engineers and Geoscientists of British Columbia (EGBC)(#52828)
- Professional Engineer (P.Eng) APEGS, Saskatchewan

Career Summary

Independent Consultant – Maurice Mostert Mining Consulting

Notable Contracts:

Jun 2022 - Present

- Principal Mining Engineer for Evolution Mining Red Lake Operations
- Engineering Manager for Sugar Zone mine in Northern Ontario
- Consulting Engineer to Norzinc on the Prairie Creek Project
- Qualified Person for the Fission Uranium project in Saskatchewan

Mining Plus Canada, Manager - Western Canada

MP is an Australian-born, international mining consultancy. I was responsible for the management of 20+ engineers and peer review of multiple projects at any one time.

Notable achievements:

Oct 2018 – Jun 2022

Project management of a team of 7 Engineers and 3 sub-contractors in an optimization study of 5 Glencore mines in Peru and Bolivia. Project value was C\$2.2M

Project managed the EPM contract for Mining Plus at Pumpkin Hollow Mine in Nevada, USA. My team and I were also responsible for managing the mining contractor, Cementation, as well as procurement of the shaft steel

Project sponsor and Qualified Person for Sabina Gold and Silver Feasibility Study update – a mine situated in the arctic region of Canada’s Nunavut territory.

Aveng Mining, Planning Manager

Aveng is a surface and underground mining contracting company. I was responsible for oversight of underground contract tenders, pricing and scheduling.

Notable achievements:

Mar 2017 – Oct 2018

Managed the tender for the Swartberg Zinc life of mine extension contract. The tender consisted of pricing and planning twin declines and all equipment and labour for the project.

SRK Consulting (Pty) Ltd, Senior Mining Engineer, Johannesburg

I was responsible for general mining engineering and participated in a variety of projects.

Notable achievements:

Oct 2013 – Mar 2017

- Planning and Reserve estimation for the Ngezi P6 Platinum mine in Zimbabwe.
- Mine design and scheduling for the Gergarub project in Namibia.
- Planning of the Koidu diamond mine underground transition from open pit in Sierra Leone.
- Concept study for Mongbwalu Goldmine in the DRC.

Goldfields of SA - Southdeep Goldmine, Planning Engineer	
	Southdeep is an ultra-deep mine (>2 900 m) that excavates longhole stopes above de-stressed cuts. Emphasis is placed on Rock Engineering.
	<u>Notable Achievements:</u>
Mar 2010 – Oct 2013	Planning, generating blast and muck designs, and planning paste fill of the first longhole stope for the mine at a depth of 2 900 m. We successfully blasted a stope that was 15 m Wide, 30 m High and 80 m long. Planning, scheduling and guiding the de-stress cuts – a first for the mine at the time. De-stressing the virgin rock and displacing the stresses at depths of 3 000 m.
Feb 2007 – Mar 2010	Lower Quartile Solutions (LQS), Mining Engineer, South Africa
Apr 2006 – Feb 2007	Micromine Africa, Business Development Manager – GBIS, Micromine, Fieldmarshall, Africa
Jan 2005 – Apr 2006	Kloof Gold Mine #4, Mine Overseer, South Africa
Jan 2002 – Jan 2005	Kloof Gold Mine #4, Production Supervisor, South Africa
Jan 1997 – Jan 2002	Gold Fields Training Services, Learner Official – Mining, South Africa
Jan 1996 – Dec 1996	East Driefontein Gold Mine, Computer Operator Grade II, South Africa

Notable Projects

Location:	Canada; Northern Ontario
Project duration & year:	2022
Client:	Evolution Red Lake
Name of Project:	Red Lake Operations
Project Description:	Principal Engineer
Job Title and Duties:	Consulting on Mine Planning Practices

Location: Canada; Northern Ontario
 Project duration & year: 2022
 Client: Silver Lake Resources
 Name of Project: Sugar Zone Mine
 Project Description: Engineering Manager Secondment
 Job Title and Duties: Acting as Engineering Manager and Principal Engineer
 Value of Project: C\$ 100,000

Location: Canada; North West Territories
 Project duration & year: 2022
 Client: Norzinc
 Name of Project: Prairie Creek
 Project Description: Consulting Engineer
 Value of Project: C\$ 2 million

Location: Canada; Saskatchewan
 Project duration & year: 2022
 Client: Fission Uranium
 Name of Project: Patterson Lake Feasibility Study
 Project Description: FS Update for Sabina Back River project
 Job Title and Duties: Qualified Person and Project Sponsor
 Value of Project: C\$ 2 million

Location: Canada; Nunavut
 Project duration & year: 2020
 Client: Sabina Gold and Silver.
 Name of Project: Feasibility Study Update
 Project Description: FS Update for Sabina Back River project
 Job Title and Duties: Project Manager
 Value of Project: C\$450 000

Location: Canada, Peru, Bolivia
 Project duration & year: 2019
 Client: Glencore.
 Name of Project: South America Mine Optimization
 Project Description: Optimization study for South America operations
 Job Title and Duties: Project Manager
 Value of Project: C\$2 200 000

Location: Yerington, Nevada, USA
 Project duration & year: 2019
 Client: Nevada Copper Inc.
 Name of Project: Pumpkin Hollow Mine



Project Description: Owner's Engineering team – mine construction
 Job Title and Duties: Project Manager
 Value of Project: C\$3 000 000

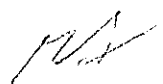
Location: Black Mountain, South Africa
 Project duration & year: 2016
 Client: Vedanta Zinc
 Name of Project: Extension of Life of Mine
 Project Description: General mining engineering,
 Job Title and Duties: Mining Engineer; cost engineering, mine design and scheduling
 Value of Project: ZAR 30 million

Location: Ngezi, Zimbabwe
 Project duration & year: 2016
 Client: Zimplats
 Name of Project: Ngezi P6 Feasibility study
 Project Description: Feasibility study
 Job Title and Duties: Mine design and scheduling, equipment selection, human resources, Writing mine design criteria,
 Value of Project: Unknown

Location: Democratic Republic of Congo
 Project duration & year: 2015
 Client: Fimosa Capital.
 Name of Project: Mongbwalu Gold Mine
 Project Description: Concept study for underground mining
 Job Title and Duties: Mining concept study, ventilation layout design, equipment selection, mine design and scheduling – Underground
 Value of Project: Unknown

Location: Sierra Leone
 Project duration & year: 2015
 Client: Octea Group Ltd.
 Name of Project: Koidu diamond mine
 Project Description: Concept study for underground mining
 Job Title and Duties: Mining concept study, ventilation layout design, equipment selection, mine design and scheduling – Open pit to Underground trade-off study
 Value of Project: Unknown

Location: Namibia
 Project duration & year: 2014
 Client: Vedanta Zinc International
 Name of Project: Gergarub Zinc Mine



Project Description: Feasibility study
 Job Title and Duties: Mining engineer – design, schedule, equipment selection, etc.
 Value of Project: Unknown

Location: Zimbabwe
 Project duration & year: 2013-2014
 Client: Zimplats
 Name of Project: Ngezi – Portal 5 South
 Project Description: PGM bord and pillar mine
 Job Title and Duties: Writing Mine Design Criteria, Mine Design and scheduling using Mine2-4D software. Feasibility study
 Value of Project: Unknown

Location: South Africa
 Project duration & year: 2009-2013
 Client: Goldfields
 Name of Project: Southdeep Goldmine
 Project Description: Ultra-deep level, mechanised goldmine
 Job Title and Duties: Short term planning, Blast ring and Longhole stope design for mechanised trackless and destress section, Mine2-4D, EPS and MineCAD software used
 Value of Project: Unknown

Location: South Africa
 Project duration & year: 2005
 Client: Production Supervisor: Gold Fields of SA
 Name of Project: Implementation of hydro-powered raise climber
 Project Description: Implement hydro-powered raise climber and drill rig on Kloof 4 shaft
 Job Title and Duties: Project lead – Shift boss

APPENDIX F

Black Crystal Project Property Valuation March 3, 2023

This is Exhibit A referred to in the affidavit of

Raymond Weymark sworn (or affirmed)

before me on 2/14/2023 [dd/mmm/yyyy]

[Signature]

Confidential



A Commissioner for taking Affidavits
within British Columbia

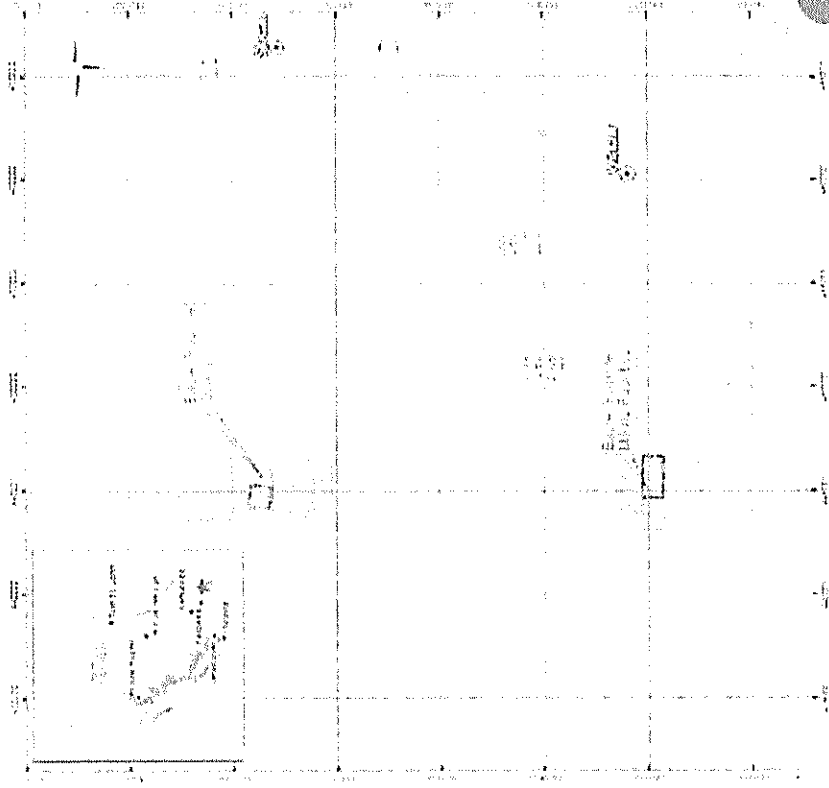


Black Crystal Overview

The Black Crystal property hosts a graphite Resource located approximately 60km northwest of the town of Castlegar, BC.

Asset Overview

- Black Crystal is located to the south of Eagle Graphite's previously producing graphite quarry
- Black Crystal has a processing facility to the south, with a historical throughput of 20 tpy
- The property is accessed via an all-weather paved road and gravel logging roads with seasonal challenges due to snowfall
- Eagle Graphite owns 100% rights to Property claims and mining lease
- Active Quarry permit (Q-5-129) along with two mining leases for the extraction of graphite on the property
- Quarry permit allows for the extraction of up to 116k tpy of plant feed corresponding to 7,500 tpy graphite
- A water license (CI17612) is in place and two on-site wells provide necessary water for the plant and operational purpose
- The plant site has existing infrastructure, however it is not in a ready-state to restart production
- The Property is subject to a 0.25% NSR
- The Property is within the traditional territory of the Ktunaxa First Nations



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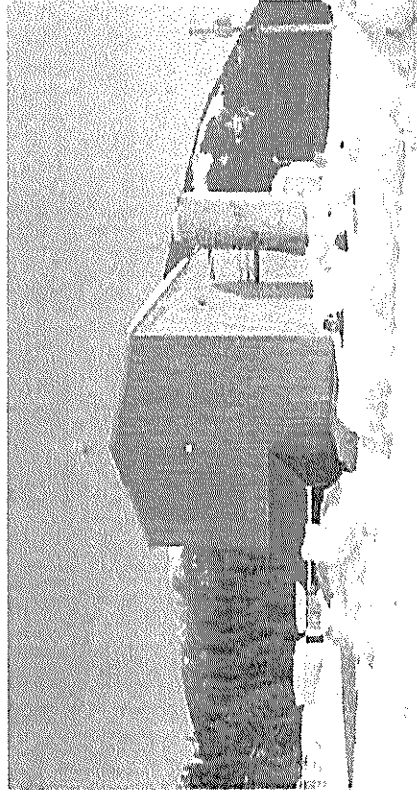
Mineral Resource Report Overview



A Technical Report and Resource Estimate was developed for the Black Crystal property in May 2018, authored by Tetra Tech.

Overview

- The Resource Estimate is supported by drilling which has occurred on the property at various stages from 1994 – 2015
- Historic metallurgical studies were completed in 1995, 1998 and 2000-2001
- The 2000-2001 testwork included the construction of a pilot plant, which produced a final concentrate grade >97%
- Historic production occurred on and off from 2001-2013
- Tetra Tech was engaged by Eagle Graphite to produce a Resource Estimate in 2018



Mineral Resource (2018 Technical Report)

Category	Zone	Cutoff		Tonnes	Grade		Graphite tonnes
		% C	% C		% C	% C	
Measured	Total Regolith	0.70%		163,000	1.95%		3,200
	Total Calc-Silicate	0.70%		2,824,000	1.31%		37,100
	Measured Subtotal	0.70%		2,987,000	1.35%		40,300
Indicated	Total Regolith	0.70%		522,000	1.85%		9,700
	Total Calc-Silicate	0.70%		15,723,000	1.33%		209,300
	Indicated Subtotal	0.70%		16,245,000	1.35%		218,900
	M&I Total	0.70%		18,233,000	1.35%		259,300
Inferred	Total Regolith	0.70%		304,000	1.90%		5,800
	Total Calc-Silicate	0.70%		23,612,000	1.29%		304,700
	Inferred Subtotal	0.70%		23,916,000	1.30%		310,500
	M&I Total	0.70%		43,149,000	1.32%		569,800

Historic Production

Calendar Year	Excavated Material tonnes	Graphite Concentrate Produced		Operator
		tonnes	%	
2001-2004	10,000	70		Crystal Graphite
2005	5,000	0		Crystal Graphite
2007	500	0		Crystal Graphite
2008	1,000	0		Crystal Graphite
2009	0	40		Crystal Graphite
2013	0	80		Eagle Graphite



Precedent Transactions

The following is a list of property transactions (from January 1, 2020 to date) on global Graphite projects with a defined Resource and grouped based on whether they had NI 43-101 compliant Mineral Reserves or not.

Property Name	Buyer Name/ Target Name	Completion Date	Development Stage	Country	State/Province	Contained Graphite M&I tonnes	% Acquired	Total Deal Value \$CADM	Deal Value/ Resource \$CAD/t
Campania	Tech Minerals Pty Ltd/All mineral tenements	2021-10-14	Prefeas/Scoping	Australia	South Australia	770,840	100.00	10.00	12.97
Cocoa	Idaho Strategic Resources, Inc./Westwater Resources, Inc.	2022-12-19	Construction Started	USA	Alabama	3,463,757	100.00	65.53	26.30
McIntosh	Chase Mining Corporation Limited/Green Critical Minerals Pty Ltd	2022-11-18	Feasibility Started	Australia	Western Australia	1,058,000	100.00	5.24	4.97
Mousseau West	Northern Graphite Corporation/Mousseau West Project	2022-10-05	Advanced Exploration	Canada	Quebec	254,000	100.00	0.95	3.74
Springdale	International Graphite Ltd/Springdale Project	2022-04-07	Reserves Development	Australia	Western Australia	936,000	100.00	7.55	8.05
Kearney	Ontario Graphite Ltd.		Reserves Development	Canada	Ontario	2,340,000	100.00	3.00	1.29

Summary

- Not many graphite acquisitions have occurred over the last 3-years
- More advanced stage projects receive higher relative deal values
 - Advanced Exploration - \$3.74
 - Feasibility/Reserve - \$6.82
 - Construction Started/Reserve - \$26.30
- Based on the development stage of Black Crystal, an appropriate value metric would be CAD\$3.74/t
- Based on the value range, that prices Black Crystal at CAD\$2.1M

Item	Pre-Reserve	Reserve
Value Range (EV CAD\$/t)	3.74	10.72
Black Crystal (CAD\$)	2,131,142	6,106,594



Summary

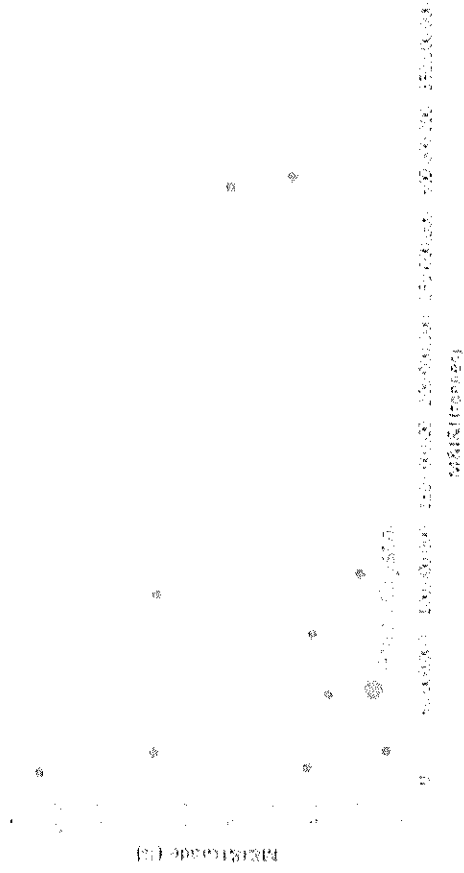


The following is a summary of the review of Black Crystal and recommended value range for the Property.

- ✓ Black Crystal is an exploration stage asset with small-scale historic production.
- ✓ The Property has existing permits and some infrastructure, however additional studies would need to be undertaken and new infrastructure developed to re-start the Project.
- ✓ Black Crystal is a lower-grade, smaller-scale project relative to other Canadian/US Graphite projects with a NI 43-101 compliant Resource.
- ✓ Two methodologies have been used to assess the potential value to Black Crystal
 1. **Public Company Comparables** – Canadian/US publicly listed companies were used to benchmark value based on an EV/ft of contained graphite metric which considers the stage of development
 2. **Precedent Transactions** – Global transactions over the last 3-years were used to benchmark value based on an EV/ft of contained graphite metric which considers the stage of development

Source: S&P Capital IQ Pro, Value Data, February 27, 2023

Canada/US Graphite Comps



Based on the two methodologies, WCL values Black Crystal at CAD\$2.8M

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Confidential

Ryan Weymark, P. Eng.

Cell: 67888284114

1275 Canterbury Cres, North Vancouver, BC V7R 1S1
e-mail: ryan@weymark-consulting.com

Profile

I am an energetic Professional Engineer (P. Eng.) with experience in mining, heavy civil and infrastructure projects. I have experience working on projects as a consultant, contractor and owner's representative at various stages, including due diligence, M&A, economic studies (pre-feasibility to feasibility), permitting (provincial and federal) and construction. In addition, I have operational experience in a variety of mining engineering roles, including drill and blast, short-range planning, long-range design.

I have worked on numerous advanced stage projects in strategic roles, with the ability to bridge the gap between corporate and technical teams. My project experience spans a variety of commodities, including precious metals (gold, silver, palladium), base metals (lead, zinc, copper) and energy (oil, uranium).

I am a Technical Advisor to several exploration companies, a Director of the Britannia Mining Museum and an Industry Advisory Committee member for UBC's Department of Mining Engineering.

Professional Experience

Fuse Advisors Inc. June 2022 - Present
President & Co-Founder

Fuse Advisors Inc. (Fuse) is a consultancy I co-founded focused on providing project management and technical advisory services to the resource sector. Currently employing a team of twelve (12) engineers and project managers, supporting a number of advanced staged projects across Canada.

Weymark Consulting Ltd. August 2018 - Present

Weymark Consulting Ltd. (WCL) is a consultancy I founded focused on providing advisory services to the resource sector. In 2022, WCL spun out Fuse Advisors Inc. the consulting arm, to allow for the continued growth of that business.

Director, Owner August 2018 - Present

Technical Advisory - Board Roles:

- NexGen Energy - Technical Advisor
- Newcrest - Project Advisor
- Dolly Varden Silver - Technical Advisor
- Murchison Minerals - Technical Advisor
- Tealback Resources - Technical Advisor
- Strikepoint Gold - Technical Advisor
- Blackwolf Copper & Gold - Technical Advisor
- Nesga's Growth Corp. - Director
- West Red Lake Gold Mines - Director

Principal Consultant August 2015 - July 2022

Client listing:

- Teck Alaska Corporation
- NexGen Energy Ltd.
- Worley
- Coeur Mining Inc.
- Red Chris Development Company (Superior Metals)
- Appian Capital Advisory LLP
- Ascot Resources Ltd.
- Orla Mining Ltd.
- Beedie Capital Partners Inc.
- Polaris Minerals Corporation
- Fireweed Zinc Ltd.
- Falkirk Environmental Consultants Ltd.
- Ladister Resources Ltd.
- Nystar Mary Falls Ltd.
- Northlake Copper and Gold Inc.
- Dolly Varden Silver Corp.
- Almoath Consultants Ltd.
- Heathcote Resources Ltd.

This is Exhibit B referred to in the affidavit of
 Ryan Weymark sworn (or affirmed)
before me on 12/20/2022 [dd/mm/yyyy]
 [Signature]

A Commissioner for taking Affidavits
within British Columbia

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NexGen Energy Ltd.

September 2019 – June 2022

Vice-President, Technical Evaluations

July 2021 – June 2022

I joined NexGen Energy Ltd. (NexGen) full-time following a two year period working as a consultant through Weymark Consulting Reporting to NexGen’s Senior Vice-President, Corporate Development within NexGen’s corporate development team. I provide technical guidance, leadership and analysis. NexGen is focused on advancing the Rook I Project, a \$1.3B CAD high-grade, underground uranium project in the Southwestern Athabasca Basin.

- Steering Committee member, Rook I EA/Licensing supporting with governance and key decision making
- Steering Committee member, Rook I Project supporting with governance and key decision making
- The primary conduit between the Rook I Project and Executive team focused on ensuring commercial alignment, adherence to process and accountable for key technical decision making
- Management of corporate development team
- Supporting with various corporate development mandates

Consultant

September 2019 – July 2021

Consulted to NexGen in a variety of capacities, reporting to NexGen’s Vice-President, Corporate Development. Key mandates included:

- Development of financial tools and systems, including the Appropriation for Expenditure (AFE) process
- Development of budgets, organizational requirements and various management reports
- Development of project development and permitting strategies
- Feasibility Study Project Manager for the Rook I Project

IDM Mining Ltd. (IDM) / Ascot Resources Ltd. (Ascot)

May 2017 – July 2019

Vice-President, Project Development (Ascot)

March 2019 – July 2019

Following the acquisition of IDM, I joined Ascot as the Vice-President of Project Development overseeing the development of the Red Mountain Project and past-producing Premier Gold Project.

Vice-President, Project Development and Officer (IDM)

November 2017 – March 2019

Promoted to Vice-President of Project Development, reporting to the President & CEO of IDM Mining, responsible for leading the technical development of the Red Mountain Project. IDM was acquired in March 2019 and is now a subsidiary of Ascot.

- Qualified Person under NI 43-101 for Red Mountain Project development
- Managed numerous consultants to support the advancement of engineering associated with the provincial Environmental Assessment (EA) and federal Environmental Impact Statement (EIS) reviews
- Received provincial EA Certificate in October 2018, received federal Decision Statement in January 2019
- Participated in Impact Benefit Agreement (IBA) review and member of IBA implementation committees
- Scoping of an Updated NI 43-101 FS incorporating the Value Engineering phase results, to be delivered with a Guaranteed Maximum Price and executed utilising a hybrid-EPC model
- MA/EMA permitting for the Red Mountain Project (scoping phase)
- Technical lead for corporate development activities including due-diligence and financial modeling

Project Director, Red Mountain Project

May 2017 – November 2017

Reporting to the President & CEO of IDM Mining, responsible for leading the technical development of the Red Mountain Project. Key areas of focus:

- Led the delivery of a \$136M CAPEX NI 43-101 FS with an after-tax NPV of \$104M and IRR of 32%
- Managed site investigation programs in preparation for MA/EMA permitting, including geotechnical drilling, soil and vegetation sampling, avalanche and terrain hazard mapping, construction materials testing
- Managed numerous consultants as part of Value Engineering phase, including third party reviews, advanced engineering and the identification of opportunities to improve Project economics

Ledcor Contractors Ltd. (Ledcor)

April 2015 – May 2017

Reporting to Ledcor’s Operations Manager, responsible for leading and reviewing estimates, leading contract and subcontract negotiations, First Nation engagement, pursuing business development opportunities and managing operational projects.

Project Manager, Ledcor Time Capture (LTC) Project

November 2016 – May 2017

Reporting to Ledcor’s Project Accounting and Administration Manager as a team member responsible for the development and implementation of a new proprietary time capture and payroll system. Project scope included the development of a mobile and desktop application for digital time capture, client billing and cost reporting. The system was being developed with full integration into JD Edwards payroll and reporting systems.

Project Manager, North American Palladium - ETMF and WMF1 Project

October 2015 – November 2016

Reporting to Ledcor CMI Ltd.’s Operations Manager, managing a team of 25 staff, 225 hourly employees and subcontractors on the \$32M North American Palladium ETMF and WMF1 construction project.

- Load, haul and placement of 950,000 m³ of dam fill material, 75,000 m³ of HDPE liner, 2,165 lineal meters of concrete curb and 2,700 m³ of jet-grouting
- Increased project revenue from \$18M to - \$32M through effective change management
- No lost time injuries over 230,000 man-hours

Project Manager, RCDC North Starter and Saddle Dam Project

April 2015 – October 2015

Reporting to Ledcor CMI Ltd.’s Operations Manager, responsible for the construction of the \$20M tailings dam construction project.

- Load, haul and placement of 1,000,000 m³ of dam fill material
- No recordable safety or environmental incidents over 100,000 man-hours
- Managed a team of 10 staff and 100 hourly employees and subcontractors
- Completed the project on schedule and achieved budgeted profit margin

Teck Resources Ltd. (Teck)

July 2011 – April 2015

Short Range Planning Engineer, Lme Creek Operations (LCO)

October 2014 – April 2015

Reporting to the Senior Engineering Supervisor in LCO’s Engineering Department as a Short-Range Planning Engineer, responsible for the daily to 8 week planning of the 3M mtce per year mining operation.

- Developing weekly, 4 week and 8 week plans that align with budget and forecast
- Providing guidance to a team of four engineering technicians

Mine Construction Project Manager, Lme Creek Operations (LCO)

October 2013 – October 2014

Reporting to the Project Director on Phase II Expansion Project as the Mine Construction Manager, responsible for the successful completion of the \$18M pre-development scope of the Mount Michael Pit.

- Successfully managed the pre-development scope of the Mount Michael Project at LCO, \$6.4M under budget and 3 months ahead of schedule with no recordable H&S incidents and within all permit guidelines
- Managed two contract supervisors and 40 contracted operators and supervisors
- Secured \$28M in corporate project funding through various Appropriation Requisitions for other Projects
- Scoped, tendered, negotiated and managed contracts from \$10k to \$3M

Project Mining Engineer, Quintette Coal Operations (QCO) Project

July 2012 – October 2013

Reporting to the Senior Engineering Supervisor in the QCO Engineering Department during the permitting and pre-development stages of the \$800M mine development.

- Development of engineering procedures, short-range mine plans, haul road, pit and temporary water structure design
- Supported the procurement process for major contracts, including contract mining, early site development and bulk explosives supply

Long Range Planning Engineer, Line Creek Operations (LCO) August 2012 - October 2012
 Reporting to the LCO Engineering Superintendent (as part of a secondment) to evaluate the economic viability of a highwall pushback for the Burnt Ridge South pit to extend the Phase I mine life during the permitting of Phase II.

- Pit design, spoil design, road and runaway lane design, haul cycle analysis and a cost analysis adding a potential \$30M NPV to the operation

Short Range Planning/D&B Engineer, Fordung River Operations (FRO) January 2012 - July 2012
 Reporting to the FRO Engineering Superintendent as a Short-Range Planning and Drill & Blast Engineer.

- Daily to 8 week mine plans, daily guidance to operations General Foreman, designing drill patterns, preparing blast hole loading instructions and monthly reports on key performance indicators

Project Engineer, Vancouver Head Office (VHO) July 2011 - January 2012
 Reporting to the Project Director on the \$800M QCO project during the feasibility study, permitting, and execution phases.

- Acted as the primary technical point of contact for the projects various subject matter experts and consultants.

Additional Experience

<i>SNC-Lavalin Inc.</i> <i>Mining Engineer in Training, Vancouver Mining & Metallurgy Division</i>	March 2010 – July 2011
<i>SNC-Lavalin Inc.</i> <i>Engineering Summer Student, Vancouver Mining & Metallurgy Division</i>	May 2009 – August 2009
<i>Rio Tinto Coal Australia</i> <i>Engineering Summer Student, Hunter Valley Operations (HVO), NSW, Australia</i>	May 2008 – August 2008
<i>Westmar Consultants Inc.</i> <i>Engineering Summer Student, Vancouver Convention Center</i>	May – August 2005/2006/2007

Education

<i>University of British Columbia, B.A.Sc, Mining and Mineral Process Engineering</i>	2005 - 2009
---------------------------------------------------------------------------------------	--------------------

- Graduating Class Representative for the Mining Engineering Undergraduate Club, 2009
- Jake Turnbull Memorial Prize – University of British Columbia, 2009
- Louis J. Gall Award in Mining Engineering – University of British Columbia, 2008

Specialized Training

• Mining Disclosure, Roundup Short Course (presented by BCSC, TSX-V, IROC)	2018
• Certified Ledor Leader (CLL)	2016 - 2017
• Project Management Institute, Project Management Professional (PMP)	2014 - 2017
• Teek Resources Ltd., Leading for the Future (LFF)	2014
• APEGBC, Professional Engineer (P.Eng.)	2013 - Present
• Queens University, The Professional Supervisor	2011

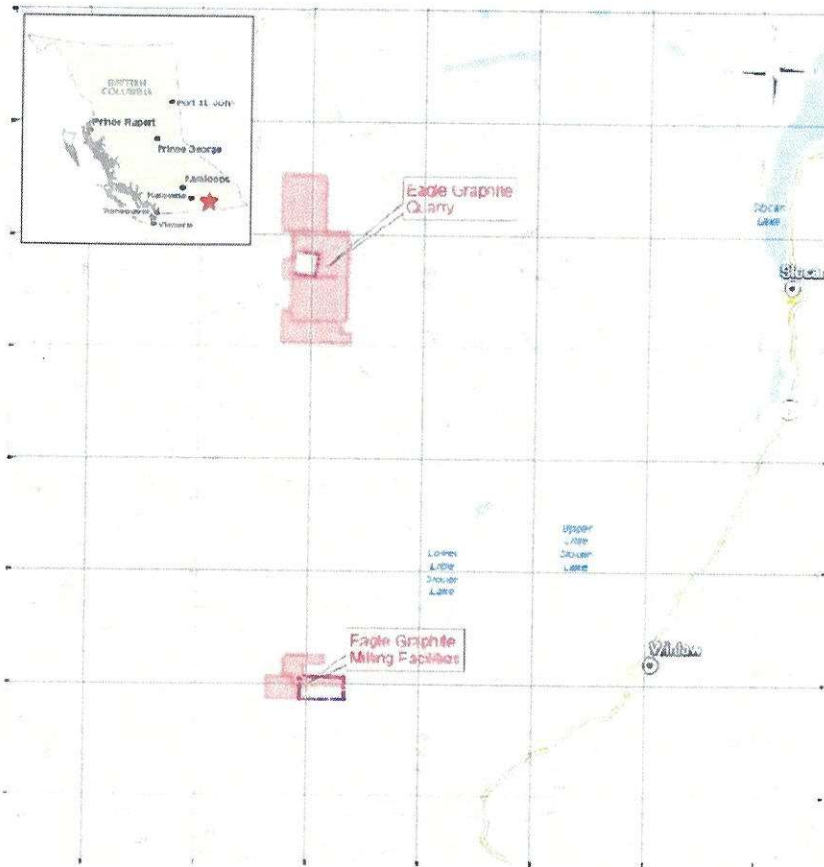
Activities/Community Involvement

- Board Member, Britannia Mine Museum, 2021 - present
- Member, UBC Mining Industry Advisory Committee, 2018 - present
- Mentor, AME Mentorship Program, 2019 - 2020
- Member, Young Mining Professionals, 2017 - 2020

APPENDIX G



BLACK CRYSTAL PROJECT MARKET VALUE REPORT



Prepared for:

Eagle Graphite Corp.

By:

ABH Engineering Inc.

Date: May 9, 2023

Executive Summary

The Black Crystal project is located within the Valhalla Mountains which is approximately 60 km northwest of Castlegar, BC. Eagle Graphite Corp. owns 100% rights to the property claims and mining leases. The property is the site of a previously producing graphite quarry. The property consists of seven staked claims covering 2,214 hectares, along with two mining leases covering 300 hectares.

The resource estimate by classifications for the Black Crystal project is shown in Table I below.

Table I: Resource Estimate Summary

Category	Zone	Cutoff	Tonnes	Grade (% C)	Graphite (Tonnes)
Measured	Total Regolith	0.7% C	163,000	1.95	3,200
	Total Calc-Silicate	0.7% C	2,824,000	1.31	37,100
	Measured Subtotal	0.7% C	2,987,000	1.35	40,300
Indicated	Total Regolith	0.7% C	522,000	1.85	9,700
	Total Calc-Silicate	0.7% C	15,723,000	1.33	209,300
	Indicated Subtotal	0.7% C	16,245,000	1.35	218,900
	M&I Total	0.7% C	19,233,000	1.35	259,300
Inferred	Total Regolith	0.7% C	304,000	1.90	5,800
	Total Calc-Silicate	0.7% C	23,612,000	1.29	304,700
	Inferred Subtotal	0.7% C	23,916,000	1.30	310,500

All numbers are rounded. Overall numbers may not be exact due to rounding.

Eagle graphite currently holds an active Quarry permit (Q-5-129) and a water license (C117612, 98,000 L per day) for the extraction of graphite on the property at a rate of 500,000 tonnes of ore per year. The mined graphite ore is pre-concentrated before being fed to the mill to a range of 5.3% to 7.6% graphite depending on the mined grade. The pre-concentration recovery is 80% at a mass pull of 20%. 100,000 tonnes are fed into the mill annually, producing high quality graphite at 99% purity with a processing recovery of 92%. The overall recovery is 73.6%

In order to accurately evaluate the market value of the Black Crystal Property a discounted cash flow model was created. The model used data from past production, lab work and, where necessary, similar projects. A discount rate of 8% was used in NPV calculations. Once the NPV was created a further discount factor was applied to further reduce the value of the deposit in light of project risks. The discount factor used was 60% and took into account several factors including: mine permits are already granted, environmental permits are in hand, a short time to production is expected, a small capital expense relative to NPV, potential challenges in raising capital, and a high rate of return with high margins.

The most probable discounted cash flow model focuses on the sale of 99% purity product. Extensive work has demonstrated the potential to create 99.99 or 99.999% quality product. Though ultra high purity

has been demonstrated as achievable, the capital and operating costs of such a system are not sufficiently understood to create a discounted cash flow model. 99% purity appears to be readily achievable for the Black Crystal Property using standard technology most of which is already installed and permitted. Extra capital and operating costs are assumed to ensure 99% can be achieved consistently.

Projected post-tax NPV is US\$ 232 million (CAD \$313 million), IRR is 360% and payback period is 3.3 months.

A simulation with 95% product grade was conducted and had a positive NPV of US\$ 21 million (CAD \$28 million) with IRR of 85% and payback period of 11.2 months. It seems unreasonable to use a 95% product quality when 99% is achievable and has substantially higher market values.

After the application of the 60% discount factor, the project's market value is estimated to be US\$ 93 million (CAD \$126 million). Accuracy and uncertainty can be improved by creating a NI 43-101 compliant preliminary economic assessment.

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List of Abbreviations

ARD	Acid Rock Drainage
asl	Above sea level
C	carbon
CAD	Canadian Dollars
CAPEX	Capital Expense
Cg	Contained Graphite
FS	Feasibility Study
GPS	Global Positioning Service
ha	hectares
IRR	Internal Rate of Return
km	kilometers
ktpa	Kilotonnes per annum
kV	Kilo Volt
kwh	Kilowatt hour
LOM	Life of Mine
LPD	Liters per day
m	meter
M	Million
mm	millimetre
Mt	Million Tonnes
NPV	Net Present Value
NSR	Net Smelter Return
OPEX	Operating Expense
PEA	Preliminary Economic Assessment
PFS	Pre-Feasibility Study
QP	Qualified Person
SG	Specific Gravity
t	tonne
tpa	Tonnes per annum
tph	Tonnes per hour
um	micrometer
USD	US Dollars

1. Introduction

ABH Engineering was retained by Eagle Graphite Corp to provide their opinion and to prepare a non-NI 43-101 compliant, short report outlining the value of the Black Crystal Project for use by the company in a legal matter. The geology assessment is based on a Technical Report produced by Tetra Tech in 2018.

2. Property Description and Location

2.1 Property

The Black Crystal project is located within the Valhalla Mountains which is approximately 60 km northwest of Castlegar, BC. It is located within the Slocan Mining District on map sheet 82F/13 and is centered on UTM coordinates N 49°46'33"/W 117°46'40".

The property is the site of a previously producing graphite quarry. The northern region is approximately 1,934 ha and occurs along a 30° western facing mountain slope that drains into Holder Creek.

The plant which historically produced the graphitic material from the quarry is located approximately 0.5 km's from the junction of Koch Creek Road and Slocan Road, along Koch Creek Road.

The claims and associated mining lease which host the historical plant site comprise the southern end of the property. Tetra Tech in 2018 had noted that the plant is not currently in operation, however, it is in substantially in the same condition as when it was last producing graphite in 2013.

2.2 Mineral Tenure and Liabilities

The property is divided into two distinct sets of contiguous claims. The northern set covers the deposit area and is comprised of five mineral claims and one mining lease, totaling 1,834 ha. To the south, overlies the laydown area and historical process plant facility, and is comprised of two mineral claims and one mining lease, for a total of 580 ha. Eagle Graphite owns 100% of the mineral title for the property. It is assumed that at the date of the report that the mineral tenures are still in good standing. As of May 10, 2018 (The date of the last technical report) all licenses and mining leases were in good standing. The mineral claims occur on Crown Land and within the traditional territory of the Ktunaxa First Nations.

A royalty agreement is in place between Eagle Graphite and 10 individuals ("the Holders") whereby the company is obligated to pay the Holders certain royalties as follows:

1. A royalty in the amount of 0.25% of the NSR from the net proceeds of the sale of the minerals mined from the property.

- 2. A royalty in the amount of 0.25% of the NSR from the net proceeds of the sale of by-products mined from the property other than minerals (included but not limited to gravel, sand, aggregates, specialized graphite, concentrate, bricks and soil conditioners).

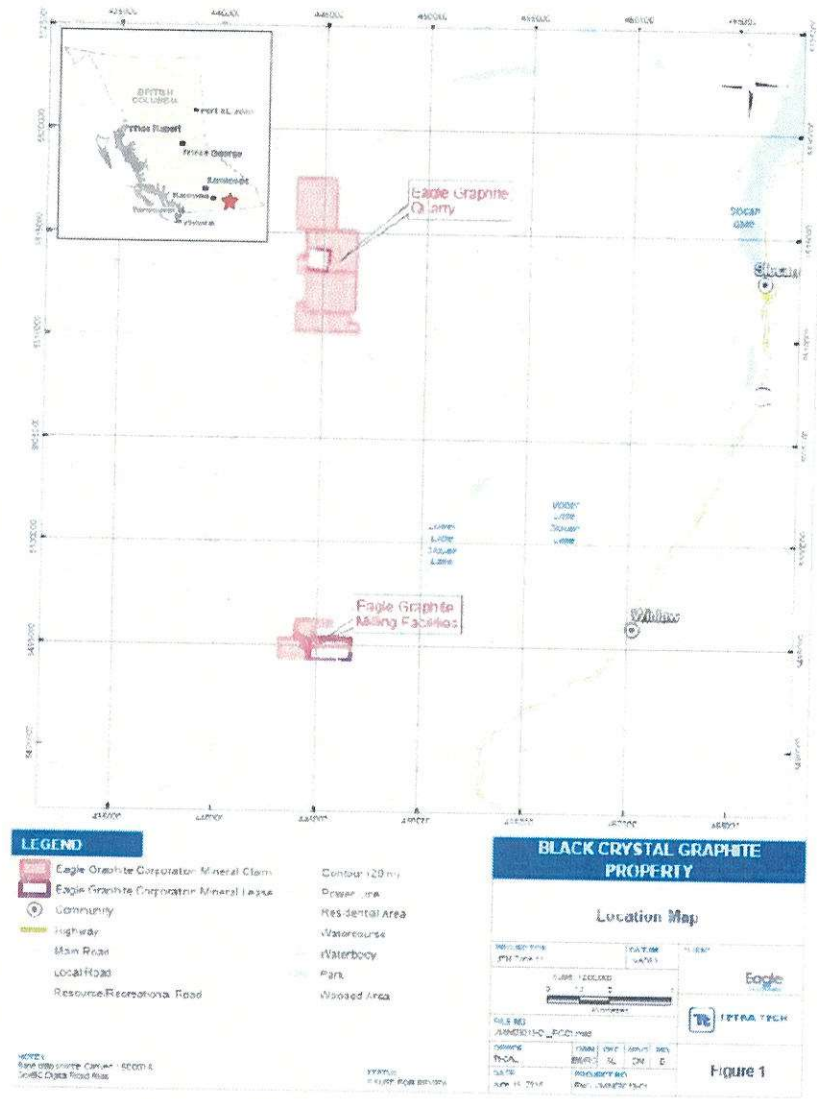


Figure 1: Black Crystal Graphite Property Claims Map

2.3 Environmental Risks

There are no known environmental liabilities affecting the Black Crystal deposit at this time. A water license is in place, which allows Eagle Graphite to draw 98,000 LPD from Koch Creek for use in the plant site. Currently, two onsite wells provide the necessary water to the plant for operational purposes.

Prior to any exploration which occurs outside Eagle Graphite's mineral leases, the necessary exploration permits must be applied for and granted by the B.C. Ministry of Mines.

3. Accessibility, Local Resources, Infrastructure, and Physiography

3.1 Access

Access to the quarry is only possible during the winter months if the snow is plowed on a regular basis, while the plant is accessible year-round. The quarry can be accessed by taking highway BC-3A southwest for approximately 20 km, then heading north on BC-6N for 15 km to Passmore. From here, the quarry can be accessed by following Little Slokan Road for 30 km to where it meets with Hoder Creek Forest Road. The quarry can be reached by following this service road northwest for 20 km.

The equipment that was used for the processing of the previous bulk samples was still present at the date of the previous 2018 technical report.

There is gated access at the entry of the Black Crystal property.

There is a small airport in the town of Castlegar which provides flights from several domestic carriers to Calgary and Vancouver.

3.2 Local Resources

Nelson and Castlegar have populations of 10,520 and 7,816 respectively. These cities act as the main service centers for the project. They have a workforce consisting of skilled labor which could provide services for the project. Teck has a smelting operation in Trail which provides employment to the towns in the region.

3.3 Property Infrastructure

There is a flotation processing facility at the plant along with the necessary outbuildings and heavy equipment required to support historical processing. There is also a weigh scale, storage pad for the plant feed, along with water circulation and settling ponds. There is sufficient space for storage of biproduct consisting of silica rich sand. The plant site will most likely be the location of any future proposed plant development or expansion for the project.

The company has a water license to draw 98,000 LPD of water from Koch Creek for use at the plant. There is a water intake line in place to deliver water to the plant if needed. Two wells have been used in the past to meet the water requirements for the plant.

There is hydroelectricity for the project from a 12 kV power line. A separate 63 kV transmission line is within 400 m of the plant site.

3.4 Physiography

The project is in the Valhalla Range, subrange of the Southern Selkirk Mountains. The topography is defined by steep slopes and elevations can reach more than 2300 m. The quarry is located at approximately 1500 m asl and the plant is in a valley with an elevation of 700 m asl.

The cover is a mix of deciduous/conifer forest including firs, pine, larch, spruce, alder, birch and cottonwood. Substantial portions of the land covering the project has been logged.

4. History

A brief history of the property is summarized below:

1970- Property staked, claims lapse, revert to the Crown. Later restaked in 1992

1993- Optioned from the claims holder to Black Crystal Inc. Staked several more claims and extended the area of access. Limited mapping and sampling along with extracting two samples of unknown quality and size which were sent to Process Research Associates for initial bench scale flotation and size distribution testing.

1994- IMP Mining entered into an option agreement with Black Crystal Inc to earn up to 50% interest on the property. Six RC holes were drilled totaling 250m and a preliminary mapping project was conducted. A 0.4 tonne bulk sample was extracted from a region close to drill hole 94-1 and sent for initial flotation testing. Since graphite loss was occurring during RC drilling, it was recommended that future drill holes should be drilled with a diamond drill instead of RC drilling.

1995- More drilling. Initial construction of processing plant along the north bank of Koch Creek. Previous year's bulk sample program was expanded by an additional 3,000 t of material for metallurgical testing.

1997-More drilling to verify previous RC drilling and expand on the bounds of known mineralization.

1998- Study conducted to combine drill data with field operations was made to outline the surface trace of the graphite-bearing calc-silicate horizon. Auger holes were dug targeting the regolith for testing.

2001- Drilling, trenching and bulk sampling.

2002- Following the release of an NI 43-101 Crystal Graphite Corp received a mining permit which allowed them to extract 75,000 t of material

2003- Permit upgrade which allowed the company 250,000 t of material to be extracted annually

2007- Property was acquired by Eagle graphite and the process facility upgraded

2012 to 2013- Production from the quarry and operation

Table 1: Historical Production at the Property

Calendar Year	Excavated Graphitic Material (tonnes)	Graphite Concentrate Produced (tonnes)	Operator
2001-2004	10,000	70	Crystal Graphite Corp.
2006	5,000	0	Crystal Graphite Corp.
2007	500	0	Crystal Graphite Corp.
2008	1,000	0	Crystal Graphite Corp.
2009	0	40	Crystal Graphite Corp.
2013	0	80	Eagle Graphite Corp.

* The production numbers presented in Table 3 are historical in nature, and have not been verified by the Author of this report.

5. Geological Setting and Mineralization

5.1 Regional Geology

The project is situated within the Omineca Crystalline Belt which is an area that is defined by extensive tectonic uplift underlain by metamorphosed miogeoclinal rocks and local rocks that were formed in an island arc setting. The rocks were accreted to the North American Craton during the Jurassic era.

The property is located within the Valhalla Complex which is a structural or domal culmination of high-grade metamorphic (upper amphibolite grade) rocks. Foliation and outward dipping layers define this extensive gneiss complex. It is located at the exposed eastern edge of the Shuswap metamorphic complex. The rocks that make up the complex are deformed paragneiss' of middle Cretaceous to Eocene igneous rocks. The shape of the complex is the result of the exhumation along Eocene normal faults.

The Valhalla assemblage is on the western flank of the Valhalla dome and is comprised of a heterogeneous package of upper amphibolite facies pelitic schist, marble, calc-silicate gneiss, psammitic gneiss metaconglomerate, amphibolite gneiss, and ultra mafic schist.

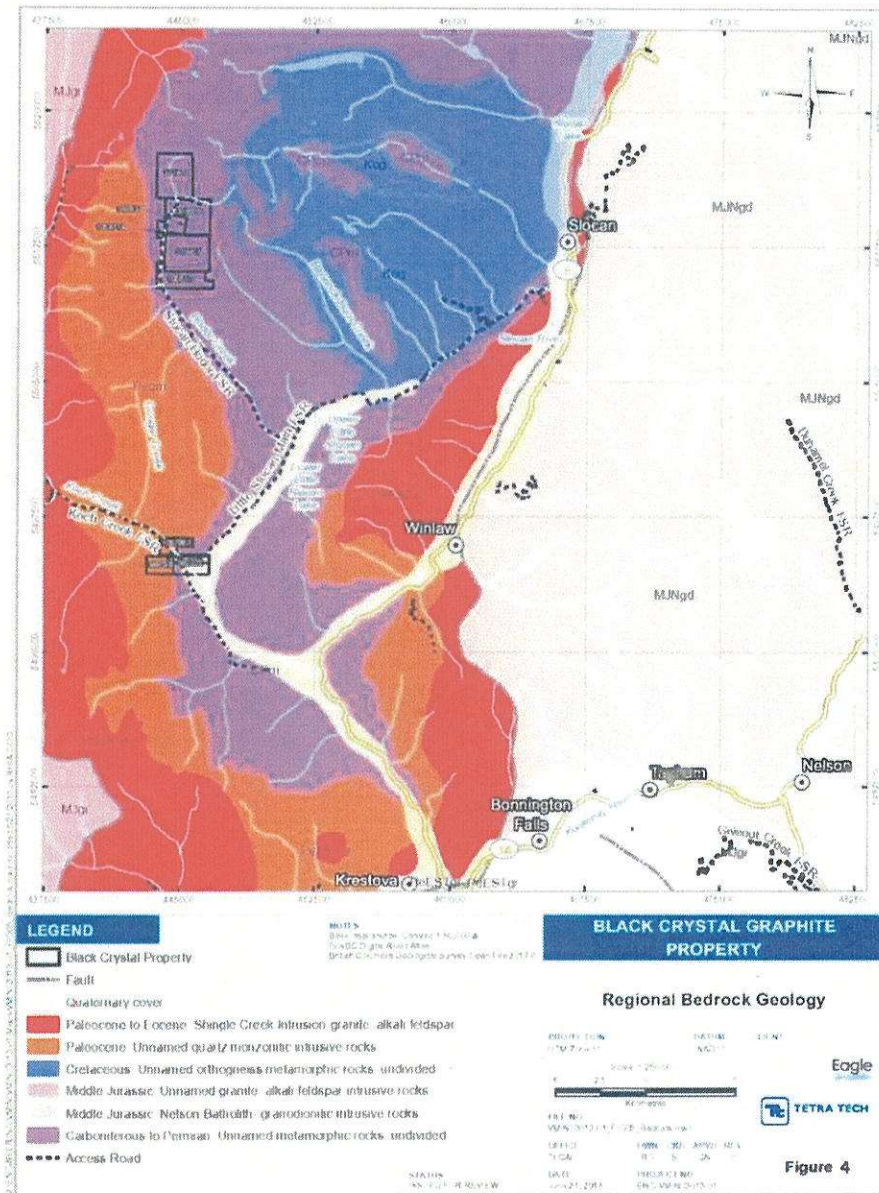


Figure 2: Regional Bedrock Geology



Figure 3: Geological cross-sections of the deposits

5.2 Local Geology

There are six rock units that make up a sequence which can be interpreted across the property to accurately target the graphite-bearing marble. The main units which make up the deposit are briefly described below.

1. Hanging wall quartz biotite gneiss +/- garnet:

Upper most lithology in sequence. Strongly foliated and generally brown in color. Repetitive mafic and felsic interlamination which contain up to 1% coarse grained garnets. Locally contains minor amounts of graphite. This unit is usually only observed on the south west margin of the property

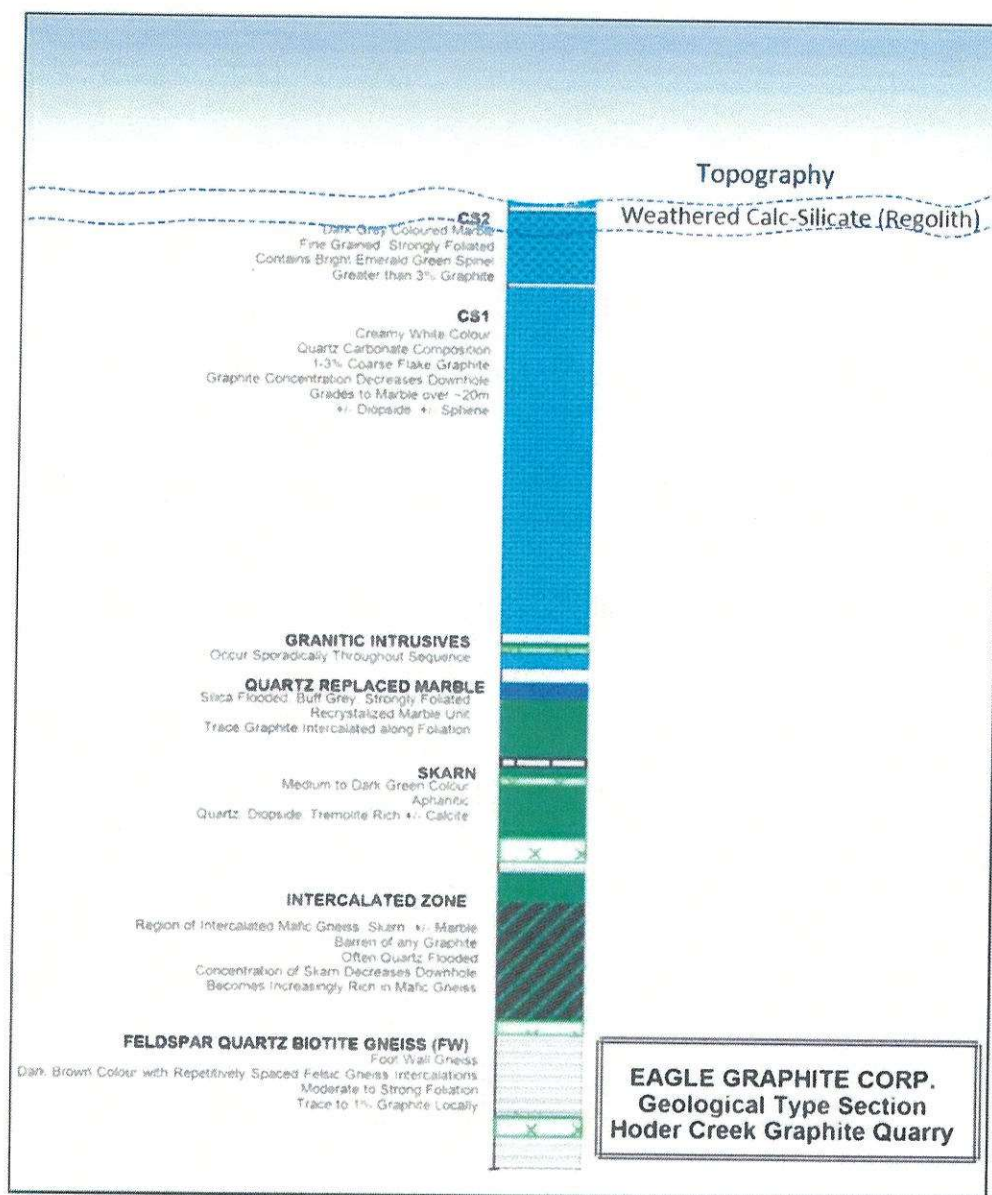


Figure 4: Geological Section

2. Calc-Silicate Gneiss (CS2): Unit most economically important.
 Typically dark in color, fine grained, moderately foliated, reacts moderately to cold dilute hydrochloric acid (HCl). Contains bright emerald green zinc spinel. Usually contains between 2-5% fine to medium grained graphite intercalated with medium grained graphite intercalated along

a weakly defined foliation. The CS2 unit appears to undergo facies change to the south of the quarry where it no longer contains spinel and is less reactive to HCl. The unit is on average 10 m thick.

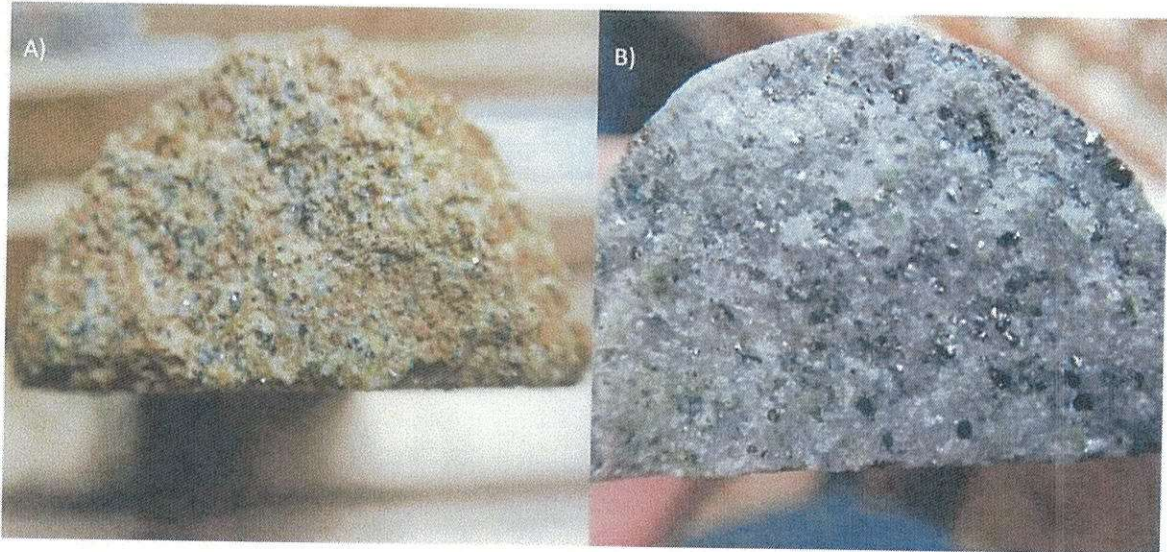


Figure 5: Difference in appearance and mineralogy between the A) CS2 and B) CS1 units

3. Calc-Silicate Gneiss (CS1):

Usually white-light grey in color, weakly foliated, fine to medium grained, calcite-rich, contains a unique "sucrosic texture and contains approximately 0.5-2% coarse flake graphite. And trace to 1% dark green diopside +/- sphene. The upper contact of this unit is gradational with the CS1 appearing without spinel.

4. Intercalated Zone:

Region of repetitively intercalated medium green color, fine grained skarn and brown colored gneiss with rare pegmatite injections. Typically, the beds usually measure less than 1m in width.

5. Biotite-Feldspar-Quartz-Gneiss:

Footwall of the deposit. Almost the same as hanging wall gneiss which contains very fine-grained intercalated graphite. This zone is typically too deep to be of economic interest.

There are additional units which occur in the deposit that are igneous in origin but cannot be placed in any stratigraphic order.

1. Skarn- Fine grained, medium green color, diopside rich with lesser tremolite, moderately siliceous, and occur within close proximity to intrusive units.
2. Quartz Monzonite- medium grained, weakly foliated, only occurs as an E-W striking sill which bisects the northern region of the quarry. No graphite mineralization present in unit
3. Pegmatite- Medium to coarse grained, leucocratic, feldspar, quartz, biotite rich and occurs as localized 1m wide injections throughout the section.
4. Lamprophyre- Fine grained ultramafic dyke, primarily composed of fine-grained intergrowths of biotite and pyroxene. Locally, biotite can be observed altering to chlorite. Most notably, the unit contains a strong pan idiomorphic texture.

5.3 Structure

The graphite bearing calc-silicate unit has a moderate dip at 31° to the west and trending 191° .

The rocks display an offset by a northeast trending thrust towards the north fault. It displays a surface expression which correlates with a drainage direction to the southeast.

5.4 Alteration

There is no significant alteration to the graphite bearing units. Local sericite and ankerite alteration is present near the fault but has no significant impact on mineralization.

5.5 Mineralization

Graphite mineralization in this deposit is present in many of the lithologies that occur around the property. The regolith contains the greatest concentration of graphite, however, the hard rock mineralization is concentrated in the two calc-silicate units CS1 and CS2. The CS2 is of greater economic significance and contains approximately 2-5% flake graphite. The unit is also characterized by emerald green spinel. The CS1 unit is light grey-white in color, fine to medium grained, contains a sucrosic texture, up to 3% diopside and .5-2% flake graphite. The graphite in the CS1 unit tends to coarser grade than the CS2 unit with the coarsest flakes over 1mm. The graphite occurs as disseminations that are parallel to foliation.

Surface weathering of the calc-silicate units has produced an enriched graphitic sand (or regolith) which is on average 2-4 m thick. This has resulted in a natural beneficiation where graphite grades can range between 2-5%.

The quarry graphite characteristics that have been observed show high reflectivity, absence of deformation, and lacks inclusions except where rare hematite or quartz inclusions are present.

Work conducted by Eagle Graphite demonstrates that there is a potential to pre-concentrate the regolith at the quarry, before transporting it to the plant which will result in a reduction of feed material.

6. Deposit Types

Graphite mineralization is hosted by Early Cambrian carbonate-rich rocks that are part of the Badshot formation. It is characterized by the mineralization, alteration and host rock which are typical of flake graphite deposits hosted within a porphyroblastic and granoblastic marble, that has been metamorphosed by to upper amphibolite or granulite grade metamorphic facies.

The consensus on how these deposits form is that organic material undergoes maturation and metamorphism creating kerogens. The 2 stages of maturation are outlined below:

1. Carbonization Phase

- a. While the organic material is undergoing diagenesis, it is converted into carbon, while oil and natural gas are released.

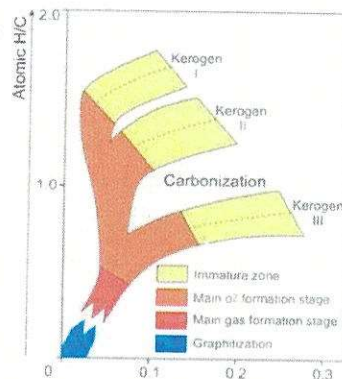


Figure 6: Maturation diagram of graphite deposits

A carbon rich residue is left behind while the hydrocarbons get liberated

2. Graphitization Stage

- a. Further burial and undergoing regional or contact metamorphism which results in graphitization of carbon enriched residual material. To prevent the further release of hydrocarbons, there needs to be an impermeable cap overlying the strata.

7. Exploration

2007-2009: Minor mapping and prospecting programs which targeted the expansion of the Bo zone which is a mineralized showing that can be seen in outcrop approximately 100 m towards the south of the plant. The samples collected were never inspected by Tetrattech's QP nor has ABH Engineering verified. For these reasons, the samples are not considered in the calculation of the resource estimate section of this report.

2011: More exploration was done on the quarry with additional prospecting and trenching was conducted. The escarpment of the quarry was the region of interest because the company wanted to better understand the deposits overall stratigraphy and more accurately target future exploration work. Neither the QP at Tetrattech or ABH Engineering was able to verify the locations or inspect the samples, therefore, they are not included in the resource estimate section of this report.

8. Drilling

The purpose of the 2011 drilling program was to expand the known mineralization along strike and understanding the stratigraphy of the deposit at depth.

During the 2011 drilling program, core logging was not done to a satisfactory standard, and as such, the core was relogged and sampled during the summer of 2015. The QP noted that the core had been stored and safeguarded in a satisfactory manner at a dry core storage facility. The collar information for the plant and the quarry are outlined in tables 9.2 and 9.3.

Table 2: Past Drilling on the Property

Year	Drill Type	No. of Holes	Meters	Company
2015	Core	32	3,011	Eagle Graphite Corp
2011	Core	12	2,029	Eagle Graphite Corp
2001	Core	42	1,895	Crystal Graphite Corp
2000	Core	22	1,181	Crystal Graphite Corp
1997	Core	22	913	IMP Mining Corp
1995	Core	13	577	IMP Mining Corp
1994	RC	6	250	IMP Mining Corp

8.1 Surveying

The 2011 drill holes were surveyed using a differential GPS and the 2015 drill holes were surveyed using a Garmin 62cs GPS. Elevations were taken from surveyed topographical maps. Fore and back sights were set using a Brunton compass to line up the drill. Dip was set by placing the compass with a angle level on

the head of the drill. Upon completion, a picket was inserted into the drill hole location, then labelled with hole number, location, azimuth, dip and depth.

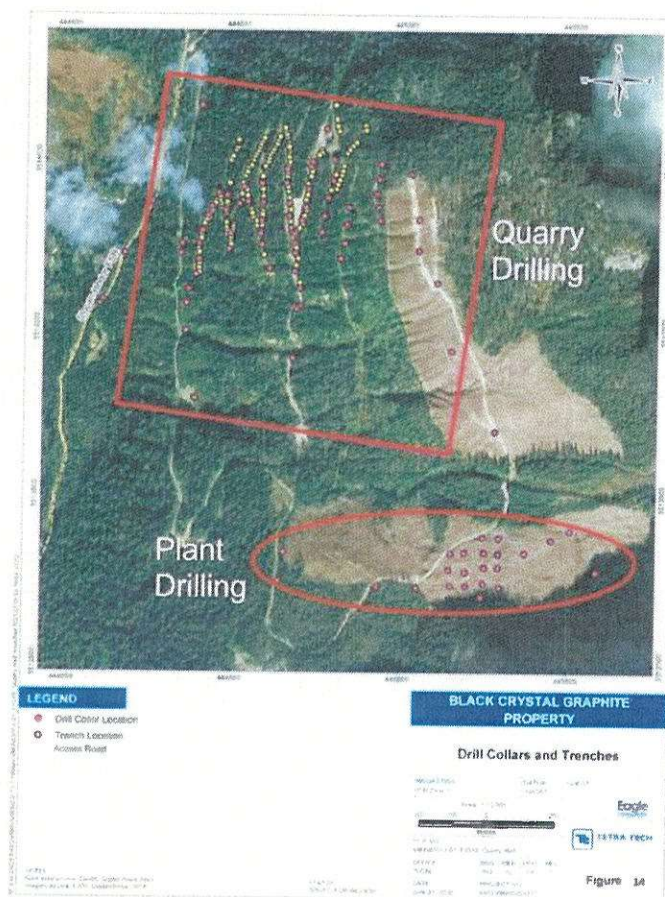


Figure 7: Location of Drill Holes.

Table 3: Collar information for drilling at the quarry

Hole ID	Easting (N83z11)	Northing (N83z11)	Elevation (m)	Azimuth (TN)	Dip	Depth (m)
EGC-15-01	445047	5513733	1789	40	-55	63
EGC-15-02	445279	5513195	1801	40	-55	102
EGC-15-03	445154	5512830	1744.63	40	-55	72
EGC-15-04	445051	5512728	1722.8	40	-55	123
EGC-15-05	445147	5512781	1741.42	40	-55	96
EGC-15-06	445153	5512734	1750.39	40	-55	102
EGC-15-07	445194	5512833	1756.75	40	-55	144
EGC-15-08	445196	5512775	1756.59	40	-55	75
EGC-15-09	445196	5512733	1760.08	40	-55	94.5
EGC-15-10	445247	5512879	1759.76	40	-55	81
EGC-15-11	445252	5512833	1770.33	40	-55	87
EGC-15-12	445244	5512702	1761	40	-55	128
EGC-15-13	445250	5512742	1764.66	40	-55	75
EGC-15-14	445253	5512789	1770.42	40	-55	72
EGC-15-15	445298	5512731	1778.83	40	-55	96
EGC-15-16	445294	5512789	1783.03	40	-55	75
EGC-15-17	445294	5512829	1782.28	40	-55	68
EGC-15-18	445295	5512877	1770.84	40	-55	68
EGC-15-19	445372	5512832	1803.94	40	-55	98
EGC-15-20	445450	5512872	1819.39	40	-55	102
EGC-15-21	445506	5512899	1835.68	40	-55	90
EGC-15-22	445584	5512776	1881.48	40	-55	81
EGC-15-23	444933	5512732	1666.14	40	-55	87
EGC-15-24	444940	5512747	1622	40	-55	52.5
EGC-15-25	444656	5512833	1618	40	-55	39

Table 4: Collar information for the drilling at the plant

Hole ID	Easting (N83z11)	Northing (N83z11)	Elevation (m)	Azimuth (TN)	Dip	Depth (m)
EGPS-15-001	444991	5495002	894	185	-80	74.5
EGPS-15-002	444977	5495052	894	195	-70	82.8
EGPS-15-003	444958	5495096	892	190	-70	119.5
EGPS-15-004	444921	5495049	895	190	-70	116.5
EGPS-15-005	444959	5495033	899	190	-70	98.5
EGPS-15-006	444991	5494981	898	190	-70	116.5
EGPS-15-007	444946	5494963	892	10	-70	86.5
EGPS-15-008	444912	5495000	892	10	-70	73
KOCH-15-001	444273	5495945	732	190	-70	70

**Note: This drilling information was not included in the 2018 mineral resource estimate*

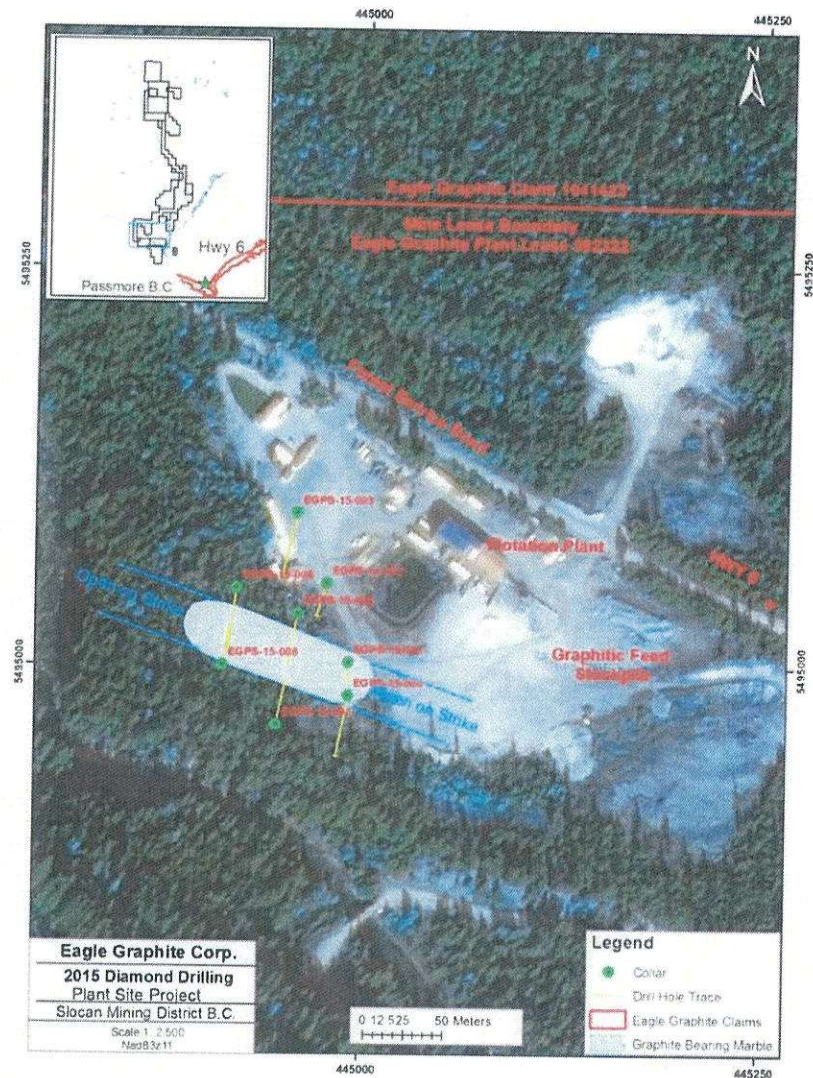


Figure 8: 2015 Drill Locations at the Plant

8.2 Downhole Surveys

Taken every 50 m using a reflex single shot survey tool.

8.3 Core Delivery

The core boxes were sealed at the drill site and upon completion of the shift, the day/night drill team would deliver the core to the core shack for safe storage and logging by the onsite geologist.

8.4 Core logging

As noted by Tetrattech's QP, the drilling and logging procedures that were in place meet industry standards and may be used for geological and resource modelling.

9. Sample Preparation, Analyses and Security

As noted by Tetrattech's QP, sample preparation and analytical procedures used meet acceptable industry standards and the information can be used for resource modelling.

10. Data Verification

Tetrattech's QP carried out an internal validation check of the diamond drill hole file against the original logs and assay certificates which was done on 15 drill holes which represented approximately 6% of the data. It was the QP's opinion that the data set for the project is valid and acceptable for resource estimation.

11. Mineral Processing and Metallurgical Testing

Assumed recoveries and product qualities were taken from the Tetra Tech 2018 report as well as historical reports from previous property owners and new testing.

Purities up to 99.995% were achieved in the newest metallurgical test work. While this is likely the highest revenue scenario, capital and operating expenses associated with high purification were not yet calculated and there was not sufficient time to create the CAPEX and OPEX estimates needed for a 99.995% product scenario.

Based on existing documentation it is believed 99% purity is a reasonable target. The coarse graphite crystals upgrade readily and are reported to be easily separated from their surface contamination with a simple acid bath. To further reduce the risk in the 99% purity target, substantial capital and operating costs are assumed for additional acid washing steps beyond what currently exists. These costs can be removed (for an increase in NPV) if it is shown that the existing flowsheet can produce 99% quality reliably.

The proposed pre-concentration circuit test work has not been verified by a 3rd party lab or supervised by an independent engineer. However, results are not unreasonable for minerals of this type. Based on the internal lab work the preconcentration is likely capable of achieving 80% recovery of graphite at 20% mass pull. The relatively high-grade material in the first two years of production is concentrated from 1.89% to 7.57% graphite and the lower grade material of 1.31% graphite is concentrated to 5.25%. Additional capital and operating expenses are assigned for the preconcentration step as well as potential mill upgrades to deal with higher than design feed grades.

11.1 Grindability Tests

Two samples (CS1 and CS2) were submitted to International Metallurgical and Environmental Inc. For grindability tests in 2002. Tests for Bond Work Index were conducted using industry standard methods. Table 5 shows the summary of the results.

Table 5: Bond work index test results

Sample	Screen Size	BWI
CS1	1700um	5.4 kwh/tonne
CS1	212um	10.0 kwh/tonne
CS2	1700um	4.2 kwh/tonne
CS2	212um	7.8 kwh/tonne

12. Mineral Resource Estimates

The Tetra Tech QP had completed a resource estimate for the Black Crystal project which had an effective date of May 10, 2018.

12.1 Database

Eagle Graphite has maintained all of their data in Microsoft Excel which contain the headers, surveys, and assays that were given to Tetra Tech. The data set consisted of 79 boreholes and 180 trenches.

Tetra Tech used Datamine Studio RM version 1.2.47.0.

12.2 Specific Gravity

Specific gravities used for the resource calculation of 1.67 for the regolith and 2.8 for CS1 & 2 units. The formula for specific gravity (SG) is given by:

$$\text{Density} = \text{Weight in air} / (\text{Weight in Air} \times \text{Weight in Water})$$

Tetra Tech had recommended that more SG measurements should be taken and that at least 2% of the database should contain SG measurements.

12.3 Geological Interpretation

5 3D wireframe models of mineralization were modeled using Datamine software with regional faults, x-cutting dikes and topography. Each mineral wireframe included a minimum grade of .25% carbon.

Interpretations by section were created in Datamine, which were linked with tag strings and triangulated to build 3D solids.

The mineralized zones for each wireframe were contiguous across the project area and cut by a monzonite dike. These wireframes were double-checked to ensure that there were no overlapping sections, that it was trimmed to the intrusive, and trimmed to topography to avoid overestimation.

12.4 Exploratory Data Analysis

12.4.1 Assays

There were a total of 1,962 graphite assays. Assay intervals for each zone were captured by clipping the boreholes to the wireframe zone and then translated each individual borehole into files. Any un-sampled intervals were replaced with zero grade.

12.4.2 Grade Capping

The quantile function in Datamine along with histograms and log probability plots to investigate whether grade capping was required. This was done using a Parrish analysis. (Parrish, 1997)

The QP concluded after he conducted the Parrish analysis that grade capping wasn't required.

12.4.3 Compositing

Compositing of assay data was completed at 1 m intervals which were chosen because they were most frequently used for the assays. The compositing was chosen such that the intervals honored the geological solids. The backstitching method was used to adjust the composite lengths could be adjusted for each drill hole to reach the last interval.

12.5 Spatial Analyses

Variography was completed on the Regolith and CS1 & 2 zones. Downhole variograms were used to analyze the nugget effect and correlograms were modeled with two structures to determine spatial continuity.

Table 6: Variography Table for Regolith, CS1 and CS2 units

VDESC	VREFNUM	VANGLE1	VANGLE2	VANGLE3	VAXIS1	VAXIS2	VAXIS3	NUGGET	ST1	ST1PAR1	ST1PAR2	ST1PAR3	STPAR4	ST2	ST2PAR1	ST2PAR2	ST2PAR3	ST2PAR4
REGOLITH	0	-33.39	23.24	21.11334	3(Z)	2(Y)	1(X)	0.06	1	50	35.4	1	0.271	1	75.1	74.5	2	1.602
CALC-SILATE	1	-12.01	28.95	11.61664	3(Z)	2(Y)	1(X)	0.076	1	51	67.1	3.7	0.354	1	100.1	100.7	15	0.327

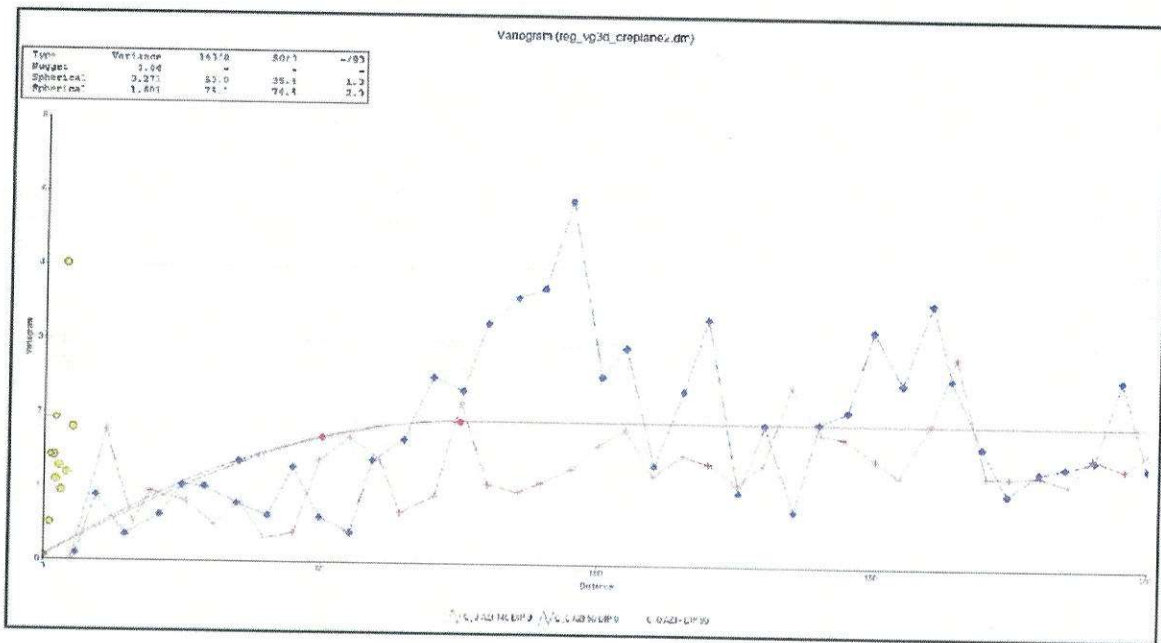


Figure 9: Variogram for Regolith

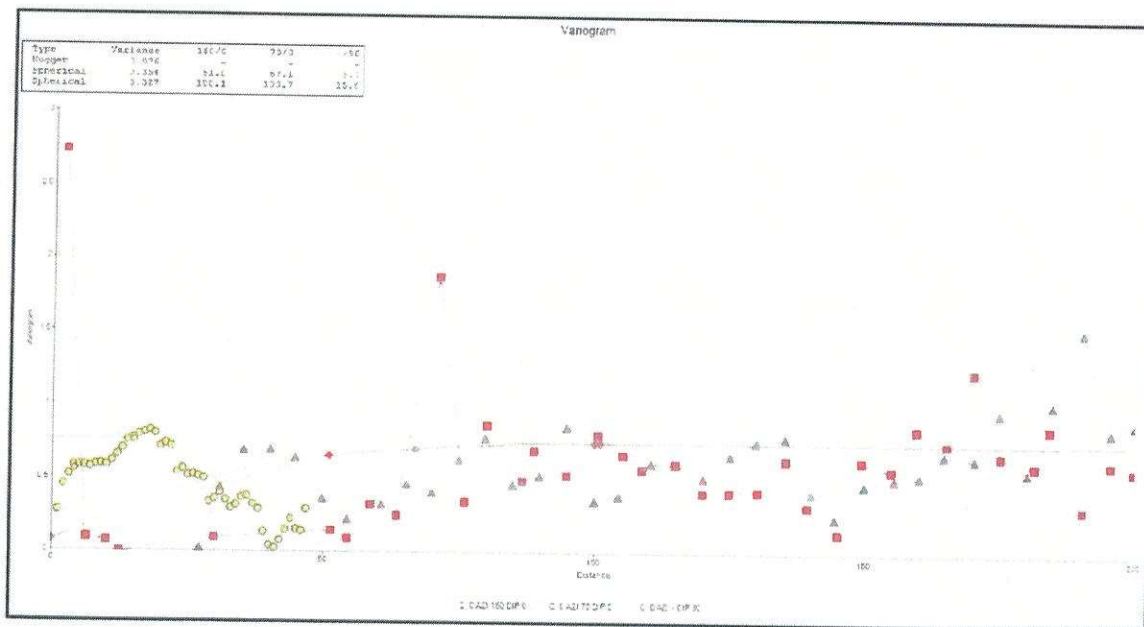


Figure 10: Variogram for CS1 and CS2 units

12.5.1 Resource Block Model

Individual blocks were established in Datamine for discreet mineralized zones using the parent model as the origin. The block that was used was not rotated.

Drill spacing was variable as drilling was carried out on access roads which zig-zagged across the project up the mountainside. The company did their best to ensure that their drill holes were 50 m apart.

A parent block size of 5m x 5m was chosen. To accommodate the narrow nature of the regolith, each parent cell was split into two sub cells in the X-Y direction, along with a variable width in the Z direction. This allowed the blocks to more accurately represent the volume of the wireframes. Estimation on each block was completed on the parent blocks and the grades were assigned to the sub-cell blocks.

Table 7: Block Model Parameters

Origin			Cell Size			Number of Cells		
X Origin	Y Origin	Z Origin	XINC	YINC	ZINC	NX	NY	NZ
443864	5512896	967	5	5	5	372	350	205

Zone	Wireframe	Wireframe Volume (m ³)	Block Volume (m ³)	Volume Difference (m ³)	Relative Difference (%)
1	Regolith	1,574,207.69	1,575,105.47	897.78	0.06
2	Main CS	35,139,175.22	35139253.91	78.69	0.0002
3	FW1 CS	12,519,152.41	12,518,894.53	-257.88	-0.002
4	FW2 CS	2,615,447.98	2615519.53	71.55	0.003
5	FW3 CS	290,553.24	290554.68	1.45	0.0005

12.5.2 Dynamic Anisotropy

Due to the deposit steepening to the west, a single search ellipse would not reflect the distribution of mineralization within the zones. To accommodate this, dynamic anisotropy was used in Datamine.

12.5.3 Estimation and Search Parameters

The interpolation plan of the resource estimate was completed using nearest neighbor, inverse distance squared and ordinary kriging. A three-pass system was used to run independently within each individual wireframe.

12.6 Resource Classification

Table 8: Resource Classification Summary

Category	Zone	Cutoff	Tonnes	Grade (% C)	Graphite (Tonnes)
Measured	Total Regolith	0.7% C	163,000	1.95	3,200
	Total Calc-Silicate	0.7% C	2,824,000	1.31	37,100
	Measured Subtotal	0.7% C	2,987,000	1.35	40,300
Indicated	Total Regolith	0.7% C	522,000	1.85	9,700
	Total Calc-Silicate	0.7% C	15,723,000	1.33	209,300
	Indicated Subtotal	0.7% C	16,245,000	1.35	218,900
	M&I Total	0.7% C	19,233,000	1.35	259,300
Inferred	Total Regolith	0.7% C	304,000	1.90	5,800
	Total Calc-Silicate	0.7% C	23,612,000	1.29	304,700
	Inferred Subtotal	0.7% C	23,916,000	1.30	310,500

All numbers are rounded. Overall numbers may not be exact due to rounding.

13. Mining methods

Eagle graphite has previously submitted a quarry plan to the Ministry of Mines, and quarrying occurred using a conventional truck and shovel operation. As demonstrated by historical quarrying of the deposit, no blasting was required to remove the regolith or transition material. Blasting will be required for the calc-silica zones once mining of those zones starts in year 2.

Mining will continue using a conventional truck and shovel operation. Existing equipment consisting of CAT 950 and 980 front end loaders and a CAT 320 Excavator will be utilized. The existing equipment will be supplemented with additional production equipment which will be leased.

Mining will focus on immediate extraction of the regolith for the first two years, followed by the calc-silicate units underneath for the remainder of the mine life. Mining priority was given to Measured and Indicated material. With the current mineral resources (Measured, indicated and inferred) and a production of 500ktpa of ore, a mine life of 87 years is estimated. A preliminary year-by-year mining schedule that was based on the resource estimate in Section 12 is shown in Table 9. A full mine design was not created at this time. It is a reasonable assumption that due to the at-surface and horizontal nature of the deposit, all or almost all of the previously resource is likely to fall within a designed pit and can be economically extracted.

Table 9: Preliminary mining schedule

Zone	Year(s)	1	2	3 to 7	8	9 to 39	40	40 to 86	87	LOM	
Regolith	Measured	Ore (t)	163,000.00							163,000.00	
		Graphite (t)	3,200.00							3,200.00	
		Grade	1.96%							1.96%	
	Indicated	Ore (t)	337,000.00	185,000.00							522,000.00
		Graphite (t)	6262.260536	3,437.74							9,700.00
		Grade	1.86%	1.86%							1.86%
	Inferred	Ore (t)		304,000.00							304,000.00
		Graphite (t)		5,800.00							5,800.00
		Grade		1.91%							1.91%
Calc-silicate	Measured	Ore (t)		11,000.00	500,000.00	313,000.00					2,824,000.00
		Graphite (t)		144.51	6,568.70	4,112.00					37,100.00
		Grade		1.31%	1.31%	1.31%					1.31%
	Indicated	Ore (t)				187,000.00	500,000.00	36,000.00			15,723,000.00
		Graphite (t)				2,489.29	6,655.85	479.22			209,300.00
		Grade				1.33%	1.33%	1.33%			1.33%
	Inferred	Ore (t)						464,000.00	500,000.00	148,000.00	23,612,000.00
		Graphite (t)						5,987.67	6,452.23	1,909.86	304,700.00
		Grade						1.29%	1.29%	1.29%	1.29%

Both the regolith and the calc-silicate units are located on the surface, and minimal removal of uneconomic overburden or waste rock will be required.

Extracted material will undergo a pre-concentration/grade control step prior to being transported by truck to the mill 10km south of the quarry.

The quarry will operate on a seasonal basis, producing and stockpiling sufficient material to maintain mill feed over the winter months.

A full mine design will be required for a more accurate mine plan and identification of in-pit resources.

14. Recovery Methods

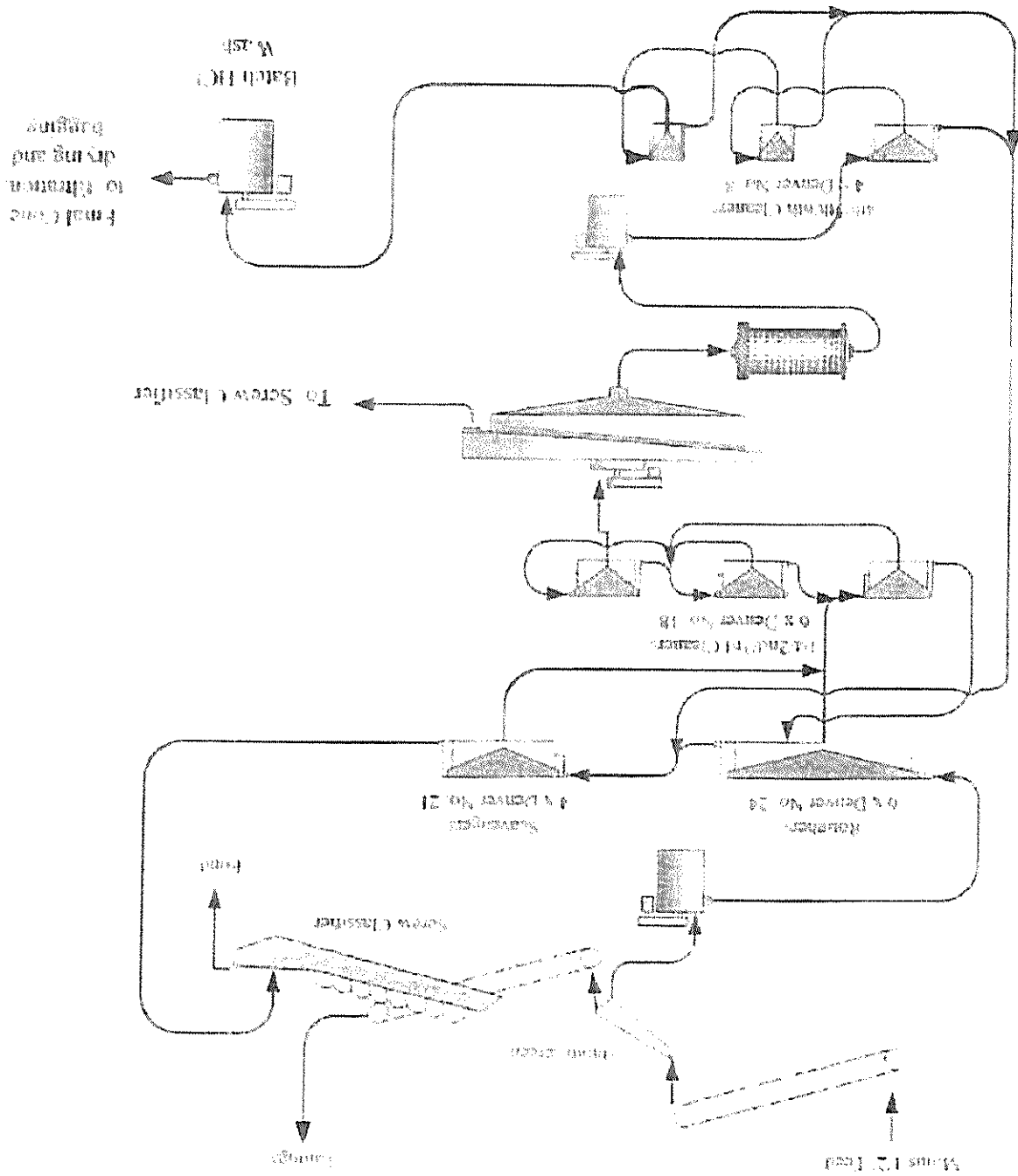
The Mined ore is pre concentrated at the mine by going through a primary crushing and screening followed by secondary crushing and screening before being fed into two separators for further upgrading. The pre-concentration circuit is capable of achieving 80% recovery of graphite at 20% mass pull. The relatively high-grade material in the first two years of production is concentrated from 1.89% to 7.57% graphite and the lower grade material of 1.31% graphite is concentrated to 5.25%.

In previous pre-concentration test work, the circuit achieved upgrading from 4% to 8% graphite grade at 90% recovery and 50% mass pull. Therefore, it is reasonable to assume that the pre-concentration system can achieve the lower target mill feed grade given the lower graphite recovery of 80%.

The 2002 pilot plant operation at the property used a relatively simple process consisting of screening and multi-stage flotation at 30 tonnes per hour plant feed achieving around 95% graphite product. The final step consists of hydrochloric acid leaching bumping the product purity to approximately 99% graphite. To

ensure that the processing plant has a better chance of producing consistent graphite product above 99% purity, the processing rate can be lowered to 20 tonnes per hour allowing for more residence time in the leaching and flotation vessels. More residence time leads to an increase in processing recoveries and possibly higher-grade graphite product. Figure 11 outlines the plant flowsheet used in the 2002 pilot plant operation.

Figure 11: Plant flowsheet used in the 2002 pilot plant.



Based on test work done on the final product, most of the impurities are on the surface of the graphite flakes, which makes them easy to remove using simple processes. The nature of the flakes combined with extra capital and operational cost allocated for acid cleaning allows to achieve over 99% product purity using easily accessible cleaning steps.

Moreover, the 2018 test work done by the American Energy Technologies created graphite product at 99.999% purity out of the concentrate using further cleaning steps. The product can be considered for ARC furnace electrodes added to synthetic graphite. It also produced high purity expanded out of a +50 mesh fraction and is milled into battery grade graphite that supplies the alkaline battery market.

Natural flake graphite with similar high purities have been produced from the property and successfully sold in the past as outlined the contracts section.

15. Project infrastructure

All infrastructure is in place and no further infrastructure construction is required to begin operations. Maintenance may be required for in-place infrastructure. A site visit and thorough assessment on the condition of equipment are recommended prior to start-up.

Current project infrastructure includes:

- A forest service road connecting the quarry to the processing plant
- Administration buildings including: office, first aid, assay lab, kitchen buildings
- Maintenance shop
- Plant feed stockpile
- Processing plant including conveyor belts, crusher, sieves, thickener, flotation cells
- Fuel depot
- Cold Storage
- Core Shack
- Fire Truck
- Ambulance

16. Market Studies and contracts

16.1 Graphite Products

Value and demand of raw graphite material varies with purity, product size, particle shape and thickness.

Table 10 shows the purity requirements of each product as well as the sale price.

There are other graphite products which may be produced such as amorphous graphite, but those are not being considered in this report due to the low prices of those commodities.

Table 10: Potential markets for the graphite materials

Product Code	Product Description	Purity Percentage	Sale Price (USD/t)
CPN	Coated Spherical Natural Graphite	99.95%	8,030
BAN	Blended Artificial/Natural Graphite	99.95%	10,585
SPN	Secondary Particle NG Anode	99.95%	8,890
SPC	Secondary Particle Composite Anode	99.95%	8,890
3295	+32 Mesh	95%	1,820
595	+50 Mesh	95%	1,820
895	+80 Mesh	95%	1,515
195	+100 Mesh	95%	1,325
3299	+32 Mesh Purified	99%	10,230
599	+50 Mesh Purified	99%	7,980
899	+80 Mesh Purified	99%	6,800
199	+100 Mesh Purified	99%	5,490
-	Battery Conductor -320 Mesh	99%	9,210

16.2 Graphite Prices and Projections

The graphite being produced by the processing plant is 99% purity and a range of sizes. 99% is the listed quality for most “purified” products found. The average price of graphite used in this report is 6,145 US\$/t for 99% purity at a range of sizes. It is believed this is a reasonably accurate price for the commodity, however, this is not a market-traded commodity and prices per contract may vary.

Anode-grade purified graphite demand goes hand in-hand with the expected growth of electric vehicles and decarbonization of the world. Graphite bound for the production of anodes will see the highest growth in demand. Its bound for industrial use for refractory materials, lubricants, and other products will see a more consistent and steady growth in demand. Figure 12 shows projected demand increases in Graphite and other critical commodities. Overall, the price for graphite is expected to increase.

Graphite shortage starting in 2022 - Shortage to grow to 8Mt by 2040

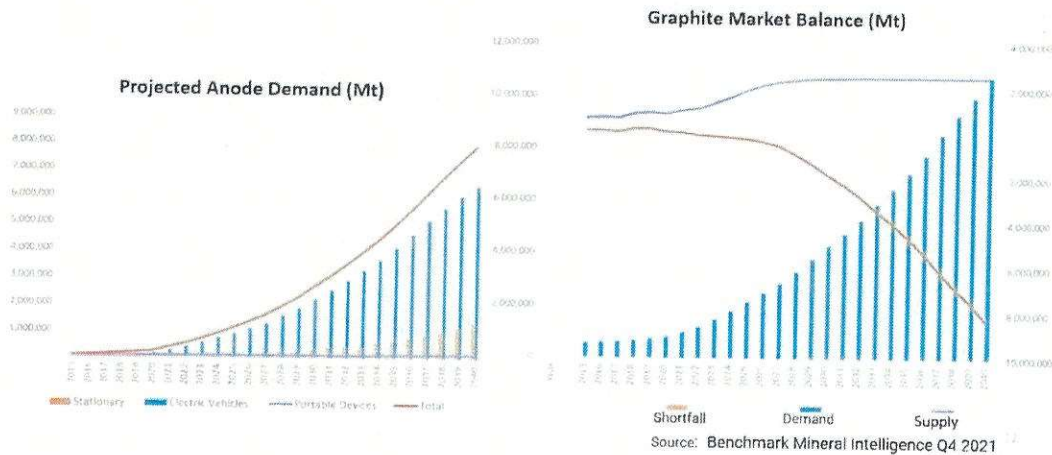


Figure 12: Projected graphite demand

17. Environmental Studies, Permitting and Social or Community Impacts

To monitor the environmental impacts, the Eagle Graphite has studied in the different aspects: the baseline environmental study, water quality monitoring, fish and fish habit assessments, grizzly bears, elk and deer impact investigation. Beside the baseline environmental study, the Eagle Graphite has installed water quality monitoring sites for Hoder Creek, Koch Creek, and Little Slocan River and tributary which drains from the quarry site and into Hoder Creek by Golder Associates in 2000.

The Highwood Environmental Management has completed fish and fish habit assessments with Hoder Creek, Koch Creek and Little Slocan River in 2000. Investigating any potential adverse impacts to grizzly bears along with elk and deer populations was another additional study as well.

A geochemical characterization of the Black Crystal graphite project was conducted by SRK consulting in 2002. The result specified that the upper 40 cm of the topsoil at the quarry has shown to be fair to good for reclamation purposes. The background trace metal studies performed on plants and soils to determine the environment effect. The result showed the material was below the critical level.

Also, a water study at the plant site proved that no surface water drainage channels are present while the soil was porous and penetrable to water.

Another aspect is having an environmental permit. Eagle Graphite currently holds an active Quarry permit (Q-5-129) along with two mining leases for the extraction of graphite on the Property. By holding the quarry permit, Eagle Graphite permits to extract from the quarry up to 116,000 tpa of plant feed, corresponding to an estimated 7,500 tpa graphite. The Company can apply to amend the permit for an increase to as much as 500,000 tons of quarried product in a year, or up to 1,000,000 tons of quarried product over 4 years before being subject to an Environmental Assessment.

Eagle can extract 98,000 liters per day of water from Koch Creek for plant site usage purposes as Eagle has a water license (C117612).

For the water management purpose, a closed-circuit method, recycled water through the plant continuously, used in the Plant site. Also, water used for processing the graphite that is held in the containment ponds while the plant is not operating.

Regarding the tailings generated from the processing procedures, these are mildly carbonaceous, non-acidic sand.

18. Capital Cost Estimate

This project has an existing mill rated for 30tph which was de-rated to 20tph in order to be conservative. The project also has a number of mining and support equipment on site. No site visit has been conducted. Additional capital expenditures will be required for mill maintenance and for the purchase of a pre-concentrator prior to the start of production. For this project, the estimated capital expenditures will be required for the following items:

- Installation of a pre-concentrator system: US\$ 2.24 million
- Refurbishment of the mill and existing mining equipment: US\$ 3.53 million
- Budget for additional cleaning and purification stages: US\$ 2 million

Additional sustaining capital costs of US\$ 3 million every 10 years.

Existing mining equipment will be maintained and supplemented with a leased fleet to expand total mining rate to 550,000 tpa of ore and waste. The costs for a leased fleet are included in the mining operating costs.

Base case economics use a 99% purity product, which may require expansion to the cleaning and purification steps. The economic model budgeted an additional capital expense of US\$ 2 million for in case it is required.

At the end of mine life, reclamation expenses including re-contouring, re-vegetation, building dismantling and demolitions are estimated at US\$ 2.5 million dollars. The ore and waste rock are inert, and metal leaching or acid rock drainage (ARD) is not expected. No tailings pond is required as tailings consist of inert sand and forms a saleable product.

19. Operating Cost Estimate

The project operating costs are estimated based on benchmarks from other graphite projects adjusting for inflation, plant capacity and location, and other operating parameters. The costs used for the cut-off grade calculations in the 2018 NI 43-101 Mineral Resource Estimate needed adjusting to obtain better estimates and adjust for inflation. Several additional costs were added, which had not been included in the 2018 report. Most costs increased by 33% or more. All prices are now in USD. A breakdown of the unit operating costs is listed in Table 11 below.

Table 11: Unit operating costs

Operating cost	Unit Cost US\$/t	LOM Cost (M US\$)
Mining - Hard Rock	\$5.00 / tonne mined	210.8
Mining – Overburden & Regolith	\$2.00 / tonne mined	10.6
Pre-Concentration	\$10.60 / tonne concentrated mill feed	91.5
Transportation to Mill	\$1.00 / tonne concentrated mill feed	8.6
Processing	\$15.00 / tonne milled	129.4
Additional Product Purification	\$100.00 / tonne product	44.1
G&A	\$5.10 / tonne milled	44
Total		539.1

The unit processing cost for pre concentration and G&A used in the 2018 technical report were increased 33% to US\$ 10.6/t and US\$ 5.10/t respectively. The mining cost of hard rock increased to US\$ 5/tonne mined to account for inflation and the cost of leasing some of the new larger mining equipment. The mining cost of overburden and regolith is estimated to be higher than the reported value in the 2018 report and thus changed to US\$ 2/tonne mined.

The processing cost stated in the 2018 report is considered low when compared to other graphite processing facilities, so the value was increased by 100% to US\$15/ tonne milled. Moreover, a transportation cost of US\$1/tonne of mill feed was added to account for the 10-km long haul distance between the mill and the mine.

To ensure product meets the 99% purity threshold required for the product to be classified as “purified” graphite, an additional US\$100/tonne operating cost was added to account for increased costs related to the purification step. This is a reasonably conservative assumption.

20. Economic Analysis

An economic model was created to estimate the annual cash flows and project pre-tax and post-tax NPV, IRR and payback period. The analysis is based on multiple assumptions that make this report non-compliant with NI 43-101 standards. All prices are based on 2023 US Dollars unless specified.

The reader is advised that the key parameter inputs used as the basis of this analysis are selected to the best of the author’s ability. The author used benchmarks from other graphite projects and historical data and test work from the Black Crystal Project. Prices for the final natural flake graphite product used in this study are rough estimates based on benchmarked values, therefore may not represent accurate projection for product sale price once produced. Capital and operating cost estimates are considered reasonable for this level of study but will require more detailed evaluation to reach the higher accuracies required for public disclosure by 43-101 guidelines.

The mill condition is not assessed, so the costs associated with mill refurbishment are a very rough estimate. There mill may require extensive work to achieve consistent recovery of 92% and 99% quality. Any change of the recoveries or the product grade will affect the project economics.

20.1 Basis of Estimate

Table 12 represents the list of inputs and assumptions used in this economic analysis.

Table 12: Key Economic Inputs

Parameter	Unit	Value
Life of Mine	Years	87
Mining Rate	Tonne per year	500,000
Processing Rate	Tonne per year	100,000
Processing Rate*	Tonne per hour	20
Graphite Sale Price	US\$ per tonne ~ 99 graphite product	6145
Pre-concentration Recovery	%	80
Process Recovery	%	92
Overall Recovery	%	73.6
Royalties	%	0.25
Discount Rate	%	8
Government Royalty	%	2
BC Tax	%	15
Federal Tax	%	12

20.2 Results

The annual combined mass balance cash flow for the first 10 years of production is presented in Table 13.

Table 13: First 10 years of Economic Cash Flow and Mass Balance

Years	Unit	LOM	0	1	2	3	4	5	6	7	8	9	10
Mass Balance													
Ore Regolith	t	989,000		500,000	489,000								
Ore Hard Rock	t	42,159,000			11,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total Ore	t	43,148,000		500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Waste	t	4,314,800		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Tonnage (waste+ore)	t	47,462,800		550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000
Grade	%	1.32%		1.89%	1.88%	1.31%	1.31%	1.31%	1.31%	1.31%	1.31%	1.33%	1.33%
Mined Graphite	t	569,800		9,462.26	9,382.25	6,568.70	6,568.70	6,568.70	6,568.70	6,568.70	6,601.29	6,655.85	6,655.85
Pre-Concentration Output Tonnage	t	8,629,600		100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Pre-Concentration Output Graphite	t	455,840		7,569.81	7,505.80	5,254.96	5,254.96	5,254.96	5,254.96	5,254.96	5,281.04	5,324.68	5,324.68
Mill Feed Tonnage	t	8,529,600		100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Mill Feed Graphite Input	t	455,840		7,569.81	7,505.80	5,254.96	5,254.96	5,254.96	5,254.96	5,254.96	5,281.04	5,324.68	5,324.68
Mill Feed Graphite Grade	%	5.28%		7.57%	7.51%	5.25%	5.25%	5.25%	5.25%	5.25%	5.28%	5.32%	5.32%
Mill Output Tonnage	t	441,445		7,330.76	7,268.78	5,089.01	5,089.01	5,089.01	5,089.01	5,089.01	5,114.27	5,156.54	5,156.54
Mill Output Graphite	t	419,373		6,964.22	6,905.34	4,834.56	4,834.56	4,834.56	4,834.56	4,834.56	4,858.55	4,898.71	4,898.71
Mill Output Grade	%	95%		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Output Aggregate Tonnes	t	8,188,155		92,669.24	92,731.22	94,910.99	94,910.99	94,910.99	94,910.99	94,910.99	94,885.73	94,843.46	94,843.46
Sold aggregate tonnages	t	818,815		9,266.92	9,273.12	9,491.10	9,491.10	9,491.10	9,491.10	9,491.10	9,488.57	9,484.35	9,484.35
Cash Flow													
Revenue Graphite Product at 95%	\$	\$ 2,712,679,848		\$ 45,047,532	\$ 44,666,625	\$ 31,271,976	\$ 31,271,976	\$ 31,271,976	\$ 31,271,976	\$ 31,271,976	\$ 31,427,162	\$ 31,686,911.77	\$ 31,686,911.77
Revenue Aggregates	\$	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Total	\$	\$ 2,712,679,848		\$ 45,047,532	\$ 44,666,625	\$ 31,271,976	\$ 31,271,976	\$ 31,271,976	\$ 31,271,976	\$ 31,271,976	\$ 31,427,162	\$ 31,686,911.77	\$ 31,686,911.77
Capital Costs	\$	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pre-Con CAPEX	\$	\$ 2,240,000	2,240,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mill Refurbishment	\$	\$ 3,530,000	3,530,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sustaining Capital	\$	\$ 24,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purification Step Expansion	\$	\$ 2,000,000	2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000.00
Reclamation	\$	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$	\$ 31,770,000	7,770,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000.00
Operating Costs													
Mining Overburden	\$/t	2.00		2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Mining Hard Rock	\$/t	5.00		5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Transportation to mill	\$/t	1.00		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Pre-Concentration	\$/t	10.60		10.60	10.60	10.60	10.60	10.60	10.60	10.60	10.60	10.60	10.60
Processing	\$/t	15.00		15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Processing - Upgraded HCl purification	\$/t	100.00		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
G&A	\$/t	5.10		5.10	5.10	5.10	5.10	5.10	5.10	5.10	5.10	5.10	5.10
Operating Costs													
Mining Waste (overburden)	\$	\$ 8,629,600		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000.00	\$ 100,000.00
Mining Ore Regolith	\$	\$ 1,978,000		\$ 1,000,000	\$ 978,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mining Ore Hard Rock	\$	\$ 210,795,000		\$ -	\$ 55,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000.00	\$ 2,500,000.00
Mining Pre-Con	\$	\$ 91,473,760		\$ 1,060,000	\$ 1,060,000	\$ 1,060,000	\$ 1,060,000	\$ 1,060,000	\$ 1,060,000	\$ 1,060,000	\$ 1,060,000	\$ 1,060,000.00	\$ 1,060,000.00
Transportation	\$	\$ 8,629,600		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000.00	\$ 100,000.00
Processing	\$	\$ 129,444,000		\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000.00	\$ 1,500,000.00
Processing Upgraded Process	\$	\$ 44,144,505		\$ 733,076	\$ 726,878	\$ 508,901	\$ 508,901	\$ 508,901	\$ 508,901	\$ 508,901	\$ 511,427	\$ 515,653.57	\$ 515,653.57
G&A	\$	\$ 44,010,960		\$ 510,000	\$ 510,000	\$ 510,000	\$ 510,000	\$ 510,000	\$ 510,000	\$ 510,000	\$ 510,000	\$ 510,000.00	\$ 510,000.00
Total	\$	\$ 539,105,425		\$ 5,003,076	\$ 5,029,878	\$ 6,278,901	\$ 6,278,901	\$ 6,278,901	\$ 6,278,901	\$ 6,278,901	\$ 6,281,427	\$ 6,285,653.57	\$ 6,285,653.57
Royalties	\$	\$ 6,781,700		\$ 112,619	\$ 111,667	\$ 78,180	\$ 78,180	\$ 78,180	\$ 78,180	\$ 78,180	\$ 78,568	\$ 79,217.28	\$ 79,217.28
Govt Royalties	\$	\$ 54,253,597		\$ 900,951	\$ 893,332	\$ 625,440	\$ 625,440	\$ 625,440	\$ 625,440	\$ 625,440	\$ 628,543	\$ 633,738.24	\$ 633,738.24
Net Cash Flow	\$	\$ 2,080,769,127	- 7,770,000	\$ 39,030,886	\$ 38,631,748	\$ 24,289,455	\$ 24,289,455	\$ 24,289,455	\$ 24,289,455	\$ 24,289,455	\$ 24,438,624	\$ 24,688,302.68	\$ 21,688,302.68
BC Taxes	\$	\$ 313,280,869		\$ 5,854,633	\$ 5,794,762	\$ 3,643,418	\$ 3,643,418	\$ 3,643,418	\$ 3,643,418	\$ 3,643,418	\$ 3,665,794	\$ 3,703,245.40	\$ 3,753,245.40
Federal Taxes	\$	\$ 250,624,695		\$ 4,683,706	\$ 4,635,810	\$ 2,914,735	\$ 2,914,735	\$ 2,914,735	\$ 2,914,735	\$ 2,914,735	\$ 2,937,635	\$ 2,967,596.32	\$ 2,602,596.32
Post Tax Cash Flow	\$	\$ 1,516,863,562	- 7,770,000	\$ 28,492,547	\$ 28,201,176	\$ 17,731,302	\$ 17,731,302	\$ 17,731,302	\$ 17,731,302	\$ 17,731,302	\$ 17,840,195	\$ 18,022,460.96	\$ 15,832,460.96

The remaining net cash flow value for production years after year 10 and up to the 87-year life of mine are repetitive with sustaining CAPEX of US\$ 3 million added every 10 years for mining fleet and stationery equipment and parts replacement.

Figure 14 represents the post-tax net cash flows bar chart for the first 20 years of production. The first two years of production are the most profitable at around US\$ 28 million per year, as the relatively higher graphite grade from the regolith is being mined and processed. The profit remaining steady after that around US\$ 18 million annually, with a slight dip to US\$ 15 million every 10 years due to sustaining CAPEX.

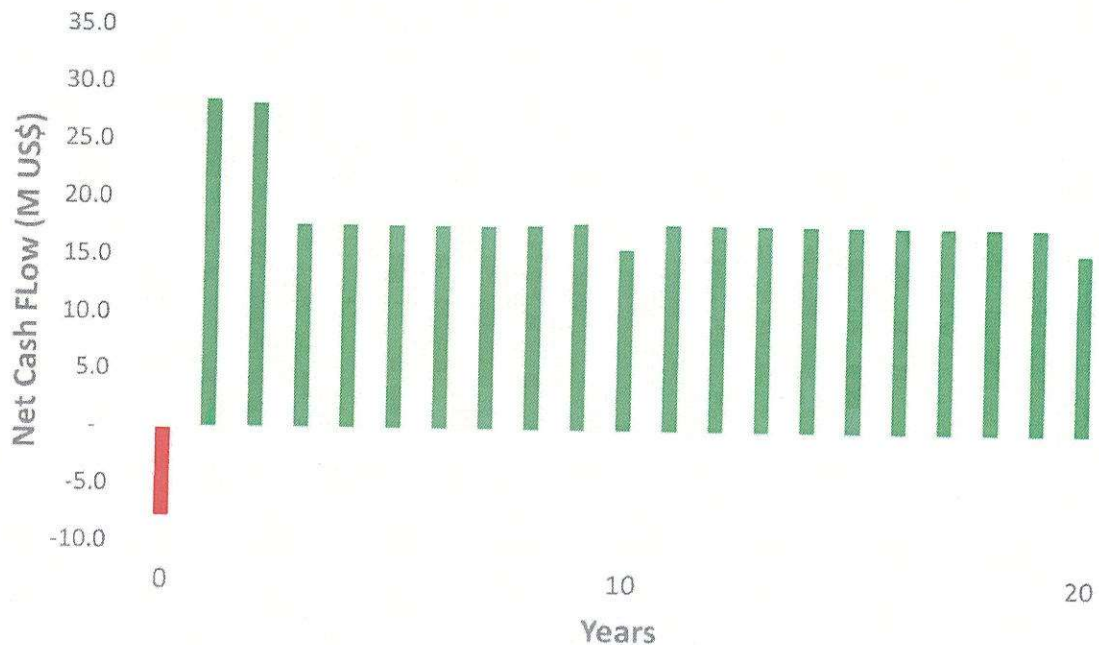


Figure 13: Net Cash Flow Graph for the first 20 years

Based on the calculation for the project's annual net cash flow, the following key results are estimated and presented in Table 14. The results are shown in pre-tax and post-tax values. The post-tax NPV is US\$ 232 million (CAD 313 million), and the post-tax IRR and payback period are 360% and 3.3 months respectively. The values reported for the NPV do not consider any debt or additional discount factor to evaluate the company market value.

Table 14: Economic Model Results Summary

Key Economic Parameter	Value
LOM CAPEX	32 M US\$
Initial CAPEX	7.8 M US\$
LOM OPEX	539 M US\$
LOM Revenue	2713 M US\$
Pre-tax NPV	321 M US\$
Pre-tax IRR	496%
Pre-tax Payback Period	2.4 months
Post-tax NPV	232 M US\$
Post-tax IRR	360%
Post-tax Payback Period	3.3 months

20.3 Sensitivity Analysis

A sensitivity analysis is conducted to assess the variation on the project's post-tax NPV when some of the key economic inputs are varied independently of each other.

Due to the high uncertainty in the CAPEX estimates especially in the extent of work needed for the mill refurbishment, a sensitivity for the capital expenditures was expanded to -25% to +100%.

Other sensitivity ranges that were examined were the following:

- Payable product price: +/- 25% (4610 to 7680 US\$ /tonne)
- Total OPEX: +/- 25% (405 to 675 M US\$ over LOM)
- Overall Recovery +/- 5% recovery (68.6% to 78.6%) (overall recovery is a combination of preconcentration recovery and mill extraction recovery)

The variation in NPV values is presented in Table 15 and Figure 14.

Table 15: Sensitivity analysis

CAPEX		
-25%	0%	+100%
NPV (M US\$)		
235	232	223

OPEX		
-25%	0%	+25%
NPV (M US\$)		
246	232	218

Payable Graphite Price		
-25%	0%	+25%
NPV (M US\$)		
158	232	307

Total Recovery		
-5%	0%	+5%
NPV (M US\$)		
210	232	250

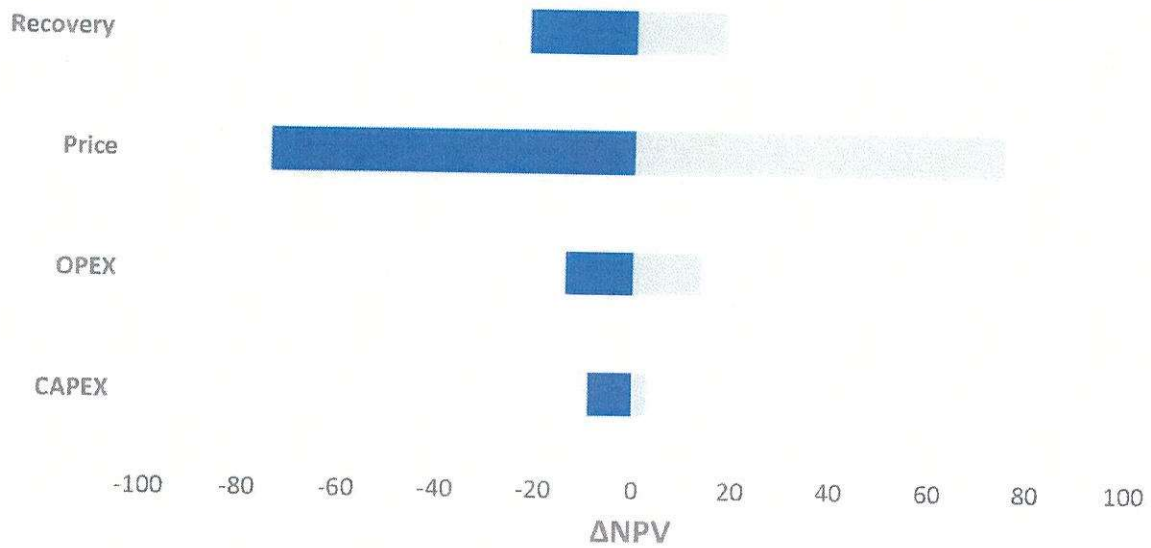


Figure 14: Sensitivity analysis tornado chart

The analysis shows that the NPV is resistant to even large changes in CAPEX and OPEX. The price of payable graphite product has the highest effect on the NPV. However, the NPV remains positive at US\$ 158 million with even a 25% decrease in graphite price.

21. Project Market Value

Though labor intensive, discounted cash flow is generally accepted as the best method of evaluating junior mining companies and properties. Capital and operating costs are calculated or benchmarked. Recovery, product grade, and market price are used to calculate revenue. All factors are combined by year with a discount rate to create a best estimate NPV as well as IRR and payback period. The final step to transform NPV into market value must take a variety of soft factors into account. The final value reduction depends on these factors which are combined into an overall reduction, typically in the 50-90% range. We can call this the discount factor, not to be confused with the discount rate (8%).

Federal and provincial environmental permit risk

Most new mines struggle for years with mining permits. Time spent on permits and the risk of rejection increase the discount factor for deposits substantially. Black Crystal's environmental permits are in place so this risk factor is low. Permitting is a very large risk so having permits in place is a substantial advantage in calculating discount factors.

Local communities risk

The risk of local communities rejecting federal and provincial decisions or influencing them needs to be accounted for. There are several examples of local groups blocking the advancement of new mines. As Black Crystal is a past producer this risk is low.

Mine permit risk

Time spent on the mining permit, and the risk of delays, increase the discount factor. Black Crystal has mine permits in place, so this risk is low.

Water rights risk

In many jurisdictions water rights are difficult to obtain. Black Crystal has water rights in place, so this risk is low.

Time to production

Time to production includes studies design financing engineering permitting and construction. A project that may take 5-10 years to start producing revenue is not as valuable as a project ready to produce in one year. Black Crystal's potential time to production is very short compared to most projects.

Funding risk

Funding risk is particularly hard to quantify. It tries to assess the likelihood of the project being funded through equity, partners, or sale to major producers. The internal rate of return and payback period are particularly important in today's market. Despite the high Internal rate of return and payback period indicating this should be a project which is easy to finance, a high risk was assigned to this category due to ongoing financial issues.

Government stability risk

Canadian and British Columbian stability are high, Government risk is low.

Technical risk

Technical risk for Black Crystal is moderate which is in line with typical PEA or PFS reports. Significant Lab pilot and production work has been completed, but more would be required to achieve a feasibility level technical risk value of "low"

Geological risk

With significant quantities of measured and indicated the NPV of the project is almost entirely dependent on relatively high confidence geological modeling to NI 43-101 standards. As the mine life is long, inferred values mined in later years are not particularly important to the NPV so a Geological risk of Low-Moderate is used. This is typical of 43-101 PEA reports with consistent geology.

Commodity price risk

The risk of price decrease is balanced by a very real possibility of large price increases in short to long term graphite markets. Overall, we consider this risk low.

Payback period and IRR

Projects with long payback periods are generally riskier than projects with fast payback periods. Having high profit margins allows projects to absorb significant changes in production, expenses and revenue, while remaining profitable. Investors seek high margin projects for high cash flow as well as risk reduction. As a result, the discount factor for high margin projects tends to be lower.

Table 16: Project Risk Analysis

Risk Description	Risk Level
Federal and provincial environmental permit risk	Low
Local communities risk	Low
Mine permit risk	Low
Water rights risk	Low
Time to production	Low
Funding risk	High
Government stability risk	Low
Technical risk	Moderate
Geological risk	Low-Moderate
Commodity price risk	Low
Payback period	Low
Overall	Low

Overall investment risks are low compared to many early development projects and the recommended discount factor of 60% reflects that.

Key factors include:

- Mine permits are in hand
- Environmental permits are in hand
- Short time to production
- Small capital expense relative to NPV
- High rate of return and high margins

In this situation 60% is an appropriate value reduction for a deposit.

After applying the 60% discount factor on the NPV, the estimated project market value is US\$ 93 million (CAD 126 million).

22. Conclusions and Recommendations

ABH Engineering was retained by Eagle Graphite Corp to provide their opinion and to prepare a non-NI 43-101 compliant, short report outlining the value of the Black Crystal Project for use by the company in a legal matter. The geology assessment is based on a Technical Report produced by Tetra Tech in 2018.

The Black Crystal project is located within the Valhalla Mountains, which is approximately 60 km northwest of Castlegar, BC. The plant which historically produced the graphitic material from the quarry is located approximately 0.5 km from the junction of Koch Creek Road and Slocan Road, along Koch Creek Road. Tetra Tech in 2018 had noted that the plant is not currently in operation, however, it is substantially in the same condition as when it was last producing graphite in 2013.

99% purity appears to be readily achievable for the Black Crystal Property using standard technology most of which is already installed and permitted. Extra capital and operating costs are assumed to ensure 99% can be achieved consistently. Projected post-tax NPV is US\$ 232 million (CAD 313 million), IRR is 360% and payback period is 3.3 months.

A simulation with 95% product grade was conducted and had a positive NPV of US\$ 21 million (CAD 28 million) with IRR of 85% and payback period of 11.2 months. It seems unreasonable to use a 95% product quality when 99% is achievable and has substantially higher market values. After applying 60% discount factor, the project market value is estimated to be US\$ 93 million (CAD 126 million).

It is recommended to move forward with a NI 43-101 compliant preliminary economic assessment to remove assumptions and obtain better estimates for the project's economics.

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