Court File No. CV-23-00707394-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TACORA RESOURCES INC.

Applicant

RESPONDING MOTION RECORD OF 1128349 B.C. LTD.

March 27, 2024

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TO: THE SERVICE LIST

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RESPONDING MOTION RECORD OF 1128349 B.C. LTD.

1. 1128349 B.C. Ltd. ("**1128349**") sets out below the basis for its opposition to Tacora Resources Inc.'s ("**Tacora**") motion, returnable April 16, 2024, for a declaration that 1128349 is not entitled under the CCAA to payment of amounts owing under the Amendment and Restatement of Consolidation of Mining Leases, 2017, made between Tacora and 0778539 B.C. Ltd. (the "**Wabush Lease**"), other than the payments negotiated by Tacora in the Subscription Agreement (as defined in the Notice of Motion).

2. The Wabush Lease is critical to Tacora's operations. Without it, Tacora cannot mine.

3. The Wabush Lease is not a standard lease contract or royalty contract. It incorporates elements of both that are fundamental to the contract and the parties' respective rights.

4. Tacora is in arrears in its pre-filing payment of the Royalty[1] due and payable to 1128349 under the Wabush Lease in the aggregate amount of at least CDN $22,737,444.52 (the "**Pre-Filing Royalty**").

5. 1128349 says that the Pre-Filing Royalty is not a simple cure cost that, according to Tacora, is not required to be paid due to the proposed RVO structure of its pending transaction.

6. 1128349 asks that this Honourable Court grant an order:

[1] Capitalized terms not otherwise specifically defined herein shall have the meanings ascribed thereto in the Affidavit of Samuel Morrow filed for this motion.

(a) dismissing Tacora's request for a declaration that Tacora is not required to pay the Pre-Filing Royalty in connection with the Transactions and the Subscription Agreement;

(b) requiring that Tacora pay the Pre-Filing Royalty plus the post-filing Royalty amount described in paragraph 25 below;

(c) in the alternative, should this Honourable Court determine that the Pre-Filing Royalty need not be paid, requiring that Tacora pay the post-filing Royalty described in paragraph 25 below;

(d) that Tacora pay 1128349's costs of this motion on a substantial indemnity basis; and

(e) for such further and other relief as this Honourable Court deems just.

THE WABUSH LEASE AND THE ROYALTY

7. According to the Wabush Lease, the Royalty is payable in "*an amount equal to seven percent (7%) of the Net Revenues from Iron Ore Products produced or derived from the Demised Premises*".

8. The term "Iron Ore Products" is defined as follows:

> *(e) "Iron Ore Products" shall mean and include iron ore, crude iron bearing material including Iron Ore Concentrate, and any other metal, material, or composition produced from iron ore or crude iron bearing material or otherwise.*[2]

9. "Net Revenues" is defined alternatively in relation to arm's length and non-arm's length sales of Iron Ore Products:

(a) for sales of Iron Ore Products *"under an arm's length, bona fide contract of sale",* Net Revenues are to be based on the sales proceeds, that is:

> *the amount per Metric Ton (weight determined by vessel draft survey) actually received by or otherwise payable or credited to the*

[2] Wabush Lease, clause (e).

> *account of the Lessee and its affiliates calculated f.o.b. Pointe Noire Québec or such other applicable port on the St. Lawrence seaway from which such Iron Ore Products is shipped to the Lessee's customers ("Port")…*[3]

(b) for sales of Iron Ore Products "in a non-arm's length transaction", Net Revenues are to be computed according to published industry-standard pricing, that is:

> *… the amount per Metric Ton by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery ("Industry Service") or, if such Industry Service is unavailable, then by such other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products of equivalent types are being sold and purchased, calculated at f.o.b. Port.*[4]

10. The clear intent of the Wabush Lease is that the Royalty is to be calculated and paid based on the value of arm's length sales of Iron Ore Products. Where Tacora engages in non-arm's length sales transactions, Clause (j)(ii) requires the use of published market proxy prices to calculate the Net Revenues base for the Royalty.

11. The Wabush Lease provides for quarterly payments of the Royalty.

12. 1128349's Royalty constitutes an interest in the Wabush Lease lands and minerals.[5]

13. Clause C(4) entitles 1128349 as lessor to terminate the Wabush Lease upon 60 days' notice in the event of a default in payment of the Royalty by Tacora. On August 25, 2023, 1128349 delivered to Tacora a 60-day notice of termination of the Wabush Lease, which termination was stayed by the Initial Order in this proceeding.

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[3] Wabush Lease, clause (j)(i).
[4] Wabush Lease, clause (j)(ii).
[5] Wabush Lease, clause A(12).

14. Had Tacora not been granted the Initial Order on October 10, 2023, the Wabush Lease would have terminated on October 25, 2023.

TACORA'S CALCULATION AND PAYMENT OF THE ROYALTY

15. Tacora achieved commercial production of the mine located on the Wabush Lease, known as the Scully Mine, in 2019.

16. Commencing in the third quarter of 2019, Tacora began paying the Royalty to 1128349 pursuant to offtake transactions.

17. The Royalty has been calculated and paid by Tacora based on revenues under the November 9, 2018 Iron Ore Sale and Purchase Contract made between Tacora and Cargill International Trading Pte Ltd. ("**Cargill Intl**") and its related December 17, 2019 Stockpile Agreement, thirteen (13) side letters (including the September 14, 2021 Fixed Price Side Letter), the January 3, 2023 APF Agreement and the July 10, 2023 Wetcon Agreement[6] (collectively the "**Cargill Offtake Agreement**").

18. Cargill Intl is the sole and exclusive purchaser of the Scully Mine Iron Ore Products.

19. The Wabush Lease identifies the initial April 5, 2017 Tacora-Cargill Intl offtake agreement, but this offtake agreement was not identified to be an arm's length *bona fide* contract of sale under Clause (j)(i).

TACORA IS OBLIGED TO PAY THE PRE-FILING AND POST-FILING ROYALTY

20. The Wabush Lease is a core asset, and the source of Tacora's mining rights. Together with the Royalty, it constitutes an interest in land. It is a "Retained Contract" under the Subscription Agreement.

21. 1128349 disputes Tacora's contention that it is not required to pay the Pre-Filing Royalty amounts owing in this CCAA proceeding.

22. 1128349 says that the Royalty is a critical element of the Wabush Lease, and should be characterized as both a rent payment and a royalty payment in accordance with its terms.

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[6] The Stockpile Agreement, the APF Agreement and the Wetcon Agreement have the meanings ascribed thereto in the Joe Broking October 9, 2023 Affidavit filed in this proceeding.

23. 1128349 says that in accordance with the terms of the Wabush Lease, sections 11 and 11.01 of the CCAA, and the provisions of this Honourable Court's orders in this proceeding, Tacora must pay the Pre-Filing Royalty and post-filing Royalty in full as part of the Transactions contemplated in the Subscription Agreement.

1128349'S PRE- AND POST-FILING ROYALTY CLAIM

24. Tacora is in arrears in its payment of the Pre-Filing Royalty due and payable to 1128349 in the aggregate amount of at least CDN $22,737,444.52, including the following amounts:

    (a) unpaid Q2 2023 Royalty, confirmed by Tacora in its July 24, 2023 letter to 1128349 to be in the aggregate amount of CDN $5,865,004.23;

    (b) unpaid Q3 2023 Royalty, confirmed by Tacora in its October 24, 2023 letter to 1128349 to be in the aggregate amount of CDN $7,962,729.76;

    (c) partially unpaid Q4 2023 Royalty, confirmed by Tacora in its January 24, 2024 letter to 1128349 to be in the aggregate amount of CDN $1,614,456.81; and

    (d) underpayment up until Q3 2023 by reason of Tacora's failure to calculate the Royalty on the basis of non-arm's length Net Revenues in the amount of CDN $7,295,253.73, as calculated and set out in the report of David Persampieri.

25. Additionally, 1128349 is entitled to unquantified underpaid post-filing Royalty based on Tacora's failure to calculate the Royalty from Q4 2023 to date on the basis of non-arm's length Net Revenues as provided in Clause (j)(ii) of the Wabush Lease, as well as any other unpaid post-filing Royalty.

TACORA'S NON-ARM'S LENGTH RELATIONSHIP WITH CARGILL

26. 1128349 says that at material times, Tacora was non-arm's length to the Cargill Entities. By November, 2018, Tacora described Cargill to be a long-term strategic equity investor, and by December 31, 2022, Tacora admitted in its financial statements that Cargill Inc. was a "related party".

27. The Cargill Entities' non-arm's length relationship with Tacora is evidenced by their ownership interests in Tacora, their financing bonds with Tacora and their governance influence over Tacora. In consequence:

(a) Tacora's sales of Iron Ore Products to Cargill Intl have been non-arm's length transactions, with the Cargill Offtake Agreement constituting a non-arm's length contract of sale for such transactions;

(b) Tacora was accordingly required to use the Clause (j)(ii) non-arm's length Net Revenues base to calculate the Royalty;

(c) Tacora has wrongly calculated and paid the Royalty based on Cargill Offtake Agreement revenues rather than the Clause (j)(ii) non-arm's length Net Revenues; and

(d) 1128349 has been underpaid the Royalty by reason of Tacora's failure to use non-arm's length Net Revenues in calculating the Royalty.

28. Insofar as the Cargill Entities' non-arm's length relationship with Tacora is concerned:

(a) Tacora and Cargill Inc. are related parties, which Tacora now admits;

(b) Cargill Inc. has been a key partner and important source of financial support for Tacora since its inception, inclusive of Cargill employees serving as technical and business advisors to Tacora in addition to serving as the acting general manager of operations of Tacora;

(c) Cargill Inc. has had significant influence over Tacora's majority shareholder, Proterra M&M MGCA B.V., an entity of Proterra Investment Partners;

(d) Proterra M&M MGCA B.V. is a Cargill Inc. and Black River Capital Partners Fund (a Cargill Inc. related entity) sponsored special purpose vehicle whose sole purpose is to invest in Tacora's under the Wabush Lease;

(e) Cargill Inc. had an indirect ownership interest in Tacora pre-dating the first Royalty transaction and has since taken an effective direct interest in Tacora, via convertible preferred shares;

(f) Cargill Intl is Tacora's sole customer;

(g) The Cargill Agreement is not market and is favourable to Cargill Intl;

(h) Cargill Intl frequently prepays for Tacora's product in the interest of keeping the favourable terms of the Cargill Agreement;

(i) Cargill Inc is the parent company of Cargill Intl;

(j) Tacora's Board of Directors has been under de facto control by Proterra and Cargill Inc executives since execution of the Cargill Agreement;

(k) Cargill Inc has always had a Tacora board seat by virtue of Phil Mulvihill's appointment, who is Cargill Inc.'s "Partnerships and Investments Lead". Mr. Mulvihill also sits on Proterra Investment Partners' Board of Directors;

(l) Cargill Inc. hired Tacora's former co-founder, Chief Operating Officer, and Chief Commercial Officer, Matt Lehtinen, in 2023 and he has responsibility for Cargill Inc.'s and Cargill Intl's relationship with Tacora;

(m) Cargill Inc. has exercised management functions of the Tacora mine since commercial production by way of, at least, a full-time operational consultant and two capital project consultants;

(n) Cargill Inc. invested an additional USD $15,000,000.00 in preferred shares of Tacora in Q4 2022;

(o) Cargill Intl invested USD $35,000,000 under a January 2023 advance payments facility agreement, which agreement and amendments thereto bound Tacora by numerous management conditions; and

(p) Cargill Intl holds penny warrants for 35% of the common shares of Tacora.

29. Insofar as the amount of the Royalty underpayment is concerned, 1128349 expects the evidence to demonstrate that:

(a) Tacora, through its Chief Accounting Officer, admitted that in the event Cargill Intl were non-arm's length to Tacora, Tacora's use of Cargill Offtake Agreement revenues to calculate the Royalty resulted in Royalty underpayments to 1128349;

(b) Independent expert evidence from David Persampieri now verifies that if Tacora and Cargill Intl are non-arm's length to one another, the Royalty provided for in the

Wabush Lease was underpaid to 1128349 for the period Q1 2021 to Q3 2023 in the aggregate amount of CDN $7,295,253.73.

QUANTUM OF UNPAID ROYALTY

30. There is no dispute as to the quantum of the unpaid Royalty for Q2 2023, Q3 2023 and the stub period of Q4 2023 as calculated by Tacora on the basis of Cargill Offtake Agreement revenues. This amount totals CDN $15,442,190.80.

31. In addition to this amount, 1128349 says that, based on its expert's opinion, it is entitled to additional Pre-Filing Royalty of CDN $7,295,252.05 based on Tacora's sales of Iron Ore Products in non-arm's length transactions for the period Q1 2020 – Q3 2023.

32. For the reasons set out above, 1128349 says that it would be entitled to post-filing Royalty payment calculated on the same basis as the underpaid Pre-Filing Royalty.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

33. Affidavit of Samuel Morrow sworn March 26, 2024;

34. Affidavit of David Persampieri sworn March 18, 2024; and

35. Such further and other evidence as counsel may advise and this Court may permit.

March 27, 2024

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ACTION COMMENCED AT TORONTO

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Applicant

AFFIDAVIT OF SAMUEL MORROW
(Sworn March 26, 2024)

I, **SAMUEL MORROW**, of the City of Shanghai, China, MAKE OATH AND SAY:

1. I am a director of 1128349 B.C. Ltd. ("**1128349**"), a company incorporated under the laws of the province of British Columbia, Canada and registered to carry on undertakings in the province of Newfoundland and Labrador.

2. I am also the President, Chief Executive Officer, Chief Financial Officer and a director of 1128349's ultimate parent corporation Scully Royalty Ltd. Scully Royalty Ltd. is listed and trades on the New York Stock Exchange under the symbol SRL.

3. As Chief Executive Officer of Scully Royalty Ltd., I have principal responsibility for managing the Amendment and Restatement of Consolidation of Mining Leases, 2017, made between Tacora Resources Inc. ("**Tacora**") and 0778539 B.C. Ltd. (the "**Wabush Lease**") and for monitoring the royalty, described therein as the "Earned Royalties," which is payable to 1128349 under the Wabush Lease (the "**Royalty**").

4. Tacora operates the iron ore mine known as the Scully Mine on and in the lands and mineral rights leased under the Wabush Lease. Tacora achieved commercial production from the Scully Mine in June 2019.

5. In the course of my management and monitoring duties respecting the Wabush Lease and the Royalty, I have since 2017 been in contact with Joe Broking (presently Tacora's Chief Executive Officer and formerly Tacora's Chief Financial Officer), Heng Vuong (presently Tacora's Chief Financial Officer) and Hope Wilson (Tacora's Chief Accounting Officer).

The Wabush Lease

6. In my capacities as Chief Executive Officer of Scully Royalty Ltd. and director of 1128349, and in managing the Wabush Lease and monitoring the Royalty, I have gained personal knowledge of the matters I hereinafter depose to. Where I rely on knowledge that is not personal knowledge, I do so in the honest belief that such information is true.

7. For the purposes of managing the Wabush Lease and monitoring the Royalty payable thereunder, I have:

   (a) received and reviewed Royalty statements and associated payments paid to 1128349 by Tacora;

   (b) reviewed available financial information about Tacora, including financial information provided to 1128349 pursuant to a December 20, 2022 letter agreement made between Tacora and 1128349 in relation to 1128349's consent to an Advance Payments Facility Agreement made by Tacora in favour of Cargill International Trading Pte Ltd. ("**Cargill Intl**") (the "**Financial Information Letter**", a copy of which is attached hereto as Exhibit "A");

   (c) reviewed press releases, presentations and disclosures made to investors by Tacora; and

   (d) made inquiries of Tacora's senior personnel from time to time as to the Scully Mine production and Tacora's financial health and viability.

8. Tacora, Cargill Intl and Cargill Inc. are all private corporations, with limited information about any of them published or otherwise made available in the public domain.

9. For the purposes of this affidavit, I have read the Motion Record of Tacora dated March 21, 2024, and prior filings in Tacora's proceeding under the *Companies' Creditors Arrangement Act* ("***CCAA***").

The Royalty

10. Under the Wabush Lease:

(a) Clause A(1) provides that the Royalty payable is "an amount equal to seven per cent (7.0%) of the Net Revenues from Iron Ore Products produced or derived from the Demised Premises".

(b) Clause A(1) further provides that the Royalty is payable quarterly to 1128349 on or before of the 25th day of January, April, July and October in each year.

(c) The term "Net Revenues" is defined in clause (j) of the Wabush Lease with reference to non-arm's length, *bona fide* contracts of sale, and alternatively, sales in non-arm's length transactions. It provides as follows:

> *(j) "Net Revenues" shall mean:*
>
> *(i) in the event that the Lessee sells Iron Ore Products under an arm's length, bona fide contract of sale, the amount per Metric Tonne (weight determined by vessel draft survey) actually received by or otherwise payable or credited to the account of the Lessee and its affiliates calculated f.o.b. Pointe Noire, Québec or such other applicable port on the St. Lawrence seaway from which such Iron Ore Products is shipped to the Lessee's customers (the "Port"), or in the case of sales ex-mine gate or ex-rail, calculated at the point of actual sale, including, without limitation, all payments, incentives, bonuses, allowances, profit sharing or other consideration received by, credited or payable to the Lessee and/or its affiliates in respect thereof, less: (A) the Deductible Expenses; and (B) any royalties or overriding royalties measured by production of Iron Ore Products that are imposed on the Lessee under applicable laws by the Province of Newfoundland and are actually paid to such Province by the Lessee in respect of such sale of Iron Ore Products (it being acknowledged that no such royalties or overriding royalties exist on the date hereof); and*
>
> *(ii) in the event that the Lessee otherwise sells Iron Ore Products, including without limitation, in an non-arm's length*

> *transaction, the amount per Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "Industry Service") or, if such Industry Service is unavailable, then by such other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port.*

(d) The term "Iron Ore Products" is defined in clause (e) of the Wabush Lease as follows:

> *(e) "Iron Ore Products" shall mean and include iron ore, crude iron bearing material including Iron Ore Concentrate, and any other metal, material or composition produced from iron ore or crude iron bearing material or otherwise.*

(e) Clause C(4) entitles 1128349 as Lessor to give sixty (60) days' written notice of termination if the Lessee (Tacora) is in arrears of payment of the Royalty for thirty (30) days.

11. The Wabush Lease provides that the obligations to pay the Royalty will be an interest in land. Clause A(12) states as follows:

> *12. The parties hereto acknowledge and agree that the obligations to pay Earned Royalties hereunder will be a covenant running with the Demised Premises, will be enforceable as an in rem interest in land which shall run with the Demised Premises and will be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns and form an integral part of this Indenture and the lease of the Demised Premises contemplated hereunder.*

12. I understand that it was the intention of both 0778539 and Tacora at the time of signing that the Royalty would constitute an interest in the lands and mineral rights leased under the Wabush Lease.

1128349's Concerns in 2021 Regarding the Royalty Amounts Paid

13. From Q3 2019 until Q1 2023, and for the period October 10-December 31, 2023, Tacora calculated and paid 1128349 the Royalty based on revenues under the November 9, 2018 Iron Ore Sale and Purchase Contract made between Tacora and Cargill Intl, as such Contract has been amended from time to time (the "**Cargill Offtake Agreement**").

14. On or about October 25, 2021, 1128349 received a shockingly low Royalty payment (in the total amount of $844,907.10) from Tacora for the third quarter of 2021 (reduced from the total Royalty payment for the second quarter, paid on or about July 20, 2021, of $18,410,285.47). Given that this low Royalty payment occurred at a time when Tacora was struggling to ramp up production at the Scully mine, 1128349 believed that the Royalty was being underpaid.

15. In November of 2021, 1128349 engaged forensic accountants Lepage Marcil David ("**LMD**") to assess what 1128349 viewed to be Tacora's improper underpayment of the Q3 2021 Royalty. 1128349 engaged LMD for the dominant purpose of commencing litigation against Tacora for such Royalty underpayment. 1128349 claims privilege on LMD's communications to 1128349 pursuant to such engagement.

16. Thereafter, 1128349 became further concerned that Tacora was not at arm's length to Cargill Intl and its parent corporation Cargill Inc. (Cargill Inc. and Cargill Intl being hereinafter collectively referred to as the "**Cargill Entities**") and that, given the dynamics of this relationship, it would be appropriate to utilize the non-arm's length Net Revenues definition in the Wabush Lease. Before this time, I had accepted Tacora's good faith representation that it was arm's length to Cargill Intl.

The Uneconomic Cargill Offtake Agreement

17. A core issue in these CCAA proceedings is the uneconomic nature of the Cargill Offtake Agreement. 1128349 does not believe that the onerous terms of this contract are due to poor negotiations by Tacora or different market conditions; rather, 1128349 believes the reason is that the Cargill Entities and Tacora were, at relevant times, non-arms length

parties. As an example, in a letter written to Tacora on August 10, 2023 (which is annexed as Exhibit "YY" hereto), Mike Shakra, partner at Bennett Jones (counsel to the Ad Hoc Bondholder group), wrote: "Taken as a whole the current terms of the Offtake Agreement are not commercial. It is and has been an impediment to potential buyers and investors… The Steering Committee is concerned that in its current form, the Offtake Agreement will continue to destroy stakeholder value."[1]

18. The uneconomic nature of the Cargill Offtake Agreement is demonstrated by the opinion of 1128349's iron ore industry expert, David Persampieri, which is discussed below. It is Mr. Persampieri' s opinion that, if the Royalty had been calculated and paid on the basis of the non-arm's length definition of Net Revenues under the Wabush Lease, instead of on the basis of Cargill Offtake Agreement revenues, 1128349 would have been paid CDN $7,295,253.73 more in Royalty for the period Q1 2020 – Q3 2023 than it was in fact paid by Tacora.

19. In the first quarter of 2024, I was advised by Heng Vuong, Tacora's Chief Financial Officer, that the main reason that the Cargill Entities were not able to get equity commitments to support their bid for Tacora was the structure of the Cargill Offtake Agreement.

20. The basis for 1128349's belief that Tacora and the Cargill Entities were non-arm's length parties is detailed in 1128349's August 22, 2023 Detailed Arbitration Statement of Claim (the "**DASOC**") which was filed in the Arbitration (as described below). The DASOC (excluding exhibits) is attached hereto as Exhibit "B". I outline below 1128349's Arbitration proceeding and detail the basis for 1128349's belief that the Cargill Entities were non-arm's length to Tacora.

1128349's Initiation of the Arbitration against Tacora

21. Tacora failed to pay the first quarter 2023 Royalty payment of CDN $8,727,175.84 (the "Q1 2023 Royalty") on or before April 25, 2023, as was required by the Wabush Lease.

22. On April 27, 2023, 1128349 wrote to Tacora to notify them that if the Q1 2023 Royalty was not paid by May 25, 2023, 1128349 would provide them with notice of default under the Wabush Lease. In that correspondence, a copy of which is attached as Exhibit "C",

[1] Exhibit "YY", being Exhibit "C" to the October 15, 2023 Affidavit of Philip Yang of counsel to Tacora.

1128349 additionally notified Tacora of its claim for underpaid Royalty in an amount in excess of USD $10,000,000. In that letter, 1128349 stated that the Royalty underpayment was a consequence of Tacora's non-arm's length relationship with Cargill Intl and its failure to calculate the Royalty in accordance with clause (j)(ii) of the Wabush Lease.

23. On May 19, 2023, 1128349 initiated arbitration proceedings against Tacora (the "**Arbitration**").

24. Tacora paid the Q1 2023 Royalty to 1128349 on or about May 28, 2023.

25. Thereafter, Tacora failed pay to 1128349 the second quarter 2023 Royalty payment of CDN $5,865,004.23 (the "**Q2 2023 Royalty**"). This payment was due and payable on or before July 25, 2023. On August 25, 2023, 1128349 gave Tacora sixty days notice of termination of the Wabush Lease. The Q2 2023 Royalty continues to be unpaid and outstanding.

26. On August 22, 2023, 1128349 delivered the DASOC in the Arbitration.

27. I attach to this my affidavit the Exhibits to the DASOC, which ground and evidence the basis for 1128349's claims to underpayment of the Royalty by reason of Tacora's failure to employ the non-arm's length Net Revenues base specified in Clause j(ii) and Tacora's non-payment of the Q2 2023 Royalty. Where applicable, I explain how I obtained the relevant Exhibit:

    (a) Exhibit "D" – DASOC reference CX-000001 – 0778539 BC Ltd Certificate of Registration of Redomiciliation (18 July 2017). I am advised and do verily believe that this Certificate was obtained by 1128349's counsel from the Registrar of Corporations for the Republic of the Marshall Islands.

    (b) Exhibit "E" – DASOC reference CX-000002 – Amendment and Restatement of Consolidation of Mining Leases, 2017 (17 November, 2017). This is the Wabush Lease, which is registered at Volume 34, Folio 16 of the Registry of the Mineral Claims Recorder for Newfoundland and Labrador.

    (c) Exhibit "F" – DASOC reference CX-000003 – Indenture of Assignment between LTC Pharma (Int) Ltd and 1128349 BC Ltd (6 March, 2018). This indenture of

Assignment is a 1128349 document which is registered at Volume 34, Folio 17 of the Registry of the Mineral Claims Recorder for Newfoundland and Labrador.

(d) Exhibit “G” – DASOC reference CX-000004 – Tacora Resources Inc Consolidated Financial Statements for the year ended December 31, 2019 (31 December, 2019). I obtained these from Tacora through online access by virtue of my management role in connection with the Wabush Lease.

(e) Exhibit “H” – DASOC reference CX-000005 – Royalty Payment from Tacora Resources Ltd to 1128349 BC Ltd for Third Quarter 2019 (25 October 2019). This correspondence was provided to 1128349 by Tacora. I obtained these from Tacora through online access by virtue of my management role in connection with the Wabush Lease.

(f) Exhibit “I” – DASOC reference CX-000006 – Iron Ore Sale and Purchase Contract between Tacora Resources Inc and Cargill International Trading Pte Ltd (9 November, 2018). This is the Cargill Offtake Agreement dated November 9, 2018 which was provided to 1128349 by Tacora.

(g) Exhibit “J” – DASOC reference CX-000007 – Tacora Resources Inc Offering Memorandum (5 May 2021). This was provided to me by Tacora by virtue of my management role in connection with the Wabush Lease.

(h) Exhibit “K” – DASOC reference CX-000008 – Tacora Resources Inc, Press Release, “Tacora Resources Inc. Announces the Purchase of the Scully Mine, an Agreement with the USW on a New Collective Bargaining Agreement and the Execution of a Long Term Offtake Agreement with Cargill” (19 July 2017). This is a July 19, 2017 Tacora press release which I obtained.

(i) Exhibit “L” – DASOC reference CX-000009 – Affidavit of Larry Lehtinen, sworn 19 June 2017. This is the June 19, 2017 affidavit which was filed by Larry Lehtinen, who was then Tacora’s Chief Executive Officer, in prior CCAA proceedings related to the Scully Mine and the Wabush Lease.

(j) Exhibit “M” – DASOC reference CX-000010 – Access to Information Request Response from Government of Newfoundland and Labrador Department of Natural Resources (4 April 2018). I am advised and do verily believe that these

documents were obtained by 1128349's counsel from the Government of Newfoundland and Labrador website for "Completed Access to Information Requests" under the *Access to Information and Protection of Privacy Act*.

(k) Exhibit "N" – DASOC reference CX-000011 – Access to Information Request Response from Government of Newfoundland and Labrador Department of Natural Resources (15 October 2019). I am advised and do verily believe that these documents were obtained by 1128349's counsel from the Government of Newfoundland and Labrador website for "Completed Access to Information Requests" under the *Access to Information and Protection of Privacy Act*.

(l) Exhibit "O" – DASOC reference CX-000012 – Karl Plume "Cargill subsidiary Black River spins off private equity firm", Reuters (25 January 2016). I am advised and do verily believe that this document was obtained by 1128349's counsel and is a Reuters news story authored by Karl Plume.

(m) Exhibit "P" – DASOC reference CX-000013 – LinkedIn Profile of Ned Dau (30 July 2023). I am advised and do verily believe that this document was obtained by 1128349's counsel and is the online LinkedIn profile of Ned Dau as of July 30, 2023.

(n) Exhibit "Q" – DASOC reference CX-000014 – Shruti Date Singh "Former Cargill private equity firm spun off, renamed Proterra", Bloomberg News (25 January 2016). I am advised and do verily believe that this document was obtained by 1128349's counsel and is a Bloomberg News story authored by Shruti Date Singh.

(o) Exhibit "R" – DASOC reference CX-000015 – Tacora Resources Inc., News Release, "Tacora Resources Inc. Announces Completion of Scully Mine Restart Financing" (27 November 2018). This is a November 27, 2018 Tacora press release which I obtained. I obtained these from Tacora through online access by virtue of my management role in connection with the Wabush Lease.

(p) Exhibit "S" – DASOC reference CX-000016 – Tacora Resources Inc. Consolidated Financial Statements for the years ended December 31, 2021 and 2020 (31 December 2021). I obtained these from Tacora through online access by virtue of my management role in connection with the Wabush Lease.

(q) Exhibit “T” – DASOC reference CX-000017 – “About” (retrieved 4 July 2023), online, Proterra Investment Partners. I am advised and do verily believe that this document was obtained by 1128349’s counsel and is an extract from the website for Proterra Investment Partners.

(r) Exhibit “U” – DASOC reference CX-000018 – Proterra Investment Partners, News Release, “Recently retired Cargill CFO David Dines Joins Proterra Investment Partners” (15 October 2021). This is an October 15, 2021 Proterra Investment Partners press release which I obtained.

(s) Exhibit “V” – DASOC reference CX-000019 – Tacora Resources Inc. Presentation to Bondholders (3 March 2023). I obtained these from Tacora through online access by virtue of my management role in connection with the Wabush Lease.

(t) Exhibit “W” – DASOC reference CX-000020 – Tacora Resources Inc. Investor Presentation (1 May 2021). I obtained these from Tacora through online access by virtue of my management role in connection with the Wabush Lease.

(u) Exhibit “X” – DASOC reference CX-000021 – Tacora Resources Inc. Investor Presentation (1 February 2022). I obtained these from Tacora through online access by virtue of my management role in connection with the Wabush Lease.

(v) Exhibit “Y” – DASOC reference CX-000022 – Tacora Resources Inc. Material Change Report (21 November 2022). I obtained these from Tacora through online access by virtue of my management role in connection with the Wabush Lease.

(w) Exhibit “Z” – DASOC reference CX-000023 – Tacora Resources Inc. Consolidated Financial Statements for the years ended December 31, 2022 and 2021 (1 June 2023). I obtained these from Tacora through online access by virtue of my management role in connection with the Wabush Lease.

(x) Exhibit “AA” – DASOC reference CX-000024 – Tacora Resources Inc., News Release, “Tacora Announces Results of Consent Solicitation and Issuance of 9.00% Cash / 4.00% PIK Senior Secured Priority Notes Due 2023” (15 May 2023). This is a May 15, 2023 Tacora press release which I obtained.

(y) Exhibit “BB” – DASOC reference CX-000025 – Offtake Contract: Fixed Price Side Letter (14 September 2021). This is a September 14, 2021 Offtake Contract: Fixed Price Side Letter between Tacora and Cargill Intl which was provided to 1128349 by Tacora.

(z) Exhibit “CC” – DASOC reference CX-000026 – Tacora Resources Inc. Material Change Report (29 April 2023). I obtained these from Tacora through online access by virtue of my management role in connection with the Wabush Lease.

(aa) Exhibit “DD” – DASOC reference CX-000027 – Tacora Resources Inc. Conference Call Presentation 1st Quarter 2023 (1 July 2023). I obtained these from Tacora through online access by virtue of my management role in connection with the Wabush Lease.

(bb) Exhibit “EE” – DASOC reference CX-000028 – Tacora Resources Inc. Board of Directors as at September 2019 (30 September 2019). I am advised and do verily believe that this document was obtained by 1128349’s counsel and is part of the Annual Return – Extra Provincial Company for Tacora which is filed at the Registry of Companies for Newfoundland and Labrador.

(cc) Exhibit “FF” – DASOC reference CX-000029 – LinkedIn Profile of Phil Mulvihill (17 May 2023). I am advised and do verily believe that this document was obtained by 1128349’s counsel and is the online LinkedIn profile for Phil Mulvihill as of May 17, 2023.

(dd) Exhibit “GG” – DASOC reference CX-000030 – Company Profile, Proterra M&M MGCA BV (4 July 2023). I am advised and do verily believe that this document was obtained by 1128349’s counsel and is a company profile for Proterra M&M MGCA BV as at July 4, 2023.

(ee) Exhibit “HH” – DASOC reference CX-000031 – Tacora Resources Inc. Board of Directors as at September 30, 2022 (30 September 2022). I am advised and do verily believe that this document was obtained by 1128349’s counsel and is part of the Annual Return – Extra Provincial Company for Tacora which is filed at the Registry of Companies for Newfoundland and Labrador.

(ff) Exhibit "II" – DASOC reference CX-000032 – Email exchange dated from October 6, 2022 to October 18, 2022 between Samuel Morrow and Hope Wilson. This is my email exchange with Tacora's Chief Accounting Officer, Hope Wilson, covering the period October 6, 2022 – October 13, 2022.

(gg) Exhibit "JJ" – DASOC reference CX-000033 – Emails on February 6, 2023 between Samuel Morrow and Hope Wilson. This is my email exchange with Tacora's Chief Accounting Officer, Hope Wilson, covering the period February 1 – February 6, 2023.

(hh) Exhibit "KK" – DASOC reference CX-000034 – Letter from Tacora Resources Inc. to 1128349 B.C. Ltd. July 24, 2023. This correspondence was provided to 1128349 by Tacora.

Tacora and Cargill Entities Were Non-Arm's Length Since the Inception of the Wabush Lease

28. In the DASOC, 1128349 claims against Tacora, *inter alia*, for the unpaid Q2 2023 Royalty and for recovery of Royalty amounts underpaid by reason of Tacora's non-arm's length relationship with Cargill Intl.

29. I now believe, adopting and relying upon the DASOC and the Exhibits annexed to the DASOC (and attached hereto), and relying my own observations of Tacora and my interactions with Tacora's senior personnel, that Tacora has since the inception of the Wabush Lease been non-arm's length to Cargill Intl and to Cargill Intl's parent company Cargill Inc. I say this based on my acquired knowledge of the ownership interests of Cargill Intl and Cargill Inc. in Tacora, the governance influence of Cargill Intl and Cargill Inc. over Tacora and the financial influence of Cargill Intl and Cargill Inc. over Tacora prior to the CCAA proceedings.

30. Relying on the Exhibits annexed to the DASOC and to this my affidavit, I believe that the non-arm's length relationship between Tacora and the Cargill Entities is evidenced by the following:

(a) On July 19, 2017, Tacora announced that it had closed the acquisition of substantially all of the assets associated with the Scully Mine located in Wabush, Newfoundland and Labrador through the court-supervised *CCAA* process. The

press release noted that Tacora had entered into a five-year iron ore sales agreement with Cargill Intl whereby Cargill Intl would purchase from Tacora 100% of the iron ore concentrate through 2022. Tacora's CEO at the time, Larry Lehtinen, is quoted in the press release as stating (emphasis added):

> *We are grateful for the support Tacora has received from a wide array of stakeholders in the Scully Mine including:* ***our financial partners at Proterra Investment Partners****; the leadership and staff of the Government of Newfoundland and Labrador; the leadership at the USW;* ***and our valued customer Cargill****".*[2]

(b) Cargill Intl is Tacora's sole customer under the Cargill Offtake Agreement. Although the Cargill Offtake Agreement is referred to in the Wabush Lease, it is not designated as "an arm's length, bona fide contract of sale" under clause j(i).

(c) Since the Wabush Lease's inception, Cargill Intl has been a wholly-owned subsidiary of Cargill Inc., one of the largest privately-owned U.S. corporations. Also since that time, Cargill Inc. held a substantial ownership interest in Proterra Investment Partners ("**Proterra**"), a shareholder of Tacora.

(d) The Cargill Entities have had an ownership interest in Tacora which predates commercial production and which has steadily grown over time.

(e) Tacora was a special purpose vehicle created by MagGlobal LLC and incorporated under the laws of British Columbia for the purposes of consummating the Asset Purchase Agreement following CCAA proceedings in relation to the Wabush mine predecessors.[3] At the time, MagGlobal LLC had a commitment for an equity subscription from funds controlled by Proterra, who would fully fund the purchase price and working capital.[4] The funds controlled by Proterra were Black River Capital Partners Fund (Metals and Mining A) LP and Black River Capital Partners

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[2] **Exhibit K**, Tacora Resources Inc, Press Release, "Tacora Resources Inc. Announces the Purchase of the Scully Mine, an Agreement with the USW on a New Collective Bargaining Agreement and the Execution of a Long Term Offtake Agreement with Cargill" (19 July 2017).

[3] **Exhibit L**, Affidavit of Larry Lehtinen, sworn 19 June 2017 at para 4.

[4] *Ibid* at para 6.

Fund (Metals and Mining B) LP.[5] As is further discussed below, these funds had been Cargill Inc. controlled.

(f) By July 2017, Proterra owned at least 68.6% of Tacora. Tacora admitted in arbitration proceedings, now stayed by virtue of these CCAA proceedings, that Proterra, through Proterra M&M MGCA B.V. ("**Proterra M&M**"), first subscribed for common shares in Tacora in July 17, 2017.[6] Tacora also admitted that Proterra's sole shareholder was Proterra M&M MGCA Cooperatif UA ("**Cooperatif**").[7] Cooperatif was a special purpose vehicle as sole shareholder of Proterra M&M to support investment in Tacora.[8]

(g) Tacora admitted that on October 18, 2018 Cooperatif, Black River Capital Partners Fund (Metals and Mining A) LP, Black River Capital Partners Fund (Metals and Mining B) LP, Aequor Holdings LLC, and Cargill Inc. executed an Amended and Restated Member and Contribution Agreement (the "**Coop Agreement**") for investment in Cooperatif, which in turn would be invested in Tacora.[9]

(h) Pursuant to the Coop Agreement, Tacora admitted that Cooperatif membership interest as at October 31, 2018 was held as follows:

(i) Black River Capital Partners Fund (Metals and Mining A) LP, which Cargill Inc. had just spun out while maintaining management and advisory connections as detailed below, with a capital account balance of $4,886,216.75 USD at 3.37%

(ii) Black River Capital Partners Fund (Metals and Mining B) LP, which Cargill Inc. had just spun out while maintaining management and advisory

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[5] *Ibid* at para 5.

[6] Exhibit WW, Tacora's Shareholders' Agreement dated July 17, 2017, which was provided by Tacora in an exhibit appended to its Statement of Defence dated September 27th, 2023.

[7] Exhibit XX, Amended and Restated Member and Contribution Agreement, Proterra M&M MGCA COOPERATIF UA, dated October 31, 2018, appended to Tacora's Statement of Defence dated September 27th, 2023.

[8] *Ibid*.

[9] *Ibid*

connections as detailed below, with a capital account balance of $76,139,985.85 USD at 52.48%;

(iii) Aequor Holdings LLC with a capital account balance of $43,950,999.60 USD at 30.3%

(iv) Cargill Inc. with a capital account balance of $20,092,797.78 at 13.85%.[10]

(i) According to a government briefing note prepared for the Premier and Minister of Natural Resources of Newfoundland and Labrador dated January 18, 2018, Tacora met with Premier Dwight Ball and Minister Siobhan Coady on January 23, 2018 to seek certainty in permitting timelines, owing to their potential impacts on financing. The briefing indicated that on July 13, 2017, the Minister accepted a rehabilitation and closure plan for the Wabush Scully Mine Project with an associated financial assurance of $36.76 million by way of a cash deposit, with assurance to be increased to $41.74 million prior to starting operations. The briefing note indicated that Tacora was "controlled by Proterra (68.6%) a private investment firm, via Proterra's US$42 million equity investment in Tacora's purchase of Wabush Mines.[11] This statement was again stated in a Decision/Direction Note provided to the Minister of Natural Resources dated October 18, 2018.[12]

(j) The Meeting Note went on to state that Tacora had entered into a five year offtake agreement with Cargill Intl:

> *Tacora has entered into a long term (five-year) offtake agreement with Cargill, an international metals supply chain company, for 100 percent of its concentrate product. Iron ore concentrate will be sold as feed for sinter plants and pelletizing plants.*[13]

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[10] *Ibid* at 43.

[11] **Exhibit M**, Access to Information Request Response from Government of Newfoundland and Labrador Department of Natural Resources (4 April 2018) at 2.

[12] **Exhibit N**, Access to Information Request Response from Government of Newfoundland and Labrador Department of Natural Resources (15 October 2019) at 3-4 of 16.

[13] *Ibid* at 3 of 16.

(k) As admitted by Tacora, Cargill Inc. had an interest in Proterra at this time. Proterra is a product of the spinoff of a wholly owned Cargill Inc. subsidiary, in which Cargill Inc. retained an interest. As reported in an article published by Reuters dated January 25, 2016, Cargill had spun off its subsidiary Black River Asset Management LLC. Proterra was one of the emerging entities from Black River after Cargill Inc. announced the Black River breakup. The article stated that Proterra would be "employee owned", and quoted Proterra as saying that "it would retain all of its fund commitments and limited partners**, including Cargill**" (emphasis added).[14]

(l) The Reuters article quoted Ned Dau as Proterra's Chief Marketing Officer and Head of Investor Relations. Ned Dau's LinkedIn profile indicates that he had worked with Black River Asset Management, a division of Cargill, serving as Managing Director, Head of PE Marketing and Investor Relations.[15]

(m) In an article published by Bloomberg News on January 25, 2016, Proterra was stated to be previously part of Cargill's Black River Asset Management subsidiary – it stated Proterra managed more than $2.1 billion of committed capital and that Cargill Inc. would "continue to be an investor, Proterra said …".[16]

(n) In a press release issued by Tacora on November 27, 2018, nearly a year pre-production and before any Royalties were payable, Tacora admitted that Cargill Inc./Cargill Intl and Proterra were Tacora's "long term strategic equity investors".[17] Furthermore, Tacora admitted that Cargill Inc.'s equity investment in Tacora resulted in an extension of the offtake agreement between the parties:

> *As part of the financing Cargill has made an equity investment and extended its long-term offtake agreement. Lee Kirk, Managing Director of Cargill's Metals business commented, "By extending this agreement through 2033, Cargill is better positioned to provide our customers around*

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[14] **Exhibit O**, Karl Plume "Cargill subsidiary Black River spins off private equity firm", *Reuters* (25 January 2016).

[15] **Exhibit P**, LinkedIn Profile of Ned Dau (30 July 2023).

[16] **Exhibit Q**, Shruti Date Singh "Former Cargill private equity firm spun off, renamed Proterra", *Bloomberg News* (25 January 2016).

[17] **Exhibit R**, Tacora Resources Inc, News Release, "Tacora Resources Inc. Announces Completion of Scully Mine Restart Financing" (27 November 2018) at 1.

> *the world with greater access to high quality iron ore. This investment is closely aligned with our strategic ambitions. As committed partners to the ferrous industry, we will continue to access our future investments and partnership opportunities that capture long-term value for our customers."*[18]

(o) In Tacora's Consolidated Financial Statements for the year ended December 31, 2019, Tacora admitted that "the controlling and ultimate parent of Tacora is Proterra M&M MGCA B.V."[19] Tacora repeated this admission in its Consolidated Financial Statements for the years ended December 31, 2021 and 2020.[20]

(p) For its part, Proterra Investment Partners admits via its "About" page on its website, https://www.proterrapartners.com/, that:

(i) Proterra launched as a standalone investment advisor and private equity fund manager for the Black River Asset Management private equity funds;

(ii) The private equity funds spun out from Black River Asset Management, a wholly-owned subsidiary of Cargill Inc.; and,

(iii) Proterra's investment strategies are influenced "by the senior leadership team's longstanding tenure with Cargill".[21]

(q) In a press release dated October 15, 2021, Proterra Investment Partners announced that David Dines would be joining them as a Strategic Advisor. Mr. Dines had previously worked for Cargill Inc. for many years, culminating as Cargill Inc's Chief Financial Officer.[22]

(r) In a Presentation to Bondholders dated March 3, 2023, Tacora admitted that Proterra Investment Partners owned 77.9% of Tacora's common equity. Proterra

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[18] *Ibid.*

[19] **Exhibit G** at Note 1 – Corporate Information.

[20] **Exhibit S**, Tacora Resources Inc Consolidated Financial Statements for the years ended December 31, 2021 and 2020 (31 December 2021) at 8, Note 1 – Corporate Information.

[21] **Exhibit T**, "About" (retrieved 4 July 2023), online, *Proterra Investment Partners*.

[22] **Exhibit U**, Proterra Investment Partners, News Release, "Recently retired Cargill CFO David Dines Joins Proterra Investment Partners" (15 October 2021).

Investment Partners' 77.9% common equity stake[23] consisted of its consolidated ownership of Proterra M&M MGCA B.V. (70.3%) and Proterra M&M Co-Invest (7.5%) (the "**Funds**"), with the Funds holding Tacora's corporate shares.[24] Proterra Investment Partners' stake, through the Funds, was 57.6% on a diluted basis once Cargill Intl's and Cargill Inc.'s respective diluted shareholdings were taken into account, which does not take into account the additional common equity entitlements Cargill Intl would be entitled to if they exercised their penny warrants or additional equity held by Cargill Inc./Cargill Intl by way of investment in the private Proterra funds.[25]

(s) In an Investor Presentation dated May 2021, Tacora admitted that its "equity investors include Proterra, Orion, Cargill, Tschudi Group and Mag Global" (emphasis added). It further indicated that Proterra held 76% of Tacora's diluted ownership.[26]

(t) In a Tacora Offering Memorandum dated May 5, 2021, Tacora admitted Cargill Inc.'s significant shareholding in it, along with Cargill Inc.'s ownership interest in Proterra M&M MGCA B.V., which it characterized as "Tacora's controlling shareholder":

> *TRANSACTIONS WITH DIRECT AND INDIRECT SHAREHOLDERS*
>
> ***Cargill, Inc., the parent entity of Cargill International Trading Pte Ltd. ("Cargill"), has an indirect interest in approximately 10% of the voting stock of Tacora through its direct and indirect interest in Proterra M&M MGCA B.V., which is Tacora's controlling shareholder.*** *Phil Mulvihill, a member of Tacora's Board of Directors, is an employee of Cargill.*
>
> *Cargill is party to the Cargill Offtake Agreement and related Stockpile Agreement, see "Business – Material Agreements—Cargill Offtake Agreement" pursuant to which Tacora has agreed to sell all of the iron ore it produces at*

[23] Proterra Investment Partners is a corporate entity that manages two of the subject funds: Proterra M&M MGCA B.V. and Proterra M%M Co-Invest LLC. Those funds are vehicles for private investments, including by Cargill Inc./Cargill Intl. See further **Exhibit V** at 28 note 3.

[24] **Exhibit V**, Tacora Resources Inc Presentation to Bondholders (3 March 2023) at 28.

[25] *Ibid*.

[26] **Exhibit W** at 8.

> *the Scully Mine to Cargill. Cargill may extend the Cargill Offtake Agreement through the life of the Scully Mine through extension rights…* (emphasis added)[27]

(u) Based upon the foregoing, I do now verily believe that insofar as Tacora is concerned, Cargill Inc., Cargill Intl, Black River Asset Management, Black River Capital Partners Fund (Metals and Mining A) LP, Black River Capital Partners Fund (Metals and Mining B) LP, Cooperatif, and Proterra were all non-arm's length to one another by 2018.

(v) The non-arm's length relationship between Tacora and Cargill Inc. was obvious by 2022. On November 21, 2022, Tacora published a Material Change Report indicating that on November 10, 2022, Cargill Inc. made a $15 million preferred equity subscription into Tacora, through which Cargill Inc. gained even more control over Tacora, including another director nomination, shareholder consent, and participation in connection with specified liquidity events:

> *On November 10, 2022, the Company completed a non-brokered private placement of 15,000,000 Preferred Shares at a price of US$1.00 per Preferred Share for aggregate proceeds of US$15,000,000 less transaction costs and expenses in accordance with the terms and conditions of a subscription agreement entered into between the Company and Cargill, Incorporated (collectively, the "Preferred Equity Subscription").*
>
> *In connection with the Preferred Equity Subscription, the Company, among other things, (i) amended its constating documents to create and authorize for issuance, the Preferred Shares and (ii) entered into an amended and restated shareholders agreement with existing holders of common shares of the Company and Cargill, Incorporated to provide for certain rights and restrictions in respect of director nomination, shareholder consent, and participation in connection with specified liquidity events.*[28]

(w) Tacora characterized Cargill Inc.'s $15 million preferred equity subscription in the following terms in its Annual Report for years ended 2021 and 2022 dated June 1, 2023 (the "**Tacora Report**"):

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[27] **Exhibit J**, at 75.

[28] **Exhibit Y**, Tacora Resources Inc Material Change Report (21 November 2022).

> *On November 10, 2022, the Company entered into a Subscription Agreement ("Agreement") with Cargill. Under the Agreement the Company issued 15,000,000 non-voting, Series C Preferred Shares ("Preferred Shares") to Cargill in exchange for $15 million cash consideration.*
>
> *The Agreement includes a number of embedded features including put, call, optional conversions, and down-round features. The agreement includes the option for Cargill to convert the Preferred Shares into Common Shares at any point throughout the life of the agreement. Additionally, the Agreement includes an automatic conversion in which the Preferred Shares automatically convert to Common Shares upon the closing of a liquidity event which is defined as either an IPO or the sale of the majority of the voting or equity securities in the Company.*
>
> *The Agreement includes a number of redemption rights held by the Company including the option to redeem the Preferred Shares, at any point, at the liquidation preference which is defined as the initial issuance price of $1 per share which increase at a rate of 15% per year. To the extent that the Company has not redeemed the Preferred Shares and the holder has not converted the Preferred Shares, all outstanding Preferred Shares shall be mandatorily redeemed five years from the agreement close date at an amount equal to 1.5 times the liquidation preference.*
>
> *A down-round feature included in the Agreement outlines that the conversion price, which is defined as $1 per share, shall be reduced in the event that the Company issues or sells any Common Shares at a price lower than the conversion price.*[29]

(x) Significantly, in the Tacora Report, Tacora admitted that Cargill Inc. was a "related party" to Tacora as of December 31, 2022.[30] Tacora did so because it was required to do so under International Financial Reporting Standards, which dictate that "an entity is related to a reporting entity if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity, or it

[29] **Exhibit Z**, Tacora Resources Inc Consolidated Financial Statements for the years ended December 31, 2022 and 2021 (1 June 2023) at Note 25 – Preferred Shares.

[30] **Exhibit Z,** *Ibid* at "Related Party Transactions".

is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party."[31] To be a related party is to be a non-arm's length party.

(y) In a Presentation to Bondholders dated March 3, 2023, Tacora admitted that Proterra Investment Partners owned 77.9% of Tacora's common equity. Proterra Investment Partners' 77.9% common equity stake[32] consisted of its consolidated ownership of the Funds, with the Funds holding Tacora's corporate shares.[33] Proterra Investment Partners' stake, through the Funds, was 57.6% on a diluted basis once Cargill Intl's and Cargill Inc.'s respective diluted shareholdings were taken into account, which does not take into account the additional common equity entitlements Cargill Intl would be entitled to if they exercised their penny warrants or additional equity held by Cargill Inc./Cargill Intl by way of investment in the private Proterra funds.[34]

(z) Proterra has been Tacora's majority shareholder since at least July 2017, owning in the range of 68% to 77% of Tacora's common shares since that time, even ignoring Cargill's effective shareholdings in Tacora through penny warrants exercisable at Cargill's option.

(aa) Tacora's Board of Directors has been under de facto control by Proterra and Cargill executives since the execution of the Cargill Offtake Agreement.

(bb) Cargill Intl frequently prepays for Tacora's iron ore products in the interest of keeping the favourable terms of the Cargill Offtake Agreement.

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[31] Exhibit LL, IFRS Standards, "IAS 24 Related Party Disclosures", available online at: https://www.ifrs.org/issued-standards/list-of-standards/ias-24-related-party-disclosures/#:~:text=A%20related%20party%20is%20a,of%20its%20key%20management%20personnel.

[32] Proterra Investment Partners is a corporate entity that manages two of the subject funds: Proterra M&M MGCA B.V. and Proterra M%M Co-Invest LLC. Those funds are vehicles for private investments, including by Cargill Inc./Cargill Intl. See further **Exhibit V** at 28 note 3.

[33] **Exhibit V**, Tacora Resources Inc Presentation to Bondholders (3 March 2023) at 28.

[34] *Ibid*.

(cc) On September 14, 2021, Tacora and Cargill Intl executed a Fixed Price Side Letter, with its stated purpose being for Cargill Intl to provide Tacora insulation from anticipated iron ore market price movements.[35]

(dd) The Fixed Price Side Letter modified the terms of the Cargill Offtake Agreement, which connotes non-arm's length dealings. Its stated purpose was to provide Tacora with market insulation by way of a prepayment and hedging scheme. It also fixed the price for certain quantities of Iron Ore Products at $123 per dry metric tonne, thereby providing price certainty to Cargill Intl.

(ee) The Tacora Report states that on January 3, 2023, Tacora entered into an Advance Payments Facility Agreement (the "**APFA**") with Cargill Intl.[36] As stated in the Annual Report:

> *The purpose of the agreement is to provide the Company with up to $35 million in advance payment in exchange for future deliveries of iron ore to Cargill. The agreement includes an offsetting $15 million floor price premium to be advanced from the Company to Cargill as consideration for guaranteeing a floor price on iron ore; resulting in a net potential advance payment of $20 million.*
>
> *…*
>
> *The advanced payment agreement also includes penny warrants issued to Cargill as additional consideration. The warrants are exercisable into Common Shares, representing a non-dilutive 10% equity ownership in the Company on a fully-diluted basis and immediately exercisable for a two-year period and expiring on January 5, 2025.* [37]

(ff) The Tacora Report continued that on January 10, 2023, Tacora received a net $10 million of the advance payment from Cargill Intl, which it referred to as the "initial advance". On February 24, 2023, the Company received an additional $5 million under the APFA, which it referred to as the "subsequent advance".[38]

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[35] **Exhibit BB**, Offtake Contract: Fixed Price Side Letter (14 September 2021).

[36] **Exhibit Z**, *supra* note 39.

[37] *Ibid* at Note 26, Subsequent Events.

[38] *Ibid*.

(gg) I believe that half of the funds which Tacora ultimately received from Cargill Inc. under the APFA were utilized to pay Cargill Inc. for a "floor price premium" which ultimately provided no benefit to Tacora as prices never decreased below the strike price.

(hh) The Tacora Report continued that on April 29, 2023, Tacora entered into an Advance Payment Facility Agreement Amendment, which *inter alia*, extended the termination date for the repayment of all outstanding advances made by Cargill Intl under the APFA. In exchange, Tacora issued to Cargill Intl penny warrants exercisable for up to 25% of the common shares in Tacora on a fully diluted basis.[39] This is further confirmed by Tacora by way of a Material Change Report dated April 29, 2023.[40]

(ii) The Tacora Report continued that on May 11, 2023, Tacora issued further penny warrants exercisable for a two-year period into voting common shares to "certain of the Senior Priority Noteholders which in aggregate are exercisable for approximately 31.6% of the voting common shares of Tacora on a fully diluted basis".[41] These Priority Noteholders would appear to include Cargill Inc., Cargill Intl, Proterra, or any combination thereof.

(jj) The Tacora Report continued that on May 29, 2023, Tacora entered into an "Amended and Restated Advance Payments Facility" with Cargill Intl. This was to "provide for a $25 million senior hedging facility to be made available by Cargill that allows for the Tacora to incur certain margin amounts owing by Cargill under the Offtake Agreement to be deemed as advances by Cargill" in favor of Tacora.[42]

(kk) According to a Conference Call Presentation relating to the 1st quarter of 2023, Tacora admitted that on June 27, 2023, it had entered into a further Amended and Restated Payment Facility Agreement as amended by Amendment No. 1, which allowed for additional prepayment advances in Cargill Intl's sole discretion.[43]

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[39] *Ibid* at Notes to the Consolidated Financial Statements.

[40] **Exhibit CC**, Tacora Resources Inc Material Change Report (29 April 2023).

[41] **Exhibit Z**, at Notes to the Consolidated Financial Statements, p. 57.

[42] *Ibid.*

[43] **Exhibit DD**, Tacora Resources Inc Conference Call Presentation 1st Quarter 2023 (1 July 2023) at 12.

(ll) Governance of Tacora at all relevant times also reflected Tacora's non-arm's length relationship with Cargill Inc., Cargill Intl, Proterra, and combinations thereof. These non-arm's length parties exercised de facto control of Tacora through Tacora's Board of Directors. This is evidenced by:

(i) As of September 30, 2019, Tacora's Board of Directors consisted of the following individuals:[44]

(A) Torben Thorsden, who was appointed by Proterra;[45]

(B) Nick Carter, who was appointed by Proterra;[46]

(C) Phil Mulvihill, who was appointed by Proterra;[47]

(I) Phil Mulvihill is the Partnerships and Investment Lead at Cargill Metals and had been Cargill Inc.'s Projects and Investments Lead in Asia from October 2010 to June 2015;[48]

(II) Since 2019, Phil Mulvihill has been Cargill Inc.'s "Partnerships & Investments Lead" while also simultaneously serving as a Tacora Director;[49]

(III) Phil Mulvihill is a Director at Proterra M&M M.G.C.A.B.V;[50]

(D) Rupert Sam Byrd, who was appointed by Proterra[51] and is also on Proterra M&M M.G.C.A.B.V.'s Board of Directors;[52]

(E) Larry Lehtinen;

(F) David James Durrett, who was appointed by Proterra;[53] and,

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[44] **Exhibit EE**, Tacora Resources Inc Board of Directors as at September 2019 (30 September 2019).

[45] **Exhibit J**, at 74.

[46] *Ibid*.

[47] *Ibid*.

[48] **Exhibit FF**, LinkedIn Profile of Phil Mulvihill (17 May 2023).

[49] *Ibid*.

[50] **Exhibit GG**, Company Profile, Proterra M&M MGCA BV (4 July 2023).

[51] **Exhibit J**, at 74.

[52] **Exhibit GG**.

[53] **Exhibit J**, at 74.

(G) James Warren, who was appointed by Proterra[54] and is also on Proterra M&M M.G.C.A.B.V.'s Board of Directors;[55]

(ii) As of September 30, 2020, the Tacora Board of Directors remained the same, excepting the addition of Thierry Martel;

(iii) As of September 30, 2021, the Tacora Board of Directors was the same as that of September 30, 2019;

(iv) As of September 30, 2022, by which time Tacora had admitted Cargill Inc. and Cargill Intl were non-arm's length based upon the May 5, 2021 Offering Memorandum, the Board of Directors consisted of the same individuals as existed on September 30, 2019, with the addition of the following individuals, leaving the Cargill and Proterra directors in majority position:[56]

(A) Joe Broking, CEO of Tacora;

(B) Andrew Harn;

(C) Peter Steiness; and,

(D) Jacques Perron.

31. Since the stay of the Arbitration proceedings arising from the within CCAA proceedings, further information has come to light evidencing the non-arm's length relationship between Tacora and the Cargill Entities:

(a) Cargill Inc. hired Tacora's former co-founder, Chief Operating Officer, and Chief Commercial Officer, Matt Lehtinen, in 2023 and he has responsibility for Cargill Inc.'s and Cargill Intl's relationship with Tacora;[57]

(b) Cargill Inc. employees were on-site on a day-to-day basis in connection with the management of the Scully Mine by way of management through a full-time operational consultant and two capital project consultants "in a manner consistent with past practice, to assist with Tacora's business and operations";[58]

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[54] *Ibid*.

[55] **Exhibit GG**,.

[56] **Exhibit HH**, Tacora Resources Inc Board of Directors as at September 30, 2022 (30 September 2022).

[57] Exhibit UU, Transcript of Leon Davies at 62 as referenced in Factum of the Ad Hoc Group of Noteholders dated October 22, 2023.

[58] Affidavit of Joe Broking, sworn October 9, 2023, at 136.

(c) Cargill Inc. had a representative on Tacora's Board of Directors, Leon Davies, who participated in all Tacora Board meetings throughout the DIP process, including the meeting to approve the Cargill DIP.[59] This is unsurprising given the Cargill Entities' and Proterra's effective dominance of Tacora's Board of Directors since the inception of the Wabush Lease.

(d) Tacora was subservient to the Cargill Entities' interests, even where the Cargill Entities wilfully exacerbated Tacora's financial problems. At the same time the Cargill Entities were withholding significant monies owing and payable to Tacora under the Cargill Offtake Agreement,[60] thereby apparently contributing to its desperate liquidity position that led to Tacora's creditor protection filing, Tacora's and the Cargill Entities' relationship remained as strong as ever. For example, in the midst of Tacora's insolvency and Cargill Intl's withholding of $6 million, Tacora's CEO and Cargill Intl's representative on the current Tacora Board exchanged the following text messages:

> *Davies: Yep. Let's get ink on paper, you know Cargill will be good.*
>
> *Broking: I love Cargill.*[61]

(e) Notably, Tacora CEO Joe Broking deleted all of his text messages in advance of giving evidence.[62] The above evidence was produced by Leon Davies in advance of the comeback hearing in relation to DIP financing. I rely also on the March 1, 2024 affidavit of Matthew Lehtinen, formerly the co-founder and a senior executive of Tacora and presently the Customer Manager Americas for Cargill Inc., who

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[59] Exhibit UU, Transcript of Leon Davies at 100 as referenced in Factum of the Ad Hoc Group of Noteholders dated October 22, 2023.

[60] Exhibit UU,Transcript of Leon Davies at 75-76 as referenced in Factum of the Ad Hoc Group of Noteholders dated October 22, 2023.

[61] Tab E to the Transcript of the Examination of Leon Davies – Exchange of Text Messages between Mr. Broking and Mr. Davies, as referenced in Factum of the Ad Hoc Group of Noteholders dated October 22, 2023.

[62] Transcript of Joe Broking Cross-Examination at 77 & 81-82, as referenced in Reply Factum of the Ad Hoc Group of Noteholders dated October 22, 2023

summarizes the financial, operational and advisory role which the Cargill Entities have performed since the inception of Tacora as follows:

> *Cargill has been a key partner and important source of financial support for Tacora since its inception. Cargill is Tacora's offtake and technical marketing provider under the Offtake Agreement (as defined below) that was negotiated in April of 2017. Cargill is or has also been party to other key related agreements and arrangements with Tacora including: (i) multiple working capital facilities to optimize Tacora's operations, working capital, cash flow and liquidity (including under the APF, the Stockpile Agreement and the Wetcon Agreement (all as defined below)), (ii) as provider of a hedging program in a cost efficient and beneficial manner for Tacora, and (iii) as provider of operational expertise and assistance at the Scully Mine. As part of Tacora's CCAA proceedings, Cargill has also provided debtor-in-possession financing to Tacora. Cargill also (directly and/or indirectly) holds common shares and preferred shares of Tacora, and, until recently, Cargill employees served as technical and business advisors to Tacora in addition to serving as the acting general manager of operations of Tacora.*[63]

32. I believe, based on the foregoing Cargill Entities' ownership interests in Tacora, their governance influence and their financial hold on Tacora, that Tacora was non-arm's length to the Cargill Entities, and in particular Cargill Intl.

1128349's Royalty Claims in Tacora's CCAA Proceedings

33. Tacora obtained its initial Order in the within proceedings under the *CCAA* on October 10, 2023. Tacora's counsel advised counsel for 1128349 of this development at 9:16 PM on October 10, 2023 – attached hereto at Exhibit MM is said correspondence. Pursuant to Procedural Order No. 2 in the Arbitration, Tacora's response to 1128349's document request was due the following day, October 11, 2023. The Arbitration proceedings were stayed upon the issuance of this Honourable Court's issuance of the above-noted initial Order dated October 10, 2023.

34. For the purposes of Tacora's present Motion, 1128349 has requested production of those documents which are listed in Exhibit "NN" attached hereto.

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[63] Exhibit VV, March 1, 2024 Affidavit of Matthew Lehtinen, para. 7.

35. After the Arbitration had been commenced, Tacora failed to pay the third quarter 2023 Royalty payment (as calculated by Tacora) of CDN $7,962,729.76 (the "**Q3 2023 Royalty**") which was due and payable on or before October 25, 2023, as was required by the Wabush Lease. Tacora wrote to 1128349 in respect of the Q3 2023 Royalty on October 24, 2023. A true copy of Tacora's October 24, 2023 correspondence to 1128349 is attached hereto marked Exhibit "OO". The Q3 2023 Royalty continues to be unpaid and is outstanding.

36. I am advised and do verily believe that on or about November 16, 2023, counsel for 1128349 wrote to counsel for the Monitor and for Tacora, notifying them that the Royalty was an interest in land and that, pursuant to the CCAA, the Royalty was required to be paid during the time of Tacora's CCAA proceedings. A true copy of this correspondence is attached hereto marked Exhibit "PP".

37. I am advised and do verily believe that, in response to 1128349's November 16, 2023 correspondence to counsel for the Monitor, copied to Tacora, counsel for the Monitor responded with correspondence dated November 29, 2023, a copy of which is attached hereto marked Exhibit "QQ". In that response correspondence, counsel for the Monitor confirmed "Tacora's intention to pay post-filing Royalty amounts owing to 1128349 as calculated in accordance with Tacora's past practice. Specifically, the portion of the Royalty payment related to the period following October 10, 2023 is contemplated to be paid with Tacora's cash and DIP financing agreement, and in the ordinary course."

38. By correspondence dated January 24, 2024 from Tacora, a copy of which is attached as Exhibit "RR", 1128349 was notified of payment of the Royalty for the period October 10 – December 31, 2023, in the amount of $10,287,336.10. 1128349 was not paid Royalty for period October 1-9, 2023, which based on Tacora's January 24, 2024 correspondence was in the amount of $1,614,456.81. In connection with the Q4, 2023 Royalty Statement, Tacora paid $10,287,336.10 in Royalty. 1128349 understands that this amount of Royalty covers the period of October 10, 2023-December 31, 2023, and that Tacora paid no Q4 2023 Royalty for the period October 1-10, 2023. 1128349 understands further that the amount of Royalty paid was calculated on the basis of revenues under the Cargill Offtake Agreement.

39. By correspondence from 1128349's counsel to counsel for the Monitor and for Tacora dated February 15, 2024, 1128349 documented its position respecting the Royalty under

the Wabush Lease, including 1128349's position that the Royalty had been underpaid by reason of the Tacora-Cargill Intl non-arm's length relationship. A copy of this correspondence is annexed hereto marked Exhibit "SS".

40. Tacora's counsel responded to 1128349's February 15, 2024 correspondence on February 21, 2024. A copy of that correspondence is attached hereto marked Exhibit "TT".

Tacora's Admission Regarding Amount of Royalty if Calculated on Non-Arm's Length Net Revenues

41. Regarding the emails between me and Hope Wilson (Tacora's Chief Accounting Officer) which are referenced in subparagraphs 27 (ff) and (gg) above (Exhibits "II" and "JJ"), I contacted Hope Wilson commencing on October 6, 2022 requesting Tacora's assessment of what the Royalty would have been if the non-arm's length definition of Net Revenues had been used as the basis for the calculation.

42. I understand Hope Wilson's response to me to mean that, had the non-arm's length definition of Net Revenues been used to calculate the Royalty, at least USD $2,781,625 (CDN $3,727,377.55) more in Royalty would have been paid to 1128349. The basis for this understanding is the spreadsheet provided by Hope Wilson in her February 6, 2023 email to me. I summed the annual totals for each year of 2019-2022 set out in the USD Net Royalty column and the Alternative Net Royalty column of that spreadsheet understanding that the USD Net Royalty column contained Hope Wilson's summary of actual Royalty payments made to 1128349, net of the 20% withholding tax paid to the Government of Newfoundland and Labrador, and that the Alternative Net Royalty recorded Hope Wilson's calculation of the Royalty (also net of the withholding tax) which would have been payable based on non-arm's length Net Revenues. I calculated the total USD Net Royalty for Q3 2019-Q4 2022 to be USD $64,420,010 and the total Alternative Net Royalty for that period to be USD $67,201,635. The difference is USD $2,781,625, representing the amount of Alternative Net Royalty in excess of the actually-paid USD Net Royalty. This value of USD $2,781,625 equates to approximately CDN $3,727,377.50, the value stated in paragraph 95 of the DASOC.

Persampieri Opinion as to CDN $7,295,253.75 Royalty Underpayment

43. In connection with its belief that Tacora and Cargill Intl were not at arm's length and that in consequence 1128349 was being underpaid the Royalty, 1128349 engaged iron ore industry expert David Persampieri of CRA Associates Inc. to advise.

44. In connection with the advice sought from David Persampieri, 1128349 provided him with relevant Royalty statements received from Tacora, including those for Q4, 2018 through Q3, 2023. I have reviewed all of the Royalty statements provided to 1128349 by Tacora and confirm the accuracy of:

    (a) the Royalty statements data cited by David Persampieri in his report (described below); and

    (b) the Royalty statements data set out at paragraph 79 of the DASOC.

45. Mr. Persampieri delivered a report dated January 4, 2024, wherein he advised that, for the period Q1, 2020-Q3, 2023, if the Royalty had been calculated on the basis of non-arm's length Net Revenues under the Wabush Lease, CDN $7,295,253.73 more in Royalty would have been paid to 1128349 than was paid by Tacora during that timeframe.

Summary of 1128349's Royalty Claims

46. As at the date of this my Affidavit, Tacora is in arrears in its payment of the Royalty due and payable to 1128349 in the aggregate amount of at least $22,737,444.52, including the following amounts:

    (a) unpaid Q2 2023 Royalty, confirmed by Tacora in its July 24, 2023 letter to 1128349 to be in the aggregate amount of CDN $5,865,004.23;

    (b) unpaid Q3 2023 Royalty, confirmed by Tacora in its October 24, 2023 letter to 1128349 to be in the aggregate amount of CDN $7,962,729.76;

    (c) partially unpaid Q4 2023 Royalty, confirmed by Tacora in its January 24, 2024 letter to 1128349 to be in the aggregate amount of CDN $1,614,456.81;

    (d) underpayment up until Q3 2023 by reason of Tacora's failure to calculate the Royalty on the basis of non-arm's length Net Revenues in the amount of CDN $7,295,253.73, as calculated and set out in the report of David Persampieri; and

(e) unquantified underpaid Royalty based on Tacora's failure to calculate the Royalty from Q4 2023 to date on the basis of non-arm's length Net Revenues as provided in Clause (j)(ii) of the Wabush Lease.

47. I make this my Affidavit in support of 1128349's claim to be paid Royalty in the amounts specified in the immediately preceding paragraph hereof.

SWORN remotely via videoconference, by Samuel Morrow, stated as being located in the city of Shanghai, China, before me at the City of St. John's, in the Province of Newfoundland and Labrador, this 26th day of March, 2024, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely.*

A Commissioner for taking affidavits, etc.

SAMUEL MORROW

(e) unquantified underpaid Royalty based on Tacora's failure to calculate the Royalty from Q4 2023 to date on the basis of non-arm's length Net Revenues as provided in Clause (j)(ii) of the Wabush Lease.

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Joe Thorne

A Commissioner for taking affidavits, etc.

Joe Thorne

SAMUEL MORROW

EXHIBIT "A"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

EXHIBIT "B"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister Ontario and Newfoundland
and Labrador, LSO #58773W

IN THE MATTER OF an Indenture entitled "Amendment and Restatement of Consolidation of Mining Leases – 2017" dated November 17, 2017 made by and between 0778539 B.C. Ltd. (formerly called MFC Bancorp Ltd.) as lessor and Tacora Resources Inc. as lessee (the said Indenture being hereinafter referred to as the "Wabush Lease");

AND IN THE MATTER OF disputes, questions, differences and/or issues of agreement arising in respect of the Wabush Lease and in particular under clauses C(4) and (5) of the Wabush Lease;

AND IN THE MATTER OF Procedural Order No. 1;

BETWEEN

1128349 B.C. LTD.

PLAINTIFF

AND

TACORA RESOURCES INC.

DEFENDANT

DETAILED ARBITRATION STATEMENT OF CLAIM

Colm St. R. Seviour, K.C./G. John Samms
STEWART McKELVEY
Suite 1100, Cabot Place
100 New Gower Street
St. John's, NL A1C 6K3
Solicitors for the Plaintiff

Doug Skinner/Beth McGrath K.C.
MCINNES COOPER
10 Fort William Pl., 5th Floor
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St. John's, NL
A1C 1K4
Solicitors for the Defendant

Table of Contents

THE PARTIES

1. The Plaintiff 1128349 B.C. Ltd. ("1128349") is a British Columbia corporation which is registered extra-provincially in Newfoundland and Labrador, and which has a registered and records office situate at P.O. Box 5038, Suite 1100, 100 New Gower Street, St. John's, Newfoundland and Labrador, A1C 5V3.

2. The Defendant Tacora Resources Inc. ("Tacora") is an Ontario corporation which is registered extra-provincially in Newfoundland and Labrador, and which has a registered and records office situate at P.O. Box 5939, 10 Fort William Place, St. John's, Newfoundland and Labrador, A1C 5X4.

OVERVIEW

The Claim

3. 1128349 leases lands to Tacora under the Wabush Lease[1] so that Tacora can mine them for iron ore, from which it produces Iron Ore Products. Tacora uses the proceeds of sale of Iron Ore Products to pay its rent to 1128349, in the form of the Royalty.

4. The essential commercial agreement between 1128349 and Tacora is that 1128349 is paid the Royalty based upon either Tacora's bona fide arm's length contract of sale with an offtake customer or, where Tacora and the offtake customer are non-arm's length to one another as the case may be at the time of each Royalty transaction (i.e. a quarterly payment), the Royalty is determined by reference to the fair market value of the Iron Ore Products as determined by an industry pricing formula. To the extent Tacora wishes to provide a discount to a non-arm's length offtake customer, it does so at its own peril.

5. At all times material to this action, Tacora's offtake agreement has been with Cargill Intl. At the time of the execution of the Wabush Lease, Tacora represented that Cargill Intl was arm's length from them and 1128349 had no reason to believe otherwise. Indeed, it had no duty to investigate otherwise as it ought to have been able to rely upon Tacora's duty of good faith in contractual relations to disclose whether or not Cargill Intl was non-arm's length in accordance with the terms of the Wabush Lease. 1128349 therefore pleads and relies upon the Supreme Court of Canada's holding in *Bhasin v Hrynew* for the proposition

[1] All capitalized terms have the meanings ascribed to them herein.

that Tacora owed 1128349 a duty to disclose and admit its non-arm's length relationship with Cargill Intl.[2]

6. 1128349 has learned that Cargill Intl, and its parent and sister companies, have since the inception of the Wabush Lease been non-arm's length to Tacora through equity, financing and governance arrangements by virtue of:

   (a) their direct and indirect ownership in Tacora since inception of the Wabush Lease;

   (b) having initially been significant financiers, and more recently the primary financiers of Tacora, and thereby possessing significant levers of control and influence;

   (c) having had direct representation on the board of directors of Tacora since at least 2019; and

   (d) having had significant influence over and a non-arm's length relationship with the private equity firm majority owner of Tacora's common shares.

7. As a result, the essential agreement underpinning the Wabush Lease is compromised. 1128349 is being underpaid secondary to non-arm's length transactions and, as is further particularized below, Tacora admits this to be the case by comparison of revenues incoming via Cargill Intl as against standard industry pricing as prescribed in the Wabush Lease.

8. In addition to the Royalty underpayment, Tacora has now admitted the amount of $5,865,004.23 (CDN) as being the Royalty amount payable on the quarterly payment date of July 25, 2023, but has refused to pay this Royalty payment to 1128349.

9. 1128349 therefore claims against Tacora in the amount of at least **$9,592,381.73 (CDN)** for breach of the Wabush Lease as follows:

   (a) First, 1128349 claims that Tacora is not at arm's length to Cargill Intl or its parent company Cargill Inc. and that Tacora improperly calculated and underpaid the

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[2] **CLA-001,** *Bhasin v Hrynew,* 2014 SCC 71. At paragraph 73, the Court stated:

"*This means simply that parties must not lie or otherwise knowingly mislead each other about matters directly linked to the performance of the contract."*

Furthermore, the Supreme Court of Canada cited Professor McCamus at paragraph 47 for the proposition that there were three broad types of situations in which a duty of good faith performance of some kind had been found to exist even before *Bhasin*; those are all engaged here: (1) where the parties must cooperate in order to achieve the objects of the contract; (2) where one party exercises a discretionary power under the contract; and (3) where one party seeks to evade contractual duties.

Royalty under the Wabush Lease by calculating the Royalty based on revenues under the non-arm's length Cargill Agreement. Tacora's Chief Accounting Officer, Hope Wilson, calculated this underpayment to be the amount of $3,727,377.50 (CDN) for the period between the third quarter of 2019 and the fourth quarter of 2022, although 1128349 believes there to be errors in this calculation.

(b) Secondly, 1128349 claims against Tacora for Tacora's non-payment of the second quarter 2023 Royalty in the amount of $5,865.004.23 (CDN). This amount has been the amount determined by Tacora to be owed to 1128349 as Royalty for the second quarter of 2023.

The Wabush Lease

10. Pursuant to the November 17, 2017 mining lease known and described as the Amendment and Restatement of Consolidation of Mining Leases – 2017 made between 0778539 B.C. Ltd. (formerly a British Columbia corporation called MFC Bancorp Ltd., which on July 18, 2017 was continued as a Marshall Islands corporation[3] as lessor and the Defendant Tacora as lessee (the "Wabush Lease")[4], 0778539 B.C. Ltd. leased those lands adjacent to Long Lake and Little Wabush Lake in the Labrador portion of the province of Newfoundland and Labrador (described and defined in the Wabush Lease as the "Demised Premises") to Tacora until May 20, 2055.

11. 0778539 held its interest as lessor under the Wabush Lease in trust for and on behalf of its affiliated company, the Plaintiff 1128349, as is stated in clause A(11) of the Wabush Lease.

12. On or about July 18, 2017, 0778539 was continued under the laws of the Republic of Marshall Islands, and on or about January 30, 2018, 0778539 changed its corporate name to LTC Pharma (Int) Ltd. ("LTC").[5]

13. By an Indenture of Assignment dated as of March 6, 2018 and made between LTC as assignor and 1128349 as assignee, LTC assigned to 1128349 all the right, title and

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[3] **Exhibit CX-000001**, 0778539 BC Ltd Certificate of Registration of Redomiciliation (18 July 2017).

[4] **Exhibit CX-000002**, Amendment and Restatement of Consolidation of Mining Leases, 2017 (17 November, 2017).

[5] **Exhibit CX-000001**, *supra* note 3.

interest of LTC in and to, amongst other things, the Wabush Lease and the lands, premises, rights and benefits demised thereunder.[6]

14. Tacora acquired and commenced operation of the mine located within the Demised Premises, which is known as the Wabush Mine, in 2017. In June, 2019, Tacora achieved commercial production from the Wabush Mine.[7]

15. The relationship between the Plaintiff 1128349 and the Defendant Tacora is governed by the Wabush Lease.

Wabush Lease Rights and Obligations, and the Royalty

16. The Wabush Lease grants to Tacora the exclusive right to explore, investigate, develop, produce, extract, remove, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore, crude iron-bearing material, including iron ore concentrate and any metal, material or composition produced from iron ore or crude iron-bearing material (together the "Iron Ore Products").

17. The Wabush Lease requires Tacora to pay a royalty (the "Royalty") to 1128349. The Royalty is payable on net revenues on account of Iron Ore Products produced or derived from the Demised Premises. The Royalty so paid is defined in the Wabush Lease as the "Earned Royalties".

18. A minimum Royalty of CDN ($812,475.00) (the "Minimum") is payable each quarter in which there is no Royalty payable on Iron Ore Products net revenues. The Minimum is a credit against later-due Earned Royalties.

19. Currently, 1128349 is the sole owner of the Royalty.

20. The Wabush Lease requires Tacora, *inter alia*:

    (a) to pay the Royalty to 1128349 quarterly, on or before the 25th day of January, April, July and October (the "Quarterly Payment Dates") in each year; and

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[6] **Exhibit CX-000003**, Indenture of Assignment between LTC Pharma (Int) Ltd and 1128349 BC Ltd (6 March, 2018).

[7] **Exhibit CX-000004**, Tacora Resources Inc Consolidated Financial Statements for the year ended December 31, 2019 (31 December, 2019) at Note 1 – Corporate information.

(b) to submit quarterly reports of all tonnages and analyses of Iron Ore Products shipped by Tacora during the immediately preceding calendar quarter, with the practice being that Tacora provides the tonnages of Iron Ore Products shipped from Pointe-Noire on a quarterly basis along with the Royalty calculation for that quarter (the "Quarterly Reports") but not the chemical analyses of the Iron Ore Products shipped.

21. The Wabush Lease provides in a detailed manner the basis upon which the Royalty is to be calculated and paid to the Plaintiff by Tacora.

Royalty Calculation

22. The amount of the Royalty which is required to be paid by Tacora as lessee to 1128349 as lessor is stated in clause A(i) of the Wabush Lease to be

> *…an amount equal to seven per cent (7.0%) of the Net Revenues from Iron Ore Products produced or derived from the Demised Premises. …*

23. "Net Revenues" as referred to in the clause A(j) is the revenue base on which the Royalty must be calculated.

24. The definition of "Net Revenues" under the Wabush Lease distinguishes between sales of Iron Ore Products under an arm's length, *bona fide* contract of sale, and sales of Iron Ore Products in a non-arm's length transaction, as follows:

(a) For arm's length sales of Iron Ore Products, "Net Revenues" is defined under clause (j)(i) as follows:

> *(i) in the event that the Lessee sells Iron Ore Products under an arm's length, bona fide contract of sale, the amount per Metric Tonne (weight determined by vessel draft survey) actually received by or otherwise payable or credited to the account of the Lessee and its affiliates calculated f.o.b. Pointe Noire, Québec or such other applicable port on the St. Lawrence seaway from which such Iron Ore Products is shipped to the Lessee's customers (the "Port"), or in the case of sales ex-mine gate or ex-rail, calculated at the point of actual sale, including, without limitation, all payments, incentives, bonuses, allowances, profit sharing or other consideration received by, credited or payable to the Lessee and/or its affiliates in respect thereof, less: (A) the Deductible Expenses; and (B) any royalties or overriding royalties measured by production of Iron Ore Products that*

> *are imposed on the Lessee under applicable laws by the Province of Newfoundland and are actually paid to such Province by the Lessee in respect of such sale of such Iron Ore Products (it being acknowledged that no such royalties or overriding royalties exist on the date hereof); and*

In this Arbitration Statement of Claim, "Net Revenues" calculated under clause (j)(i) shall be referred to as "Arm's Length Net Revenues".

(b) For non-arm's length sales of Iron Ore Products, "Net Revenues" is defined in clause (j)(ii) as follows:

> *(ii) in the event that the Lessee otherwise sells Iron Ore Products… in a non-arm's length transaction, the amount per Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "Industry Service") or, if such Industry Service is unavailable, then by such other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port.*

In this Arbitration Statement of Claim, "Net Revenues" calculated under clause (j)(ii) shall be referred to as "Non-Arm's Length Net Revenues".

25. 1128349 repeats the preceding paragraphs hereof and states that it was intended by 1128349 and Tacora that the Royalty was to be based on fair market value proceeds for Tacora's sale of Iron Ore Products, whether determined by reference to arm's length transactions or to prices published in the industry for Iron Ore Products of equivalent types and qualities. It was intended that 1128349 should not be underpaid the Royalty by reason of lower revenues from non-arm's length sales of Iron Ore Products.

26. Additionally, in the event of *any* non-arm's length transactions, the objective expectations of 1128349 and Tacora were for the Non-Arm's Length Net Revenues calculation to determine the Royalty. The commercial rationale for the Non-Arm's Length Net Revenues calculation was not solely related to whether or not Tacora actually received arm's length consideration from non-arm's length customers; rather, it was also the acknowledgement of both 1128349 and Tacora that it would have been unreasonable to require 1128349 to

audit Royalty payments to determine whether or not non-arm's length transactions were at arm's length pricing.

ROYALTY IMPROPERLY CALCULATED BY TACORA ON CARGILL AGREEMENT NON-ARM'S LENGTH NET REVENUES

27. Tacora commenced commercial production and sale of Iron Ore Products in the third quarter of 2019. Prior to that quarter, it had paid the Minimum to 1128349.

28. On October 25, 2019, Tacora commenced calculating the Earned Royalties which were payable to 1128349. The October 25, 2019 Royalty payment related to Iron Ore Products produced and sold in the third calendar quarter of 2019.[8]

29. Tacora purports to have calculated and paid the Royalty on the basis of Arm's Length Net Revenues. In particular, the basis for Tacora's calculation of the Royalty has been revenues from the November 9, 2018 Iron Ore Sale and Purchase Contract made between Cargill International Trading Pte Ltd. ("Cargill Intl") and Tacora (the "Cargill Agreement").[9]

30. Tacora had previously advised 1128349 that Tacora and Cargill Intl are at arm's length, that the Cargill Agreement is an arm's length agreement, and that for these reasons it utilizes the Cargill Agreement revenues as Arm's Length Net Revenues in the calculation and payment of the Royalty.

31. 1128349 states and the fact is that Cargill Intl is and was at all times material to this proceeding a non-arm's length party to Tacora by reason of Cargill Inc's common and concurrent control, influence and/or bonds of dependence over both Cargill and Tacora

32. 1128349 states that because Tacora and Cargill Intl/Cargill Inc are non-arm's length to each other, the Cargill Agreement is not an arm's length contract of sale within the meaning of Arm's Length Net Revenues.

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[8] **Exhibit CX-000005**, Royalty Payment from Tacora Resources Ltd to 1128349 BC Ltd for Third Quarter 2019 (25 October 2019).

[9] **Exhibit CX-000006**, Iron Ore Sale and Purchase Contract between Tacora Resources Inc and Cargill International Trading Pte Ltd (9 November, 2018).

33. 1128349 repeats the preceding paragraphs hereof and states that Tacora has improperly calculated the Royalty on the basis of revenues from the Cargill Agreement. Such revenues are not Arm's Length Net Revenues.

34. Under the Wabush Lease, it was and remains Tacora's obligation to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues, which it has failed to do.

Contracting Parties are Non-Arm's Length if they are Related with Bonds of Dependence or Influence

35. The Wabush Lease does not define either "an arm's length, bona fide contract of sale" or a "non-arm's length transaction" as set out in the "Net Revenues" definition at clause A(j). Therefore, the common law understanding of non-arm's length applies.

36. The leading case on the non-arm's length test from a common law perspective is *Re Tremblay,* wherein the Court emphasized the analysis turns on questions as to whether the parties are "related"; whether there is "influence"; whether there are "bonds of dependence; or, "leverage sufficient to diminish or influence the free decision-making of the other":

> *The meaning of "otherwise at arm's length," is, however, elusive. The concept has its source in the Income Tax Act, but the case law, as it relates to bankruptcy is practically non-existent. The doctrine provides that the court has wide discretion to say whether or not persons who are not related were dealing at arm's length when a particular transaction took place. In the absence of a better definition, a transaction at arm's length could be considered to be a transaction between persons between whom there are no bonds of dependence, control or influence, in the sense that neither of the two co-contracting parties has available any moral or psychological leverage sufficient to diminish or possibly influence the free decision-making of the other.*
>
> *Conversely, the transaction is not at arm's length where one of the co-contracting parties is in a situation where he may exercise a control, influence, or moral pressure on the free will of the other. Where one of the co-contracting parties is, by reason of his influence or superiority, in a position to pervert the ordinary rule of supply and demand and force the other to transact for a consideration which is substantially different than adequate,*

> *normal, or fair market value, the transaction in question is not at arm's length.*[10]

37. Black's Law Dictionary invokes similar principles of relatedness as the key determinant of non-arm's length dealings:

> *Arm's length transaction:* ***Said of a transaction negotiated by unrelated parties****, each acting in his or her own self-interest; the basis for a fair market value determination. Commonly applied in areas of taxation when there are dealings between related corporations* e.g. *parent and subsidiary…* ***The standard under which unrelated parties, each acting in his or her own best interest, would carry out a particular transaction.*** [11]
>
> *[emphasis added]*

38. The hallmarks of a non-arm's length relationship are therefore whether:

(a) The contracting parties are related;

(b) There are bonds of dependence or influence; or,

(c) There exists the ability of one party to exercise control, influence or moral pressure on the other party's will.

39. 1128349 states that these factors are met in the circumstances. Based upon reliance documents particularized in more detail below, 1128349 expects the evidence at arbitration to establish that Cargill Intl and Tacora are non-arm's length of one another by virtue of, *inter alia*, the following:

(a) Cargill Intl is Tacora's sole customer,

(b) Tacora would cease to exist but for Cargill Intl;

(c) The Cargill Agreement is not market and is favourable to Cargill Intl;

(d) Cargill Intl frequently prepays for Tacora's product in the interest of keeping the favourable terms of the Cargill Agreement;

(e) Cargill Inc is the parent company of Cargill Intl;

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[10] **CLA-002**, *Gingras, Robitaille, Marcoux Ltee v Beaudry*, 1980 CarswellQue 59 at paras 21-25, 36 CBR (NS) 111 [*Tremblay*, *Re*]; see also **CLA-003,** Bankruptcy and Insolvency Law of Canada, 4th Edition § 1:66 Related Persons

[11] **CLA-004**, Henry Campbell Black, *Black's Law Dictionary* (St Paul, MN: West Publishing Co 1990) sub verbo "arm's length transaction".

(f) Cargill Inc and/or Cargill Intl have had an ownership interest in Tacora which predates commercial production, which has steadily grown over time;

(g) Cargill Inc has direct and indirect ownership interest in Tacora via Cargill Inc's relationship with Proterra Investment Partners (and certain funds thereunder);

(h) Proterra has been Tacora's majority shareholder since at least July 2017, ranging from 68% to 77% of Tacora's Common Shares, ignoring Cargill Inc's and Cargill Intl's effective shareholdings through penny warrants;

(i) Tacora's Board of Directors has been under de facto control by Proterra and Cargill Inc executives since execution of the Cargill Agreement;

(j) Cargill Inc has always had a Tacora board seat by virtue of Phil Mulvihill's appointment, who is Cargill Inc's "Partnerships and Investments Lead". Mr. Mulvihill also sits on Proterra's Board of Directors;

(k) Cargill Inc invested an additional $15,000,000 (US) in preferred shares of Tacora in Q4 2022;

(l) Cargill Intl invested $35,000,000 (US) under a January 2023 advance payments facility agreement, which agreement and amendments thereto bound Tacora by numerous management conditions;

(m) Cargill Intl holds significant penny warrants for at least 25% of the common shares of Tacora;

(n) Other facts as they may appear.

40. There exists substantial reliable documentary evidence to support the Cargill Intl. – Tacora non-arm's length relationship. The documents include both admissions and reliable third-party documents.

41. As to the admissibility of 1128349's reliance documents, 1128349 references first the Panel's authority under section 11 of Procedural Order No. 1, which states:

> *11. Tribunal to determine evidence: The Tribunal shall have the power to determine the admissibility, relevance, materiality and weight of any evidence adduced by the Parties.*

42. This authority is fortified by Article 19 of the Model Law at Schedule B of the *International Commercial Arbitration Act,* RSNL 1990, c I-15, which provides:

> *Article 19. Determination of rules of procedure*
>
> *(2)…The power conferred upon the arbitral tribunal includes the power to determine the admissibility, relevance, materiality and weight of any evidence.*

43. 1128349 states that it will be relying upon reliable and highly probative hearsay evidence in addition to considerable Tacora admissions in the arbitration, including admissions against interest.

44. The rule of hearsay typically does not apply strictly to proceedings before administrative tribunals, which are often authorized to receive and act upon evidence that is "credible or trustworthy in the circumstances", whether or not it would be admissible in proceedings before a court.[12]

45. Generally, an arbitration panel has the discretion to accept reliable hearsay evidence, particularly hearsay evidence of good quality. The principle was stated as follows by Smith J.A. for the British Columbia Court of Appeal in *British Columbia (Securities Commission) v Alexander:*

> *In general, hearsay evidence that is relevant or logically probative to a material fact in issue (i.e. that demonstrates a connection between the evidence and a fact in issue) is admissible before administrative tribunals "where it can be fairly regarded as reliable"...*[13]

46. The principle has been further affirmed:

> *…However, in some of their statements, though not perhaps in their decisions, arbitrators have at times been overly cautious… The courts themselves have relied on hearsay for critical issues, even in serious criminal cases, but the hearsay evidence in the circumstances of the case was viewed as trustworthy and cogent. There is no reason why arbitrators should not do likewise in appropriate cases.*
>
> *…Furthermore, it is reviewable error to reject evidence out of hand simply because it is hearsay without considering whether it is reliable.*[14]

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[12] **CLA-005**, Halsbury's Laws of Canada (online), *Evidence*, "Hearsay: Introduction: Relaxation of the Rule Against Hearsay" (IV.1.(3)) at HEV-85 "Relaxation of the rule in other proceedings" (2022 Reissue).

[13] **CLA-006,** *British Columbia (Securities Commission) v Alexander,* 2013 BCCA 111 at para 63.

[14] **CLA-007**, Morley R Gorsky et al, *Evidence and Procedure in Canadian Labour Arbitration* (Toronto: Thomson Reuters) (loose leaf updated 2023, release 3) at §11:14 "Hearsay in Arbitration".

DETAILED FACTUAL ASSERTIONS: TACORA AND CARGILL INTL HAVE BEEN NON-ARM'S LENGTH SINCE WABUSH LEASE INCEPTION

47. 1128349 states that, while unknown to 1128349 at the time of execution of the Wabush Lease, the fact is that Cargill Intl and Tacora have at all material times to this action been non-arm's length to one another. While by 2021 this had become abundantly clear based upon Tacora admissions, close inspection of complex arrangements as between Cargill Inc, Cargill Intl, Proterra Investment Partners, and Tacora indicate that Tacora and Cargill Intl have been non-arm's length to one another from the inception of the Cargill Agreement.

48. The detailed evidence which supports 1128349's assertions of non-arm's length dealings relates to three categories of relatedness:

(A) Equity: Various equity holdings by Cargill Intl together with parent and sister companies in Tacora;

(B) Financing: Various financing arrangements whereby Cargill Intl together with parent and sister companies may obtain even more equity, in addition to control and influence;

(C) Governance: Cargill Intl together with parent and sister companies have always had majority control of Tacora's Board of Directors.

(A1) Equity: Cargill Inc is Simultaneously 100% Owner of Cargill Intl and Indirect Owner of Tacora

49. Insofar as the Cargill Agreement between Tacora and Cargill Intl is concerned, Cargill Inc, Cargill Intl, and Proterra Investment Partners ("Proterra") are effectively non-arm's length counterparties to the Cargill Agreement. This is evidenced as follows:

(a) Cargill Intl is a wholly-owned subsidiary of Cargill Inc, one of the largest privately-owned U.S. corporations;[15]

(b) As is further particularized below, Cargill Inc has a direct and indirect ownership interest in Proterra Investment Partners.

(c) As is particularized below, Proterra Investment Partners was at all times material to this action the parent of Tacora.

[15] **Exhibit CX-000007**, Tacora Resources Inc Offering Memorandum (5 May 2021) at 75.

50. On July 19, 2017, Tacora announced that it had closed the acquisition of substantially all of the assets associated with the Scully Mine located in Wabush, Newfoundland and Labrador through the court-supervised *Companies' Creditors Arrangement Act (Canada)* process. The press release noted that Tacora had entered into a five-year iron ore sales agreement with Cargill Intl whereby Cargill Intl would purchase from Tacora 100% of the iron ore concentrate through 2022. Tacora's CEO at the time, Larry Lehtinen, is quoted in the press release as stating (emphasis added):

> *We are grateful for the support Tacora has received from a wide array of stakeholders in the Scully Mine including:* ***our financial partners at Proterra Investment Partners****; the leadership and staff of the Government of Newfoundland and Labrador; the leadership at the USW;* ***and our valued customer Cargill****".*[16]

51. Tacora was a special purpose vehicle created by MagGlobal LLC and incorporated under the laws of British Columbia for the purposes of consummating the Asset Purchase Agreement following CCAA proceedings in relation to the Wabush mine predecessors.[17] At the time, MagGlobal LLC had a commitment for an equity subscription from funds controlled by Proterra, who would fully fund the purchase price and working capital.[18] The funds controlled by Proterra were Black River Capital Partners Fund (Metals and Mining A) LP and Black River Capital Partners Fund (Metals and Mining B) LP.[19] As is further discussed below, these funds had been Cargill Inc controlled.

52. By July 2017, Proterra owned at least 68.6% of Tacora. According to a government briefing note prepared for the Premier and Minister of Natural Resources of Newfoundland and Labrador dated January 18, 2018, Tacora met with Premier Dwight Ball and Minister Siobhan Coady on January 23, 2018 to seek certainty in permitting timelines, owing to their potential impacts on financing. The briefing indicated that on July 13, 2017, the Minister accepted a rehabilitation and closure plan for the Wabush Scully Mine Project with an associated financial assurance of $36.76 million by way of a cash deposit, with assurance to be increased to $41.74 million prior to starting operations. The briefing note

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[16] **Exhibit CX-000008**, Tacora Resources Inc, Press Release, "Tacora Resources Inc. Announces the Purchase of the Scully Mine, an Agreement with the USW on a New Collective Bargaining Agreement and the Execution of a Long Term Offtake Agreement with Cargill" (19 July 2017).

[17] **Exhibit CX-000009**, Affidavit of Larry Lehtinen, sworn 19 June 2017 at para 4.

[18] *Ibid* at para 5.

[19] *Ibid*.

indicated that Tacora was "controlled by Proterra (68.6%) a private investment firm, via Proterra's US$42 million equity investment in Tacora's purchase of Wabush Mines.[20] This statement was again stated in a Decision/Direction Note provided to the Minister of Natural Resources dated October 18, 2018.[21] 1128349 states that it intends to confirm this highly reliable hearsay evidence through document requests and/or discovery.

53. The Meeting Note went on to state that Tacora had entered into a five year offtake agreement with Cargill Intl:

> *Tacora has entered into a long term (five-year) offtake agreement with Cargill, an international metals supply chain company, for 100 percent of its concentrate product. Iron ore concentrate will be sold as feed for sinter plants and pelletizing plants.*[22]

54. Cargill Inc had an interest in Proterra at this time. Indeed, Proterra is a product of the spinoff of a wholly owned Cargill Inc subsidiary, in which Cargill Inc retained an interest. As reported in an article published by Reuters dated January 25, 2016, Cargill had spun off its subsidiary Black River Asset Management LLC. Proterra was one of the emerging entities from Black River after Cargill Inc announced the Black River breakup. The article stated that Proterra would be "employee owned", and quoted Proterra as saying that "it would retain all of its fund commitments and limited partners**, including Cargill**" (emphasis added).[23] 1128349 states it will be seeking confirmation of Proterra's hearsay admission in relation to Cargill's ownership interest in it via document requests and discovery.

55. The Reuters article quoted Ned Dau as Proterra's Chief Marketing Officer and Head of Investor Relations. Ned Dau's LinkedIn profile indicates that he had worked with Black River Asset Management, a division of Cargill, serving as Managing Director, Head of PE Marketing and Investor Relations.[24]

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[20] **Exhibit CX-000010**, Access to Information Request Response from Government of Newfoundland and Labrador Department of Natural Resources (4 April 2018) at 5 of 7.

[21] **Exhibit CX-000011**, Access to Information Request Response from Government of Newfoundland and Labrador Department of Natural Resources (15 October 2019) at 3-4 of 16.

[22] *Ibid* at 3 of 16.

[23] **Exhibit CX-000012**, Karl Plume "Cargill subsidiary Black River spins off private equity firm", *Reuters* (25 January 2016).

[24] **Exhibit CX-000013**, LinkedIn Profile of Ned Dau (30 July 2023).

56. In an article published by Bloomberg News on January 25, 2016, Proterra was stated to be previously part of Cargill's Black River Asset Management subsidiary – it stated Proterra managed more than $2.1 billion of committed capital and that Cargill Inc would "continue to be an investor, Proterra said …".[25]

57. In a press release issued by Tacora on November 27, 2018, nearly a year pre-production and before any Royalties were payable, Tacora admitted that Cargill Inc/Cargill Intl and Proterra were Tacora's "long term strategic equity investors".[26] Furthermore, Tacora admitted that Cargill Inc's equity investment in Tacora resulted in an extension on the offtake agreement between the parties:

> *As part of the financing Cargill has made an equity investment and extended its long-term offtake agreement. Lee Kirk, Managing Director of Cargill's Metals business commented, "By extending this agreement through 2033, Cargill is better positioned to provide our customers around the world with greater access to high quality iron ore. This investment is closely aligned with our strategic ambitions. As committed partners to the ferrous industry, we will continue to access our future investments and partnership opportunities that capture long-term value for our customers."*[27]

58. In Tacora's Consolidated Financial Statements for the year ended December 31, 2019, Tacora admitted that "the controlling and ultimate parent of Tacora is Proterra M&M MGCA B.V.".[28] Tacora repeated this admission in its Consolidated Financial Statements for the years ended December 31, 2021 and 2020.[29]

59. For its part, Proterra Investment Partners admits via its "About" page on its website, https://www.proterrapartners.com/, that:

    (a) Proterra launched as a standalone investment advisor and private equity fund manager for the Black River Asset Management private equity funds ("the Funds");

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[25] **Exhibit CX-000014**, Shruti Date Singh "Former Cargill private equity firm spun off, renamed Proterra", *Bloomberg News* (25 January 2016).

[26] **Exhibit CX-000015**, Tacora Resources Inc, News Release, "Tacora Resources Inc. Announces Completion of Scully Mine Restart Financing" (27 November 2018).

[27] *Ibid.*

[28] **Exhibit CX-000004**, *supra* note 7 at Note 1 – Corporate Information.

[29] **Exhibit CX-000016**, Tacora Resources Inc Consolidated Financial Statements for the years ended December 31, 2021 and 2020 (31 December 2021) at 8, Note 1 – Corporate Information.

(b) The Funds spun out from Black River Asset Management, a wholly-owned subsidiary of Cargill Inc; and,

(c) Proterra's investment strategies are influenced "by the senior leadership team's longstanding tenure with Cargill".[30]

60. In a press release dated October 15, 2021, Proterra Investment Partners announced that David Dines would be joining them as a Strategic Advisor. Mr. Dines had previously worked for Cargill Inc for many years, culminating as Cargill Inc's Chief Financial Officer.[31]

61. In a Presentation to Bondholders dated March 3, 2023, Tacora admitted that Proterra Investment Partners owned 77.9% of Tacora's common equity. Proterra Investment Partners' 77.9% common equity stake[32] consisted of its consolidated ownership of Proterra M&M MGCA B.V. (70.3%) and Proterra M&M Co-Invest (7.5%) ("the Funds"), with the Funds holding Tacora's corporate shares.[33] Proterra Investment Partners' stake, through the Funds, was 57.6% on a diluted basis once Cargill Intl's and Cargill Inc's respective diluted shareholdings were taken into account, which does not take into account the additional common equity entitlements Cargill Intl would be entitled to if they exercised their penny warrants or additional equity held by Cargill Inc/Cargill Intl by way of investment in the private Proterra funds.[34]

(A2)Equity: Cargill Inc has Direct Equity Ownership in Tacora

62. In an Investor Presentation dated May 2021, Tacora admitted that its "equity investors include **Proterra**, Orion, **Cargill**, Tschudi Group and Mag Global" (emphasis added).[35] It further indicated that Proterra held 76% of Tacora's diluted ownership.[36]

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[30] **Exhibit CX-000017**, "About" (retrieved 4 July 2023), online, *Proterra Investment Partners*.

[31] **Exhibit CX-000018**, Proterra Investment Partners, News Release, "Recently retired Cargill CFO David Dines Joins Proterra Investment Partners" (15 October 2021).

[32] Proterra Investment Partners is a corporate entity that manages two of the subject funds: Proterra M&M MGCA B.V. and Proterra M%M Co-Invest LLC. Those funds are vehicles for private investments, including by Cargill Inc/Cargill Intl. See further **Exhibit CX-00019** at 28 note 3.

[33] **Exhibit CX-000019**, Tacora Resources Inc Presentation to Bondholders (3 March 2023) at 28.

[34] *Ibid*.

[35] **Exhibit CX-000020**, Tacora Resources Inc Investor Presentation (1 May 2021) at 15. This statement was repeated in an Investor Presentation dated February 1, 2022: see **Exhibit CX-000021**, Tacora Resources Inc Investor Presentation (1 February 2022) at 8.

[36] **Exhibit CX-000020**, *supra* note 34 at 8.

63. In a Tacora Offering Memorandum dated May 5, 2021, Tacora admitted Cargill Inc's significant shareholding in it, along with Cargill Inc's ownership interest in Proterra M&M MGCA B.V., which it characterized as "Tacora's controlling shareholder":

> *TRANSACTIONS WITH DIRECT AND INDIRECT SHAREHOLDERS*
>
> ***Cargill, Inc., the parent entity of Cargill International Trading Pte Ltd. ("Cargill"), has an indirect interest in approximately 10% of the voting stock of Tacora through its direct and indirect interest in Proterra M&M MGCA B.V., which is Tacora's controlling shareholder.*** *Phil Mulvihill, a member of Tacora's Board of Directors, is an employee of Cargill.*
>
> *Cargill is party to the Cargill Offtake Agreement and related Stockpile Agreement, see "Business – Material Agreements—Cargill Offtake Agreement" pursuant to which Tacora has agreed to sell all of the iron ore it produces at the Scully Mine to Cargill. Cargill may extend the Cargill Offtake Agreement through the life of the Scully Mine through extension rights… (emphasis added)*[37]

64. On November 21, 2022, Tacora published a Material Change Report indicating that on November 10, 2022, Cargill Inc made a $15 million preferred equity subscription into Tacora, through which Cargill Inc gained even more control over Tacora, including another director nomination, shareholder consent, and participation in connection with specified liquidity events:

> *On November 10, 2022, the Company completed a non-brokered private placement of 15,000,000 Preferred Shares at a price of US$1.00 per Preferred Share for aggregate proceeds of US$15,000,000 less transaction costs and expenses in accordance with the terms and conditions of a subscription agreement entered into between the Company and Cargill, Incorporated (collectively, the "Preferred Equity Subscription").*
>
> *In connection with the Preferred Equity Subscription, the Company, among other things, (i) amended its constating documents to create and authorize for issuance, the Preferred Shares and (ii) entered into an amended and restated shareholders agreement with existing holders of common shares of the Company and Cargill, Incorporated to provide for certain rights and restrictions in respect*

[37] **Exhibit CX-000007**, *supra* note 15 at 75.

> *of director nomination, shareholder consent, and participation in connection with specified liquidity events.*[38]

65. Tacora characterized Cargill Inc's $15 million preferred equity subscription in the following terms in its Annual Report for years ended 2021 and 2022 dated June 1, 2023 (the "Tacora Report"):

> *On November 10, 2022, the Company entered into a Subscription Agreement ("Agreement") with Cargill. Under the Agreement the Company issued 15,000,000 non-voting, Series C Preferred Shares ("Preferred Shares") to Cargill in exchange for $15 million cash consideration.*
>
> *The Agreement includes a number of embedded features including put, call, optional conversions, and down-round features. The agreement includes the option for Cargill to convert the Preferred Shares into Common Shares at any point throughout the life of the agreement. Additionally, the Agreement includes an automatic conversion in which the Preferred Shares automatically convert to Common Shares upon the closing of a liquidity event which is defined as either an IPO or the sale of the majority of the voting or equity securities in the Company.*
>
> *The Agreement includes a number of redemption rights held by the Company including the option to redeem the Preferred Shares, at any point, at the liquidation preference which is defined as the initial issuance price of $1 per share which increase at a rate of 15% per year. To the extent that the Company has not redeemed the Preferred Shares and the holder has not converted the Preferred Shares, all outstanding Preferred Shares shall be mandatorily redeemed five years from the agreement close date at an amount equal to 1.5 times the liquidation preference.*
>
> *A down-round feature included in the Agreement outlines that the conversion price, which is defined as $1 per share, shall be reduced in the event that the Company issues or sells any Common Shares at a price lower than the conversion price.*[39]

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[38] **Exhibit CX-000022**, Tacora Resources Inc Material Change Report (21 November 2022).

[39] **Exhibit CX-000023**, Tacora Resources Inc Consolidate Financial Statements for the years ended December 31, 2022 and 2021 (1 June 2023) at Note 25 – Preferred Shares (Page 148 of PDF Volume 2 Book of Exhibits)

66. Tacora has admitted that Cargill, presumably referring to Cargill Inc given their reference to the $15 million preferred share investment, was a "related party" to Tacora as of December 31, 2022.[40]

67. On May 15, 2023, Tacora announced by way of press release the results of a consent solicitation which provided that Cargill Intl and Cargill Inc would be included as Permitted Holders under the indenture relating to the 2026 Secured Priority Notes. In connection with this, Tacora issued additional penny warrants to "certain members of the Ad Hoc Bondholder Group which in aggregate are exercisable to approximately 31.6% of the voting common shares of Tacora on a fully diluted basis".[41] The Plaintiff states it will be seeking particulars as to Cargill Inc's, Cargill Intl's, or Proterra's status as noteholder under the 2026 Secured Priority Notes and any penny warrants held thereby through document requests and/or discovery.

(B1)Financing: Cargill Intl Fixed Price Side Letter Connotes Non-Arm's Length Dealings

68. On September 14, 2021, Tacora and Cargill Intl executed a Fixed Price Side Letter, with its stated purpose being for Cargill Intl to provide Tacora insulation from anticipated iron ore market price movements.[42]

69. The Fixed Price Side Letter modified the terms of the Cargill Agreement, which itself connotes non-arm's length dealings. Its stated purpose was to provide Tacora with market insulation by way of a prepayment and hedging scheme. It also fixed the price for certain quantities of Iron Ore Products at [redacted] thereby providing price certainty to Cargill Intl.

(B2) Financing: Cargill Intl Advance Payments Facility Agreement and Related Amendments Connote Non-Arm's Length Dealings

70. The Tacora Report states that on January 3, 2023, Tacora entered into an Advance Payments Facility Agreement (the "APFA") with Cargill Intl.[43] As stated in the Annual Report:

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[40] *Ibid* at "Related Party Transactions" (Page 167 of PDF Volume 2, Book of Exhibits)

[41] **Exhibit CX-000024**, Tacora Resources Inc, News Release, "Tacora Announces Results of Consent Solicitation and Issuance of 9.00% Cash / 4.00% PIK Senior Secured Priority Notes Due 2023" (15 May 2023).

[42] **Exhibit CX-000025**, Offtake Contract: Fixed Price Side Letter (14 September 2021).

[43] **Exhibit CX-000023**, *supra* note 39.

> *The purpose of the agreement is to provide the Company with up to $35 million in advance payment in exchange for future deliveries of iron ore to Cargill. The agreement includes an offsetting $15 million floor price premium to be advanced from the Company to Cargill as consideration for guaranteeing a floor price on iron ore; resulting in a net potential advance payment of $20 million.*
>
> *…*
>
> *The advanced payment agreement also includes penny warrants issued to Cargill as additional consideration. The warrants are exercisable into Common Shares, representing a non-dilutive 10% equity ownership in the Company on a fully-diluted basis and immediately exercisable for a two-year period and expiring on January 5, 2025.* [44]

71. The Tacora Report continued that on January 10, 2023, Tacora received a net $10 million of the advance payment from Cargill Intl, which it referred to as the "initial advance". On February 24, 2023, the Company received an additional $5 million under the APFA, which it referred to as the "subsequent advance". [45]

72. The Tacora Report continued that on April 29, 2023, Tacora entered into an Advance Payment Facility Agreement Amendment, which *inter alia*, extended the termination date for the repayment of all outstanding advances made by Cargill Intl under the APFA. In exchange, Tacora issued to Cargill Intl penny warrants exercisable for up to 25% of the common shares in Tacora on a fully diluted basis.[46] This is further confirmed by Tacora by way of a Material Change Report dated April 29, 2023.[47]

73. The Tacora Report continued that on May 11, 2023, Tacora issued further penny warrants exercisable for a two-year period into voting common shares to "certain of the Senior Priority Noteholders which in aggregate are exercisable for approximately 31.6% of the voting common shares of Tacora on a fully diluted basis".[48] 1128349 intends to determine by way of document requests or discovery who these Priority Noteholders are as it would appear to include Cargill Inc, Cargill Intl, Proterra, or any combination thereof.

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[44] *Ibid* at Note 26, Subsequent Events (Page 149 of PDF Volume 2 Book of Exhibits).

[45] *Ibid*.

[46] *Ibid* at Notes to the Consolidated Financial Statements (Page 150 of PDF Volume 2 Book of Exhibits).

[47] **Exhibit CX-000026**, Tacora Resources Inc Material Change Report (29 April 2023).

[48] **Exhibit CX-000023**, *supra* note 39 at Notes to the Consolidated Financial Statements (page 150 of PDF Volume 2, Book of Exhibits).

74. The Tacora Report continued that on May 29, 2023, Tacora entered into an "Amended and Restated Advance Payments Facility" with Cargill Intl. This was to "provide for a $25 million senior hedging facility to be made available by Cargill that allows for the Tacora to incur certain margin amounts owing by Cargill under the Offtake Agreement to be deemed as advances by Cargill" in favor of Tacora.[49]

75. According to a Conference Call Presentation relating to the 1st quarter of 2023, Tacora admitted that on June 27, 2023, it had entered into a further Amended and Restated Payment Facility Agreement as amended by Amendment No. 1, which allowed for additional prepayment advances in Cargill Intl's sole discretion.[50]

(C) Governance: Cargill Inc has always had Direct and Indirect Control through Tacora Governance Structure

76. Governance of Tacora at all relevant times also reflected Tacora's non-arm's length relationship with Cargill Inc, Cargill Intl, Proterra, or any combination thereof. These non-arm's length parties exercised de facto control of Tacora through Tacora's Board of Directors. This is evidenced by:

(a) As of September 30, 2019, Tacora's Board of Directors consisted of the following individuals:[51]

(i) Torben Thorsden, who was appointed by Proterra;[52]

(ii) Nick Carter, who was appointed by Proterra;[53]

(iii) Phil Mulvihill, who was appointed by Proterra;[54]

(A) Phil Mulvihill is the Partnerships and Investment Lead at Cargill Metals and had been Cargill Inc's Projects and Investments Lead in Asia from October 2010 to June 2015;[55]

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[49] *Ibid.*

[50] **Exhibit CX-000027**, Tacora Resources Inc Conference Call Presentation 1st Quarter 2023 (1 July 2023) at 12.

[51] **Exhibit CX-000028**, Tacora Resources Inc Board of Directors as at September 2019 (30 September 2019).

[52] **Exhibit CX-000007**, *supra* note 14 at 74.

[53] *Ibid*.

[54] *Ibid*.

[55] **Exhibit CX-000029**, LinkedIn Profile of Phil Mulvihill (17 May 2023).

(B) Since 2019, Phil Mulvihill has been Cargill Inc's "Partnerships & Investments Lead" while also simultaneously serving as a Tacora Director;[56]

(C) Phil Mulvihill is a Director at Proterra M&M M.G.C.A.B.V;[57]

(iv) Rupert Sam Byrd, who was appointed by Proterra[58] and is also on Proterra M&M M.G.C.A.B.V.'s Board of Directors;[59]

(v) Larry Lehtinen;

(vi) David James Durrett, who was appointed by Proterra;[60] and,

(vii) James Warren, who was appointed by Proterra[61] and is also on Proterra M&M M.G.C.A.B.V.'s Board of Directors[62];

(b) As of September 30, 2020, the Tacora Board of Directors remained the same, excepting the addition of Thierry Martel;

(c) As of September 30, 2021, the Tacora Board of Directors was the same as that of September 30, 2019;

(d) As of September 30, 2022, by which time Tacora had admitted Cargill Inc and Cargill Intl were non-arm's length based upon May 5, 2021, Offering Memorandum, the Board of Directors consisted of the same individuals as existed on September 30, 2019, with the addition of the following individuals, leaving the Cargill and Proterra directors in majority position:[63]

(i) Joe Broking, CEO of Tacora;

(ii) Andrew Harn;

(iii) Peter Steiness; and,

(iv) Jacques Perron.

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[56] *Ibid*.

[57] **Exhibit CX-000030**, Company Profile, Proterra M&M MGCA BV (4 July 2023).

[58] **Exhibit CX-000007**, *supra* note 15 at 74.

[59] **Exhibit CX-000030**, *supra* note 57.

[60] **Exhibit CX-000007**, *supra* note 15 at 74.

[61] *Ibid*.

[62] **Exhibit CX-000030**, *supra* note 57.

[63] **Exhibit CX-000031**, Tacora Resources Inc Board of Directors as at September 30, 2022 (30 September 2022).

QUANTIFICATION OF UNDERPAID ROYALTY BASED ON NON-ARM'S LENGTH CARGILL AGREEMENT

77. 1128349 repeats the foregoing and states that it has been underpaid the Royalty by reason of Tacora's failure to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues.

78. 1128349 states that the amount of underpaid Royalty is measured by the difference in the amount of Royalty which should have been calculated and paid to 1128349 on the basis of Non-Arm's Length Net Revenues and the amount of the Royalty actually paid to 1128349 by Tacora commencing October 25, 2019.

79. For the period October, 2019 – July 25, 2023, the Royalty statements issued by Tacora (the Royalty Statements") reflected the amount of Royalty payable to 1128349 to be:

Quarterly Payment Date	Earned Royalties	Withholding Tax
October 25, 2019	1,449,252.60	162,495.00
January 25, 2020	3,840,441.55	162,495.00
April 24, 2020	4,512,080.20	902,801.22
July 24, 2020	6,329,255.12	1,265,851.02
October 20, 2020	7,099,904.74	1,419,980.95
January 20, 2021	12,635,187.49	2,527,037.88
April 20, 2021	12,884,577.98	2,576,915.60
July 20, 2021	18,410,285.47	3,682,057.09
October 20, 2021	844,907.10	168,981.42
January 20, 2022	7,296,659.08	1,459,331.82
April 20, 2022	11,789,584.67	2,357,916.93
July 20, 2022	5,889,939.23	1,177,987.85
October 20, 2022	3,408,429.22	681,685.84
January 20, 2022	7,200,288.89	1,440,057.78
April 28, 2023	8,727,175.84	1,745,435.17
July 24, 2023*	5,865,004.23	1,173,000.85

**The Royalty calculated in this Royalty Statement has not been paid.*

Tacora's admission of $3,727,377.50 (CDN) Royalty underpayment

80. Exhibit CX-000032 is an exchange of emails dated from October 6, 2022 to October 18, 2022 between Sam Morrow, 1128349's Director, and Hope Wilson, Tacora's Chief Accounting Officer.[64]

81. This exchange of emails addressed Mr. Morrow's request that Ms. Wilson calculate the amount of Royalty which would have been paid in the event that Non-Arm's Length Net Revenues were utilized as the base to calculate the Royalty.

82. Ms. Wilson's response included alternative Royalty payments calculated in the spreadsheet comprising part of Exhibit CX-000032. The spreadsheet reflects that, employing Non-Arm's Length Net Revenues as the base for the Royalty calculation, an additional Royalty amount of $2,355,743 (USD) ($3,156,695.62 (CDN)[65]) would have been paid to 1128349 for the time period from the third quarter of 2019 up until the second quarter of 2022.

83. Exhibit CX-000033 is a further exchange of emails on February 6, 2023 between Mr. Morrow and Ms. Wilson.[66] In that exchange of emails, Ms. Wilson annexed a further spreadsheet which documented that, employing the Non-Arm's Length Net Revenues as the base to calculate the Royalty, an additional Royalty amount of $2,781,625 (USD) ($3,727,377.50 (CDN)[67]) would have been paid to 1128349 by Tacora for the period from the third quarter of 2019 up until the fourth quarter of 2022.

Basis for Hope Wilson's calculations

84. In her October 13, 2023 email, Ms. Wilson explained the basis for her alternative Royalty calculations. She stated that "for the Industry Service rate we used Platts 65 less the Platts Freight Rate (China-Brazil) increased by 24% to try to get a freight rate comparable to C3".

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[64] **Exhibit CX-000032**, Email exchange dated from October 6, 2022 to October 18, 2022 between Samuel Morrow and Hope Wilson.

[65] Utilizing an exchange rate of $1.34 US/CDN.

[66] **Exhibit CX-000033**, Emails on February 6, 2023 between Samuel Morrow and Hope Wilson.

[67] Utilizing an exchange rate of $1.34 US/CDN.

85. Ms. Wilson's alternative Royalty calculation method engaged the definition of Non-Arm's Length Revenues, which directs use of "the amount per Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "**Industry Service**")".

86. The "Platts 65" used by Ms. Wilson as the Industry Service rate is understood to be the Platts 65% IODEX price index published by Platts/S&P Global Inc. Platts 65 is a daily assessment of the spot market price of high grade (65%) iron ore fines delivered at the port of Qingdao, China. It is a widely-quoted price index in the international seaborne-traded market.

87. The Cargill Agreement specifies in part that the purchase price for Tacora's Iron Ore Products thereunder is to be calculated by reference to the Platts 62% index. The Platts 62% index is a daily assessment of the spot market price for mid-grade (60% to 63.5%) iron ore fines delivered to Qingdao, China.

88. Tacora's Royalty Statements reflect that the percentage of iron content in Iron Ore Products sold between the third quarter of 2019 until the second quarter of 2023 ranged from a low of 65.29% to a high of 65.89%. The average of these iron content values is 65.56%.

89. The actual average 65.56% grade of Iron Ore Products sold by Tacora to Cargill Intl is higher than both the high grade iron ore fines priced by the Platts 65 index and the mid-grade iron ore fines priced by the Platts 62 index.

90. Both the Cargill Agreement's use of the Platts 62% index and Ms. Wilson's use of the Platts 65% index understate the value of the higher grade Iron Ore Products produced and sold by Tacora.

91. Notwithstanding such understatement, Ms. Wilson's alternative royalty calculations, applying the Non-Arm's Length Revenues definition, were based on market values for seaborne iron ore sold in the international market (the Industry Standard). It follows that she found that Cargill Intl had paid Tacora less than market value for the Iron Ore Products, with a consequential significant negative impact on the Royalty payable to 1128349.

92. Ms. Wilson's October 13, 2022 alternative Royalty calculation explanation indicates further that, in computing the relevant freight rate (for Cape Size carriers from Sept Iles, Quebec to China) she added a premium of 24% to the conventional Brazil-China freight rate. 1128349 understands this to be an attempt to capture the freight from Sept Iles, Quebec to China, a longer distance. 1128349 believes that this approach overlooks the fact that many Cargill Intl shipments of Iron Ore Products were sold and transported to the Middle East and Europe, with lower freight rates than to China.

93. 1128349 states that Ms. Wilson's calculations as aforesaid represent an admission by Tacora that the Royalty for the period from the third quarter of 2019 to the fourth quarter of 2022 would have been at least $3,727,377.50 (CDN) more than was actually paid to 1128349 if the Non-Arm's Length Revenues calculation had been employed.

94. 1128349 expects to produce supplementary evidence as to the calculation of the Royalty on the basis of the non-arm's length Royalty method prescribed under the Wabush Lease.

95. 1123849 repeats the preceding paragraphs hereof and states that Tacora's underpayment of the Royalty by reason of its calculation and payment based on non-arm's length Cargill Agreement revenues is at least $2,781,625 (US) ($3,727,377.50 (CDN)). 1128349 will provide the calculation for the total Royalty underpayment at the hearing of the arbitration.

TACORA'S NON-PAYMENT OF Q2 2023 ROYALTY PAYMENT

96. On the Quarterly Payment Date of July 25, 2023, Earned Royalties of $5,865,004.23 were payable. Net of withholding tax to be remitted to the Government of Newfoundland and Labrador, Tacora was required to pay Royalty to 1128349 in the amount of $4,692,003.38 (CDN) (the "Q2 2023 Royalty Payment"). See Exhibit CX-000034 for Tacora's calculation of and admission as to the amount of the Royalty which was due and payable on July 25, 2023.[68]

97. Tacora failed to make the Q2 2023 Royalty Payment to 1128349 and thereby breached its Royalty payment obligation under the Wabush Lease.

[68] **Exhibit CX-000034**, Letter from Tacora Resources Inc. to 1128349 B.C. Ltd. July 24, 2023.

TACORA'S BREACHES OF THE WABUSH LEASE

98. 1128349 repeats the preceding paragraphs hereof and states that Tacora is in breach of the Wabush Lease

(a) By failing to disclose and admit the Tacora-Cargill Intl non-arm's length relationship, contrary to its duty to honestly and in good faith perform the Cargill Agreement;

(b) by failing to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues, applying clause (j)(ii), and

(c) by failing to make the Q2 2023 Royalty Payment.

99. In consequence of Tacora's breaches of the Wabush Lease as aforesaid, 1128349 has suffered damages, including without limitation:

(a) the amount of Royalty underpayment by reason of Tacora's failure to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues, applying clause (j)(ii), and

(b) the amount of $5,865,004.23 (CDN) being the amount of the unpaid July 25, 2023 Royalty Payment.

100. Clause C(9) of the Wabush Lease provides for arbitration in the event of:

> *… any dispute, question or difference [which] shall arise at any time between the Lessor and the Lessee as to any matter contained in this Indenture or touching or concerning the provisions of this Indenture or the construction, meaning, operation or effect thereof or arising out of or in relation to this Indenture…*

101. 1128349 repeats the preceding paragraphs hereof and seeks the following award, orders and/or relief against Tacora:

(a) a declaration that Tacora is non-arm's length to Cargill;

(b) declarations that the Cargill Agreement is not an arm's length agreement and that revenues under the Cargill Agreement do not constitute Arm's Length Net Revenues;

(c) an order directing Tacora to re-calculate the Royalty based on Non-Arm's Length Net Revenues in accordance with clause (j)(ii);

(d) damages represented by the amount of Royalty underpaid by reason of Tacora's failure to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues in accordance with clause (j)(ii);

(e) damages represented by the unpaid July 25, 2023 Royalty payment in the amount of $5,865,004.23 (CDN);

(f) general and special damages for breach of the Wabush Lease;

(g) interest on the amount of underpaid and/or unpaid Royalty, at commercial rates;

(h) aggravated and/or punitive damages in relation to Tacora's breach of its duty of honest performance;

(i) its costs on a full indemnity basis.

DATED AT St. John's, Newfoundland and Labrador, Canada, this 22nd day of August, A.D. 2023.

Colm St. R. Seviour, K.C. and
G. John Samms
STEWART MCKELVEY
Whose address for service is:
Suite 1100, Cabot Place
100 New Gower Street
St. John's, NL A1C 6K3
Solicitors for the Plaintiff

TO: Douglas B. Skinner and Beth McGrath, K.C.
McInnes Cooper
5th Floor
10 Fort William Place
PO Box 5939
St. John's, NL A1C 5X4
Solicitors for the Defendant

AND Craig C. Garson, K.C.
Garson Law

TO: TD Centre
1791 Barrington Street, Suite 1905
Halifax, NS B3J 3K9
Chair of the Arbitration Panel

EXHIBIT "C"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Scully
ROYALTY LTD

April 27 2023

VIA COURIER, EMAIL AND REGISTERED POST

TACORA RESOURCES INC.
Suite 120, 102 NE 3rd Street
Grand Rapids, Minnesota
U.S.A 55744

Attention: Joe Broking, Chief Executive Officer

Dear Sirs:

Re: Amendment and Restatement of Consolidation of Mining Leases – 2017 entered into as of September 17, 2017, between 0778539 B.C. Ltd., now assigned to 1128349 B.C. Ltd. ("112") and Tacora Resources Inc. (the "Sub-Lease")

As you are aware, a quarterly royalty payment was due from Tacora Resources Inc. ("**Tacora**") to us on April 25, 2023 in respect of Earned Royalties for the calendar quarter ended December 31, 2022 pursuant to Clause A(1) of the Sub-Lease (respectively, the "**Q1 Earned Royalty Payment**") along with a production report under Clause A(3) thereof. We have not received such payment or report to date.

In addition, we previously informed you that you have underreported and underpaid Earned Royalties for all Quarterly Payment Dates since operations recommenced at the Demised Premises in 2019 (the "**Underpaid Royalties**") as a result of incorrectly calculated "Net Revenues". More specifically, Cargill International Trading Pte Ltd. ("**Cargill**") is a non-arm's length party from Tacora, including, but not limited, as a result of board representation, significant influence (including input as to management compensation) and major shareholdings. Accordingly, from at least 2019 and onwards, "Net Revenues" should have been calculated in accordance with subsection (ii) of the definition of "Net Revenues" under the Sub-Lease which applies to non-arm's length transactions, rather than subsection (i), which applies only to arm's length transactions.

We currently calculate the Underpaid Royalties to be in excess of US$10 million. Such amount has been in arrears for more than 30 days. Accordingly, this letter serves as notice pursuant to Clause C(4) of the Sub-Lease of such unpaid royalties. We hereby demand full payment of the balance of Underpaid Royalties. If such default is not cured, we reserve our rights to pursue all such remedies as may be available to us, including the termination of the Sub-Lease.

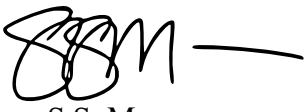
Further, if the requisite reporting and payment of the Q1 Earned Royalty Payment are not received by May 25, 2023, we intend to provide you additional notice of default in accordance with Clause C(4) of the Sub-Lease at such time.

We are open to discussions with other creditors – either by phone or in-person - to discuss and resolve this situation. However, given the foregoing, we are not willing to grant any further consents to encumbrances or security interests until such time as you are no longer in default under the Sub-Lease. Further, we reserve our rights in respect of any preference payments made by Tacora, including to non-arm's length parties.

Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Sub-Lease.

Regards,

1128349 B.C. LTD.

By: 
S.S. Morrow
Director

CC: Leon Davies, Cargill International Trading Pte Ltd.
CC: Wells Fargo Bank as Trustee for the 2026 Tacora Senior Secured Notes

EXHIBIT "D"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

THE REPUBLIC OF THE MARSHALL ISLANDS
REGISTRAR OF CORPORATIONS

CERTIFICATE OF REGISTRATION OF DOMESTICATION/REDOMICILIATION

I HEREBY CERTIFY, that

0778539 B.C. LTD.
Reg. No. 91914
Existence Date: June 28, 1951

A corporation previously existing under the laws of **British Columbia, Canada,** has domesticated / redomiciled from **British Columbia, Canada** into the Republic of the Marshall Islands on

July 18, 2017

and that upon such examination, as indicated by the records of this Registry, said corporation continues as a Marshall Islands corporation governed by the provisions of the Business Corporations Act.

The registered address of the Corporation in the Marshall Islands is Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960. The name of the Corporation's registered agent at such address is The Trust Company of the Marshall Islands, Inc.

WITNESS my hand and the official seal of the Registry on **July 18, 2017.**

REGISTRAR OF CORPORATIONS
SEAL
REPUBLIC OF THE MARSHALL ISLANDS

Deputy Registrar

62153522

BRITISH COLUMBIA

Ministry of Finance
Corporate and Personal
Property Registries
www.fin.gov.bc.ca/registries

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
Location:
2nd Floor - 940 Blanshard Street
Victoria BC

Telephone: 250 356-8626

FILED
JUL 17 2017
REGISTRAR OF COMPANIES
MLT

APPLICATION FOR AUTHORIZATION TO CONTINUE OUT

FORM 45 – BC COMPANY

Section 308 *Business Corporations Act*

Freedom of Information and Protection of Privacy Act (FIPPA): The personal information requested on this form is made available to the public under the authority of the *Business Corporations Act*. Questions about how the *FIPPA* applies to this personal information can be directed to the Administrative Assistant of the Corporate and Personal Property Registries at 250 356-1198, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

INSTRUCTIONS:

Please type or print clearly ~~in block letters and ensure~~ that the form is signed and dated in ink.

This form is to be used when applying to the registrar for authorization for the company to continue to become a foreign corporation.

Under section 308(1) of the *Business Corporations Act* (the act), a company may, if authorized by its shareholders and by the registrar, make application to the appropriate official or public body of another jurisdiction requesting that the company be continued into that other jurisdiction as if the company had been incorporated under the laws of that other jurisdiction.

Authorization by the registrar is conditional on the company being in good standing by complying with section 51 (up to date on annual report filings) and section 120 (required number of directors) of the act.

The authorization expires 6 months after the date the letter of authorization is issued by the registrar.

Under section 311(1) of the act, the continued corporation must promptly file with the registrar a copy of any record issued to it by the foreign jurisdiction to effect or confirm the continuation.

Item B Enter the name exactly as shown on the Certificate of Incorporation, Amalgamation, Continuation or Change of Name.

Item C Enter the name of the foreign jurisdiction where the company will continue to.

Item D Under section 310 of the act, a company must NOT apply to be continued into another jurisdiction unless, after continuation, the laws of that other jurisdiction include all the provisions listed in "Item D".

Filing Fee: $350.00

Submit this form with a cheque or money order made payable to the Minister of Finance, or provide the registry with authorization to debit the fee from your BC OnLine Deposit Account. Please pay in Canadian dollars or in the equivalent amount of US funds.

A INCORPORATION NUMBER OF COMPANY

BC0778539

B NAME OF COMPANY

0778539 B.C. Ltd.

C FOREIGN JURISDICTION INFORMATION – *Enter the name of the foreign jurisdiction into which the company will continue.*

Republic of the Marshall Islands

D I confirm that the laws of the foreign jurisdiction to which the continued corporation will be subject provide for the following:

- the property, rights and interest of the company continue to be the property, rights and interests of the continued corporation,
- the continued corporation continues to be liable for the obligations of the company,
- an existing cause of action, claim or liability to prosecution is unaffected,
- a legal proceeding being prosecuted or pending by or against the company may be prosecuted or its prosecution may be continued, as the case may be, by or against the continued corporation, and
- a conviction against, or a ruling, or judgment in ~~favour of or against~~, the company may be enforced by or against the continued corporation.

E CERTIFIED CORRECT - I have read this form and found it to be correct.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE COMPANY	DATE SIGNED YYYY / MM / DD
Michael J. Smith	X	2017/07/14

Rev. 2004/1/5
FORM 45 – Leitch Systems Design Inc. – Approved September 3, 2004

EXHIBIT "E"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

AMENDMENT AND RESTATEMENT OF CONSOLIDATION OF MINING LEASES - 2017

THIS INDENTURE made and entered into as of the 17th day of November, 2017, by and between **0778539 B.C. LTD.** (formerly called MFC BANCORP LTD.), a corporation with an address of c/o 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, Canada V6C 3L2 (hereinafter called the "**Lessor**"), and **TACORA RESOURCES INC.**, a corporation incorporated under the laws of the Province of British Columbia with an address at Suite 120, 102 NE 3rd Street, Grand Rapids, Minnesota, United States of America 55744 (hereinafter called the "**Lessee**").

WHEREAS, under and pursuant to a certain Mining Lease dated June 28, 1957, by and between the Lessor (known as Canadian Javelin Limited at the time) and Wabush Iron Co. Limited ("**Wabush Iron**") (which Mining Lease, as amended by Agreement dated April 2, 1958, and by Agreement dated January 30, 1959, is hereinafter called the "**Wabush Iron Lease**"), the Lessor demised unto Wabush Iron that piece or parcel of land (hereinafter called the "**Wabush Iron Premises**") described in Schedule A to this Indenture and generally delineated in gray upon a plan (captioned "Plan Annexed to Schedule to Lease No. 2") annexed to said Schedule A; and

WHEREAS, under and pursuant to a certain Mining Lease dated June 28, 1957, by and between the Lessor and Pickands Mather & Co. and The Steel Company of Canada, Limited as lessees (which Mining Lease is hereinafter called the "**PM - Stelco Lease**"), the Lessor demised unto said lessees that piece or parcel of land (hereinafter called the "**PM - Stelco Premises**") described in Schedule B to this Indenture and generally delineated in gray upon a plan (captioned "Plan Annexed to Schedule to Lease No. 1") annexed to said Schedule B; and

WHEREAS, Pickands Mather & Co. and The Steel Company of Canada, Limited, by Assignment dated September 2, 1959 assigned the PM - Stelco Lease and the leasehold estate created thereby to Wabush Iron with the written consent of the Lessor thereto appended; and

WHEREAS, the Lessor and the Lessee desired to modify and amend certain of the provisions of the Wabush Iron Lease and of the PM - Stelco Lease, and to consolidate said Leases into one Lease covering both the Wabush Iron premises and the PM - Stelco Premises (the two said premises being hereinafter together called the "**Demised Premises**"); and

WHEREAS, on September 2, 1959, the Lessor and Wabush Iron entered into an Amendment and Consolidation of Mining Leases, whereby they amended, restated and consolidated the terms of the Wabush Iron Lease and the PM – Stelco Lease in their entirety (as amended from time to time, the "**First Amendment and Consolidation of Mining Leases**"); and

WHEREAS, the First Amendment and Consolidation of Mining Leases was further amended by the Lessor and Wabush Iron pursuant to an Amendment dated June 28, 1960, a Second Amendment dated August 31, 1960, an Amendment of Amendment and Consolidation of Mining Lease dated August 8, 1961; and

WHEREAS, pursuant to an asset purchase agreement between Wabush Iron, Wabush Resources Inc., Wabush Lake Railway Company Limited, the Lessee and Tacora Resources Inc. dated June 2, 2017, an Approval and Vesting Order of the Québec Superior Court, Commercial

Division dated June 26, 2017 and an Assignment Order of the Québec Superior Court, Commercial Division dated June 26, 2017, among other things, Wabush Iron assigned all of its rights and obligations under the First Amendment and Consolidation of Mining Leases to the Lessee; and

WHEREAS, the parties wish to amend and restate the First Amendment and Consolidation of Mining Leases in its entirety all as set forth herein.

NOW, THEREFORE, in consideration of the premises and of the mutual undertakings and agreements of the parties hereinafter set forth **IT IS AGREED** that effective from and after the date hereof the following articles, terms and provisions shall be substituted for the First Amendment and Consolidation of Mining Leases, such articles, terms and provisions being as follows:

NOW THEREFORE THIS INDENTURE WITNESSETH THAT for and in consideration of the rents and royalties and of the covenants and conditions to be paid, observed, performed and fulfilled by the Lessee hereunder, the Lessor hereby demises unto the Lessee all that piece or parcel of land hereinbefore defined as the Demised Premises, as more particularly described in the Schedules to this Indenture and generally delineated in gray upon the plans annexed thereto (which descriptions and plans are to be taken as a part hereof), TOGETHER WITH the exclusive right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all Iron Ore Products, as hereinafter defined, on , in or under the Demised Premises, TO HOLD the same unto Lessee for the term extending to and including the 20th day of May 2055, YIELDING AND PAYING therefor yearly on the 20th day of December in each and every year the rental of Three Hundred Sixty Dollars ($360.00) (Canadian Funds), less such sum as shall be expended by the Lessee after the execution of this Indenture on the prospecting, exploration, development or mining of the Demised Premises or any part thereof.

The following terms whenever used in this Indenture shall have the respective meanings hereinbelow set forth:

(a) "**Canadian Funds**" shall mean the lawful money of Canada which at the time is the legal tender for public and private debts in Canada.

(b) "**Cargill Agreement**" means the iron ore sales agreement between the Lessee and Cargill International Trading Pte Ltd. dated April 5, 2017 as the same may be amended, restated or replaced from time to time including with other parties.

(c) "**Deductible Expenses**" means in respect of each Metric Tonne of Iron Ore Products shipped from the Demised Premises, the lesser of: (a) $2.50 per Gross Ton (Canadian funds) (the "**Cap**"), with such Cap adjusted each January 1st after the 2018 year, based on the annual percentage change in the producer price index for final demand transportation and warehousing services (PPI-FD-TWS) as published by the U.S. Department of Labor Statistics; and (b) any reasonable *bona fide* vessel loading and dock handling costs, including, but not limited to, vessel demurrage, tug charges, vessel draft surveys, despatch charges, deadfreight charges, stevedoring charges, vessel security charges and dock access fees (Port of Sept-Îles) paid by or on behalf of the Lessee for the shipment of such Iron Ore

Products from the Port, as defined below, as the Lessee may use to ship Iron Ore Products pursuant to the Cargill Agreement or any other sales agreement for Iron Ore Products that are subject to this Agreement.

(d) "**Disposed Materials**" shall mean tailings stored in the Flora Lake pond or any other disposal or storage site used by the Lessee, waste rock, spoil, or other mine waste resulting from the production of Iron Ore Products,

(e) "**Iron Ore Products**" shall mean and include iron ore, crude iron bearing material including Iron Ore Concentrate, and any other metal, material or composition produced from iron ore or crude iron bearing material or otherwise.

(f) "**Iron Ore Concentrate**" shall mean an iron bearing material produced by the beneficiation of crude iron-bearing material and/or Disposed Material so as to increase the concentration with respect to the element iron.

(g) "**Metric Tonne**" shall mean two thousand two hundred four and six hundred twenty three thousands (2,204.623) pounds avoirdupois.

(h) "**Knoll Lake**" shall mean Knoll Lake Minerals Ltd. (formerly known as Newfoundland and Labrador Corporation Limited).

(i) "**Nalco Lease**" shall mean that Indenture of Lease dated May 26, 1956, as amended by Indenture dated June 28, 1957, between Knoll Lake and the Lessor (then known as Canadian Javelin Limited), leasing the Demised Premises to the Lessor.

(j) "**Net Revenues**" shall mean:

(i) in the event that the Lessee sells Iron Ore Products under an arm's length, bona fide contract of sale, the amount per Metric Tonne (weight determined by vessel draft survey) actually received by or otherwise payable or credited to the account of the Lessee and its affiliates calculated f.o.b. Pointe Noire, Québec or such other applicable port on the St. Lawrence seaway from which such Iron Ore Products is shipped to the Lessee's customers (the "**Port**"), or in the case of sales ex-mine gate or ex-rail, calculated at the point of actual sale, including, without limitation, all payments, incentives, bonuses, allowances, profit sharing or other consideration received by, credited or payable to the Lessee and/or its affiliates in respect thereof, less: (A) the Deductible Expenses; and (B) any royalties or overriding royalties measured by production of Iron Ore Products that are imposed on the Lessee under applicable laws by the Province of Newfoundland and are actually paid to such Province by the Lessee in respect of such sale of such Iron Ore Products (it being acknowledged that no such royalties or overriding royalties exist on the date hereof); and

(ii) in the event that the Lessee otherwise sells Iron Ore Products, including, without limitation, in a non-arm's length transaction, the amount per

Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "**Industry Service**") or, if such Industry Service is unavailable, then by such other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port.

A. **AND** the Lessee hereby covenants with the Lessor as follows:

1. That the Lessee will, during the term of this Indenture, pay to the Lessor on or before the 25th day of January, April, July and October (hereinafter called "**Quarterly Payment Dates**") in each and every year or if such day falls on a Sunday or a holiday then on the next ensuing day, as royalty for each Metric Tonne of Iron Ore Products shipped from the Demised Premises (based on weight determined from certified railroad scale at the Scully mine) during the calendar quarter immediately preceding the first day of the month in which payment is to be made as aforesaid an amount equal to seven per cent (7.0%) of the Net Revenues from Iron Ore Products produced or derived from the Demised Premises (the royalty so paid or payable being hereinafter called "**Earned Royalties**") provided, however, that, in the case of Iron Ore Products that are solely produced from Disposed Materials on a segregated basis from other sources of Iron Ore Products and which Disposed Materials originated from iron ore mining at the Demised Premises, the Earned Royalties shall be calculated at a rate of four and two-tenths percent (4.2%) of the Net Revenues from such Iron Ore Products, and further provided that, for each calendar quarter during which this Indenture remains in effect, and regardless of whether the Lessee shall conduct on the Demised Premises any mining or other operations, the Lessee shall, on each of the Quarterly Payment Dates, pay the Lessor a quarterly minimum royalty (hereinafter called "**Minimum**") equal to $812,475 (Canadian Funds), the whole subject to the following conditions, namely:

(a) If on any Quarterly Payment Date the amount payable by the Lessee to the Lessor hereunder as Earned Royalties for each Metric Tonne of Iron Ore Products shipped from the Demised Premises during the immediately preceding calendar quarter shall be less than the Minimum for such quarter, the total amount payable by the Lessee to the Lessor hereunder as royalty on such Quarterly Payment Date shall be the amount of such Minimum.

(b) If and so soon as the total amount paid by the Lessee to the Lessor by way of royalty hereunder in any calendar year shall be equal to the total of the Minimums for all four calendar quarters in such year, the Lessee's obligation to pay royalties hereunder for the remainder of such calendar year shall be limited to the amount of any Earned Royalties which shall be payable hereunder in respect of such year and which are in excess of the total of such Minimums in such year.

(c) Any amount which the Lessee shall pay to the Lessor on any Quarterly Payment Date in respect of the Minimum hereunder otherwise than in payment of Earned Royalties for shipments during the immediately preceding calendar quarter shall constitute a credit against future Earned Royalties in the same calendar year as the quarter in which such payment relates and the Lessee shall be entitled to use and apply any such credit, so far as the same will go and may be required, to the satisfaction of any Earned Royalties on which shall be payable in respect

of shipments during any subsequent quarter of the same year to the extent that such Earned Royalties shall exceed the Minimum for such quarter, provided that any such credits in respect of payments of Minimum relating to calendar quarters ending in the 2017 and 2018 calendar years may be credited only towards any Earned Royalties payable by the Lessee to the Lessor in respect of calendar quarters in the 2018 and 2019 calendar years.

(d) In the event that the Lessee is required to pay any royalties to Knoll Lake under the Nalco Lease, the Lessor agrees that the Lessee shall have credit for any such payments so made against any amounts due to the Lessor hereunder.

(e) Earned Royalties upon any Iron Ore Products obtained from the Demised Premises by the Lessee shall accrue only from the date that such products are actually shipped and for the purposes hereof such products shall be deemed to be shipped when delivered to a carrier at the Demised Premises or from stockpile grounds or the plant, as the case may be, for shipment to the consumer thereof.

(f) The amount of Iron Ore Products shipped hereunder shall be determined by railroad weights in Metric Tonnes certified by the carrier transporting the same, which shall be accepted as prima facie correct, or by weightometers, vessel draft surveys done by independent port surveyors, or such other weights as may be generally in use for such purposes, subject in any case to the right of inspection by either party and any errors discovered shall be corrected and settled for promptly. Any applicable prices from Industry Services during each quarter shall be based upon the average analyses (taken by the Lessee in the normal course or its operations) of the Iron Ore Products shipped in such calendar quarter, subject to verification by independent chemists from time to time at the request and at the expense of the Lessor if no error be found on such verification and otherwise at the expense of the Lessee and errors when discovered shall be corrected and settled for promptly.

(g) On each Quarterly Payment Date, the Lessee will submit to the Lessor a written statement of all tonnages and analyses of Iron Ore products shipped by the Lessee during the immediately preceding calendar quarter.

(h) The Lessor and the Lessee acknowledge and agree that retroactive determinations and payments will be required from time to time with respect to Earned Royalties, given that the Cargill Agreement provides for payment to the Lessee of a "Provisional Purchase Price" (as defined in the Cargill Agreement) and third party service providers may invoice the Lessee for Deductible Expenses after the end of a calendar quarter, and both such factors shall impact the final determination of Net Revenues (including Deductible Expenses) hereunder; accordingly, in the event that, in respect of Iron Ore Products shipped in any calendar quarter: (i) the final Purchase Price (as defined in the Cargill Agreement) payable to the Lessee under the Cargill Agreement; and/or (ii) final invoices for Deductible Expenses are received and paid by the Lessee subsequent to the applicable Quarterly Payment Date that:

(i) would have resulted in a greater amount of Net Revenue in a calendar quarter than the amount previously determined hereunder in calculating the amount of Earned Royalties in respect of such calendar quarter, then the Lessee shall pay to the Lessor on the next Quarterly Payment Date after such determination an additional amount of Earned Royalties equal to the applicable percentage (as utilized to calculate such Earned Royalties

under Clause 1 of Part A hereof) of the difference between the original and final calculations of Net Revenue for such calendar quarter, provided that if on any date, such additional amount of Earned Royalties exceeds $1,000,000 (Canadian Funds) based on amounts payable to the Lessee under the Cargill Agreement, then the Lessee shall pay such additional amount of Earned Royalties within 15 days of knowledge thereof; or

(ii) would have resulted in a lower amount of Net Revenue in a calendar quarter than the amount otherwise determined hereunder in calculating the amount of Earned Royalties in respect of such calendar quarter, then the Lessee shall be entitled to deduct from the amount of Earned Royalties payable to the Lessor on the next Quarterly Payment Date after such determination an amount equal to the applicable percentage (as utilized to calculate such Earned Royalties under Clause 1 of Part A hereof) of the difference between the original and final calculations of Net Revenue for such calendar quarter, provided that in no event shall the Deductible Expenses exceed the Cap.

2. That the working and getting of the Iron Ore Products shall be performed in a skillful and workmanlike manner according to the most approved practice for the time being adopted in similar mines and fields.

3. That the Lessee shall, before the 25th day of January, April, July and October in each year during the currency of this Indenture, submit a report to the Lessor showing

i. the total tonnage mined or produced during the previous calendar quarter or any part thereof included in the term;

ii. the quantity of Iron Ore Products obtained from the total tonnage mined or produced;

iii. the total tonnage mined or produced during the previous calendar quarter or any part thereof from each of tailings, waste rock, spoil and mine waste;

iv. the quantity of Iron Ore Products obtained from each of tailings, waste rock, spoil and mine waste;

v. the average iron content of the Iron Ore Products produced during the year (including reporting on a separate basis such information for Iron Ore Products produced from each of tailings, waste rock, spoil and mine waste);

vi. the Net Revenues from the sale of all Iron Ore Products, including a detailed breakdown thereof;

vii. the Deductible Expenses, including a detailed breakdown thereof;

viii. the gross value received from the sale of all Iron Ore Products;

ix. the amount and method of calculation of any tax required to be withheld by the Lessee under applicable taxation legislation;

x. a detailed breakdown of the calculation of any payments or credits under Clause 1(h) of Part A hereof;

xi. such other reasonable information requested by the Lessor in order to determine the amounts payable under this Indenture; and

xii. such other data and information as may be required of the Lessor by Knoll Lake under the provisions of the Nalco Lease.

4. That the Lessee will permit the Lessor by its duly authorized agents or representatives at all reasonable times to enter upon and inspect and examine the Demised Premises and every part thereof for the purpose of ascertaining the conditions thereof and the manner of working and managing the same, provided, however, that such inspection and examination shall in no way interfere with the working by the Lessee of the Demised Premises and shall be at the sole cost and risk of the Lessor.

5. That the Lessee will maintain throughout the term herein granted good and sufficient corner posts or mounds and boundary marks according to the most approved mining practice for the time being adopted in similar mines and fields and in accordance with The Crown Lands (Mines and Quarries) Act, Chapter 175 of The Revised Statutes of Newfoundland, 1952.

6. That except where it is necessary to employ technical experts, the Lessee shall at all times in the working and production of the iron ore employ Newfoundland workers if they are available.

7. That if the Government of the Province of Newfoundland shall at any time be desirous of acquiring any vacant lands, being part of the Demised Premises, for the purpose of building, making or erecting railways, roads, bridges or public buildings or works or for townsites or for agricultural settlements, or for sites for tourist purposes, the Lessee shall, if it has not carried out or is not proposing to carry out development thereon, release such lands to the Lessor and if the Lessee shall have improved such lands they shall be surrendered upon payment by the Lessor of fair and reasonable compensation to be agreed upon between the parties and, if not agreed upon, to be settled by arbitration in the manner provided in Section 8 I of The Newfoundland and Labrador Corporation Limited Act, 1951, the Act No. 88 of 1951 as amended by The Newfoundland and Labrador Corporation Limited (Amendment) Act, 1953, the Act No. 64 of 1953, and by The Newfoundland and Labrador Corporation Limited (Amendment) Act, 1959, the Act No. 34 of 1959.

8. That the Lessee shall keep full and proper books of account and records of all Iron Ore Products produced or shipped, all revenues received for Iron Ore Products, the Deductible Expenses hereunder and such books of account and records shall contain full particulars of all data and particulars necessary and proper for the compiling of the report referred to in Clause 3 of this Part A of this Indenture.

9. That the Lessor may by its duly authorized agents or representatives at all reasonable times inspect and audit the said books or account and records referred to in the foregoing Clause 8 of Part B of this Indenture and take extracts therefrom for the information of the Lessor.

10. The Lessee may not mix or commingle, either underground, at the surface, at processing plants or other treatment facilities or at transportation facilities or otherwise any of the Iron Ore Products extracted from the Demised Premises with any similar substances derived from any other property or other lands.

11. The Lessor holds this Indenture in trust for and on behalf of its affiliated company, 1128349 B.C. Ltd. (the "**Beneficial Holder**"), and the Lessee shall make all payments hereunder, including Earned Royalties and the Minimum, to the Beneficial Holder unless and until the Lessor and the Beneficial Holder jointly advise the Lessee in writing to otherwise make such payments. The Lessor covenants and agrees that any and all payments made by the Lessee as provided in Clause 11 of this Part A of this Indenture shall constitute proper and sufficient payment of such amounts pursuant to this Indenture.

12. The parties hereto acknowledge and agree that the obligations to pay Earned Royalties hereunder will be a covenant running with the Demised Premises, will be enforceable as an *in rem* interest in land which shall run with the Demised Premises and will be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns and form an integral part of this Indenture and the lease of the Demised Premises contemplated hereunder.

13. The Lessee will have the right to engage in forward sales, futures trading or commodity options trading and other price hedging, price protection, derivatives, synthetic and speculative arrangements (the "**Trading Activities**") which may involve the possible physical delivery of Iron Ore Products. Earned Royalties will not apply to, and the Lessor will not be entitled to participate in, the profits or losses generated by the Lessee or its affiliates in such Trading Activities. If the Lessee or its affiliates engage in Trading Activities, the Earned Royalties on the Iron Ore Products underlying such Trading Activities will be determined on the basis of the value of such Iron Ore Products without regard to the price or proceeds actually received by the Lessee or any of its affiliates for or in connection with the sale, or the manner in which a sale to a third party is made by the Lessee or any of its affiliates. The aforementioned value will be determined in accordance with paragraph (ii) of the definition of "Net Revenues" herein. The parties agree that the Lessor is not a participant in the Trading Activities of the Lessee or any of its affiliates, and therefore Earned Royalties will not be diminished or improved by losses or gains of the Lessee or any of its affiliates in any such Trading Activities.

B. **AND** the Lessor hereby covenants and warrants with the Lessee as follows:

1. That the Lessor is the owner and holder of a valid leasehold estate in and to the Demised Premises under a valid and subsisting lease in respect thereof fully effective in accordance with its terms; that the Lessor has good and full right to grant to the Lessee the rights and interests herein purported to be granted free and clear of all liens and encumbrances; that the Lessor will keep the Nalco Lease in respect of the Demised Premises in full force and effect for the term hereof; that the Lessee, paying the rent and royalties hereby reserved and observing and performing and fulfilling the several covenants and conditions herein contained and on the part

of the Lessee to be paid, observed, performed and fulfilled, shall peaceably hold and enjoy the mines, premises, liberties and powers hereby demised and granted during the said term without any interruption by the Lessor or any person rightfully claiming under or in trust for it.

2. That the Lessee shall have the full and free right, liberty and license, during the continuance of this Indenture, by way or surface or subterranean operations, to work, mine, extract, remove, mill, smelt or process and sell or dispose of for the benefit of the Lessee the Iron Ore Products on, in and under the Demised Premises and to do all other acts and things as are necessary for the purpose of mining or incidental thereto.

3. That the Lessee may waste or dispose of all tailings, waste rock, spoil or Disposed Material resulting from the production of the Iron Ore Products by the Lessee in such ways as the Lessee may from time to time see fit, subject to the condition that if any Iron Ore Products are extracted from such tailings, waste rock, spoil or other mine waste by the Lessee, the Lessee shall pay to the Lessor in respect of such Iron Ore Products so extracted the royalty provided for in Part A of this Indenture.

C. **AND** it is hereby mutually agreed by and between the Parties hereto:

1. That the Lessee may at any time determine the tenancy hereby created by giving to the Lessor sixty (60) days' previous notice in writing to that effect and thereupon, provided the Lessee shall up to the date of such determination pay the rents and perform and fulfill the covenants and conditions on the part of the Lessee to be paid, performed and fulfilled, the present demise and everything herein contained shall cease and be void save in respect of any rents, royalties and other amounts which ought to be paid upon or before the determination of the tenancy.

2. That if at the determination of the tenancy there shall be Iron Ore Products which have been mined or produced before the determination of the said tenancy and not removed from the Demised Premises, the Lessee shall have the right upon the payment of royalties thereon in accordance with the provisions hereof to remove the same within a period of six (6) calendar months from the date of the determination of the tenancy and shall have full right of access to the Demised Premises for the above purpose.

3. That it shall be lawful for the Lessee to remove all buildings, plant, machinery and all articles and things of the Lessee in and upon or under the Demised Premises at any time within six (6) months after the determination of the tenancy; provided that the Lessor shall have the right by notice in writing to the Lessee to purchase all or any part of the said properties, articles and things at the then reasonable market price, to be determined, failing agreement thereon between the parties, by arbitration as hereinafter provided.

4. That if and whenever any of the rents or royalties hereby reserved or any part thereof shall be in arrears for thirty (30) days or if any covenant or condition herein contained shall not have been duly performed or observed, the Lessor, upon giving sixty (60) days' notice in writing to the Lessee that such rents or royalties have not been paid and demanding payment thereof or that any covenant or condition has not been performed or observed, may, at any time thereafter, if such payment is not made or such covenant or condition is not performed or observed within such period of notice, enter into and upon the Demised Premises or any part thereof and thereupon this demise shall absolutely determine subject to the same obligations on

the part of the Lessee as if such determination had been effected by the Lessee pursuant to the provisions of Clause 1 of this Part C and without prejudice to the right of action of the Lessor in respect of any breach of the Lessee's covenants herein contained.

5. That, notwithstanding any other provisions of this Indenture, if the amount of any rents or royalties payable in any year under this Indenture or the performance or observance of any covenant or condition contained in this Indenture is in dispute between the Lessor and the Lessee, such rents or royalties shall be deemed due and payable and such covenant or condition shall be required to be performed or observed within sixty (60) days of the date of the award of the arbitrators appointed. to decide such dispute in accordance with Clause 9 of this Part C of this Indenture; provided that the Lessee shall not be entitled to the benefit of this clause unless it has been paid the amount which it considers is payable in respect of such rents and royalties within thirty (30) days of the date upon which the said rents and royalties are payable and provided, further, that if the full amount of such rents and royalties payable under the said award shall not be paid within the sixty (60) days after the date of such award then the Lessor may exercise the rights conferred on it by Clause 4 of this Part C of this Indenture and the Lessor shall not be obliged to give the notice required thereby.

6. That should the mining operations of the Lessee cause subsidence of or other injury to the surface land of the Demised Premises, the Lessee shall not be liable to pay any compensation therefor to the Lessor.

7. Notwithstanding the foregoing, the Lessee shall timely and fully perform all reclamation required by all governmental authorities pertaining or related to the Lessee's operations or activities on or with respect to the Demised Premises or required under this Indenture. The Lessee covenants and agrees not to undertake, cause, suffer, or permit any condition or activity at, on or in the vicinity of the Demised Premises which constitutes a violation of or liability under any present or future applicable federal, provincial, or local environmental Laws, (collectively "**Environmental Obligations**"). In the event the Lessee fails to comply with any Environmental Obligations, undertakes any activity giving rise to liability under any Environmental Obligations, or otherwise breaches any Environmental Obligations, the Lessee shall promptly remedy and correct such failure to comply, satisfy such liability, cure such breach and satisfy all obligations in connection therewith. The Lessee covenants and agrees to indemnify and hold the Lessor harmless from any and all liabilities, obligations, claims (including administrative claims and claims for injunctive relief), losses, costs, damages, expenses, attorney fees and causes of action asserted against Lessee related to the Lessee's failure to comply with and satisfy Environmental Obligations or other obligations under this Indenture. The covenants and agreements of this Clause 7 of Part C shall survive any expiration or termination of this Indenture.

8. The Lessee shall at all times comply with all applicable present or future Laws relating to operations and activities on or with respect to the Demised Premises and related operations; provided, however, the Lessee shall have the right to contest any of the same if such contest does not unreasonably jeopardize the Demised Premises, the mining operations thereon or the Lessor's rights in respect of the Demised Premises or under this Agreement.

9. That if any dispute, question or difference shall arise at any time between the Lessor and the Lessee as to any matter contained in this Indenture or touching or concerning the provisions of this Indenture or the construction, meaning, operation or effect thereof or arising

out of or in relation to this Indenture, or if the parties fail to agree upon any matter reserved for their mutual agreement, then such dispute, question, difference, or agreement shall be determined by arbitration in the manner following:

The Lessor shall appoint one arbitrator, the Lessee shall appoint another, and the two arbitrators so appointed shall appoint a third arbitrator or umpire, and in the event of the Lessor or the Lessee failing to appoint an arbitrator after seven (7) clear days' notice by the Lessor or the Lessee, as the case may be, so to do, the Lessor or the Lessee may apply to a Judge of the Supreme Court of Newfoundland who may, after due notice to the Lessor or the Lessee, as the case may be, appoint such arbitrator, and the arbitrators so appointed by the Lessor or the Lessee or by the Judge shall thereupon appoint a third arbitrator or umpire, and in the event of the last mentioned arbitrators' failing to appoint a third arbitrator or umpire after seven (7) clear days' notice from the Lessor or the Lessee so to do, the Judge may, on the application of the Lessor or the Lessee, as the case may be, appoint such third arbitrator or umpire, and the award of such arbitrators any two (2) of them shall be final and binding upon the parties.

The expense of any such arbitration, including reasonable compensation for the arbitrators, shall be borne and paid equally by the parties or as the arbitrators may otherwise direct.

10. That the Lessee shall not have the right to assign the demise hereby granted or any right or interest of the Lessee therein or to sublet the Demised Premises in whole or in part excepting with the consent in writing of the Lessor, which consent shall not be unreasonably withheld; provided, however, that the Lessee may assign this Lease to a wholly-owned subsidiary or an affiliate of the Lessee on thirty (30) days' prior written notice to the Lessor, provided that any such wholly-owned subsidiary or affiliate of the Lessee: (a) has agreed in advance in writing in favour of the Lessor to be bound by the terms of this Indenture; and (b) has simultaneously acquired all of the Lessee and its other affiliates' right, title and interests in the assets comprising and used in connection with mining operations at the Demised Premises, including all equipment, licenses and permits related thereto; and further provided that no such assignment shall release or relieve the Lessee from any of its obligations under this Indenture. Subject to the foregoing, this Indenture shall enure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

11. That the Demised Premises shall revert to the Lessor if the mine has ceased to operate for ten (10) consecutive years or if the Lessee fails to recommence production at the mine by December 31, 2019.

12. Every notice, request, demand or communication required or permitted to be given under this Indenture shall be in writing and delivered by hand or facsimile transmission to the Party which it is to be given as follows:

If to the Lessor:

0778539 B.C. LTD.
c/o 1000 Cathedral Place
925 West Georgia Street
Vancouver, British Columbia
Canada V6C 3L2

Facsimile: (604) 683-3206
Attention: Michael Smith, President

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

Sangra Moller LLP
1000 Cathedral Place
925 West Georgia Street
Vancouver, British Columbia
Canada V6C 3L2

Facsimile: (604) 669-8803
Attention: H.S. Sangra

If to the Lessee:

Tacora Resources Inc.
102 NE 3rd Street
Suite 120
Grand Rapids, Minnesota
United States of America 55744

Facsimile: (218) 999-5827
Attention: Larry Lehtinen, Executive Chairman and CEO
Email: larry.lehtinen@tacoraresources.com

with a copy to:

Facsimile: (218) 999-5827
Attention: Joe Broking, CFO and Corporate Secretary
Email: joe.broking@tacoraresources.com

and:

Attention: Legal Department
Email: CorporateSecretaryNotices@tacoraresources.com

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

Stikeman Elliott LLP
5300 Commerce Court
199 Bay Street
Toronto, Ontario
Canada M5L 1B9

Facsimile: (416) 947-0866
Attention: John Ciardullo

or to such other address or facsimile number as is specified by a party hereto by notice to the other party given in accordance with this Clause 12 of this Part C of this Indenture. Any such notice, demand, request or direction shall be deemed to have been given and received if delivered, on the next business day (a "**Business Day**"), being any day except Saturday, Sunday or any day on which banks are not generally open for business in the City of St. John's Newfoundland and Labrador, the City of Toronto, Ontario or the City of Vancouver, British Columbia, after the day of delivery, and if sent by facsimile transmission, on the first Business Day after the day of transmittal.

13. This Indenture shall be construed and interpreted in accordance with the laws of the Province of Newfoundland, Canada and the federal laws of Canada applicable therein.

[Remainder of page left intentionally blank.]

14. This Indenture may be executed in counterparts and by facsimile or email and by different parties in separate counterparts, each of which when so executed shall be deemed an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Indenture to be duly executed as of the day and year first above Written.

SIGNED, SEALED AND DELIVERED BY **0778539 B.C. LTD.** IN THE PRESENCE OF:

Notary Public for British Columbia
(affix seal or stamp)

ROD A. TALAIFAR
Barrister & Solicitor
1000 CATHEDRAL PLACE
925 WEST GEORGIA STREET
VANCOUVER, B.C. V6C 3L2
TELEPHONE: 604-662-8808

0778539 B.C. LTD.

By _____
Name: Michael Smith
Title: Authorized Signatory

SIGNED, SEALED AND DELIVERED BY **TACORA RESOURCES INC.** IN THE PRESENCE OF:

Notary Public for Minnesota
(affix seal or stamp)

HOPE ELIZABETH WILSON
NOTARY PUBLIC - MINNESOTA
My Commission Expires
January 31, 2019

TACORA RESOURCES INC.

By _____
Name: Larry Lehtinen
Title: Executive Chairman and CEO

14. This Indenture may be executed in counterparts and by facsimile or email and by different parties in separate counterparts, each of which when so executed shall be deemed an original and all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Indenture to be duly executed as of the day and year first above Written.

SIGNED, SEALED AND DELIVERED BY **0778539 B.C. LTD.** IN THE PRESENCE OF:

0778539 B.C. LTD.

_____
Notary Public for _____
(affix seal or stamp)

By _____
Name:
Title:

SIGNED, SEALED AND DELIVERED BY **TACORA RESOURCES INC.** IN THE PRESENCE OF:

TACORA RESOURCES INC.

Hope Elizabeth Wilson
Notary Public for Minnesota
(affix seal or stamp)

By Larry Lehtinen
Name: Larry Lehtinen
Title: Executive Chairman and CEO

HOPE ELIZABETH WILSON
NOTARY PUBLIC - MINNESOTA
My Commission Expires
January 31, 2019

This INSTRUMENT is hereby approved this 1st day of Mar. 20 18 by

for MINISTER OF NATURAL RESOURCES

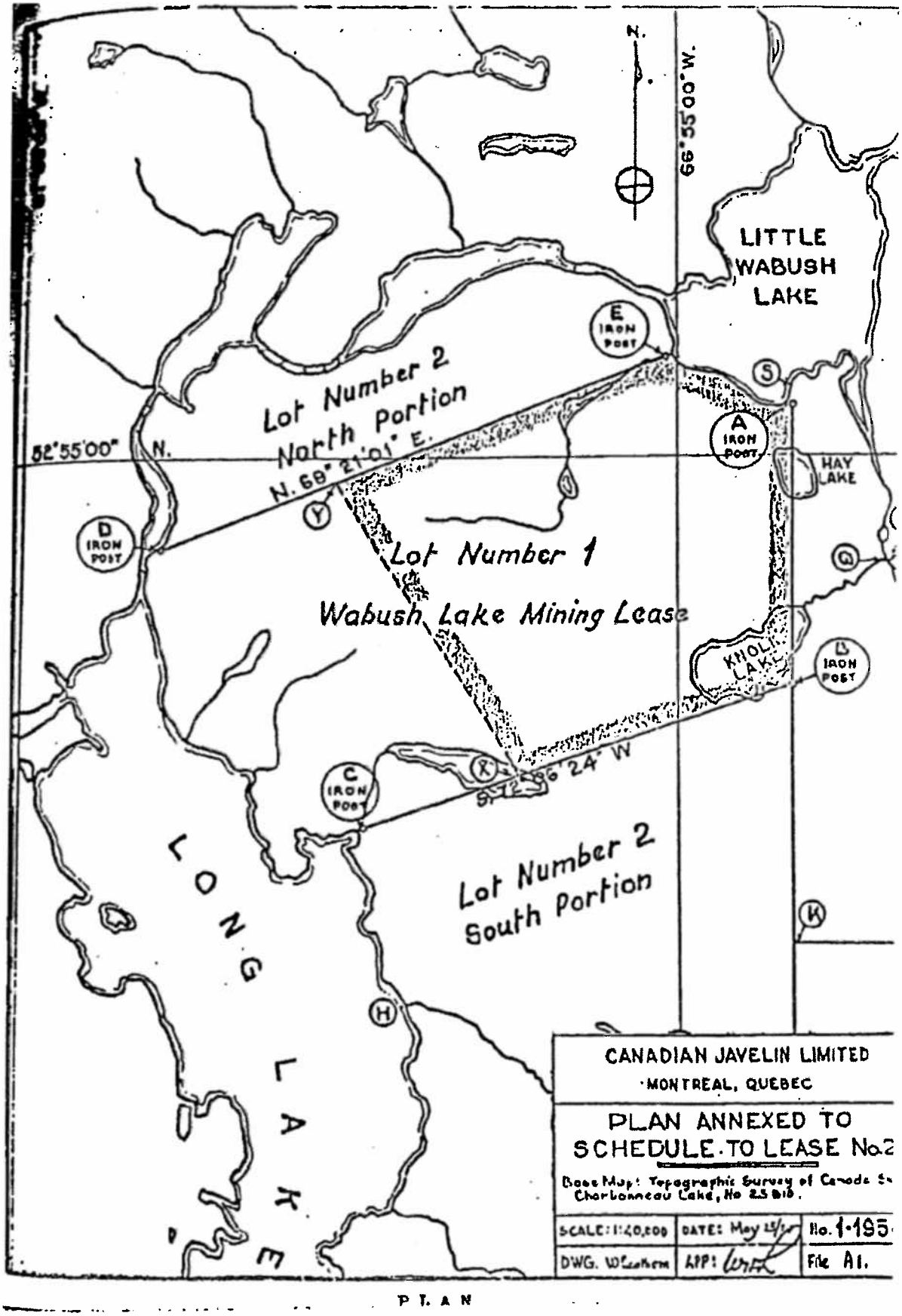
REGISTERED: this 1st day of March 2018
In accordance with Sec. 6, the Mineral Act RSNL 1990
Vol. 34 Fol. 16 Receipt No. N/A

MANAGER-MINERAL RIGHTS
(Mineral Claims Recorder)

SCHEDULE A

A piece or parcel of land containing an area of approximately three and thirty-six hundredths (3.36) square miles situated in Labrador in the Province of Newfoundland as generally delineated and outlined in grey upon the Plan annexed to this schedule and being more particularly described as follows:

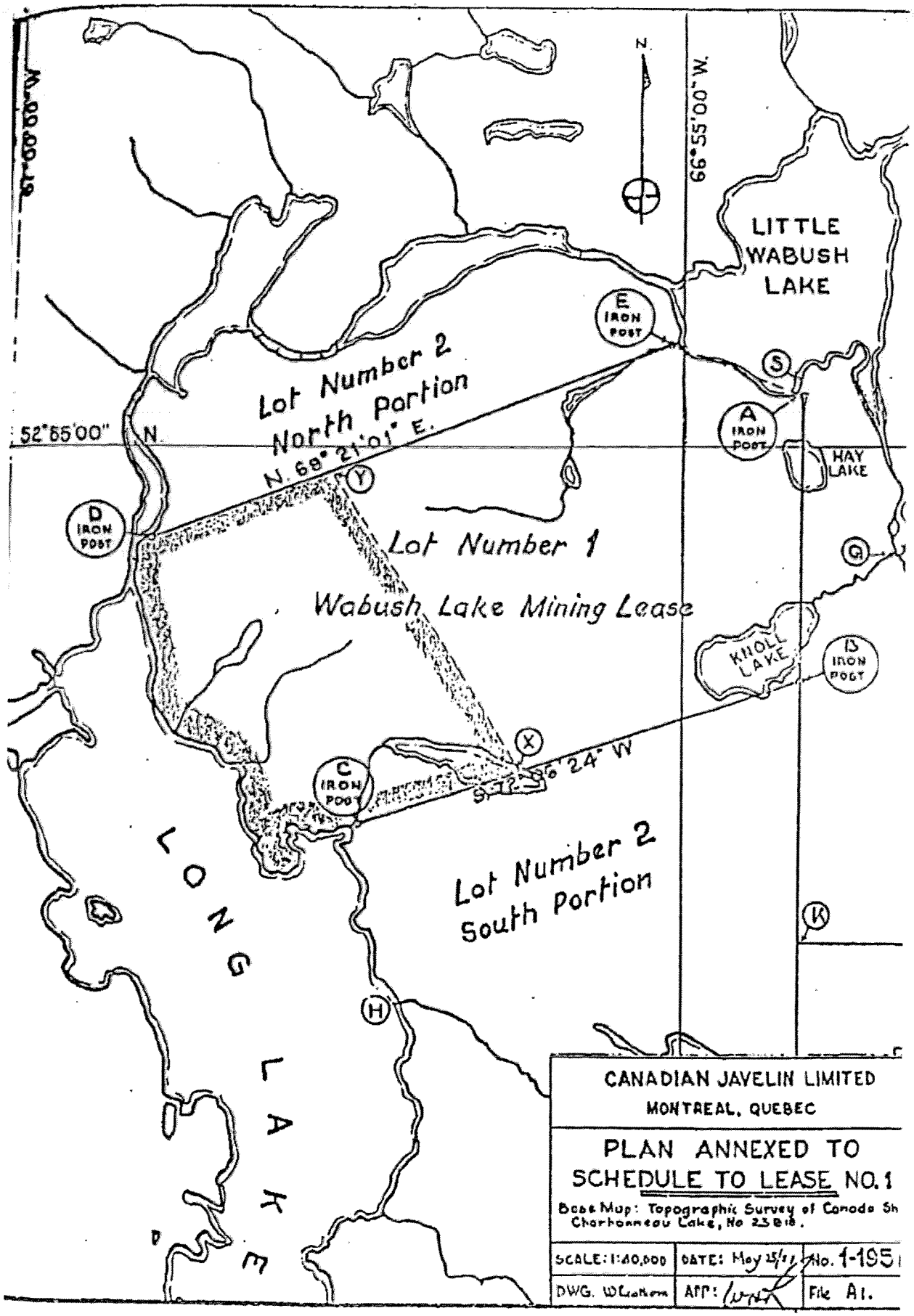
Beginning at Point A (Point A being an iron pin approximately seventy (70) feet to the South of the South shore line of Little Wabush Lake near the intersection of Parallel fifty-two degrees fifty-five minutes fourteen seconds (52°55'14") North Latitude with Meridian sixty-six degrees fifty-four minutes nine seconds (66°54'9") West Longitude, said intersection being interpolated from Topographic Survey of Canada Map Sheet No. 23B/15 Charbonneau Lake, Newfoundland, Quebec, Advance Information, Scale 1:40,000); thence running true South seven thousand five hundred ninety-six and fifty-eight hundredths (7,596.58) feet more or less to Point B (Point B being an iron pin approximately two hundred and sixty-seven (267) feet to the South of the south shore line of Knoll Lake); thence running in a Southwesterly direction along a line bearing South seventy-two degrees six minutes twenty-four seconds (72°6'24") West a distance of seven thousand eight hundred twenty-nine and forty-two hundredths (7,829.42) feet more or less to Point X; thence running in a Northwesterly direction along a line bearing North thirty-one degrees twenty-eight minutes ten seconds (31°28'10") West a distance of nine thousand three hundred thirty-four and sixty-five hundredths (9,334.65) feet more or less to Point Y; thence in a Northeasterly direction along a line bearing North sixty-nine degrees twenty-one minutes one second (69°21'1") East a distance of nine thousand six hundred and forty-five and seventeen hundredths (9,645.17) feet more or less to Point E (Point E being an iron pin on the North bank of a stream flowing into Little Wabush Lake); thence running along said last mentioned line a distance of approximately forty (40) feet to its intersection with the shore line of Little Wabush Lake; thence running Southeasterly along the South shore line of Little Wabush Lake to a point true North of Point A; thence running a distance of approximately seventy (70) feet true South to Point A, the point of beginning; all bearings being referred to the True Meridian; and subject nevertheless to the right of way of The Wabush Lake Railway Company Limited.


N.
66°55'00" W.
LITTLE WABUSH LAKE
E IRON POST
S
A IRON POST
HAY LAKE
52°55'00" N.
Lot Number 2
North Portion
N. 68° 21' 01" E.
Y
D IRON POST
Lot Number 1
Wabush Lake Mining Lease
Q
KHIOLI LAKE
B IRON POST
X
66° 24' W
C IRON POST
Lot Number 2
South Portion
K
LONG LAKE
H
CANADIAN JAVELIN LIMITED
MONTREAL, QUEBEC
PLAN ANNEXED TO
SCHEDULE TO LEASE No.2
Base Map: Topographic Survey of Canada Sh
Charbonneau Lake, No 25 Bib.
SCALE: 1:40,000
DATE: May 15/
No. 1-195
DWG. W.Leahorn
APP:
File A1.
PLAN

SCHEDULE B

A piece or parcel of land containing an area of approximately two and twenty four hundredths (2.24) square miles situated in Labrador in the province of Newfoundland as generally delineated and outlined in grey upon the Plan annexed to this schedule and being more particularly described as follows:

Referring to Point A (Point A being an iron pin approximately seventy (70) feet to the South of the South shore line of Little Wabush Lake near the intersection of Parallel fifty-two degrees fifty-five minutes fourteen seconds (52°55'14") North Latitude with Meridian sixty-six degrees fifty-four minutes nine seconds (66°54'19") West Longitude, said intersection being interpolated from Topographic Survey of Canada Map Sheet No. 23B/15, Charbonneau Lake, Newfoundland, Quebec, Advance Information, Scale 1:40,000); thence running Northwesterly along a line bearing North sixty-seven degrees thirty-four minutes forty seconds (67°34'40") West a distance of three thousand five hundred sixty-eight and six hundredths (31,568.06) feet more or less to Point E (Point E being an iron pin on the North bank of a stream flowing into Little Wabush Lake); thence running Southwesterly along a line bearing South sixty-nine degrees twenty-one minutes one second (69°21'1") West a distance of nine thousand six hundred forty-five and seventeen hundredths (9,645.17) feet more or less to Point Y (Point Y being the point of beginning); thence running in a Southeasterly direction along a line bearing South thirty-one degrees twenty-eight minutes ten seconds (31°28'10") East a distance of nine thousand three hundred thirty-four and sixty-five hundredths (9,334.65) feet more or less to Point X; thence running in a Southwesterly direction along a line bearing South seventy-two degrees six minutes twenty-four seconds (72°6'24") West a distance of four thousand seven hundred twenty-six and twenty-seven hundredths (4,726.27) feet more or less to Point C (Point C being an iron pin on the South bank of a stream flowing into Long Lake); thence running in a Southwesterly direction along said last mentioned line a distance of approximately twenty (20) feet to the intersection of said last mentioned line with the East shore line of Long Lake; thence running in a Northerly direction along the East shore line of Long Lake and the East shore line of a stream flowing from Long Lake into Little Wabush Lake to the point of intersection of the aforesaid shore line of a stream running through Point D, hereinafter described, said last mentioned line having a bearing of South sixty-nine degrees twenty-one minutes one second (69°21'1") West; thence running Northeasterly along said last mentioned line a distance of approximately forty (40) feet to Point D (Point D being an iron pin); thence running in a Northeasterly direction on a line bearing North sixty-nine degrees twenty-one minutes one second (69°21'1") East a distance of five thousand seven hundred thirty-six and twenty-four hundredths (5,736.24) feet more or less to Point Y, the point of beginning; all bearings being referred to the True Meridian; and subject nevertheless to the right of way of the Wabush Lake Railway Company, Limited.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D IRON POST
Lot Number 1
Wabush Lake Mining Lease
G
KNOLL LAKE
B IRON POST
X
C IRON POST
S 6° 24' W
LONG LAKE
Lot Number 2
South Portion
K
H
CANADIAN JAVELIN LIMITED
MONTREAL, QUEBEC
PLAN ANNEXED TO
SCHEDULE TO LEASE NO. 1
Base Map: Topographic Survey of Canada Sh
Charbonneau Lake, No 23 B/8.
SCALE: 1:50,000
DATE: May 25/71
No. 1-195
DWG. W.L.
APP:
File A1.

PLAN

EXHIBIT "F"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

THIS INDENTURE OF ASSIGNMENT made as of the 6th day of March, 2018.

BETWEEN:

LTC PHARMA (INT) LTD., a body corporate formerly known as 0778539 B.C. Ltd., which was continued as a corporation under the *Business Corporations Act* of the Republic of the Marshall Islands, and is registered to carry on undertakings in the Province of Newfoundland and Labrador

(hereinafter called the "Assignor")

OF THE ONE PART

AND:

1128349 B.C. LTD., body corporate incorporated under the laws of the Province of British Columbia, Canada and registered to carry on undertakings in the Province of Newfoundland and Labrador

(hereinafter called the "Assignee")

OF THE SECOND PART

RECITALS:

A. The Assignor was previously named, *inter alia*, Canadian Javelin Limited and subsequently, 0778539 B.C. Ltd. (hereinafter "0778539");

B. Pursuant to an Asset Purchase Agreement between 0778539 and the Assignee dated October 26, 2017 (the "**Asset Purchase Agreement**"), 0778539 sold, and the Assignee purchased from 0778539, all of 0778539's beneficial interest in the Transferred Assets;

C. In connection with the Asset Purchase Agreement, 0778539 executed a declaration of trust dated October 26, 2017 (the "**Trust Declaration**"), pursuant to which, among other things, it (now the Assignor) holds legal title to the Transferred Assets as bare trustee for the benefit of the Assignee;

D. At the direction of the Assignee, 0778539 entered into the following agreements with Tacora Resources Inc. (the successor in interest to Wabush Iron Co. Ltd. under the Mining Leases) related to the Transferred Assets: (i) settlement agreement dated October 30, 2017; and (ii) an amendment and restatement of consolidation of mining leases dated November 17, 2017 (collectively, the "**New Agreements**"); and

E. Pursuant to Section 5 of the Trust Declaration, the Assignee has directed the Assignor to transfer all of its legal ownership underlying the Transferred Assets to the Assignee (the "**Assigned Interests**").

IN CONSIDERATION of one dollar ($1.00) and the mutual covenants and agreements hereinafter contained and for other good and valuable consideration, the parties hereby agree as follows:

1. **Defined Terms.** All capitalized terms that are not otherwise defined herein shall have the respective meanings ascribed thereto under the Asset Purchase Agreement.

2. **Assignment.** The Assignor hereby transfers, conveys, assigns and delivers to the Assignee all of the Assignor's legal rights, title and interest, in and to Assigned Interests, including, without limitation, all of the Assignor's rights and obligations under each of the New Agreements and each of the agreements, instruments, rights, claims, chose in action and amounts as set forth at Schedule "A" hereto, subject to the terms, conditions, exceptions and reservations contained therein.

3. **Further Assurances.** Each of the parties hereto will do any and all such acts and will execute any and all such documents as may reasonably be necessary from time to time to give full force and effect to the provisions and intent of this Agreement, including, without limitation, the transactions contemplated in Section 2 of this Agreement. The Assignor further agrees that it will, at any time and from time to time after the date hereof, upon the Assignee's request, execute, acknowledge and deliver or cause to be executed and delivered, all further documents or instruments necessary to effect the transactions contemplated in this Agreement.

4. **Enurement**. This agreement will enure to the benefit of the Assignee and its legal representatives, successors and assigns and will be binding upon the Assignor and its legal representatives, successors and assigns.

5. **Governing Law**. This agreement shall be governed by, interpreted and enforced in accordance with the laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein.

6. **Counterparts**. This agreement may be executed in several counterparts and by facsimile or electronic transmission of an originally executed document, each of which shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument.

[signature page to follow]

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the date first written above.

SIGNED, SEALED AND DELIVERED BY **LTC PHARMA (INT) LTD.** IN THE PRESENCE OF:

LTC PHARMA (INT) LTD.

Wien am, 12. März 2018

By _____
Name: VIKTORIJA KODEMO
Title: DIRECTOR

_____
Notary Public for _____
(affix seal or stamp)

SIGNED, SEALED AND DELIVERED BY **1128349 B.C. LTD.** IN THE PRESENCE OF:

1128349 B.C. LTD.

By _____
Name:
Title:

_____
Notary Public for _____
(affix seal or stamp)

This INSTRUMENT is hereby approved this 21st day of March 20 18 by

MINISTER OF NATURAL RESOURCES

REGISTERED: this 31st day of March 20 18
In accordance with Sec. 6, the Mineral Act RSNL 1990
Vol. 34 Fol. 17 Receipt No. N/A

MANAGER-MINERAL RIGHTS
(Mineral Claims Recorder)

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the date first written above.

SIGNED, SEALED AND DELIVERED BY **LTC PHARMA (INT) LTD.** IN THE PRESENCE OF:

LTC PHARMA (INT) LTD.

_____
Notary Public for _____
(affix seal or stamp)

By _____
Name:
Title:

SIGNED, SEALED AND DELIVERED BY **1128349 B.C. LTD.** IN THE PRESENCE OF:

1128349 B.C. LTD.

_____
Notary Public for HONG KONG
(affix seal or stamp)
30 MARCH 2018.

By _____
Name: Michael Smith
Title: Director

TIMOTHY J. HANCOCK
Notary Public
7th Floor, Ruttonjee House
11 Duddell Street, Central
Hong Kong

This INSTRUMENT is hereby approved this 31st day of March 20 18 by

MINISTER OF NATURAL RESOURCES

REGISTERED: this 21st day of March 2018
In accordance with Sec. 6, the Mineral Act RSNL 1990
Vol. 34 Fol. 17 Receipt No. N/A

MANAGER-MINERAL RIGHTS
(Mineral Claims Recorder)

Schedule "A"

Real Property Interests

1. Indenture of Lease dated May 26, 1956 between Newfoundland and Labrador Corporation Limited (hereinafter referred to as "NALCO", and now Knoll Lake Minerals Ltd.) as lessor and Canadian Javelin Limited (now the Assignor) as lessee, registered at Volume 349, Folio 333 at the Registry of Deeds for Newfoundland and Labrador;

2. Amendment and Restatement of Consolidation of Mining Leases dated as of November 17, 2017 made between 0778539 as lessor and Tacora Resources Inc. as lessee, registered at registration no. ___ at the Registry of Deeds for Newfoundland and Labrador and at Volume 34, Folio 16 at the Registry maintained by the Mineral Claims Recorder for Newfoundland and Labrador;

3. Indenture of Lease dated May 16, 1962 made between NALCO (now Knoll Lake Minerals Ltd.) and Canadian Javelin Limited (now the Assignor) as lessee, registered at Volume 579, Folio 362 at the Registry of Deeds for Newfoundland and Labrador;

4. Indenture of Lease dated May 17, 1962, between Canadian Javelin Limited (now the Assignor) as lessor and Wabush Iron Co. Limited (now Tacora Resources Inc.) as lessee, registered at Volume 579, Folio 396 at the Registry of Deeds for Newfoundland and Labrador;

in each case, together with any amendments, supplements, modifications, extensions, renewals or replacements and assignment thereof.

Other Interests

Any amounts paid or payable by Wabush Iron Co. Limited, any assignee of Wabush Iron Co. Limited or their respective affiliates or successors in interest (including Tacora Resources Inc., Wabush Resources Inc., Cliffs Natural Resources Inc. or the Wabush Mines joint venture) under the proceedings under the *Companies Creditors' Arrangements Act* and the arbitration and any other legal proceedings between the Assignor and such parties and their respective predecessors, successors and assigns, and others relating to amounts owing under the Amendment and Consolidation of Mining Leases dated September 2, 1959 between the Assignor and Wabush Iron Co. Limited, as amended from time to time.

Gebühr in Höhe von **€ 14,30** gem. § 14 TP 13 GebG idF BGBl. II 128/2007 entrichtet.

BRZ: 826/2018

Die Echtheit der Unterschrift der Frau **Viktorija KODEMO**, geboren am 23.07.1953 (dreiundzwanzigsten Juli neunzehnhundertdreiundfünfzig), Dimitrija Tucovica 18/4, 11000 Belgrad, Serbien, wird bestätigt. ----------
Wien, am 12.03.2018 (zwölften März zweitausendachtzehn). ----------

I herewith certify that the signature of **Viktorija KODEMO**, born on 23rd of July 1953 (twenty-third of July nineteenhundredfiftythree), Dimitrija Tucovica 18/4, 11000 Belgrad, Serbien, is authentic. ----------
Vienna, this twelfth day of March Two thousand and eighteen. ----------

Mag. Georg SCHREIBER, MBA ÖFFENTLICHER NOTAR 2 REPUBLIK ÖSTERREICH Wien-Innere Stadt, Wien

Mag. Georg Schreiber, MBA
öffentlicher Notar
Wien - Innere Stadt

Mag. Georg SCHREIBER, MBA ÖFFENTLICHER NOTAR 2 REPUBLIK ÖSTERREICH Wien-Innere Stadt, Wien

S C H E D U L E

Beginning at a point being the intersection of Meridian sixty-six degrees fifty-four minutes thirty seconds west Longitude and the south shore of Little Wabush Lake, thence running south along the said Meridian sixty-six degrees fifty-four minutes thirty seconds of west Longitude to its intersection with the south shore of Knoll Lake; thence running by a line south seventy-two degrees thirty minutes west to its intersection with the eastern shore of Long Lake at the south of a small stream flowing from a small lake; thence running along the said eastern shore of Long Lake and a river flowing north from Long Lake in a general northwesterly direction to a point being the intersection of parallel fifty-two degrees fifty-four minutes thirty seconds north Latitude with the Meridian sixty-six degrees fifty-nine minutes of west Longitude; thence running by a line north seventy degrees east to a point on the western shore of Little Wabush Lake at the south of a small stream; thence running along the said western shore of Little Wabush Lake in a general southeasterly direction to the point of beginning, all bearings being referred to the True Meridian and containing an area of approximately five square miles; and being more particularly described and delineated in red upon the plan annexed to this Indenture; Excepting nevertheless from the above described land the right of way of Wabush Lake Railway Company Limited.

Labrador Corporation Limited Act, 1951, the Act No. 88 of 1951, as amended by The Newfoundland and Labrador Corporation Limited (Amendment) Act, 1953, the Act No. 64 of 1953, shall be and are hereby made part and parcel of this Indenture and should anything herein conflict with The Newfoundland and Labrador Corporation Limited Act, 1951, as amended, the said Act shall prevail and the Lessee hereby covenants to abide by the terms and provisions of the said Act.

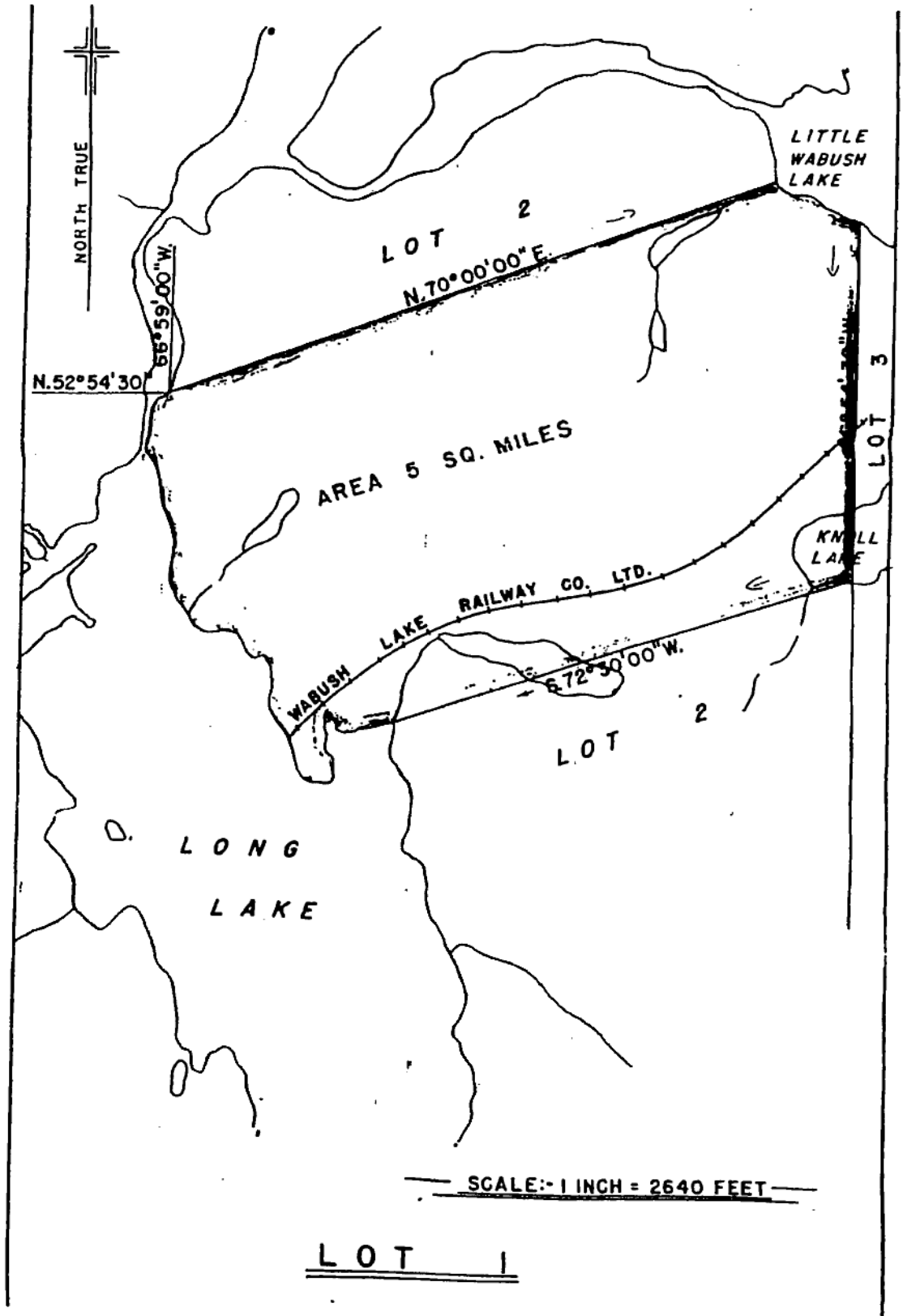
IN WITNESS WHEREOF His Honour the Lieutenant-Governor in Council has caused the Great Seal of the Province of Newfoundland to be set hereto and has signed these presents, and the Lessee has caused the same to be executed in accordance with its regulations, the day and year first above written.

By His Honour's Command,

J. G. Channing
Minister of Provincial Affairs.

The Common Seal of the
Newfoundland and Labrador
Limited was hereunto affixed
in the presence of:

Gregory Power Durnford


NORTH TRUE
LITTLE WABUSH LAKE
LOT 2
N.70°00'00"E.
S.6°59'00"W.
N.52°54'30"W.
AREA 5 SQ. MILES
LOT 3
KNOLL LAKE
WABUSH LAKE RAILWAY CO. LTD.
S.72°30'00"W.
LOT 2
LONG LAKE
SCALE:- 1 INCH = 2640 FEET
LOT 1

SCHEDULE A

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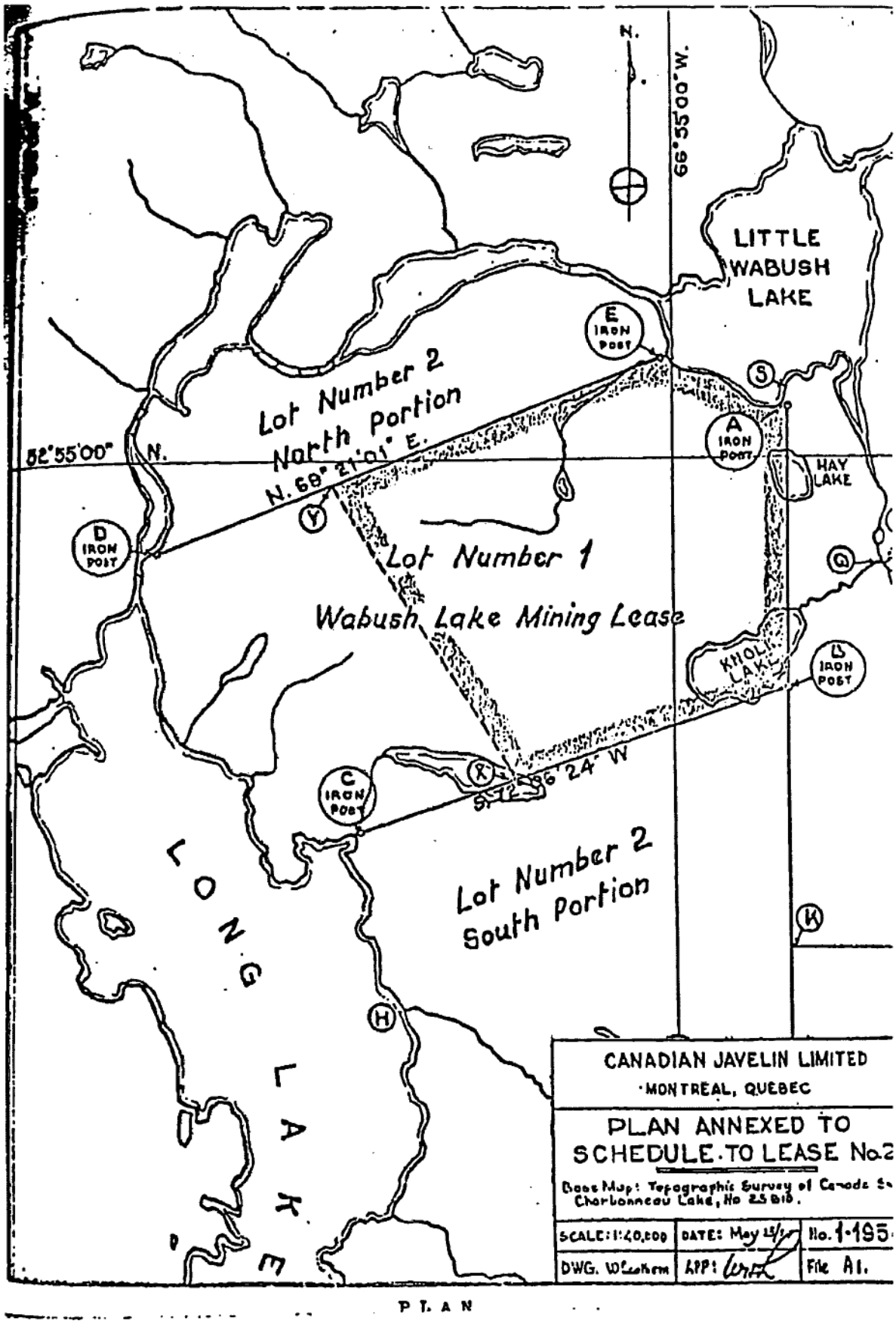
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SCALE: 1:40,000
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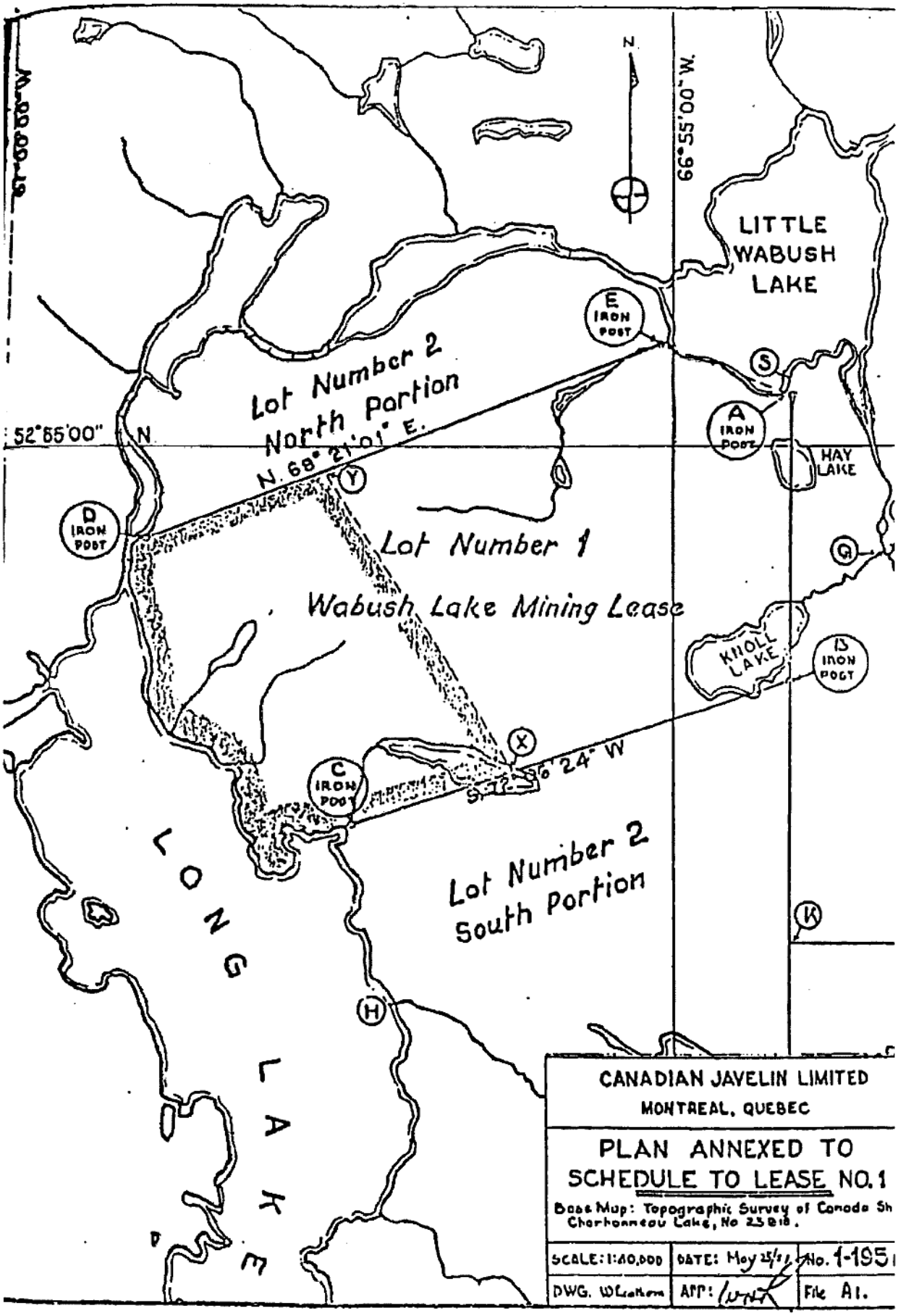
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52°55'00" N
Lot Number 2
North Portion
N. 68° 21' 01" E.
Y
D IRON POST
Lot Number 1
Wabush Lake Mining Lease
Q
KNOLL LAKE
B IRON POST
X
C IRON POST
S 6° 24' W
Lot Number 2
South Portion
K
LONG LAKE
H
CANADIAN JAVELIN LIMITED
MONTREAL, QUEBEC
PLAN ANNEXED TO
SCHEDULE TO LEASE NO. 1
Base Map: Topographic Survey of Canada Sh
Charbonneau Lake, No 23 B 10.
SCALE: 1:40,000
DATE: May 25/61
No. 1-195
DWG. W.L.
APP:
File A1.
PLAN

SCHEDULE A

KNOLL LAKE AREA

LOT NUMBER 2

A piece or parcel of land containing an area of approximately five and eighty-six hundredths (5.86) square miles situated in Labrador in the Province of Newfoundland as generally delineate and outlined in grey upon the Plan annexed to this Schedule and being more particularly described as follows:

Beginning at Point A (Point A being an iron pin approximately seventy (70) feet to the South of the South shore line of Little Wabush Lake near the intersection of Parallel fifty-two degrees fifty-five minutes fourteen seconds (52°55'14") North Latitude with Meridian sixty-six degrees fifty-four minutes nine seconds (66°54'9") West Longitude, said intersection being interpolated from Topographic Survey of Canada Map Sheet No. 23 B/15 Charbonneau Lake, Newfoundland, Quebec, Advance Information, Scale 1:40,000); thence running true South to Point F, the point of intersection of the aforesaid South bearing line with the North shore line of Riordan Lake; thence Northwesterly following the sinuosities of the North shore line of Riordan Lake and the North shore line of the stream flowing from Riordan Lake to Long Lake to Point H, a point on the East shore line of Long Lake at the intersection of the North shore line of the aforesaid stream with the East shore line of Long Lake; thence Northerly and Easterly following the sinuosities of the East shore line of Long Lake, the East and South shore line of the river flowing from Long Lake to Little Wabush Lake and the Southwest shore line of Little Wabush Lake to Point S, a point true North of Point A; thence running a distance of approximately seventy (70) feet true South to Point A, the point of beginning, excepting nevertheless out of the above described land the land designated upon the plan annexed hereto as Lot No. 1 (Wabush Lake Mining Lease) and described as follows:

Beginning at Point A aforesaid, thence running true South seven thousand five hundred ninety-six and fifty-eight hundredths (7,596.58) feet more or less to Point B (Point B being an iron pin approximately two hundred sixty-seven (267) feet to the South of the South shore line of Knoll Lake); thence running in a Southwesterly direction along a

line bearing South seventy-two degrees six minutes twenty-four seconds (72°6'24") West a distance of twelve thousand five hundred fifty-five and sixty-nine hundredths (12,555.69) feet more or less to Point C (Point C being an iron pin on the South bank of a stream flowing into Long Lake); thence running Southwesterly along the said last mentioned line a distance of approximately twenty (20) feet to the intersectio of said line with the East shore line of Long Lake; thence running in a Northerly direction along the East shore line of Long Lake and the East shore line of a stream flowing from Long Lake into Little Wabush Lake to the point of intersectio of the aforesaid shore line of said stream with a line runnin through Point D hereinafter described, said line having a bearing of South sixty-nine degrees twenty-one minutes one second (69°21'1") West; thence running in a Northeasterly direction along said last mentioned line a distance of approximately forty (40) feet to Point D (Point D being an iron pin); thence running in a Northeasterly direction along said line, bearing North sixty-nine degrees twenty-one minute one second (69°21'1") East, a distance of fifteen thousand three hundred eighty-one and forty-one hundredths (15,381.41) feet more or less to Point E (Point E being an iron pin on the North bank of a stream flowing into Little Wabush Lake); thence running along said last mentioned line approximately forty (40) feet to its intersection with the shore line of Little Wabush Lake; thence running Southeasterly along the South shore line of Little Wabush Lake to a point true North of Point A; thence running approximately seventy (70) feet true South to Point A, the point of beginning; all bearings being referred to the True Meridian.

LOT NUMBER 3

A piece or parcel of land containing an area of approximately ten and twenty-eight hundredths (10.28) square miles situated in Labrador in the Province of Newfoundland as generally delineated and outlined in grey upon the Plan annexed to this Schedu and being more particularly described as follows:

Beginning at Point A (Point A being an iron pin approximately seventy (70) feet to the South of the South shore line of Little Wabush Lake near the intersection of Parallel fifty-two degrees fifty-five minutes fourteen seconds (52°55'14") North Latitude with Meridian sixty-six degrees fifty-four

minutes nine seconds (66°54'9") West Longitude); thence running true South along the eastern boundary of Lot Number 1 Wabush Lake Mining Lease referred to in the above description of Lot Number 2 to Point B (Point B being an iron pin approximately two hundred sixty-seven (267) feet to the South of the South shore line of Knoll Lake; thence running true South along the Eastern boundary of Lot Number 2 to Point K (Point K being near the intersection of Parallel fifty-two degrees fifty-two minutes forty-nine seconds (52°52'49") North Latitude with Meridian sixty-six degrees fifty-four minutes nine seconds (66°54'9") West Longitude and being more particularly the point of intersection of the aforesaid South bearing line with a line bearing true West and passing through Point L, the most Northerly point on the North shore line of the West arm of Whanahnish Lake); thence running on a line bearing true East and passing through Point L to Point M (Point M being a point on the West shore line of Flora Lake at its intersection with the aforesaid East bearing line passing through Point L); thence running in a Northwesterly direction following the sinuosities of the West shore line of Flora Lake to Point N (Point N being a point near the intersection of Parallel fifty-two degrees fifty-five minutes fifty-six seconds (52°55'56") North Latitude with Meridian sixty-six degrees fifty minutes fourteen seconds (66°50'14") West Longitude and being more particularly the point at which the West shore line of Flora Lake meets the South shore line of a small stream flowing into Flora Lake from an unnamed lake as shown on the Plan hereto attached); thence following a line bearing approximately South fifty-three degrees forty minutes (53°40') West to Point Q (Point Q being a point near the intersection of Parallel fifty-two degrees fifty-four minutes forty-two seconds (52°54'42") North Latitude with Meridian sixty-six degrees fifty-three minutes twenty-four seconds (66°53'24") West Longitude and being more particularly the point at which the West shore line of Jean River meets the North shore line of the stream flowing Easterly from Knoll Lake into Jean River); thence running Northerly and Southwesterly following the sinuosities of the West shore line of Jean river and the South shore line of Little Wabush Lake to Point S (Point S being a point on the South shore line of Little Wabush Lake bearing true North of Point A); thence running true South to Point A, the point of beginning; all bearings being referred to the True Meridian and all intersections of Latitude and Longitude being interpolated from Topographic Survey of Canada Map Number 23 B/15 Charbonneau Lake, Newfoundland, Quebec, Advance Information, Scale 1:40,000; subject nevertheless to the right-of-way of The Wabush Lake Railway Company Limited.

LOT NUMBER 4

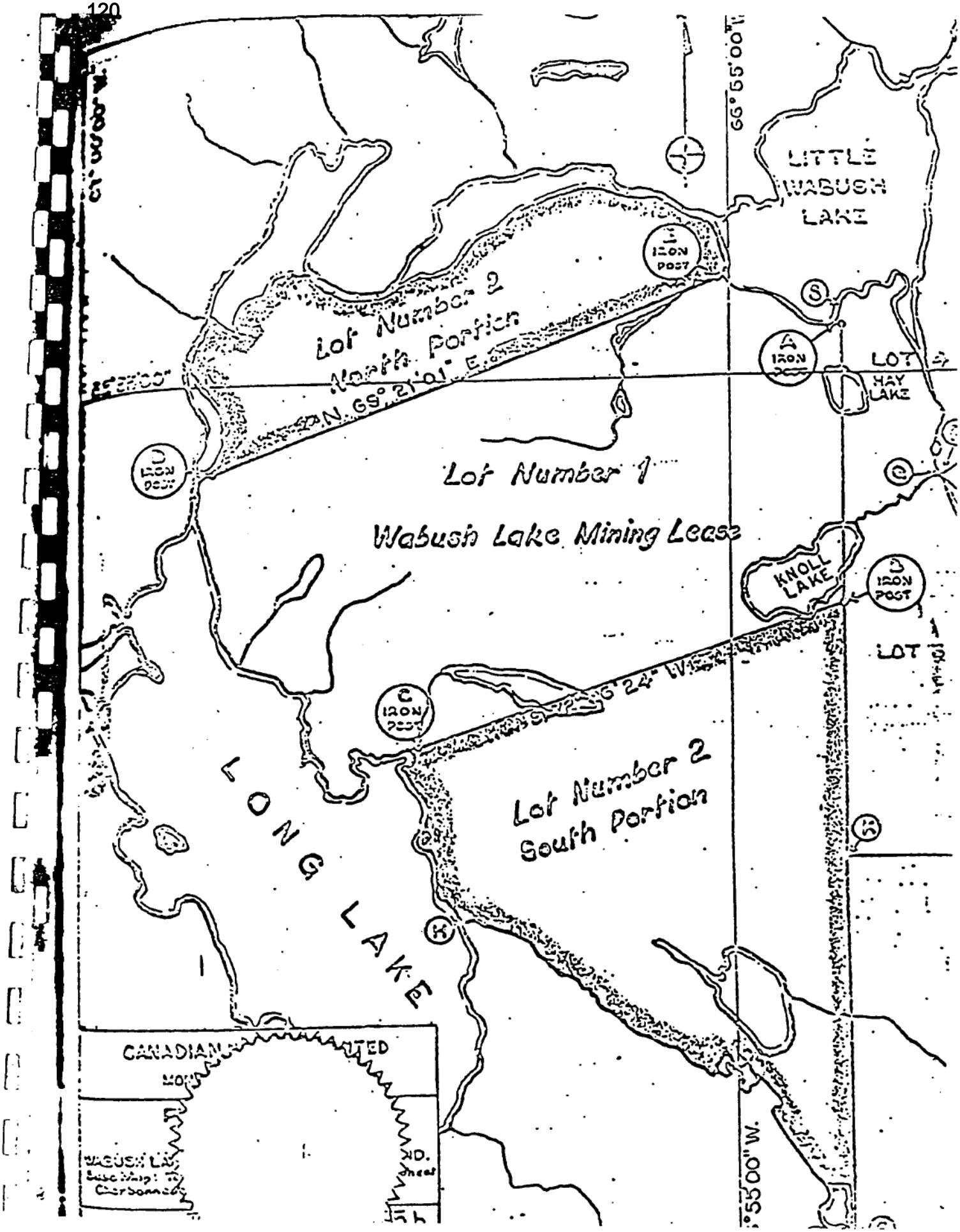
A piece or parcel of land containing an area of approximately two and three tenths (2.3) square miles situated in Labrador in the Province of Newfoundland as generally delineated and outlined in grey upon the Plan annexed to this Schedule and being more particularly described as follows:

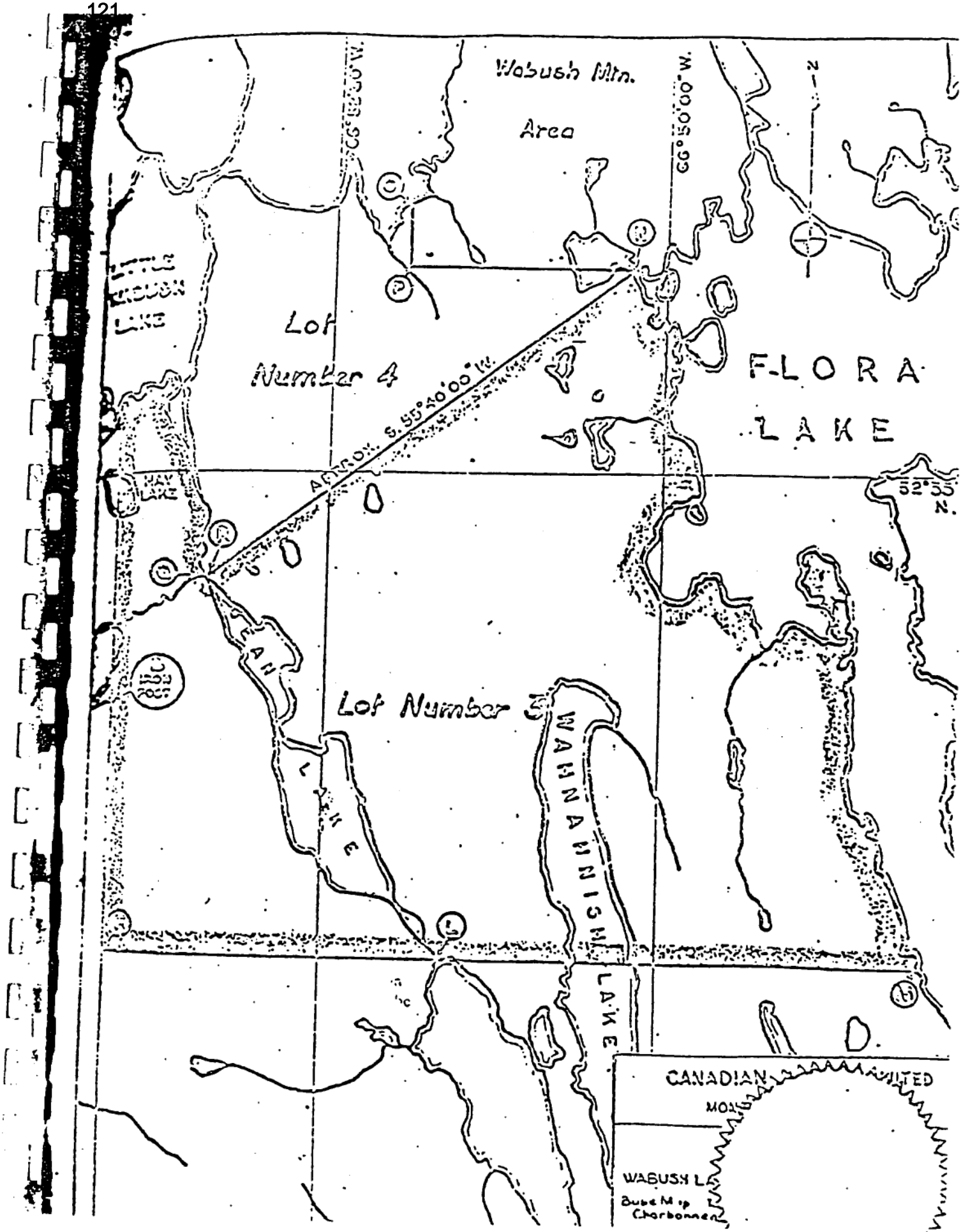
Beginning at Point N (Point N being a point near the intersection of Parallel fifty-two degrees fifty-five minutes fifty-six seconds (52°55'57") North Latitude with Meridian sixty-six degrees fifty minutes fourteen seconds (66°50'14") West Longitude, said intersection being interpolated from Topographic Survey of Canada Map Sheet No. 23 B/15, Charbonnea Lake, Newfoundland, Quebec, Advance Information, Scale 1:40,000, and being the Northeast corner of Lot Number 3 hereinabove described and being more particularly the intersection of the West shore line of Flora Lake with the South shore line of a small stream flowing into Flora Lake from an unnamed lake as shown on the Plan annexed hereto); thence running true West a distance of five thousand five hundred (5,500) feet more or less to Point P; thence running true North to Point O (Point O being a point on the South shore line of Wabush Lake at the intersection of the said South shore line of Wabush Lake with a line bearing true North through Point P); thence running Westerly and Southerly following the sinuosities of the South shore lines of Wabush Lake, the narrows between Wabush Lake and Little Wabush Lake, Little Wabush Lake and of the East shore line of Jean River to Point R (Point R being a point on the Northwest boundary of said Lot Number 3 at the point of intersection of said boundary with the East shore line of Jean River); thence running Northeasterly on a line bearing approximately North fifty-three degrees forty minutes (53°40') East along the aforementioned Northwest boundary of said Lot Number 3 to Point N, the point of beginning; all bearings being referred to the True Meridian; subject nevertheless to the right-of-way of The Wabush Lake Railway Company Limited.

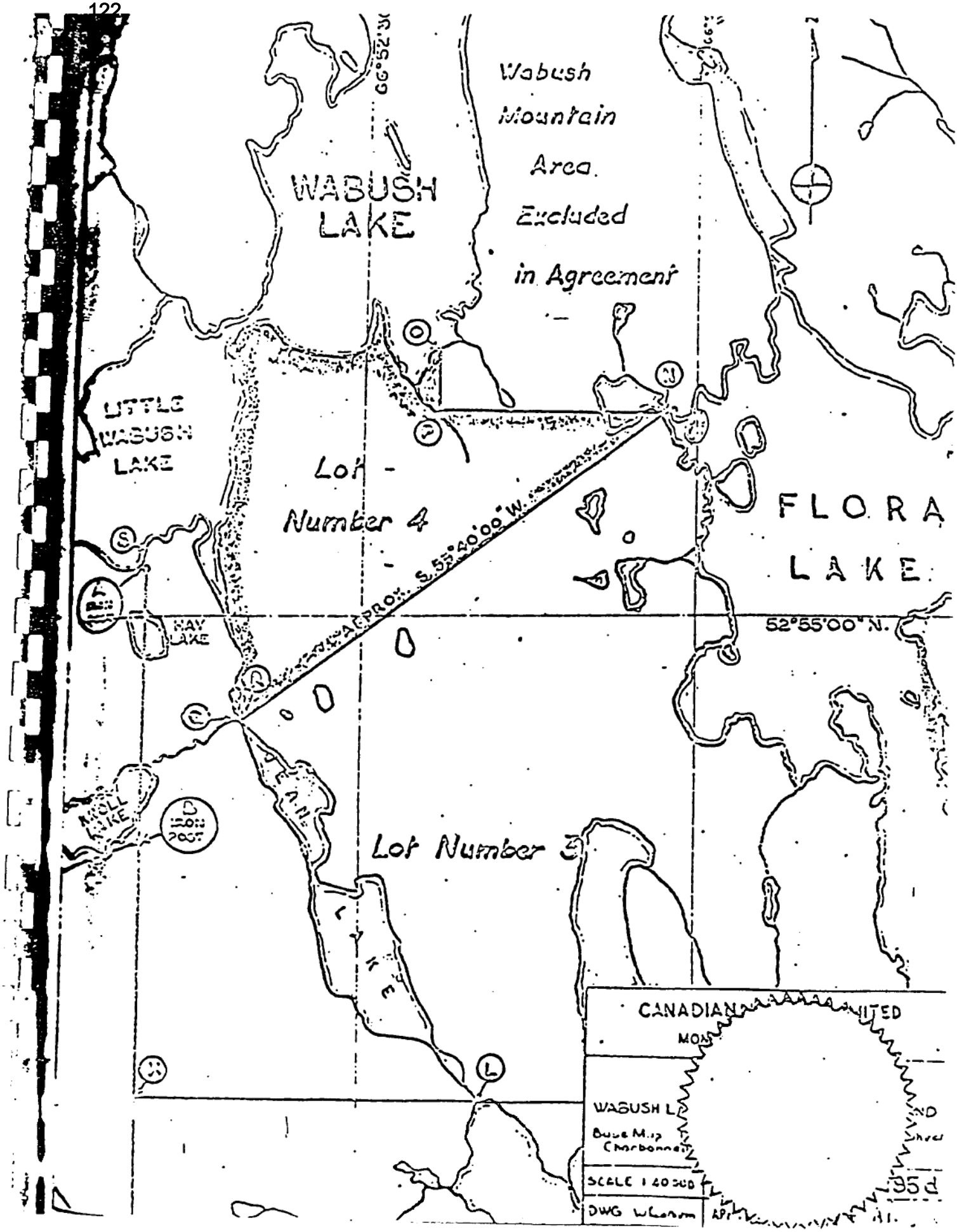
WABUSH MOUNTAIN AREA

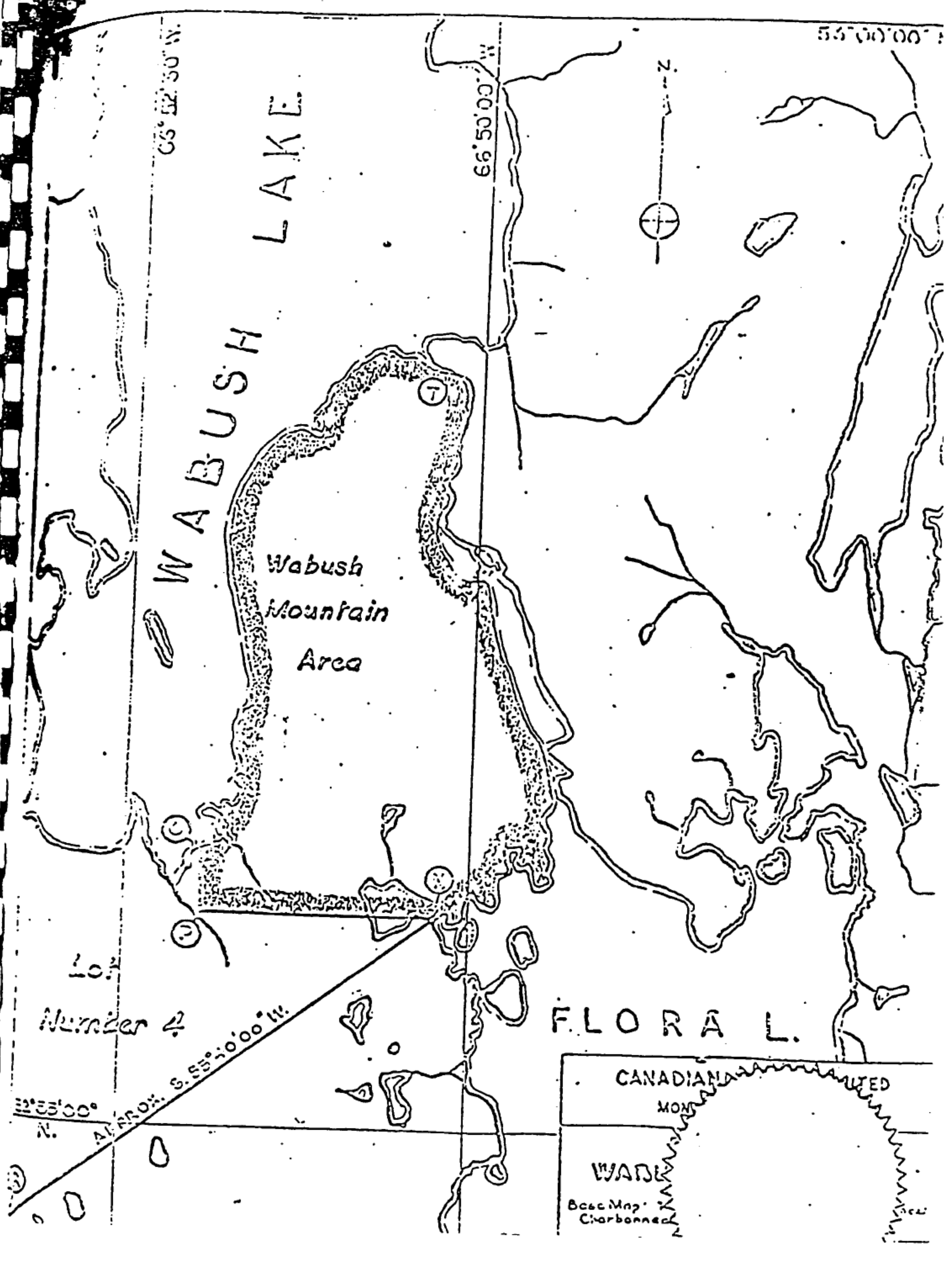
A piece or parcel of land containing an area of approximately three and fifty-two hundredths (3.52) square miles situated in Labrador in the Province of Newfoundland as generally delineated and outlined in grey upon the Plan annexed to this Schedule and being more particularly described as follows:

Beginning at Point N (Point N being a point near the intersection of Parallel fifty-two degrees fifty-five minutes fifty-six seconds (52°55'56") North Latitude with Meridian sixty-six degrees fifty minutes fourteen seconds (66°50'14") West Longitude, said intersection being interpolated from Topographic Survey of Canada Map Sheet No. 23 B/15, Charbonneau Lake, Newfoundland, Quebec, Advance Information, Scale 1:40,000 and being the point of intersection of the West shore line of Flora Lake with the South shore line of a small stream flowing into Flora Lake from an unnamed lake as shown on the said Plan annexed hereto); thence running true West a distance of five thousand five hundred (5500) feet more or less to Point P; thence running true North to Point O (Point O being a point on the South shore line of Wabush Lake at the intersection of the said South shore line of Wabush Lake with a line bearing true North through Point P); thence running Northerly and Easterly following the sinuosities of the East shore line of Wabush Lake to Point T (Point T being the point at which the East shore line of Wabush Lake meets the West shore line of the river flowing from Flora Lake into Wabush Lake as shown on the said Plan annexed hereto); thence running Southeasterly following the sinuosities of the West shore line of the aforesaid river flowing from Flora Lake into Wabush Lake and the West shore line of Flora Lake to Point N, the point of beginning; all bearings being referred to the True Meridian.


LITTLE WABUSH LAKE
1 IRON POST
Lot Number 2
North Portion
N. 65° 21' 01" E.
A IRON POST
LOT
HAY LAKE
D IRON POST
Lot Number 1
Wabush Lake Mining Lease
KNOLL LAKE
D IRON POST
LOT
C IRON POST
LONG LAKE
Lot Number 2
South Portion
CANADIAN
WABUSH LAKE
RD.


Wabush Mtn.
Area
66°50'00" W.
66°50'00" W.
Lot
Number 4
FLORA
LAKE
APPROX. S. 55°40'00" W.
52° 55' N.
Lot Number 5
MAHNAMICH LAKE
CANADIAN
WABUSH L
Base Map
Charbonneau


Wabush
Mountain
Area
Excluded
in Agreement
WABUSH
LAKE
LITTLE
WABUSH
LAKE
Lot
Number 4
FLORA
LAKE
52°55'00" N.
BAY
LAKE
IRON
POST
Lot Number 3
CANADIAN
WABUSH L
SCALE 1 40 000


WABUSH LAKE
66°50'00" W.
Wabush Mountain Area
Lot Number 4
APPROX. S. 55°40'00" W.
FLORA L.
CANADIAN

S C H E D U L E A

KNOLL LAKE AREA

LOT NUMBER 2

A piece or parcel of land containing an area of approximately five and eighty-six hundredths (5.86) square miles situated in Labrador in the Province of Newfoundland as generally delineated and outlined in grey upon the Plan annexed to this Schedule and being more particularly described as follows:

Beginning at Point A (Point A being an iron pin approximately seventy (70) feet to the South of the South shore line of Little Wabush Lake near the intersection of Parallel fifty-two degrees fifty-five minutes fourteen seconds (52°55'14") North Latitude with Meridian sixty-six degrees fifty-four minutes nine seconds (66°54'9") West Longitude, said intersection being interpolated from Topographic Survey of Canada Map Sheet No. 23 B/15 Charbonneau Lake, Newfoundland, Quebec, Advance Information, Scale 1:40,000); thence running true South to Point F, the point of intersection of the aforesaid South bearing line with the North shore line of Riordan Lake; thence Northwesterly following the sinuosities of the North shore line of Riordan Lake and the North shore line of the stream flowing from Riordan Lake to Long Lake to Point H, a point on the East shore line of Long Lake at the intersection of the North shore line of the aforesaid stream with the East shore line of Long Lake; thence Northerly and Easterly following the sinuosities of the East shore line of Long Lake, the East and South shore line of the river flowing from Long Lake to Little Wabush Lake and the Southwest shore line of Little Wabush Lake to Point S, a point true North of Point A; thence running a distance of approximately seventy (70) feet true South to Point A, the point of beginning, excepting nevertheless out of the above described land the land designated upon the plan annexed hereto as Lot No. 1 (Wabush Lake Mining Lease) and described as follows:

Beginning at Point A aforesaid, thence running true South seven thousand five hundred ninety-six and fifty-eight hundredths (7,596.58) feet more or less to Point B (Point B being an iron pin approximately two hundred sixty-seven (267) feet to the South of the South shore line of Knoll Lake); thence running in a Southwesterly direction along a

line bearing South seventy-two degrees six minutes twenty-four seconds (72°6'24") West a distance of twelve thousand five hundred fifty-five and sixty-nine hundredths (12,555.69) feet more or less to Point C (Point C being an iron pin on the South bank of a stream flowing into Long Lake); thence running Southwesterly along the said last mentioned line a distance of approximately twenty (20) feet to the intersection of said line with the East shore line of Long Lake; thence running in a Northerly direction along the East shore line of Long Lake and the East shore line of a stream flowing from Long Lake into Little Wabush Lake to the point of intersection of the aforesaid shore line of said stream with a line running through Point B hereinafter described, said line having a bearing of South sixty-nine degrees twenty-one minutes one second (69°21'1") West; thence running in a Northeasterly direction along said last mentioned line a distance of approximately forty (40) feet to Point B (Point B being an iron pin); thence running in a Northeasterly direction along said line, bearing North sixty-nine degrees twenty-one minutes one second (69°21'1") East, a distance of fifteen thousand three hundred eighty-one and forty-one hundredths (15,381.41) feet more or less to Point E (Point E being an iron pin on the North bank of a stream flowing into Little Wabush Lake); thence running along said last mentioned line approximately forty (40) feet to its intersection with the shore line of Little Wabush Lake; thence running Southeasterly along the South shore line of Little Wabush Lake to a point true North of Point A; thence running approximately seventy (70) feet true South to Point A, the point of beginning; all bearings being referred to the True Meridian.

LOT NUMBER 3

A piece or parcel of land containing an area of approximately ten and twenty-eight hundredths (10.28) square miles situated in Labrador in the Province of Newfoundland as generally delineated and outlined in grey upon the Plan annexed to this Schedule and being more particularly described as follows:

Beginning at Point A (Point A being an iron pin approximately seventy (70) feet to the South of the South shore line of Little Wabush Lake near the intersection of Parallel fifty-two degrees fifty-five minutes fourteen seconds (52°55'14") North Latitude with Meridian sixty-six degrees fifty-four

minutes nine seconds (66°54'9") West Longitude); thence running true South along the eastern boundary of Lot Number 1 Wabush Lake Mining Lease referred to in the above description of Lot Number 2 to Point B (Point B being an iron pin approximately two hundred sixty-seven (267) feet to the South of the South shore line of Knoll Lake; thence running true South along the Eastern boundary of Lot Number 2 to Point K (Point K being near the intersection of Parallel fifty-two degrees fifty-two minutes forty-nine seconds (52°52'49") North Latitude with Meridian sixty-six degrees fifty-four minutes nine seconds (66°54'9") West Longitude and being more particularly the point of intersection of the aforesaid South bearing line with a line bearing true West and passing through Point L, the most Northerly point on the North shore line of the West arm of Whanahnish Lake); thence running on a line bearing true East and passing through Point L to Point M (Point M being a point on the West shore line of Flora Lake at its intersection with the aforesaid East bearing line passing through Point L); thence running in a Northwesterly direction following the sinuosities of the West shore line of Flora Lake to Point N (Point N being a point near the intersection of Parallel fifty-two degrees fifty-five minutes fifty-six seconds (52°55'56") North Latitude with Meridian sixty-six degrees fifty minutes fourteen seconds (66°50'14") West Longitude and being more particularly the point at which the West shore line of Flora Lake meets the South shore line of a small stream flowing into Flora Lake from an unnamed lake as shown on the Plan hereto attached); thence following a line bearing approximately South fifty-three degrees forty minutes (53°40') West to Point Q (Point Q being a point near the intersection of Parallel fifty-two degrees fifty-four minutes forty-two seconds (52°54'42") North Latitude with Meridian sixty-six degrees fifty-three minutes twenty-four seconds (66°53'24") West Longitude and being more particularly the point at which the West shore line of Jean River meets the North shore line of the stream flowing Easterly from Knoll Lake into Jean River); thence running Northerly and Southwesterly following the sinuosities of the West shore line of Jean river and the South shore line of Little Wabush Lake to Point S (Point S being a point on the South shore line of Little Wabush Lake bearing true North of Point A); thence running true South to Point A, the point of beginning; all bearings being referred to the True Meridian and all intersections of Latitude and Longitude being interpolated from Topographic Survey of Canada Map Number 23 B/15 Charbonneau Lake, Newfoundland, Quebec, Advance Information, Scale 1:40,000; subject nevertheless to the right-of-way of The Wabush Lake Railway Company Limited.

LOT NUMBER 4

A piece or parcel of land containing an area of approximately two and three tenths (2.3) square miles situated in Labrador in the Province of Newfoundland as generally delineated and outlined in grey upon the Plan annexed to this Schedule and being more particularly described as follows:

Beginning at Point N (Point N being a point near the intersection of Parallel fifty-two degrees fifty-five minutes fifty-six seconds (52°55'57") North Latitude with Meridian sixty-six degrees fifty minutes fourteen seconds (66°50'14") West Longitude, said intersection being interpolated from Topographic Survey of Canada Map Sheet No. 23 B/15, Charbonneau Lake, Newfoundland, Quebec, Advance Information, Scale 1:40,000, and being the Northeast corner of Lot Number 3 hereinabove described and being more particularly the intersection of the West shore line of Flora Lake with the South shore line of a small stream flowing into Flora Lake from an unnamed lake as shown on the Plan annexed hereto); thence running true West a distance of five thousand five hundred (5,500) feet more or less to Point P; thence running true North to Point 0 (Point 0 being a point on the South shore line of Wabush Lake at the intersection of the said South shore line of Wabush Lake with a line bearing true North through Point P); thence running Westerly and Southerly following the sinuosities of the South shore lines of Wabush Lake, the narrows between Wabush Lake and Little Wabush Lake, Little Wabush Lake and of the East shore line of Jean River to Point R (Point R being a point on the Northwest boundary of said Lot Number 3 at the point of intersection of said boundary with the East shore line of Jean River); thence running Northeasterly on a line bearing approximately North fifty-three degrees forty minutes (53°40') East along the aforementioned Northwest boundary of said Lot Number 3 to Point N, the point of beginning; all bearings being referred to the True Meridian; subject nevertheless to the right-of-way of The Wabush Lake Railway Company Limited.

WABUSH MOUNTAIN AREA

A piece or parcel of land containing an area of approximately three and fifty-two hundredths (3.52) square miles situated in Labrador in the Province of Newfoundland as generally delineated and outlined in grey upon the Plan annexed to this Schedule and being more particularly described as follows:

Beginning at Point N (Point N being a point near the intersection of Parallel fifty-two degrees fifty-five minutes fifty-six seconds (52°55'56") North Latitude with Meridian sixty-six degrees fifty minutes fourteen seconds (66°50'14") West Longitude, said intersection being interpolated from Topographic Survey of Canada Map Sheet No. 23 B/15, Charbonneau Lake, Newfoundland, Quebec, Advance Information, Scale 1:40,000 and being the point of intersection of the West shore line of Flora Lake with the South shore line of a small stream flowing into Flora Lake from an unnamed lake as shown on the said Plan annexed hereto); thence running true West a distance of five thousand five hundred (5500) feet more or less to Point P; thence running true North to Point O (Point O being a point on the South shore line of Wabush Lake at the intersection of the said South shore line of Wabush Lake with a line bearing true North through Point P); thence running Northerly and Easterly following the sinuosities of the East shore line of Wabush Lake to Point T (Point T being the point at which the East shore line of Wabush Lake meets the West shore line of the river flowing from Flora Lake into Wabush Lake as shown on the said Plan annexed hereto); thence running Southeasterly following the sinuosities of the West shore line of the aforesaid river flowing from Flora Lake into Wabush Lake and the West shore line of Flora Lake to Point N, the point of beginning; all bearings being referred to the True Meridian.

EXHIBIT "G"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Tacora Resources Inc.

Consolidated Financial Statements
For the year ended December 31, 2019

Independent auditor's report

To the Directors of Tacora Resources Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Tacora Resources Inc. and its subsidiaries (together, the Company) as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated balance sheet as at December 31, 2019;
- the consolidated statements of loss and comprehensive loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
April 30, 2020

Consolidated balance sheet

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	2019	2018
Current assets			
Cash	5	44,292	142,031
Restricted cash, escrow	5	254	242
Receivables	6	6,001	-
Inventories	7	4,161	-
Transportation deposits, current portion	12	6,998	3,332
Prepaid expenses and other current assets	8	10,848	10,875
Total current assets		72,554	156,480
Non-current assets			
Property, plant & equipment, net	10, 13	164,903	52,418
Intangible assets subject to amortization	11	24,389	10,582
Transportation deposits	12	11,221	11,855
Security Deposits	12	3,334	-
Deferred financing costs, net		-	882
Financial assurance deposit	13	6,266	26,938
Total non-current assets		210,113	102,675
TOTAL ASSETS		282,667	259,155
Current liabilities			
Current maturities of long-term debt	14	4,399	-
Current maturities of leased liabilities	14	6,809	-
Accounts payable		4,964	3,968
Accrued liabilities		16,206	1,682
Current derivative liability	18	38,726	2,732
Total current liabilities		71,104	8,382
Non-current liabilities			
Long-term debt, less current maturities	14	121,658	102,562
Leased liabilities, less current maturities	14	35,092	-
Long-term derivative liability	18	16,871	10,475
Rehabilitation obligation	13	31,706	26,231
Total Non-Current Liabilities		205,327	139,268
TOTAL LIABILITIES		276,431	147,650
NET ASSETS		6,236	111,505

Consolidated balance sheet

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	2019	2018
Shareholder's equity			
Capital stock	16	150,232	143,001
Accumulated deficit		(144,114)	(31,614)
Non-controlling interest		118	118
TOTAL SHAREHOLDERS EQUITY		6,236	111,505

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

The financial statements were approved by a directors' resolution on April 30, 2020 and signed on their behalf by:

David J Durrett
Chief Executive Officer

Joseph A. Broking II
Executive Vice President and Chief Financial Officer

Consolidated statements of loss and comprehensive loss

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	Years Ended Dec 31, 2019	Years Ended Dec 31, 2018 (Restated, Note 22)
Revenue		60,049	-
Cost of Sales	20	83,379	-
Depreciation		6,715	-
Gross profit (loss)		(30,045)	-
Other expenses			
Selling, general, and administrative expenses	21	11,325	8,196
Sustainability and other community expenses	21	521	279
Depreciation expense	10	170	277
Operating income (loss)		(42,061)	(8,752)
Other income/(expense)			
Other (losses) / gains		(135)	121
Write-off of prepaid royalties	17	(2,575)	
Loss on derivative instruments	18, 19	(54,725)	(13,207)
Unwinding of present value discount : ARO		(617)	-
Interest expense	14	(17,985)	(1,631)
Interest income		1,970	-
Foreign exchange gain / (loss)		4,068	(5,332)
Total other (expense) / income		(69,999)	(20,049)
Loss before income taxes		(112,060)	(28,801)
Income Taxes	15	440	14
Net loss and comprehensive loss		(112,500)	(28,815)

Should be read in conjunction with the notes to the condensed consolidated financial statements

Consolidated statement of changes in equity

(expressed in thousands of US Dollars, except where otherwise noted)

	Capital stock	Contributed surplus	Non-controlling interest	Accumulated deficit	Total
Balances at Dec 31, 2017	**51,001**	**-**	**118**	**(2,799)**	**48,320**
Net loss and comprehensive loss	-	-	-	(28,815)	(28,815)
Issuance of common shares	92,000	-	-	-	92,000
Balances at Dec 31, 2018	**143,001**	**-**	**118**	**(31,614)**	**111,505**
Balance at Dec 31, 2018	**143,001**	-	**118**	**(31,614)**	**111,505**
Issuance of common shares	7,231	-	-	-	7,231
Net loss and comprehensive loss	-	**-**	-	(112,500)	(112,500)
Balance at Dec 31, 2019	**150,232**	**-**	**118**	**(144,114)**	**6,236**

Should be read in conjunction with the notes to the condensed consolidated financial statements

Consolidated statement of cash flow

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	Years Ended Dec 31, 2019	Years Ended Dec 31, 2018 (restated, note 21)
Cash Flows from operating activities			
Net loss		(112,500)	(28,815)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	10	6,885	157
Amortization of intangible asset	11	434	-
Foreign exchange translation loss		625	2,158
Write-off of prepaid royalties	17	2,575	-
Loss from forward contracts	18, 19	54,726	13,207
Interest accretion of asset retirement obligation	13	617	
Gain on disposal of property and equipment	10	-	12
Changes in operating assets and liabilities:			
Trade accounts receivable	6	(6,001)	-
Inventory	7	(4,161)	-
Prepaid expenses and other	8	(5,882)	(6,063)
Accounts payable		4,825	(114)
Accrued expenses		11,076	133
Net cash (outflow) from operating activities		(46,781)	(19,325)
Cash Flows from investing activities			
Purchases of mining properties, land, plant & equipment	10, 13	(75,581)	(13,513)
Purchase of intangible assets subject to amortization	11	(14,241)	(10,582)
Transportation deposit	12	(3,032)	(12,845)
Commodity forward contract settlements	18	(8,252)	-
Financial assurance deposit	13	21,356	-
Net cash (outflow) from investing activities		(79,750)	(36,940)
Cash Flows from financing activities			
Proceeds from issuance of common shares	16	7,231	92,000
Proceeds from long-term borrowings	14	24,716	96,674
Principal payments on long-term debt, including vendor financed leases	14	(3,155)	-
Net cash inflow from financing activities		28,792	188,674
Net increase (decrease) in cash		(97,739)	132,409
Cash			
Beginning		142,031	9,622
Ending		44,292	142,031

Should be read in conjunction with the notes to the condensed consolidated financial statements

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Note 1 - Corporate information

Tacora Resources Inc. along with its subsidiaries (collectively, the "Company" or "Tacora") are in the business of identifying, mining and processing iron ore mineral reserves and resources. The utilization of iron ore is Tacora's main strategic objective at this time; however, other revenue streams may be added in the future.

Tacora was formed under the *Business Corporations Act* (British Columbia) on January 12, 2017 and is incorporated in British Columbia, Canada. Tacora's registered office is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8 Canada with its principal place of business located at 102 Northeast 3rd Street, Suite 120, Grand Rapids, MN 55744 United States. The controlling and ultimate parent of Tacora is Proterra M&M MGCA B.V.

On July 18, 2017, Tacora completed the acquisition (the "Acquisition") of substantially all of the assets associated with the Scully Mine located north of the Town of Wabush, Newfoundland and Labrador, Canada (the "Scully Mine"). The acquisition was made pursuant to an asset purchase agreement (the "APA") dated June 2, 2017 among Tacora, MagGlobal LLC, Wabush Iron Co. Limited, Wabush Resources Inc. and Wabush Lake Railway Company Limited pursuant to a court supervised process under the *Companies' Creditors Arrangement Act (Canada)* ("CCAA"). Tacora commenced commercial production of the Scully Mine as of June 30, 2019.

Note 2 – Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements comply with IFRS, including all International Accounting Standards ("IAS") in force and all related interpretations issued by the International Financial Reporting Interpretations Committee.

The accounting policies set out below have been applied consistently to the year presented in these consolidated financial statements, unless otherwise stated.

The accompanying consolidated financial statements and notes of Tacora for the year ended December 31, 2019 were authorized for issuance on April 30, 2020.

Basis for preparation

The consolidated financial statements were prepared using the historical cost method. Transactions, balances, and unrealized gains on transactions between Tacora and its subsidiaries have been eliminated when preparing the consolidated financial statements.

The consolidated financial statements are presented in United States dollars ("USD") unless otherwise stated.

Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Certain amounts included in or affecting these consolidated financial statements and related disclosures must be estimated, requiring management to make certain assumptions with respect to values or conditions which cannot be known with certainty at the time the financial statements are prepared. Management evaluates these estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods it considers reasonable in the

(expressed in thousands of US Dollars, except where otherwise noted)

particular circumstances. Any effects on Tacora's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Consolidation

The consolidated subsidiaries are all entities over which Tacora has the power to govern financial and operating policies. Tacora controls an entity when it is exposed, or has the right to variable returns from its interest in the entity and is capable of affecting returns through its power over the entity. Where Tacora's participation in subsidiaries is less than 100%, the share attributed to outside shareholders is reflected as non-controlling interest.

Subsidiaries are consolidated in full from the date on which control is transferred to Tacora and up to the date it loses that control.

As at December 31, 2019, the subsidiaries included in the consolidated financial statements of Tacora were as follows:

	Country of incorporation	**Ownership percentage %**	**Functional currency**
Tacora Resources LLC	United States	100%	US Dollars
Knoll Lake Minerals Limited	Canada	58.2%	Canadian Dollars

As part of the acquisition in 2017, Tacora acquired common shares representing a 58.2% interest in Knoll Lake Minerals Limited ("Knoll Lake"). The common shares of Knoll Lake are not considered a core asset to the mining operations of the Scully Mine. The ownership interest in Knoll Lake relates to a legacy asset that was included as one of several ancillary assets acquired as part of the acquisition. Nil consideration was allocated to the common shares of Knoll Lake. For the year ended December 31, 2019 and 2018, Knoll Lake had no operating activities. Knoll Lake is not considered a material subsidiary of Tacora for the periods ended December 31, 2019 and 2018. Cumulative translation adjustments from foreign exchange translation of Knoll Lake's operations as of December 31, 2019 and 2018 are immaterial to the consolidated financial statements.

All intra-group assets and liabilities, revenues, expenses and cash flows relating to intra-group transactions are eliminated.

Revenue Recognition

The Company recognizes revenue from sales of concentrate when control of the concentrate passes to the customer, which occurs upon delivery to the vessel or stockpile. Revenue is recognized, at fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured, net of sale taxes.

For all the sales contracts, the sales price is determined provisionally at the date of sale, with the final pricing determined at a mutually agreed date (generally between 2 to 3 months from the date of the sale), at a quoted market price at that time. All subsequent mark-to-market adjustments are recorded in sales revenue up to the date of final settlement.

Price changes for shipments awaiting final pricing at year-end could have a material effect on future revenues. As at December 31, 2019, there was $55.9 million (December 31, 2018: nil) in revenues that were awaiting final pricing.

Cash and restricted cash

Cash consists of cash in bank and restricted cash held as collateral.

Inventories

Inventories of iron ore concentrate are measured and valued at the lower of average production cost and net realizable value. Net realizable value is the estimated selling price of the concentrate in the ordinary course of business based on the prevailing selling prices on the reporting date. Production costs that are inventoried include the costs directly related to bringing the inventory to its current condition and location, such as materials, labor and manufacturing overhead costs.

Supplies are valued at lower of cost or net realizable value.

Foreign currency translation

Functional and presentation currency

The amounts included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in USD, which is Tacora's presentation currency and the functional currency of its operations.

Foreign currency translation

The financial statements of entities that have a functional currency different from USD are translated into USD as follows:

assets and liabilities at the closing rate at the date of the balance sheet; and

income and expenses at the average rate of the reporting period.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the operator's functional currency are recognized in the statement of income.

Asset acquisition

If a transaction does not meet the definition of a "business" under IFRS, the transaction is recorded as an asset acquisition. Net identifiable assets acquired and liabilities assumed are measured at the fair value of the consideration paid, plus any transaction costs, based on their relative fair value at the acquisition. No goodwill and no deferred tax asset or liabilities arising from the assets acquired and liabilities assumed are recognized upon acquisition of the assets.

Intangible assets subject to amortization

Intangible assets are related to port access and are recorded at cost. The assets are amortized on a rate per tonne shipped from the port or over the useful life of the asset on a straight-line basis. The estimated useful life of the intangible assets are estimated to be between nine and twenty-five years.

Intangible assets are subject to impairment tests when events or circumstances indicate that carrying value is not recoverable. Impairment losses are recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. Management determined that there were no indicators of impairment as of December 31, 2019 and 2018.

Financial assets and liabilities

Financial assets and Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding year. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

The Company has classified accounts payable and accrued liabilities, long-term debt, leased liabilities and rehabilitation obligation as other financial liabilities.

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

a) Fair value through profit or loss – financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in the statement of income (loss).

b) Amortized cost – financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flow represents solely payments of principal and interest.

The Company has classified cash, restricted cash and receivables as financial assets using amortized cost.

Derivatives

Derivative assets and liabilities, comprising the commodity forward contracts, do not qualify as hedges, or are not designated as hedges and, accordingly, are classified as FVTPL.

Derecognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to receive cash flows from the assets expire or when the Company no longer retains substantially all of the risks and rewards of ownership and does not retain control over the financial asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of operations, with the exception of gains and losses on equity instruments designated at FVOCI, which are not reclassified to the consolidated statement of operations upon derecognition.

For financial liabilities, derecognition occurs when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of operations.

Royalties

Tacora is party to a single amended and restated consolidation of mining leases (the "Mining Lease") with a lessor pursuant to which Tacora was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from a mine on a parcel of land

located near Wabush, Newfoundland and Labrador on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055; however, the Mining Lease may be cancelled by Tacora generally on six months' written notice.

At the commencement of shipping iron ore products, Tacora is required to pay an earned royalty fee per metric tonne ranging from 4.2% to 7.0% of Net Revenues less certain deductible expenses, in accordance with the calculation as defined in the Mining Lease. To the extent that Tacora has not commenced or ceases the shipping of iron ore products and the sum of the earned royalty fee in a given calendar quarter is less than $0.8 million Canadian dollars, Tacora is required to pay a minimum quarterly royalty of $0.8 million Canadian dollars (of which 20 percent is withheld and remitted to the Province of Newfoundland and Labrador). Any minimum quarterly royalty payments during the calendar years of 2017 and 2018 can be recovered against future earned royalties on sales of iron ore products from the leased land during the 2018 and 2019 calendar years. Any amount which Tacora shall pay the lessor related to minimum quarterly royalty payments subsequent to 2019, other than in payment of earned royalties, shall be recoverable against earned royalties in the same calendar year.

Exploration and evaluation

Exploration and evaluation expenditures comprises costs that are directly attributable to:

- researching and analyzing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and/or
- compiling pre-feasibility and feasibility studies.

In accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources", the criteria for the capitalization of evaluation costs are applied consistently from period to period. Subsequent recovery of the carrying value for evaluation costs depends on successful development, sale or other partnering arrangements of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any related impairment provisions are charged to the statement of profit and loss. No exploration or evaluation costs were capitalized in 2018 or 2019.

Property, plant, and equipment

Once a mining project has been determined to be commercially viable and approval to mine has been granted, expenditure other than that on land, buildings, plant, equipment and capital work in progress is capitalized under "Mining properties and leases". Mineral reserves may be asserted for an undeveloped mining project before its commercial viability has been fully determined. Evaluation costs may continue to be capitalized during the period between declaration of mineral reserves and approval to mine as further work is undertaken in order to refine the development case to maximize the project's returns.

Costs of evaluation of a processing plant or material processing equipment prior to approval to develop or construct are capitalized under "Construction in process", provided that there is a high degree of confidence that the project will be deemed to be commercially viable.

Costs which are necessarily incurred while commissioning new assets, in the period before they are capable of operating in the manner intended by management, are capitalized. Development costs incurred after the commencement of production are capitalized to the extent they are expected to give rise to a future economic benefit. Interest on borrowings related to construction or development projects is capitalized at the rate payable on project-specific debt, if applicable, or at Tacora's cost of borrowing until the point when substantially all the activities that are necessary to make the asset ready for its intended use are complete.

Property, plant, and equipment is recorded at historical cost, as defined in IAS 16, less accumulated depreciation (except for land, which is not depreciated) and accumulated impairment losses. Costs include expenses directly attributable to the asset acquisition. Depreciation is calculated over the estimated useful lives as follows:

Asset type	Useful lives
Vehicles	3 – 5 years
Right of use assets	3 – 10 years
Mining and processing equipment	5 – 20 years
Railcars and rails	5 – 20 years

Assets within operations for which production is not expected to fluctuate significantly from one year to another or which have a physical life shorter than the related mine are depreciated on a straight line basis.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when future economic benefits associated with the item are likely and the cost of the item can be reliably measured. The carrying amount of replaced parts are derecognized and charged to loss on disposal. Repairs and maintenance are recognized in the statement of profit or loss in the year they are incurred. Major improvements are depreciated over the remaining useful life of the related asset.

Property, plant, and equipment is subject to impairment tests when events or circumstances indicate that carrying value is not recoverable. Impairment losses are recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. Management determined that there were no indicators of impairment as of December 31, 2019 and 2018.

Provisions

Provisions are recognized when Tacora has a present obligation, legal or constructive, as a result of a past event, that is likely required to be settled and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions for legal claims are recognized when Tacora has a present obligation, legal or constructive, as a result of past events, an outflow of economic resources is likely to be required to settle the obligation and the amount can be reasonably estimated.

Environmental rehabilitation

Mining, extraction, and processing activities normally give rise to obligations for environmental rehabilitation. A provision for environmental rehabilitation is recognized at the time of environmental disturbance at the present value of expected rehabilitation work. Rehabilitation work can include decommissioning activities, removal or treatment of waste materials, land rehabilitation, as well as monitoring and compliance with environmental regulations. Tacora's provision is management's best estimate of the present value of the future cash outflows required to settle the liability and is dependent on the requirements of the relevant authorities and management's environmental policies.

Taxation

Tacora is subject to income tax in numerous jurisdictions. Income tax on the statement of profit or loss consists of current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at period-end, adjusted for amendments to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amount recorded for the computation of taxable income except when these differences arise on the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit. These temporary differences result in deferred tax assets and liabilities, which are included in the balance sheet. Tacora will recognize deferred tax assets for all deductible temporary differences, tax credits, and unused tax losses, to the extent that it is probable that future taxable profits will be available against which these can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Capital stock

Tacora's issued and outstanding common shares are classified as capital stock under equity. Incremental costs directly attributable to the issuance of new common shares are included in equity as a deduction from the consideration received, net of tax. Contributions for capital stock increases due to the issuance of new common shares are recognized directly as an integral part of capital.

Share-based compensation

The Company offers a stock option plan for certain employees. The stock options shall vest, and may be exercised in whole or in part, only upon a liquidity event as defined in the stock option agreement. The Company does not recognize compensation cost for the stock options until the liquidity is deemed probable.

Going concern

The consolidated financial statements have been prepared on a going concern basis. Tacora manages its capital to ensure that Tacora will be able to continue in operation as a going concern and acquire, explore, and develop mineral resource properties for the benefit of its stakeholders.

New accounting pronouncements adopted in 2019

IFRS 16 – Leases

The Company implemented the new standard, IFRS 16, 'Leases', as of January 1, 2019 which replaces the previous lease standard, IAS 17, 'Leases'.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases but can elect to exclude those with a term of less than twelve months and for which the underlying asset is of low value.

The details of the Company's leasing activities and the new significant accounting policy for leases are set out below.

The Company leases its office premises.

Effective January 1, 2019, the Company assesses, at the inception of a contract, whether a contract is, or contains, a lease. A lease is a contract in which the right to control the use of an identified asset is granted for an agreed upon period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

Lease liabilities:

Lease liabilities are initially recorded as the present value of the non-cancellable lease payments over the lease term and discounted at the Company's incremental borrowing rate. Lease payments include fixed payments and such variable payments that depend on an index or a rate; less any lease incentives receivable.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of exercising a purchase, extension or termination option. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any difference recorded in the consolidated statement of loss and comprehensive loss.

Right-of-use assets:

The right-of-use assets are measured at cost, which comprises the initial lease liability, lease payments made at or before the lease commencement date, initial direct costs and restoration obligations less lease incentives. The right-of-use assets are subsequently measured at amortized cost. The assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

Right-of-use assets are assessed for impairment in accordance with the requirements of IAS 36, 'Impairment of assets'.

The Company, on a lease by lease basis, also exercises the option available for contracts comprising lease components as well as non-lease components, not to separate these components. Extension and termination options exist for the Company's property lease of the premises. The Company re-measures the lease liability, when there is a change in the assessment of the inclusion of the extension option in the lease term, resulting from a change in facts and circumstances.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of loss and comprehensive loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise office equipment.

On January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach, and therefore the comparative information has not been restated. The change in accounting policy and the impact of its implementation of this standard on the Company's consolidated financial statements are described below.

(expressed in thousands of US Dollars, except where otherwise noted)

Practical expedients

The Company has elected to make use of the following practical expedients:

- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the accounting for operating leases with underlying value of assets being less than $5,000 USD as low dollar value leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- election, by class of underlying asset, not to separate non-lease components from lease components.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made by applying IAS 17 and IFRIC 4, 'Determining whether an Arrangement contains a Lease'.

Impact on adoption of IFRS 16

On adoption of IFRS 16, the Company determined that it did not have any leases resulting in the recognition of a right-of-use asset and lease liability

The following reconciliation to the opening balance for the lease liability as at January 1, 2019 is based upon the operating lease obligations as at December 31, 2018:

	January 1, 2019
Operating lease commitment as of December 31, 2018	277
Recognition exemption for:	
Leases of low value assets	(277)
Lease liability recognized at January 1, 2019	-

Note 3 - Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, consultation with experts and other methods management considers reasonable in the particular circumstances. Actual results may differ from these estimates.

The accounting policies discussed below are considered by management to be critical to an understanding of Tacora's financial statements as their application places the most significant demands on management's judgment.

Mineral reserves and resources

Estimates of the quantities of proven and probable mineral reserves and measured, indicated and inferred mineral resources form the basis for our life of mine plans, which are used for a number of important business and accounting purposes, including our impairment analysis. Mineral reserves and resources are based on engineering data, estimated future prices, estimated future capital spending and estimated future production rates. We estimate our iron ore mineral reserves and resources based on information compiled by "qualified persons" as defined in accordance with the requirements of the Canadian Securities Administrators' National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*. These life of mine plans also include assumptions about our ability to obtain and renew our mining and operating permits. Tacora expects that, over time, its mineral reserves and resources estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices.

Environmental rehabilitation

Decommissioning and restoration costs are a normal consequence of mining. The majority of these expenditures are incurred at the end of the mine's life. In determining the provision, consideration is given to the future costs to be incurred, the timing of these future costs, and estimated cost of inflation. The cost of decommissioning and restoration is uncertain and can vary in response to many factors including changes to the relevant legal and regulatory requirements. The expected timing of expenditures can change in response to changes in the life of mine. These estimates are reviewed annually and adjusted where necessary to ensure that the most current data is used.

Functional currency

Given the currently significant role of the United States dollar in Tacora's affairs, the United States dollar is the currency in which financial results are presented both internally and externally. It is also the currency for financing Tacora's current operations. Borrowings and cash are predominantly denominated in United States dollars.

Note 4 - Financial risk management

Financial risk management objective

Tacora is exposed to a number of financial risks which are considered within the overall Tacora risk management framework. The key financial risks are foreign exchange risk, commodity price risk, credit risk, liquidity risk and capital management risk, which are each discussed in detail below. The Board of Directors and senior management look to ensure that Tacora has an appropriate capital structure which enables it to manage the risks faced by the organization through the commodities cycle. The general approach to financial risks is to ensure that the business is robust enough to enable exposures to float with the market. Tacora may, however, choose to fix some financial exposures when it is deemed appropriate to do so.

Foreign exchange risk

Tacora's operations and cash flows may be influenced by foreign currencies due to the geographic diversity of Tacora's operations and the locations of its operations. Operating costs may be influenced by the transactions denominated in currencies other than the USD.

In any particular year, currency fluctuations may have a significant impact on Tacora's financial results. A strengthening of the USD against the Canadian dollar has a positive effect on Tacora's underlying

earnings. However, a strengthening of the USD also reduces the value of non-USD denominated net assets and consequently total equity.

The impact of a 10% change in the USD against the Canadian dollar as December 31, 2019 would have a $3.2 million impact on earnings.

Commodity price risk

Tacora has agreed to sell all of its production to one counterparty, Cargill International Trading Pte Ltd. ("Cargill") with a term expiring December 31, 2024, with an option to extend the term until December 31, 2035 at Cargill's sole discretion. Cargill is selling the Tacora product into the global seaborne iron ore market at prevailing market prices and incurring dry bulk freight costs to deliver the product to its intended destination at prevailing market freight rates. Therefore, Tacora will be exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales. Price decreases in the iron ore commodity market and/or cost increases for dry bulk freight rates could negatively affect net sales and therefore earnings.

Tacora believes commodity price hedging could provide a long-term benefit to shareholders. Therefore, Tacora may hedge certain commitments in the future with an emphasis on mitigating commodity price risk during the ramp up of the Scully Mine.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. In the future, Tacora may be exposed to credit risk from its customer receivables and from its financing activities, including deposits with banks and financial institutions, other short-term investments, interest rate and currency derivative contracts and other financial instruments.

Liquidity and capital risk management

Tacora's objective when managing capital is to safeguard the business as a going concern while maximizing returns for shareholders. In a cyclical and capital intensive industry, such as the mining industry, maintaining a strong balance sheet and a sound financial risk management framework are desirable to preserve financial flexibility and generate shareholder value through the cycle. In practice, this involves regular reviews by the Board of Directors and senior management. These reviews take into account Tacora's strategic priorities, economic and business conditions and opportunities that are identified to invest across all points of the commodities cycle and focus on shareholder return while also striving to maintain a strong balance sheet.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period to maturity at the consolidated balance sheet date. The amounts below are gross amounts, so they include principal and interest.

(expressed in thousands of US Dollars, except where otherwise noted)

	Within 1 Year	1 to 2 Years	2 to 5 Years	Over 5 Years	Total
Accounts payable and accrued liabilities	21,170	-	-	-	21,170
Debt	15,302	24,092	86,790	77,459	203,643
Leases	9,201	9,201	26,715	4,251	49,368
Rehabilitation obligation	-	-	-	53,446	53,446
Total	45,673	33,293	113,505	135,156	327,627

To maintain a strong balance sheet, Tacora considers various financial metrics including net gearing ratio, the overall level of borrowings and their maturity profile, liquidity levels, total capital, cash flow, EBITDA and other leverage ratios such as net debt to EBITDA.

Note 5 - Cash

Tacora maintains its cash in bank accounts which, at times, may exceed insured limits. Tacora has not experienced any losses in such accounts.

Cash consists of the following:

	As at Dec 31, 2019	As at Dec 31, 2018
Cash at bank	44,292	142,031
Restricted cash, escrow	254	242
Balance per balance sheet	44,546	142,273

Restricted cash of $254 thousand is held as collateral for two letters of credit required for environmental reclamation and Tacora's credit card program.

Note 6 – Accounts Receivable

Accounts receivable consist of the following:

	As at Dec 31, 2019	As at Dec 31, 2018
Trade receivables	6,001	-
Balance per balance sheet	6,001	-

Tacora's trade receivables all relate to a single customer. For the year ended December 31, 2019, no specific provision was recorded on any of the receivables. The receivables at December 31 are current and are generally settled within three months.

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Note 7 – Inventories

Inventories consist of the following:

	As at Dec 31, 2019	As at Dec 31, 2018
Consumable inventories	2,786	-
Finished concentrate inventories	1,375	-
Balance per balance sheet	4,161	-

Note 8 – Prepaid expenses and other current assets

Prepaid expenses consist of the following:

	As at Dec 31, 2019	As at Dec 31, 2018
Prepaid future port and transportation services	2,031	453
Prepaid royalties	-	4,425
Other miscellaneous prepaid expenses	1,274	650
Refundable HST/GST	7,499	625
Miscellaneous deposits	44	4,722
Balance per balance sheet	10,848	10,875

Note 9 - Related-party balances

Transactions with related parties for the period ended December 31, 2019 and 2018, were as follows:

Compensation of key management personnel

Tacora considers its directors and officers to be key management personnel. Transactions with key management personnel are set forth as follows:

	2019	2018
Salaries	954	903
Deferred Compensation	41	33
Other benefits	97	86
Total	1,092	1,022

There were no material related party receivables or payables as of December 31, 2019 or 2018, respectively.

Note 10 –Properties, plant and equipment

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

	Mining and Processing Equipment	Railcars and Rails	Vehicles	Right of Use Assets	Assets under construction	Asset Retirement Obligation and Other	Total
As of Dec 31, 2017	10,282	-	140	-	-	26,231	36,653
Additions	15,894	-	40	-	-	-	15,934
Disposals	-	-	(12)	-	-	-	(12)
Transfer	-	-	-	-	-	-	-
Accumulated depreciation	(94)	-	(63)	-	-	-	(157)
As of Dec 31, 2018	26,082	-	105	-	-	26,231	52,418
Additions	25,750	2,032	327	54,680	31,401	4,859	119,049
Disposals	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-
Accumulated depreciation	(2,123)	(51)	(10)	(4,310)	-	(70)	(6,564)
As of Dec 31, 2019	49,709	1,981	422	50,370	31,401	31,020	164,903
Net book value	49,709	1,981	422	50,370	31,401	31,020	164,903

As of December 31, 2019, Tacora is committed to purchase approximately $5.1 million of plant, equipment and services.

Refer to note 14 for information on non-current assets pledged as security.

The Company leases various pieces of mobile equipment all of which are considered right of use assets.

Note 11 – Intangible assets subject to amortization

(expressed in thousands of US Dollars, except where otherwise noted)

	Dec 31, 2019	Dec 31, 2018
SFPPN intangible asset placed in service Aug 31, 2019, with a 25 year 4 month life, amortization calculated using straight line over the life of the asset	19,654	7,552
Accumulated amortization	(259)	-
SFPPN intangible asset placed in service Dec 31, 2019, with a 25 year life, amortization calculated using straight line over the life of the asset	209	-
Accumulated amortization	-	-
New Millennium Iron Corp. port access intangible asset amortization based on rate per tonne shipped	4,960	3,030
Accumulated amortization	(175)	-
Intangible assets subject to amortization	24,389	10,582

Port access

In May 2018, the Company executed an agreement with SFPPN with an effective date of June 1, 2018 and a termination date of December 31, 2044 setting out the terms on which SFPPN will grant the Company guaranteed access to SFPPN's equipment, throughput and storage capacity necessary to transport iron ore to the port infrastructure. Under the SFPPN Agreement, the Company is required to contribute, to certain capital expenditures up to an aggregate amount of C$48.9 million, inclusive of C$10 million which was paid in 2018. Capital expenditures totaling C$16.3 million were paid in 2019, C$2.8 million will be payable in 2020 and the balance will be due by the end of 2021. The capital expenditure will allow SFPPN to enhance the current existing infrastructure required for the Company's guaranteed access to SFPPN's facilities, which include railway and Wabush Yard infrastructure. From the date of the completion of the 2018 financing transactions and until the commencement of the Company's railcars shipment to SFPPN in March 2019, the Company was required to make a monthly payment of C$500,000 in consideration of the capacity SFPPN allotted to the Company. Beginning in April 2019, the Company began monthly payments to SFPPN of C$2.5 million which is based on the Company's share of fixed costs, operational costs, profit margins, compensation rate and applicable taxes. The SFPPN Agreement also provides that the 440 railcars owned by SFPPN and located at the Scully Mine will be leased to the Company under a lease and maintenance agreement for nominal consideration, provided that the Company contracts exclusively with SFPPN for the maintenance of such railcars. The Company will have the option to purchase any or all of the railcars at a price of C$2,725 per railcar upon 10 days' prior written notice to SFPPN, which will terminate the required maintenance arrangement with SFPPN. The SFPPN Agreement contains customary default clauses, which include if the Company ceases the operations of the Scully Mine for a continuous period of more than twelve months and does not provide SFPPN with a date for the resumption of operations that is within the following twelve months.

The C$48.9 million that the Company is required to contribute to SFPPN for certain capital expenditures is and will be classified as an intangible asset on the Balance Sheet and amortized. There may be other expenditures that the Company is required to make that the Company will classify in this regard.

The C$500,000 per month plus the expenditures for fixed cost will be expensed as incurred.

(expressed in thousands of US Dollars, except where otherwise noted)

The Company has executed an assignment of contractual rights agreement pursuant to which New Millennium Iron Corp. ("NML") will assign to the Company 6.5 million metric tonnes of NML's port capacity with the Sept-Iles Port Authority (the "Port Authority") in exchange for an upfront payment in the amount of $4.0 million Canadian dollars payable on the closing date of the assignment and an ongoing fee of $0.10 Canadian dollars per tonne of iron ore shipped by the Company through the port facilities pursuant to a contract to be entered into directly with the Port Authority over a 20-year period following the assignment. In connection with the assignment, the Company has assumed part of NML's "take or pay" obligations related to the assigned 6.5 million metric tonnes of port capacity. The Company, NML and the Port Authority have entered into an agreement whereby the Port Authority consented to the assignment of capacity and agreed to enter into a direct agreement with the Company in respect of the 6.5 million metric tonnes of port capacity assigned by NML to the Company on terms substantially similar to those contained in the existing agreement between NML and the Port Authority. This agreement will provide the Company with direct access to port facilities that are capable of loading cape-size vessels, which are larger and more cost efficient than smaller baby-cape and Panamax alternatives. All port agreements between NML, the Port Authority and Tacora in respect of the assigned capacity were fully executed and complete as of December 31, 2018.

Note 12 – Deposits

Transportation deposits consist of the following:

	As at Dec 31, 2019	As at Dec 31, 2018
Québec North Shore and Labrador Railway Company, Inc., transportation deposit	18,219	15,187
Less current portion	(6,998)	(3,332)
Balance per balance sheet	11,221	11,855

On November 3, 2017, the Company entered into a life-of-mine transportation agreement ("QNS&L Rail Agreement") with Québec North Shore and Labrador Railway Company, Inc. ("QNS&L"). The QNS&L Rail Agreement provides that QNS&L will carry iron ore concentrate produced at the Scully Mine on Tacora-supplied railcars between Wabush Lake Junction in Labrador City, Newfoundland and Labrador to the Sept-Iles Junction in Sept-Iles, Québec, a distance of approximately 500 km. Under the terms of the QNS&L Rail Agreement, QNS&L has agreed, among other things, to haul minimum monthly tonnages of iron ore (and any surplus iron ore that QNS&L agrees to haul for the benefit of the Company), ensure available transportation capacity, lead and actively participate in appropriate operations management and coordination procedures between QNS&L and the Company and supply sufficient labour, locomotives, assets and infrastructure as necessary to provide the rail transportation services contemplated. The QNS&L Rail Agreement also prescribes various capacity and volume commitments on the part of each of QNS&L and the Company, and sets forth specific maximum and minimum monthly tonnages of iron ore that may be tendered for transportation in any month. In the event that the Company fails to meet the minimum monthly tonnage requirements during a given month, the Company will be required to pay QNS&L, as liquidated damages, an amount equal to the deficit volume multiplied by the base rate applicable during that month, and which increases over time, other than where the failure to meet such minimum tonnage is as a result of a force majeure event; and provided further that, in the event that the Company suspends production at the Scully Mine for a period of more than one calendar year, the obligation to pay any such liquidated damages will be suspended until the resumption of production.

The QNS&L Rail Agreement required the Company to provide advance payments to QNS&L totaling $20.0 million Canadian dollars, of which $3.0 million Canadian dollars was paid on November 10, 2017 and $17.0

(expressed in thousands of US Dollars, except where otherwise noted)

million Canadian dollars was paid on November 14, 2018. These advance payments are required by QNS&L to secure the locomotive equipment and infrastructure capacity to meet the Company's anticipated haulage volumes on the QNS&L rail line. The Company will recover the advance payments from QNS&L by means of a special credit per wet metric tonne hauled.

Security deposits consist of the following:

	As at Dec 31, 2019	As at Dec 31, 2018
Western Labrador Railway, Cash collateral in an amount equal to three months of services	339	-
Komatsu Financial, 5% of total purchase price of equipment financed until paid in full	2,239	-
Caterpillar Financial, 10% of total purchase price of equipment financed until 24 months of consecutive mining operations	756	-
Balance per balance sheet	3,334	-

Note 13 – Environmental rehabilitation

Pursuant to a Mine Rehabilitation and Closure Financial Assurance Fund Agreement between the Province of Newfoundland and Labrador and Tacora dated July 17, 2017, Tacora was required to deliver an initial cash payment to the Newfoundland Exchequer Account in respect of a Financial Assurance Fund in the amount of C$36.8 million concurrently with the closing of the transactions under the APA. The funds are held in trust for the special purposes set out by the *Mining Act* (Newfoundland) and held in a special purpose account. Prior to start-up activities of the Scully Mine, an additional cash payment in the amount of C$4.9 million was required to be remitted to this special purpose account by Tacora.

In 2019, Tacora executed a surety bond in the amount of C$41.7 million which meets the entire financial assurance requirement contained in Tacora's mining permits with Newfoundland and Labrador. Newfoundland and Labrador accepted the surety bond and Tacora was reimbursed by the province for the cash financial assurance payment held in escrow in the amount of C$36.8 million. A deposit of $6.3 million was required to secure the surety bond.

In addition, Tacora had provided two letters of credit in favour of the Government of Canada (Ministry of Fisheries and Oceans) for an aggregate of $0.2 million in respect of environmental reclamation matters.

Environmental liabilities are initially recognized at the present value of estimated costs to be incurred to extinguish the liability. The timing of the actual rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset. Tacora's environmental rehabilitation provision of C$41.7 million was measured at the expected value of future cash flows, discounted to the present value using a current a risk-free pre-tax discount rate of 2.0%.

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Note 14 – Debt

The carrying value, terms and conditions of Tacora's debt at December 31, 2019 and December 31, 2018 are as follows:

	As at Dec 31, 2019	As at Dec 31, 2018
Unsecured interest free note to be paid quarterly based on tons shipped from the mine to the port, maturity date is based upon when the note is paid in full, debt is recorded at fair value, $0.66 will be paid for each ton shipped which will be allocated between principal and interest.....	5,149	5,005
Infrastructure 1 Loan secured by substantially all the Company's assets at a 13.4% annual rate to be paid monthly in the amount of $500 thousand until December 31, 2020 when that payment increases to $1.0 million for sixty months, on the maturity date of November 15, 2025 the Company shall repay the remaining balance anticipated to be $23.6 million.....	52,537	48,908
Infrastructure 2 Loan secured by substantially all the Company's assets at a 12.3% annual rate which had an additional draw in May 2019, of $20 million, financing to be paid monthly in the amount of $280 thousand until December 31, 2020 when that payment increases to $560 thousand for sixty months, on the maturity date of November 15, 2025 the Company shall repay the remaining balance anticipated to be $38.2 million	39,997	19,532
Term Loan secured by substantially all the Company's assets at a 11% annual rate, interest rate which shall be calculated and paid monthly, commencing in November 2019 the Company shall begin making monthly principal payments of $125 thousand until November 2020 when the principal payment increases to $200 thousand for thirty six months, on the maturity date of November 15, 2025 the Company shall repay the remaining balance anticipated to be $21.4 million.....	28,374	29,117
	126,057	102,562
Less current maturities of long term debt	4,399	-
Long term debt	121,658	102,562

(expressed in thousands of US Dollars, except where otherwise noted)

	As at Dec 31, 2019	As at Dec 31, 2018
Leased liabilities:		
Financing secured by equipment financed, under an interest free note to be paid in monthly installments of $3 thousand beginning February 2019 until maturity in January 2023.....	103	
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $215 thousand beginning June 2019 until maturity in May 2025.....	11,887	-
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $126 thousand beginning July 2019 until maturity in June 2025.....	7,049	-
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $128 thousand beginning August 2019 until maturity in July 2025.....	7,263	-
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $58 thousand beginning September 2019 until maturity in August 2025.....	3,340	-
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $116 thousand beginning October 2019 until maturity in September 2025...	6,763	-
Financing secured by equipment financed, with a 7.09% annual interest rate paid quarterly in the amount of $70 thousand beginning July 2019 until maturity in April 2024.....	1,021	-
Financing secured by equipment financed, with a 7.09% annual interest rate paid quarterly in the amount of $299 thousand beginning October 2019 until maturity in July 2024.....	4,596	-
Financing secured by equipment financed, with a 7.09% annual interest rate paid quarterly in the amount of $7 thousand beginning December 2019 until maturity in September 2024....	113	-
Down payment costs amortized over the life of the debt.....	(234)	-
	41,901	-
Less current maturities of leased liabilities	6,809	-
Long term leased liabilities	35,092	-

Covenants

The term loan and the infrastructure loans contain the following covenants:

1) The Borrower shall, at all times, have cash and/or cash equivalents of not less than $12.5 million (the "Minimum Cash Balance") to be increased by the application of (i) any net proceeds received from property insurance proceeds, equity financing proceeds and permitted debt proceeds (if not used towards prepaying the Credit Facilities as agreed to by the Lender in its sole discretion), and (ii) any cash collateral which is released if the financial assurance deposit is replaced with a bond or other form of security, less any cash collateral provided to obtain such bond or other form of security (provided that there shall be no increases of this nature under subparagraphs (i) and (ii) above beyond the end of the first fiscal quarter of 2020).

2) Senior Debt to EBITDA Ratio. The Senior Debt to EBITDA Ratio shall not exceed:
   (i) 4.00:1.00 as at the end of each fiscal quarter ending December 31, 2020 and March 31, 2021; and
   (ii) 3.00:1.00 as at the end of each fiscal quarter falling on or after June 30, 2021.

3) Minimum Debt Service Coverage Ratio. The Debt Service Coverage Ratio shall not be less than
   (i) 0.75:1.00 as at the end of each fiscal quarter falling on December 31, 2020 and March 31, 2021; and
   (ii) 1.00:1.00 as at the end of each fiscal quarter falling on June 30, 2021, September 30, 2021, December 31, 2021 and March 31, 2022; and

(expressed in thousands of US Dollars, except where otherwise noted)

(iii) 1.50:1.00 as at the end of each fiscal quarter falling on and after June 30, 2022.

4) Minimum Reserve Base Ratio. As at the end of each fiscal year (including the fiscal year in which the Closing Date occurs), the Reserve Base Ratio shall not be less than 10.00:1:00.

Additionally, both the Term Loan and Infrastructure Loans contain other covenants that limit or restrict Tacora's ability to make capital expenditures; incur indebtedness; permit liens on property; enter into transactions with affiliates; make restricted payments or investments; enter into mergers, acquisitions or consolidations; conduct asset sales; pay dividends or distributions and enter into other specific transactions or activities.

The Term Loan and Infrastructure Loans are secured by substantially all the Company's assets.

As of December 31, 2019, Tacora is in compliance with all covenants.

Note 15 – Taxation

Tacora is subject to income tax in numerous jurisdictions. Income tax on the statement of profit or loss consists of current and deferred tax. No deferred tax asset has been recognized on the net deductible temporary difference given no history of profits.

The following table reconciles the expected income tax expense at the statutory income tax rate of 30% which is the combined federal and NL tax rate (2018: 30%) to the amounts recognized in the consolidated statements of loss:

	Year Ended	
	2019	2018
Net loss reflected in consolidated statements of loss	(112,060)	(28,801)
	-	-
Expected income tax expense	(33,618)	(8,640)
Permanent differences	(9)	(5)
Unrecognized deferred tax assets	34,939	7,161
Foreign exchange	(1,188)	1,600
Other	316	(102)
Income Tax Expense	440	14

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

The following table summarizes deductible temporary differences for which no deferred tax asset has been recognized:

	Year Ended	
	2019	2018
Hedges	55,597	13,207
Fixed Assets & Intangibles	12,811	811
Non-capital loss carry forwards	77,925	8,841
Total unrecognized deductible temporary differences	146,333	22,859

As of December 31, 2019 the company has total non-capital losses of $77.9M (2018 - $8.8M). Deferred tax asset was not recognized on such losses, which if not utilized will expire between 2037 and 2039.

Note 16 – Equity

	Shares Authorized	Shares Issued	2018 USD$
Ordinary Shares:			
Common - no par value	158,000,000	158,000,000	143,000
Restricted Shares:			
Class A	3,300,000	2,739,000	0.273
Class B	3,300,000	2,739,000	0.273
Balance as of Dec 31, 2018	164,600,000	163,478,000	143,001

	Shares Authorized	Shares Issued	2019 USD$
Ordinary Shares:			
Common - no par value	165,231,138	165,231,138	150,232
Restricted Shares:			
Class A	3,300,000	2,739,000	0.273
Class B	3,300,000	2,739,000	0.272
Balance as of Dec 31, 2019	171,831,138	170,709,138	150,232

Restricted Shares

During 2017, certain Tacora employees purchased 5,478,000 restricted shares at a fair value price of $0.0001 per share.

Tacora currently has 2,739,000 Class A Non-Voting Shares and 2,739,000 Class B Non-Voting Shares outstanding. In connection with and prior to closing on a liquidity event as defined in the shareholders agreement, the following capital changes

(expressed in thousands of US Dollars, except where otherwise noted)

will be implemented:

- All of the 2,739,000 Class A Non-Voting Shares will be converted into Common Shares on a one-for-one basis;

- All of the 2,739,000 Class B Non-Voting Shares will be (i) subject to the achievement of a defined valuation, converted into Common Shares on a one-for-one basis or (ii) redeemed for nominal consideration by the Company;

Ordinary Shares

On December 27, 2019, 7.2 million shares of common stock were issued for $7.2 million.

Stock Options

The Company offers a stock option plan for certain employees. A total of 561,000 new options were issued at a price of $1.00 per share to employees of Tacora during the year ended December 31, 2019 out of which 130,000 were cancelled.

The stock options shall vest, and may be exercised in whole or in part, only upon a liquidity event as defined in the stock option agreement. The Company does not recognize compensation cost for the stock options until the liquidity is deemed probable. No amounts have been recognized in 2019 or 2018.

Note 17 – Commitments and contingencies

At December 31, Tacora's commitments were comprised of the following payments:

	2019 USD$	2018 USD$
Payments due in one year	31,687	2,382
Payments due in one to five years	10,008	9,529
Payments due later than five years [1]	83,236	26,231

(1) Includes Tacora's environmental rehabilitation provision (Note 13)

Mining leases and royalties

Tacora is party to the Mining Lease pursuant to which Tacora was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from a mine on a parcel of land located near Wabush, Newfoundland and Labrador on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055; however, the Mining Lease may be cancelled by Tacora generally on six months' written notice.

At the commencement of shipping iron ore products, Tacora is required to pay an earned royalty fee per metric tonne ranging from 4.2% to 7.0% of Net Revenues less certain deductible expenses, in accordance with the calculation as defined in the Mining Lease. To the extent that Tacora has not commenced or ceases the shipping of iron ore products and the sum of the earned royalty fee in a given calendar quarter is less than $0.8 million Canadian dollars, Tacora is required to pay a minimum quarterly royalty of $0.8

(expressed in thousands of US Dollars, except where otherwise noted)

million Canadian dollars (of which 20 percent is withheld and remitted to the Province of Newfoundland and Labrador).

Any minimum quarterly royalty payments during the calendar years of 2017 and 2018 could be recovered against future earned royalties on sales of iron ore products from the leased land during the 2018 and 2019 calendar years. Any amount which Tacora shall pay the lessor related to minimum quarterly royalty payments subsequent to 2019, other than in payment of earned royalties, shall be recoverable against earned royalties in the same calendar year. The prepaid royalties balance of $2.6 million accumulated throughout 2017, 2018 and 2019 that could not be carried forward beyond 2019, were written off as of December 31, 2019. There were no prepaid royalties at December 31, 2019.

Minimum royalties paid in the year ended December 31, 2019 were $2.4 million dollars. Accrued royalties due to our minimum quarterly payments in the amount of $0.6 million were recorded in other accrued expenses at December 31, 2019.

Transportation services

Tacora is committed to purchasing transportation services that will require minimum annual payments of approximately $29.0 million. In the event Tacora suspends production and shipments of iron ore at the Scully mine for any reason for a period longer than one year, the obligation to pay minimum annual payments is suspended.

Operating leases

Tacora has $34,608 of non-cancellable lease payments for the next year related to their office facilities. Payments recognized as an expense are as follows:

	2019 USD$	2018 USD$
Rental expense	69	67
For the twelve months ended December 31	69	67

Note 18 – Derivative liability

Tacora will be exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales. The Company does not generally believe commodity price hedging would provide a long-term benefit to shareholders, however, from time to time or as required by debt agreements, Tacora may use cash-settled commodity forward contracts to hedge the market risk associated with the sales of iron ore. These derivatives may be used with respect to a portion of the Company's iron ore sales. Independent of any hedging activities, price decreases in the iron ore market or price increases in dry bulk freight costs could negatively affect revenue and therefore earnings.

Iron ore derivatives are marked to market and recognized as an asset or liability at fair value, with changes in fair value reflected in net income unless the Company qualifies for, and elects hedge accounting. If the Company qualifies for and elects hedge accounting, the effective gains and losses for iron ore derivatives designated as cash flow hedges of forecasted sales of iron ore are recognized in accumulated other comprehensive income, a component of Shareholder's Equity on the Balance Sheet and reclassified into revenue in the same period as the earnings recognition of the associated underlying transaction. Gains and losses on these designated derivatives arising from either hedge ineffectiveness or related to components excluded from the assessment of effectiveness are recognized in current income as

(expressed in thousands of US Dollars, except where otherwise noted)

they occur. In 2018, and as required by our senior secured debt agreements, the Company had entered into iron ore commodity forward contracts.

The following presents a summary of information pertaining to the commodity forward contracts (in metric tonnes):

	Calls USD$	Puts USD$	Call Volume (dmt)	Put Volume (dmt)
Settlement dates between Aug 1, 2019 and Dec 31, 2019	56.50	50.00	156,000	260,000
Settlement dates between Aug 1, 2019 and Dec 31, 2019	59.00	50.00	156,000	260,000
Settlement dates between Aug 1, 2019 and Dec 31, 2019	56.50	50.00	78,000	130,000
Settlement dates between Jan 1, 2020 and Dec 31, 2020	56.50	50.00	528,000	880,000
Settlement dates between Jan 1, 2020 and Dec 31, 2020	59.00	50.00	528,000	880,000
Settlement dates between Jan 1, 2020 and Dec 31, 2020	56.50	50.00	264,000	440,000
Settlement dates between Jan 1, 2021 and Jul 31, 2021	56.50	50.00	297,600	496,000
Settlement dates between Jan 1, 2021 and Jul 31, 2021	59.00	50.00	297,600	496,000
Settlement dates between Jan 1, 2021 and Jul 31, 2021	56.50	50.00	148,800	248,000

Based on the maturity dates of the contracts noted above, the derivative liability has been classified as current and long-term.

	Years Ended December 31, 2019	2018
Current derivative liability	38,726	2,732
Long-term derivative liability	16,871	10,475
Total derivative liability	**55,597**	**13,207**

Note 19 – Financial instruments

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. Details of each level are discussed below:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

(expressed in thousands of US Dollars, except where otherwise noted)

The Company's credit risk is primarily attributable to trade and other amounts receivable, which consist of receivables from one customer in addition to goods and services tax due from the Federal Government of Canada. The maximum exposure of credit risk is best represented by the carrying amount of financial instruments. The Company considers credit risk negligible due to customer payments being received within three days of receipt of the invoice.

The Company's cash and restricted cash are held with an established Tier-1 Canadian financial institution, and consequently management believes that the credit risk with respect to this financial instrument is low and that the Company has no significant concentration of credit risk arising from operations.

Liquidity risk

The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis; there are no significant payables that are outstanding past their due dates. As at December 31, 2019, the Company had a net working capital of $1.5 million (December 31, 2018 - $150.9 million), including cash of $44.6 million (December 31, 2018 - $142.3 million).

The Company undergoes an in-depth budgeting process each year which is supplemented by a continuous detailed cash forecasting process. If necessary, the Company may seek financing for capital projects or general working capital purposes.

The amounts of cash and cash equivalents, trade and other receivables, trade accounts payables, accrued liabilities and leases approximate their fair value due to their short maturity. Derivative liabilities are measured at fair value with changes recognized through profit and loss.

The following fair value tables present information about the fair value of Tacora's assets and liabilities measured on a recurring basis as of the dates indicated:

	December 31, 2019				
	Level 1	Level 2	Level 3	Total	Carrying Amount
Derivative liability	—	55,597	—	55,597	55,597
Notes payable	—	—	5,149	5,149	5,149

	December 31, 2018				
	Level 1	Level 2	Level 3	Total	Carrying Amount
Derivative liability	—	13,207	—	13,207	13,207
Notes payable	—	—	5,005	5,005	5,005

During the period ended December 31, 2019 and December 31, 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Note 20– Cost of sales

	Year Ended	
	2019	2018
Mining	19,397	-
Processing	26,486	-
Logistics	28,748	-
Mine general and administration	4,491	-
Royalties	4,257	-
Total expenses by function	83,379	-

Note 21– Selling general and administrative expenses

	Year Ended	
	2019	2018
IPO Costs	-	2,619
Wages and employee benefit expenses	2,902	2,184
Port charges [1]	6,613	1,856
Professional fees and services	749	1,627
Electricity	9	590
Travel expenses	1,347	463
Insurance	23	367
Environmental	-	303
Community fund payments	521	278
Security services	-	225
Other	471	699
Depreciation and amortization	170	157
Costs allocated to CAPEX	(789)	(2,616)
Total expenses by function	12,016	8,752

1 Carrying costs related to port and rail expenses incurred during construction start-up are included in costs of goods sold upon start-up of the mine.

Note 22 - Prior period adjustment

In the previously issued financial statements for the year ended December 31, 2018, the Company's commodity forward contracts were treated as a hedge for accounting purposes and, accordingly, the unrealized loss on the contracts at year-end was recorded as a component of other comprehensive loss. During the year management determined that the commodity forward contracts did not qualify for hedge accounting. As a result, management recorded an adjustment to its previously issued financial statements to reclassify the unrealized loss related to the Company's commodity forward contracts, in the amount of $13,207, to Net loss for the year ended December 31, 2018. Consequently, Net loss for the year-ended December 31, 2018, originally reported as $15,608, was decreased to $28,815 and Other comprehensive loss for the year-ended December 31, 2018, originally reported as $13,207, was revised to $nil. There is no impact to the originally reported amount of total Loss and comprehensive loss for the year ended December 31, 2018. There is also no impact to the statement of financial position, changes in equity and cash flows for the year ended December 31, 2018.

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Note 23– Subsequent events

Due to the global outbreak of the novel coronavirus disease ("COVID-19"), the Company's risk profile has increased significantly, notably due to the following: a potential curtailment or total shut down of operations by government; potential loss of contractor manpower at its mining site; the potential of a Company employee falling ill and causing a disruption to the mine site; a potential impact on the ability to procure and transport critical supplies and parts to the sites; and a potential impact on the ability of the Company to transport iron ore to generate revenues. If any of these events were triggered, the result could be a complete shutdown of the Company's mining site for an undetermined period. To minimize this risk, the following actions have been taken: a policy has been instituted supporting employees to work from home where practical; preliminary screenings at site; any employees or contractors showing potential signs of COVID-19 will be placed into self-isolation; and special arrangements at the sites have been implemented to maximize social distancing. The Company is treating the threat of a COVID-19 outbreak very seriously. A care-and-maintenance plan has been prepared and would be executed in the event of an outbreak at the site. Should the COVID-19 cause a prolonged interruption of site operations, this could impact the Company's ability to conduct its operations, have a potentially adverse effect on its business, and/or could result in an impairment of asset values.

a) Key personnel changes

In February 2020, as part of the transition from project developer to full scale operations and with the initial phase of the Company's start-up now substantially complete, the Board of Directors concluded a review of the executive management team and effectuated the following management changes:

David Durrett, a Director and significant Shareholder of the Company, assumed the role of interim Chief Executive Officer.

John Sanderson, formerly a consultant for the Company, assumed the role of Executive Vice President and Chief Operating Officer and reports to Mr. Durrett.

Matthew Lehtinen, former Chief Commercial Officer left Tacora to pursue other career opportunities.

Larry Lehtinen, former Executive Chairman and Chief Executive Officer stepped away from those roles and assumed the role of non-executive Director on the Board of the Company.

b) Amendment to Cargill agreement

In March 2020, Tacora and Cargill agreed to amend certain terms of the Cargill / Tacora: Iron Ore Sale and Purchase Contract that provide, among other things, for the following: (i) the grant to Cargill of rolling options to extend the Agreement for the life of the Scully mine; (ii) clarification that Cargill has rights to sell all of the tons produced from the Scully mine including any and all expansions; and (iii) certain adjustments to the definition of Margin Amount (as defined in the Agreement) whereby the Shipment Margin Amount in respect of each Relevant Shipment may be either negative or positive. On each Calculation Date, all valuations of the Shipment Margin Amount for all Shipments for which the final Purchase Price has not been determined shall be netted to result in a single positive or negative value (the ***"Margin Amount"***). If that value is positive and greater than $7.5 million, then Buyer shall be entitled to hold margin equal to but no greater than that Margin Amount less $5.0 million, and if that value is negative and less than -$5.0 million, then Seller shall be entitled to hold margin equal to but no greater than that Margin Amount. In determining which party makes a payment to the other, any Margin Amount (if any) already held by one party shall be taken into account and netted. The receiving party shall raise a debit note for the relevant amount which shall be settled by the paying party within 5 Working Days. These changes to the definition of Margin Amount shall cease to apply at midnight Singapore time on 31st December 2021. At that time, the definition of Margin Amount shall revert to the following: if that value is positive and greater than $5.0 million, then Buyer shall be entitled to hold margin equal to but no greater

than that Margin Amount and if that value is negative and less than -$5.0 million, then Seller shall be entitled to hold margin equal to but no greater than that Margin Amount.

c) Issuance of shares

On April 30, 2020, 5.0 million shares of common stock were issued for $5.0 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Annual MD&A

The following management's discussion and analysis of financial condition and results of operations ("**MD&A**") is prepared as of the date of the consolidated audited financial statements and is intended to assist readers in understanding the financial performance and financial condition of Tacora. This MD&A provides information concerning Tacora's financial condition as at December 31, 2019 and results of operations for the 52-week period ending December 31, 2019 ("**Fiscal 2019**").

This MD&A should be read in conjunction with Tacora's audited consolidated financial statements, including the related notes thereto and the 2018 Annual Report.

Basis of Presentation

Tacora's audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The Company's fiscal year ends on December 31, its presentation currency is the United States dollar and the functional currency of Tacora is the United States dollar. The information contained within the MD&A is current to the date of audited consolidated financial statements. All of the financial information contained within the MD&A is expressed in thousands of United States dollars, except where otherwise noted.

Cautionary Note Regarding Forward-Looking Information

Some of the information in this MD&A contains forward-looking information, such as statements regarding the Company's future plans and objectives that are subject to various risks and uncertainties. This information is based on management's reasonable assumptions and beliefs in light of the information currently available to it and is provided as of the date of this MD&A and the Company cannot assure investors that such information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such information as a result of various factors. The results for the years presented are not indicative of the results that may be expected for any future years. The Company does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. We caution that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect our results. Investors are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information.

Non-IFRS Measures

The Company has identified certain measures that it believes will assist understanding of the financial performance of the business. As the measures are not defined under IFRS, they may not be directly comparable with other companies' similar measures. The non-IFRS measures are not intended to be a substitute for, or superior to, any IFRS measures of performance but management has included them as these are considered to be important measures used within the business for assessing performance. These measures are explained further below.

Working Capital

This MD&A refers to "working capital", which is not a recognized measure under IFRS. This non-IFRS liquidity measure does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to a similar measure presented by other issuers. "working capital" is defined by the Company as current assets less current liabilities. Management uses this measure internally to better assess performance trends. Management understands that a number of investors and others who follow the Company's business assess performance in this way. This data is intended to provide additional

information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Overview

The Company is in the business of identifying, mining and processing iron ore mineral reserves and resources. The mining of iron ore at the Scully Mine is the Company's main business at this time; however, other revenue streams may be added in the future. The Company's future performance is largely tied to the successful restart of the Scully Mine, other prospective business opportunities, and the overall market for iron ore.

On July 18, 2017, the Company completed the Acquisition of the Scully Mine, an iron ore mine and processing facility located north of the Town of Wabush in Newfoundland and Labrador, Canada, together with the Wabush Lake Railway. Tacora completed the acquisition of the assets of the Scully Mine and the Wabush Lake Railway pursuant to a process under the *Companies' Creditors Arrangements Act (*Canada). Tacora paid a total cash purchase price of $1.6 million plus cash cure costs in an amount of $8.2 million, for an aggregate purchase price of $9.8 million. For further information about the Acquisition, see Note 1 to the Company's audited consolidated financial statements for Fiscal 2019.

On November 15, 2018 the Company successfully secured financing to restart the Scully Mine. In addition, during the course of the 2018 and 2019 fiscal years, the Company also amended the Cargill Offtake Agreement and finalized certain port access agreements and rail/transportation agreements in anticipation of the successful restart of the Scully Mine.

During Fiscal 2019, the Company restarted mining operations and commercial production at the Scully Mine. On May 25, 2019, first ore was delivered to the crusher and the mill was successfully started up on May 28, 2019. During June 2019, the Company successfully commissioned its concentrator and produced its first wet concentrate, undertook its first mine blast and celebrated its first loaded train. On August 30, 2019, the Company announced that its first seaborne vessel shipment of iron ore concentrate produced at the Scully Mine departed the Port of Sept-Iles, Quebec, with a payload of 69,770 wmt of Tacora Premium Concentrate ("TPC") bound for a customer in Europe. Throughout the remainder of Fiscal 2019, the Company continued the process of ramping up commercial production (including bringing all six mills into operation) with a view to eventually reaching the Company's production goal of six Mtpa of iron ore per year.

Overall Performance

The Company's financial success is dependent on several factors, including its ability to continue to successfully ramp-up mining operations at the Scully Mine in a timely manner, its ability to identify and extract additional iron ore mineralization at the Scully Mine and the sales value of iron ore. The sales value of iron ore mined by the Company is highly dependent upon certain factors beyond the Company's control, particularly the market value of iron ore produced.

For Fiscal 2019, the Company had revenue of $60,049 and reported an operating loss of $42,061 and net loss and comprehensive loss of $112,500. The net loss and comprehensive loss can be attributed to, among other things:

- Total cost of sales of $83,379 for the year ended December 31, 2019;
- Total selling, general and administrative expenses of $12,016 for the year ended December 31, 2019; and
- Other expenses (including loss on derivative instruments, interest expense and foreign exchange gains) of $69,999 for the year ended December 31, 2019.

As at December 31, 2019, the Company had an accumulated deficit of $144,114. However, as at December 31, 2019, management of the Company believes that it has sufficient funds available from existing cash on hand and available liquidity from Infra Loan 1, Infra Loan 2 and the Term Loan to maintain its core operations, pay its administration costs and maintain operations at the Scully Mine. However, if adequate funds are not available when required, the Company may, based on the Company's cash position, delay, scale back or eliminate its strategic objectives until adequate funds can be secured.

Outlook

With the completion of the Acquisition in 2017, the delivery of the feasibility study and completion of the financing transactions in 2018, and the restart of mining operations in 2019, the Company's focus for the balance of the 2020 calendar year and beyond is to continue the ramp-up of commercial production at the Scully Mine with a view to eventually reaching its production goal of six Mtpa of iron ore per year.

Selected Annual Consolidated Financial Information

The majority of the activities that occurred in Fiscal 2019 were related to (i) the care and maintenance of the Scully Mine, (ii) rehabilitation activities required to prepare the mine for restart and (iii) the restart and ramp-up of commercial production and mining operations at the Scully Mine. With the restart of mining operations at the Scully Mine in June 2019, seasonality and commodity market fluctuations have an impact on the Company's operating results as the Company's operations are more limited during the winter months owing to the local climate at the Scully Mine.

The following table summarizes the recent results of operations of the Company for Fiscal 2019. The selected consolidated financial information set out below has been derived from the Company's audited consolidated financial statements and related notes for Fiscal 2019.

	Fiscal 2019
Net loss and comprehensive loss for the year	$112,500
Total assets	$282,667
Cash and cash equivalents	$44,292
Property, plant & equipment, net	$164,903
Total liabilities	$276,431
Current liabilities	$71,104

Results of Operations

The operating results of mining companies can fluctuate significantly from year to year. The Company is actively working to ramp up commercial mining operations at the Scully Mine with a view to eventually reaching its production goal of six Mtpa of iron ore.

Project Overview

The Company owns the Scully Mine. The Scully Mine is located north of the Town of Wabush, Newfoundland and Labrador, Canada. The Feasibility Study was completed on December 22, 2017 by GMS and Ausenco and issued on May 10, 2018, the results of which were prepared following the guidelines of NI 43101.

The Feasibility Study contemplates a total tonnage mined of approximately 5.0 Mt for the first year of production, with the mill throughput targeted as achieving a 100% production rate at approximately 6.0 Mt per year of iron ore concentrate from 2021 onwards over a 26-year life of mine.

During Fiscal 2019, a total of two-hundred and thirty-two (232) employees were hired. As of the date the consolidated audited financial statements were issued, the Company has two-hundred and fifty-two (252) employees.

Key production milestones for the Scully Mine are described in the Feasibility Study. Following the Acquisition in 2017, the Scully Mine was under care and maintenance. Rehabilitation activities and the refurbishment projects commenced in November 2018 and continued into the first half of Fiscal 2019.

During Fiscal 2019, the Company restarted mining operations and production at the Scully Mine. On May 25, 2019, first ore was delivered to the crusher and the mill was first successfully started up on May 28, 2019. During June 2019, the Company successfully commissioned its concentrator and produced its first batch of wet concentrate, undertook its first mine blast and celebrated its first loaded train. On August 30, 2019, the Company announced its first seaborne vessel shipment of iron ore concentrate produced at the Scully Mine departed the Port of Sept-Iles, Quebec, with a payload of 69,770 wmt of TPC bound for a customer in Europe. Throughout the remainder of Fiscal 2019, the Company continued the process of ramping up commercial production (including bringing all four mills into operation) with a view to eventually reaching its production goal of six Mtpa of iron ore.

Exploration Activities

The Company has not completed any drilling or exploration activities at the Scully Mine (or otherwise) since the completion of the Acquisition.

Year ended December 31, 2019

During Fiscal 2019, the Company incurred a net loss and comprehensive loss of $112,500.

	Fiscal 2019
Revenue	$60,049
Cost of sales	$83,379
Selling, general and administrative expenses	$12,016
Operating loss for the year	**$42,061**
Total other expense	$69,999
Net loss and comprehensive loss for the year	**$112,500**

Cost of sales was $83,379 and were composed of mining costs of $19,397, processing costs of $26,486, logistics costs of $28,748, mine general and administration costs of $4,491 and royalty expenses of $4,257.

Total selling, general and administrative expenses were $12,016 and were composed of wages and employee benefit expenses of $2,902, port carrying costs prior to start-up of the mine of $6,613, professional fees and services costs of $749, electricity costs of $9, travel expenses of $1,347, insurance expenses of $23, community fund payments of $521, other expenses of $471, depreciation and amortization expenses of $170, and costs allocated to capital expenditures of ($789). These costs were incurred by the Company to support the Company’s ongoing operations.

Total other expenses were $69,999 and were composed of other losses of $135, write-off of prepaid royalties of $2,575, loss on derivative instruments of $54,725, unwinding of present value discount of ARO of $617, interest expense of $17,985, interest income of ($1,970) and foreign exchange gain of ($4,068).

Financial Instruments

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding year. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter year, to the net carrying amount on initial recognition. As at December 31, 2019, the Company has classified accounts payable and accrued liabilities, long-term debt, leased liabilities and rehabilitation obligation as other financial liabilities.

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition. As at December 31, 2019, the Company has classified cash, restricted cash, and receivables as financial assets using amortized cost.

Derivative asset and liabilities, comprising commodity forward contracts, do not qualify as hedges, or are not designed as hedges for accounting purposes and, accordingly, are classified as financial assets and liabilities at fair value through profit or loss.

Foreign exchange risk

Tacora's operations and cash flows may be influenced by the United States dollar/Canadian dollar exchange rate due to Tacora's operations in Canada. Operating costs may be influenced by the transactions denominated in currencies other than the United States dollar, primarily the Canadian dollar.

In any particular year, currency fluctuations may have a significant impact on Tacora's financial results. A strengthening of the United States dollar against the Canadian dollar will have a positive effect on Tacora's underlying earnings. However, a strengthening of the United States dollar does reduce the value of non-United States dollar denominated net assets and, therefore, would correspondingly reduce total equity.

The impact of a 10% change in the United States dollar against the Canadian dollar as December 31, 2019 would have a $3.2 million impact on Tacora's earnings.

Commodity price risk

Tacora has agreed to sell all of its production of iron ore concentrate to one counterparty, Cargill International Trading Pte Ltd. ("**Cargill**") pursuant to an offtake agreement with a term expiring December 31, 2024, with an option to extend the term for the life of the Scully Mine at Cargill's sole discretion. Cargill is selling the Tacora product into the global seaborne iron ore market at prevailing market prices (priced in United States dollars) and incurring dry bulk freight costs to deliver the product to its intended destination at prevailing market freight rates. Accordingly, Tacora is exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales. Price decreases in the iron ore commodity market and/or cost increases for dry bulk freight rates could negatively affect net sales and therefore earnings.

Tacora believes commodity price hedging could provide a long-term benefit to shareholders. Therefore, Tacora may hedge certain commitments in the future with an emphasis on mitigating commodity price risk during the ramp up of the Scully Mine.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. In the future, Tacora may be exposed to credit risk from its customer receivables and from its financing activities, including deposits with banks and financial institutions, financial assurance deposit, other short-term investments, interest rate and currency derivative contracts and other financial instruments.

Liquidity and capital risk management

Tacora's primary objective when managing capital is to safeguard the business as a going concern while maximizing returns for shareholders. In a cyclical and capital-intensive industry, such as the mining industry, maintaining a strong balance sheet and a sound financial risk management framework are desirable to preserve financial flexibility and generate shareholder value through the cycle. In practice, this involves regular reviews by the board of directors and senior management of Tacora. These reviews take into account Tacora's strategic priorities, economic and business conditions and opportunities that are identified to invest across all points of the commodities cycle and focus on shareholder return while also striving to maintain a strong balance sheet.

To maintain a strong balance sheet, Tacora considers various financial metrics including the overall level of borrowings and their maturity profile, liquidity levels, total capital, cash flow, earnings before interest, depreciation and amortization costs (EBITDA) and other leverage ratios such as net debt to EBITDA.

Liquidity and Capital Resources

Cash and Liquidity

The Company's cash was $44,292 as at December 31, 2019.

The Company is in the process of ramping up commercial production at the Scully Mine and its financial success will be dependent upon the extent to which it can successfully generate positive cash flow from its operations at the Scully Mine. The sales value of any iron ore mined by the Company will be largely dependent upon factors beyond the Company's control, such as the market value of iron ore produced. The Company does not expect to receive income from the Scully Mine until it has successfully returned to full commercial production. The Company intends to meet all cash requirements for operation from internal and external funding sources. Future funding needs of the Company are dependent upon the Company's ability to generate positive cash flow from the Scully Mine and its continued ability to obtain equity and/or debt financing to meet its financial obligations as they come due.

Capital Resources

The Company's primary focus going forward is the advancement and development of the Scully Mine. The major expenses that will be incurred by the Company during the next twelve months will relate to ongoing costs associated with the ramp-up of commercial production at the Scully Mine, and general and administrative activities. Management of the Company believes its current cash resources, cash flow from operations and available liquidity from Infra Loan 1, Infra Loan 2 and the Term Loan are sufficient to maintain its core operations for the next twelve months. The major uses of capital resources expected over the course of the next twelve months will be such uses as described in the Feasibility Study. If adequate funds are not available when required, the Company may, based on the Company's cash position, delay, scale back or eliminate various programs. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that future additional financing will be available to the Company on acceptable terms, or at all.

See Note 5 and Note 14 to the Company's audited consolidated financial statements for Fiscal 2019 for further information on the Company's capital resources.

Working Capital

The term "working capital" is a non-IFRS measure (see "Non-IFRS Measures" above). The Company's working capital is as follows:

	As at December 31, 2010
Current assets	
Cash	$44,292
Restricted cash, escrow	$254
Receivables	$6,001
Inventories	$4,161
Transportation deposits, current portion	$6,998
Prepaid expenses and other current assets	$10,848
	$72,554
Current liabilities	
Current maturities of long-term debt	$4,399
Current maturities of leased liabilities	$6,809
Accounts payable	$4,964
Accrued liabilities	$16,206
Current derivative liability	$38,726
	$71,104
Working capital	**$1,450**

As at December 31, 2019, the Company had working capital of $1,450.

Off-Balance Sheet Arrangements and Commitments

The Company has no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the financial performance or financial condition on the Company. Tacora's commitments include mining leases and royalties, transportation services and environmental rehabilitation provisions. As at December 31, 2019, these commitments were comprised of the following payments:

	2019
Payments due in one year	$31,687
Payments due in one to five years	$10,008
Payments due later than five years[(1)]	$83,236
Total commitments	**$124,931**

Note:

(1) Includes Tacora's environmental provision — see also Note 13 of the Company's audited consolidated financial statements for Fiscal 2019.

The table above includes the commitment for the Mining Lease and royalties as well as the asset retirement obligation due at the end of life of mine.

Tacora is party to an amended and restated consolidation of mining leases dated November 17, 2017 (the "**Mining Lease**") with 0778539 B.C. Ltd., an affiliate of Scully Royalty Ltd. (as successor to Canadian Javelin Limited), as lessor, pursuant to which Tacora was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from a mine on a parcel of land located near Wabush, Newfoundland and Labrador on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055; however, the Mining

Lease may be cancelled by Tacora generally on 60 days' written notice. In the event that the mine has ceased to operate for ten consecutive years the rights demised in the Mining Lease shall revert to the lessor. At the commencement of shipping iron ore products, Tacora is required to pay an earned royalty fee per metric tonne of concentrate ranging from 4.2% to 7.0% of net revenues, in accordance with the royalty fee calculation set forth in the Mining Lease. The majority of mining activities at the Scully Mine will be subject to the 7.0% royalty rate.

To the extent that Tacora ceases the shipping of iron ore products and the sum of the earned royalty fee in a given calendar quarter is less than C$0.8 million, Tacora is required to pay a minimum quarterly royalty fee of C$0.8 million (of which 20% is withheld and remitted to the Province of Newfoundland and Labrador). Any minimum quarterly royalty fee payments during the calendar years 2017, 2018 and 2019 could be recovered against future earned royalties on the sale of iron ore products from the leased land during the 2018 and 2019 calendar years. Any amount that Tacora is required to pay the lessor in respect of the minimum quarterly royalty payments subsequent to 2019, other than in payment of earned royalties, will be recoverable against earned royalties in the same calendar year. The prepaid royalties balance of $2.6 million accumulated throughout 2017, 2018 and 2019 that could not be carried forward beyond 2019 were written off as of December 31, 2019. There were no prepaid royalties at December 31, 2019. Minimum royalties paid in the year ended December 31, 2019 were $2.4 million. Accrued royalties due to our minimum quarterly payments in the amount of $0.6 million were recorded in other accrued expenses at December 31, 2019.

Tacora is committed to purchasing transportation services that will require minimum annual payments of approximately $29.0 million. In the event Tacora suspends production and shipments of iron ore at the Scully mine for any reason for a period longer than one year, the obligation to pay minimum annual payments is suspended.

Tacora has $0.04 of noncancellable lease payments due over the next fiscal year relating to its office facilities.

See Note 17 to the Company's audited consolidated financial statements for Fiscal 2019 for further information regarding the Company's commitments and contingencies.

Related Party Transactions

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company's key management for Fiscal 2019 was its Executive Chairman and Chief Executive Officer, President and Chief Operating Officer, Executive Vice President and Chief Financial Officer, Vice President and General Manager, and its directors. The remuneration for the Company's key management during Fiscal 2019 was $1,092, consisting of $954 in salaries, $41 in deferred compensation and $97 in other benefits.

Outstanding Share Data

The Company may authorise an unlimited number of common shares, without par value, ("**Common Shares**") an unlimited number of Class A Non-Voting Shares and Class B Non-Voting Shares and an unlimited number of Stock Options. As at the date of this MD&A, the Company had authorised 165,231,138 Common Shares, 3,300,000 Class A Non--Voting Shares, 3,300,000 Class B Non--Voting Shares and 651,000 Stock Options. 165,231,138 Common Shares, 2,739,000 Class A Non--Voting Shares, 2,739,000 Class B Non--Voting Shares and 651,000 Stock Options were issued and outstanding.

Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, consultation with experts and other methods management considers reasonable in the particular circumstances. Actual results may differ from these estimates.

The accounting policies discussed below are considered by management to be critical to an understanding of Tacora's financial statements as their application places the most significant demands on management's judgment.

Mineral Reserves and Resources

Estimates of the quantities of proven and probable mineral reserves and measured, indicated and inferred mineral resources form the basis for our life of mine plans, which are used for a number of important business and accounting purposes, including our impairment analysis. Mineral reserves and resources are based on engineering data, estimated future prices, estimated future capital spending and estimated future production rates. We estimate our iron ore mineral reserves and resources based on information compiled by "qualified persons" as defined in accordance with the requirements of NI 43-101. These life of mine plans also include assumptions about our ability to obtain and renew our mining and operating permits. Tacora expects that, over time, its mineral reserves and resources estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices.

The Mineral Reserve for the Scully Mine is estimated at 443.7 Mt at an average grade of 34.8% Fe and 2.58% Mn as summarized in the table below. The Mineral Reserve estimate was prepared by GMS. The resource block model was also generated by GMS.

As determined by GMS, the mine design and Mineral Reserve estimate have been completed to a level appropriate for feasibility studies and the Mineral Reserve estimate stated herein is consistent with the CIM definitions and is suitable for public reporting. As such, the Mineral Reserves are based on Measured and Indicated Mineral Resources ("M&I"), and do not include any Inferred Mineral Resources. The Inferred Mineral Resources contained within the mine design are treated as waste. The M&I are inclusive of the Mineral Resources modified to calculate the Mineral Reserves.

Classification	Crude Ore Tonnage (dry)	Fe	Mn	Concentrate Tonnage	Fe Conc.	Mn Conc	SiO_2 Conc.	Total Weight Recovery	Total Fe Recovery
	k dmt	%	%	k dmt	%	%	%	%	%
Proven	145,030	35.06	2.41	51,042	66.16	1.17	2.55	35.19	66.42
Probable	298,643	34.72	2.67	103,863	65.75	1.51	2.59	34.78	65.85
Total P&P	443,672	34.83	2.58	154,905	65.89	1.39	2.58	34.91	66.04

Notes:

(1)The Mineral Reserves were estimated using the CIM Standards for Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 10th, 2014.

(2)Mineral Reserves based on February 2014 depletion surface merged with an updated Lidar dated September 2017.

(3)Mineral Reserves are estimated at a cutoff grade of 27% weight recovery for all subunits except subunit 52 which is 30%. In addition, subunit 34 must have a ratio of weight recovery to iron of at least 1.

(4)Mineral Reserves are estimated using a longterm iron reference price (Platts 62%) of $60/dmt and an exchange rate of 1.25 C$/$. A Fe concentrate price adjustment of $9/dmt was added as an iron grade premium.

(5)Bulk density of ore is variable but averages 3.33 t/m3.

(6)The average strip ratio is 0.87:1.

(7)The Mineral Reserve includes a 3.4% mining dilution and a 97% ore recovery.
(8)The number of metric tonnes was rounded to the nearest thousand. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in NI 43101.
(9)Reference points are, for the crude ore tonnage, at the mill feed and for the concentrate tonnage, at the concentrate silo loadout.

Depletion

The table below summarizes the actual production tonnages mined and concentrate produced through December 31, 2019.

Time Period	Crude Ore Tonnage (dry)	Fe	Mn	Conc. Tonnage	Fe Conc.	Mn Conc	SiO_2 Conc.	Total Weight Recovery	Total Fe Recovery
	k dmt	%	%	k dmt	%	%	%	%	%
Start-up through December 31, 2019	3,491	34.98	3.18	936	65.70	1.72	2.71	26.80	50.33

Environmental rehabilitation

Decommissioning and restoration costs are a normal consequence of mining. The majority of these expenditures are incurred at the end of the mine's life. In determining the provision, consideration is given to the future costs to be incurred, the timing of these future costs, and estimated cost of inflation. The cost of decommissioning and restoration is uncertain and can vary in response to many factors including changes to the relevant legal and regulatory requirements. The expected timing of expenditures can change in response to changes in the life of mine. These estimates are reviewed annually and adjusted where necessary to ensure that the most current data is used.

Functional currency

Given the currently significant role of the United States dollar in Tacora's affairs, the United States dollar is the currency in which financial results are presented both internally and externally. It is also the currency for financing Tacora's current operations. Borrowings and cash are predominantly denominated in United States dollars.

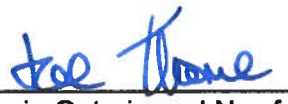
Significant Accounting Policies

The Company's significant accounting policies used to prepare the Company's financial statements as at and for the year ended December 31, 2019 are included in Note 2 of the audited consolidated financial statements.

Subsequent Events

Subsequent to the preparation of the Company's financial statements for Fiscal 2019, certain subsequent events have had an impact on the Company, including as a result of COVID-19, key personnel changes, amendments to the offtake arrangements with Cargill, and the issuance of additional common shares of the Company. Further details with respect to these subsequent events are included in Note 23 of the audited consolidated financial statements.

EXHIBIT "H"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024



A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Tacora Resources Inc.
102 NE 3rd Street
Suite 120
Grand Rapids, MN 55744
Ph: 218-999-5165
Fax: 218-999-5827

STRICTLY PRIVATE AND CONFIDENTIAL

October 25, 2019

1128349 BC Ltd.
400 Burrard Street, Suite 1860
Vancouver, BC V6C 3A6
Canada

Attention: Mr. Michael J. Smith, President & Chief Executive Officer
Mr. Ken Yuen

Re: Tacora Mine, Third Quarter Ended September 30, 2019 – Minimum Royalty Payment

Dear Michael:

A wire transfer was effectuated today on behalf of Tacora Resources Inc. ("Tacora") and the Tacora Mine located at 1 Wabush Mines Road, PO Box 3000, Wabush, NL A0R 1B0 for the following payment:

1. Tacora is required to remit on or before October 25, 2019 a minimum royalty payment in the amount of Cdn$812,475.00. This minimum royalty payment shall constitute a credit against future earned royalties and will be recoverable against royalties paid related to shipments of Iron Ore Products shipped from the Tacora Mine in the 2018 or 2019 calendar year.

We have withheld Cdn$162,495.00 which has been paid to the Minister of Finance, Government of Newfoundland and Labrador for Minerals Rights withholding tax per their instructions.

Provided as an attachment to this letter are the reported values in accordance with section A.3. of the Amendment and Restatement of Consolidation of Mining Leases – 2017 between 1128349 B.C. LTD. (formerly called MFC BANCORP LTD.), and Tacora Resources Inc.

Sincerely,

Tacora Resources Inc.
102 NE 3rd Street
Suite 120
Grand Rapids, MN 55744
Ph: 218-999-5165
Fax: 218-999-5827

Table 1- Earned Royalties from Mined Ore

Royalties from Mined Ore from Pit Ore Mined and Products Produced				
Starting Date	Ending Date	Total Tonnage Mined (tonnes)	Iron Ore Products Produced (tonnes)	Ave. %Fe of Iron Ore Products
7/1/2019	9/30/2019	1,293,536	403,763	65.53%

Calculation of Earned Royalties									
Starting Date	Ending Date	Gross Value Received ($)	Gross Tonnes Shipped	Deductible Expenses Cap ($)	Deductible Expenses ($)	Net Revenue from Iron Ore Products ($)	Withheld Taxes ($)	Credits or Payments ($)	Earned Royalties ($)
7/1/2019	9/30/2019	$22,786,161.80	295,291	$2.66	$785,474.06	$22,000,687.74	$0.00	($90,795.54)	$1,449,252.60

Table 2- Earned Royalties from Tailings, Waste Rock, Spoil and Mine Waste

		Royalties from Tailings, Waste Rock, Spoil and Mine Waste														
		Tailings, Waste Rock, Spoil and Mine Waste Mined				Iron Ore Products from Tailings, Waste Rock, Spoil and Mine Waste					Calculation of Earned Royalties					
Starting Date	Ending Date	Tailings (tonnes)	Waste Rock (tonnes)	Spoil and Mine Waste (tonnes)	Total Tonnage Mined (tonnes)	Tailings (tonnes)	Waste Rock (tonnes)	Spoil and Mine Waste (tonnes)	Total Iron Ore Products Produced (tonnes)	Ave %Fe of Iron Ore Products	Deductible Expenses ($)	Gross Value Received ($)	Withheld Taxes ($)	Credits or Payments ($)	Net Revenue from Iron Ore Products ($)	Earned Royalties ($)
7/1/2019	9/30/2019	-	-	-	-	-	-	-	-	-	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

Tacora Resources Inc.
102 NE 3rd Street
Suite 120
Grand Rapids, MN 55744
Ph: 218-999-5165
Fax: 218-999-5827

Table 3 – Minimum Royalties

Minimum Royalties Paid:		
2nd Q 2017	812,475.00	
3rd Q 2017	812,475.00	
4th Q 2017	812,475.00	
1st Q 2018	812,475.00	
2nd Q 2018	812,475.00	
3rd Q 2018	812,475.00	
4th Q 2018	812,475.00	
1st Q 2019	812,475.00	
2nd Q 2019	812,475.00	
3rd Q 2019	812,475.00	
	8,124,750.00	
Earned Royalties:		
3rd Q 2019	1,449,252.60	
	6,675,497.40	Balance of minimums available to credit against 2019 Earned Royalties

EXHIBIT "I"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

EXHIBIT "J"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

$175,000,000

TACORA RESOURCES INC.

8.250% Senior Secured Notes due 2026
Offering Price: 100%

Tacora Resources Inc., a corporation incorporated under the laws of the Province of British Columbia, Canada ("we," "us" or the "Issuer"), is offering $175,000,000 in aggregate principal amount of 8.250% Senior Secured Notes due 2026 (the "Notes").

Maturity – May 15, 2026.

Interest – Interest on the Notes will accrue at the rate of 8.250% per annum and will be payable semi-annually in arrears on May 15 and November 15, commencing on November 15, 2021.

Guarantees – The Notes will not be guaranteed by any of our subsidiaries on the issue date. The Notes will be fully and unconditionally guaranteed, jointly and severally, on a senior secured basis (the "Note Guarantees") by each of our future restricted subsidiaries (the "Subsidiary Guarantors"), other than certain immaterial subsidiaries. Each future Note Guarantee will be a general senior secured obligation of a Subsidiary Guarantor.

Issue Date Unrestricted Subsidiaries – On January 13, 2021, we acquired the Sydvaranger Mine (as defined below). As of the issue date, Tacora Norway AS, Sydvaranger Mining AS and its subsidiaries will be designated as "Unrestricted Subsidiaries" and will not be subject to any of the restrictive covenants in the Indenture. Our historical consolidated financial statements included in this offering memorandum do not include any financial information of the Sydvaranger Mine.

Ranking; Security – The Notes and any future Note Guarantees will be secured by a first-priority lien on substantially all of our and any future Subsidiary Guarantors' existing and future personal and real property assets (the "Collateral"); *provided* that (i) on the issue date, the Collateral securing the notes will also secure the Jarvis Hedge Facility (as defined in the "Description of the Notes") on a pari passu basis and (ii) certain of the Collateral securing the Notes will also be permitted to secure certain of the our obligations under an ABL Facility and any other Pari Passu Indebtedness (each as defined in "Description of the Notes") permitted to be incurred under the indenture governing the Notes (the "indenture"). The Notes and any future Note Guarantees will rank (i) equal in right of payment with all of our and any future Subsidiary Guarantors' existing and future senior indebtedness that is not subordinated, (ii) senior in right of payment to any of our and any future Subsidiary Guarantors' existing and future subordinated indebtedness, (iii) *pari passu* with any future and existing indebtedness secured by liens on the Collateral that also secure the Jarvis Hedge Facility and any other Pari Passu Indebtedness, to the extent of the value of the Collateral securing such Pari Passu Indebtedness, (iv) effectively senior to any of our and any future Subsidiary Guarantors' existing and future junior-priority indebtedness and any future unsecured indebtedness, in each case, to the extent of the value of the Collateral, (v) effectively senior to any of our and any future Subsidiary Guarantors' existing and future indebtedness under any ABL Facility secured by liens on the Notes Priority Collateral (as defined in "Description of the Notes"), to the extent of the value of the Notes Priority Collateral (vi) effectively junior to any of our and any future Subsidiary Guarantors' future and existing indebtedness under any ABL Facility secured by liens on the ABL Priority Collateral (as defined in "Description of the Notes"), to the extent of the value of the ABL Priority Collateral, (vii) effectively junior to any of our and any future Subsidiary Guarantors' existing or future indebtedness that is secured by liens on assets that do not constitute a part of the Collateral to the extent of the value of such assets and (viii) structurally junior to all existing or future indebtedness and liabilities of our subsidiaries that do not guarantee the Notes and, including all existing or future indebtedness and liabilities of any Unrestricted Subsidiary.

Use of Proceeds – We intend to use the net proceeds of this offering to refinance all or a portion of our existing indebtedness.

Optional Redemption – We may redeem the Notes in whole or in part on and after May 15, 2023 at the redemption prices described herein plus accrued and unpaid interest to, but excluding, the date of redemption. In addition, we may redeem the Notes, in whole or in part, at any time prior to May 15, 2023, at a redemption price equal to 100% of the principal amount of such Notes plus a "make-whole" premium set forth in this offering memorandum, plus accrued and unpaid interest, if any, to the date of redemption. In addition, we may redeem up to 40% of the Notes prior to May 15, 2023 with the proceeds of certain equity offerings at the redemption price described herein plus accrued and unpaid interest to, but excluding, the date of redemption. See "Description of the Notes—Optional Redemption."

Change of Control — If we undergo a Change of Control (as defined herein), holders of the Notes will have the right to require us to repurchase the Notes, in whole or in part, at a purchase price equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of repurchase. See "Description of the Notes — Repurchase at the Option of Holders — Change of Control."

Assets Sales — If we or any of our restricted subsidiaries make certain asset dispositions, we may be required under certain conditions to offer to repurchase the Notes with the net cash proceeds of such asset dispositions at a purchase price equal to 100% of the principal amount, plus accrued and unpaid interest, if any. See "Description of the Notes — Repurchase at the Option of Holders — Asset Sales."

Excess Cash Flow — Subject to certain conditions, within (i) 125 days after the end of each six-month period ending on December 31 or (ii) 65 days after the end of each six-month period ending on June 30, we will be required to make an offer to purchase the maximum principal amount of the Notes that may be purchased with 50% of the excess cash flow for such period (provided, that the first period will commence from the issue date of the Notes and end on December 31, 2021), at an offer price of 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of repurchase. See "Description of the Notes — Repurchase at the Option of Holders — Excess Cash Flow."

No Registration Rights – We have not registered the Notes under the United States Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state or other jurisdiction. We do not intend to file a registration statement relating to the sale or resale of the Notes or any offer to exchange any of the Notes for publicly tradeable Notes. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions exempt from or not subject to the registration requirements of the Securities Act and applicable securities laws of a state or other jurisdiction. We will not be required to, nor do we intend to, offer to exchange the Notes for notes registered under the Securities Act or otherwise register the Notes for resale under the Securities Act.

Investing in the Notes involves a high degree of risk. Please read "Risk Factors" beginning on page 14 of this offering memorandum.

We have not registered the Notes under the Securities Act, any other federal securities laws or the laws of any state. Jefferies LLC and Clarksons Platou Securities AS (the "initial purchasers") are offering the Notes only to persons reasonably believed to be qualified institutional buyers under Rule 144A promulgated under the Securities Act or to non-U.S. persons outside of the United States in compliance with Regulation S promulgated under the Securities Act. The offering is being made on a private placement basis, exempt from the prospectus requirements of applicable Canadian securities laws, in each of Ontario, Quebec, Alberta and British Columbia through the initial purchasers or their affiliates who are permitted under applicable Canadian securities laws or available exemptions therefrom to offer and sell the Notes in such provinces. The Notes have not been and will not be qualified for distribution (or distribution to the public, as applicable) by prospectus under applicable Canadian securities laws. See "*Plan of Distribution*", "*Notice to Investors*" and "*Notice to Canadian* Investors" for additional information about eligible offerees and transfer restrictions.

The initial purchasers expect to deliver the Notes on May 11, 2021.

Sole Book-Running Manager

Jefferies

Joint Lead Manager

Clarksons Platou Securities

The date of this offering memorandum is May 5, 2021

In this offering memorandum, unless stated otherwise or the context otherwise requires, the terms "the Company," "us," "we" and "our" refer to Tacora Resources Inc. and its consolidated subsidiaries. References to "Tacora" refer to Tacora Resources Inc. and not any of its subsidiaries. References to the "Issuer" refers to Tacora, and not any of their subsidiaries. References to "initial purchasers" refer to the firms listed on the cover page of this offering memorandum.

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IMPORTANT NOTICE TO READERS

This offering memorandum is highly confidential. The Issuer prepared it solely for use in connection with this offering. You may not reproduce or distribute this offering memorandum, in whole or in part, and you may not disclose any of the contents of this offering memorandum or use any information herein for any purpose other than considering an investment in the Notes. By accepting delivery of this offering memorandum, you expressly agree to the foregoing and expressly agree to maintain the disclosed information contained in this offering memorandum in confidence. You may not distribute this offering memorandum or disclose its contents to anyone, other than persons you have retained to advise you in connection with this offering, without the Issuer's prior written consent.

The information in this offering memorandum is current only as of the date on its cover. For any time after the cover date of this offering memorandum, the information, including information concerning the Issuer's business, financial condition and results of operations, may have changed.

This offering is being made only on the basis of this offering memorandum. Any decision to purchase notes in this offering must be based only on the information contained herein and on your own evaluation of such information and the terms of this offering, including the merits and risks of the investment.

The initial purchasers are not responsible for, and make no representation or warranty, express or implied, as to the accuracy or completeness of this offering memorandum, nor have the initial purchasers acted on your behalf to independently verify the information in this offering memorandum. Nothing in this offering memorandum is, or may be relied upon as, a promise or representation by the initial purchasers as to the past, present or future.

The Issuer has not authorized any person to give any information or make any representations about us in connection with this offering that are not contained in this offering memorandum. If any information has been or is given, or any representations have been or are made, to you outside of this offering memorandum, neither it nor they should be relied upon as having been authorized by the initial purchasers or us.

This offering may be withdrawn at any time. The Issuer and the initial purchasers reserve the right to reject all or part of any offer to purchase notes for any reason. The Issuer and the initial purchasers also reserve the right to sell less than all of the Notes offered by this offering memorandum or to sell to any purchaser less than the principal amount of Notes such purchaser has offered to purchase. This offering memorandum is directed only to each person to whom it is delivered by, or on behalf of, the initial purchasers or us, and is not an offer to any other person or to the public generally.

This offering is being made in reliance upon an exemption from registration under the Securities Act for an offer and sale of securities that does not involve a public offering and, to the extent that the offering is being made to non-U.S. persons in jurisdictions outside of the United States, in compliance with the laws applicable to such persons in such jurisdictions. **If you purchase Notes, you agree that your purchase will constitute your representation, warranty, acknowledgment and agreement to all of the statements about purchasers in the "*Notice to Investors*" and *"Notice to Canadian Investors"* sections of this offering memorandum.**

Neither the Issuer nor the initial purchasers are giving you legal, business, financial or tax advice about any matter. You may not legally be able to participate in this private, unregistered offering. You should consult with your own attorney, legal counsel, accountant and other advisors about those matters (including determining whether you may legally participate in this offering).

You expressly agree, by accepting delivery of this offering memorandum, that:

- this offering memorandum contains highly confidential information concerning us;
- you will hold the information contained or referred to in this offering memorandum in confidence;
- you will not make copies of this offering memorandum or any documents referred to within it; and
- neither the Issuer nor the initial purchasers are giving you any legal, business, financial or tax advice.

The agreements set forth in the preceding sentence are intended for the Issuer's benefit and for the benefit of the initial purchasers.

Each purchaser of the Notes from the initial purchasers will be furnished a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum acknowledges that:

- such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
- such person has not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
- except as provided above, no person has been authorized to give any information or to make any representation concerning the securities offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the initial purchasers.

The Issuer does not intend to apply for listing of the Notes on any securities exchange or for inclusion of the Notes in any automated quotation system. The Notes initially will be represented by one or more permanent global certificates in fully registered form without coupons and will be deposited with a custodian for, and registered in the name of, a nominee of The Depository Trust Company, New York, New York ("DTC"), as depositary.

Neither the U.S. Securities and Exchange Commission (the "SEC") nor any securities commission of any other jurisdiction has approved or disapproved the offer or sale of the Notes or determined that this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

You must comply with all applicable laws and regulations (including obtaining required consents, approvals or permissions) in force in any jurisdiction in which you purchase, offer or sell the Notes.

Neither the initial purchasers nor the Issuer have any responsibility for your purchase, offer or sale of the Notes.

If you have any questions relating to this offering memorandum or this offering, or if you require additional information in connection with your investment in the Notes, you should direct your questions to us or the initial purchasers.

In connection with this offering, the initial purchasers may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the initial purchasers may overallot in connection with this offering and may bid for and purchase notes in the open market. For a description of these activities, see "*Plan of Distribution*."

RESALE RESTRICTIONS

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS AND APPLICABLE CANADIAN SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM AND, IN RESPECT OF THE TRANSFER AND RESALE OF THE NOTES IN JURISDICTIONS OUTSIDE THE UNITED STATES, MAY BE SUBJECT TO RESTRICTIONS UNDER THE LAWS OF SUCH JURISDICTIONS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME AND THAT THEIR ABILITY TO TRANSFER INTERESTS IN THE NOTES MAY BE ADVERSELY AFFECTED IF THEY OR YOU ARE IN POSSESSION OF MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BUSINESS. SEE "*NOTICE TO INVESTORS*" AND "*NOTICE TO CANADIAN INVESTORS*."

NO REVIEW BY THE SEC; NO REGISTRATION RIGHTS

The information in this offering memorandum relates to an offering that is exempt from the registration requirements of the Securities Act. This offering memorandum, as well as any other documents in connection with this offering, have not been and will not be reviewed by the SEC. There are no registration rights associated with the Notes and related guarantees, and we have no present intention to offer to exchange the Notes and related guarantees for notes and note guarantees registered under the Securities Act or to file a registration statement with respect to the Notes and related guarantees. The indenture governing the Notes will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

AVAILABLE INFORMATION

The Issuer is not subject to the periodic reporting and other information requirements of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), or nor does it expect to become subject to such requirements. To permit compliance with the Securities Act in connection with resales of the Notes, for so long as the Notes outstanding are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will furnish, upon the request of any holder or beneficial owner of the Notes, such information as is specified in paragraph (d)(4) of Rule 144A under the Securities Act to such holder or beneficial owner or to a prospective purchaser of such Notes that is a qualified institutional buyer, in order to permit compliance by such holder or beneficial owner with Rule 144A in connection with the resale of such Notes unless, at the time of such request, we are subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or are included in the list of foreign private issuers that claim exemption from the registration requirements of Section 12(g) of the Exchange Act (and therefore are required to furnish the SEC with certain information pursuant to Rule 12g3-2(b) under the Exchange Act). We do not intend to furnish the SEC information pursuant to Rule 12g3-2(b) under the Exchange Act.

PRESENTATION OF FINANCIAL INFORMATION

This offering memorandum includes the audited consolidated financial statements as at and for the year ended December 31, 2020 (the "2020 Audited Financial Statements") and the audited consolidated financial statements as at and for the year ended December 31, 2019 (the "2019 Audited Financial Statements"), both prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

The 2020 Audited Financial Statements and 2019 Audited Financial Statements do not include any financial information of the Sydvaranger Mine for the periods presented, and the Sydvaranger Mine will not be included in our financial reporting for purposes of the Indenture.

NON-IFRS FINANCIAL MEASURES

This offering memorandum makes reference to certain non-IFRS measures. These measures are not recognized measures under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of our results of operations or expected results based on the Feasibility Study (as defined herein) from management's perspective. Accordingly, these measures should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures, including "Adjusted EBITDA", "EBITDA," "All-In Sustaining Cost", "FOB Cash Costs Pointe Noire", "cash flow" and "working capital", which are commonly used operating metrics in our industry but may be calculated differently by other companies. These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

We define certain of such non-IFRS measures as follows:

- "Adjusted EBITDA" is used in the Feasibility Study and means net income before income taxes, depreciation and amortization, which calculation does not include interest expense, debt issuance costs and equity issuance costs.
- "All-In Sustaining Cost" means Cash Cost, plus ocean freight cost and sustaining CAPEX, minus the Scully Mine premium divided by tonnes produced.
- "FOB Cash Costs Pointe Noire" means the cost of sales and operating expenses, less depreciation, and amortization FOB Pointe Noire, Quebec divided by tonnes produced.
- "cash flow" means the amount of net cash generated by the Company.
- "working capital" means current assets minus current liabilities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-IFRS Measures – Working Capital".

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for definitions and a reconciliation of certain of the foregoing non-IFRS measures to their most directly comparable measures calculated in accordance with IFRS.

INDUSTRY AND MARKET DATA

Market and industry data presented throughout this offering memorandum was obtained from third party sources, industry reports and publications, websites and other publicly available information, including the AME Consulting Group Ltd. ("AME"), Bloomberg (Platts) and Cargill International Trading Pte Ltd. ("Cargill"), as well as industry and other data prepared by us or on our behalf on the basis of our knowledge of the markets in which we operate, including information provided by customers and other industry participants. We believe that the market and industry data presented throughout this offering memorandum is accurate and, with respect to data prepared by us or on our behalf, that our opinions, estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and industry data presented throughout this offering memorandum are not guaranteed and neither we nor any of the initial purchasers makes any representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although we believe it to be reliable, neither we nor any of the initial purchasers has independently verified any of the data from third party sources referred to in this offering memorandum, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and industry data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey.

NOTICE REGARDING PRESENTATION OF ESTIMATED MINERAL RESERVES AND MINERAL RESOURCE INFORMATION

On October 31, 2018, the SEC adopted Subpart 1300 of Regulation S-K under the Securities Act ("Subpart 1300"), introducing changes to the United States mining disclosure framework and definitions that significantly differ from the SEC's Industry Guide 7 ("Guide 7"). Investors are cautioned however that registrants are not required to comply with Subpart 1300 until their first fiscal year beginning on or after January 1, 2021, and as such, similar information disclosed by companies who continue to report under Guide 7, or historical disclosure by companies under Guide 7, may not be comparable to the disclosure contained in this offering memorandum. Guide 7 will remain effective until all registrants are required to comply with Subpart 1300, at which time Guide 7 will be rescinded.

This offering memorandum uses Mineral Resource and Mineral Reserve classification terms that comply with reporting standards in Canada. These terms include "feasibility study," "mineral resource," "inferred mineral resource," "indicated mineral resource," "measured mineral resource," "mineral reserve," "probable mineral reserve" and "proven mineral reserve" in connection with the presentation of mineral resources and mineral reserves, as each of these terms is defined in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards, as required by the Canadian National Instrument 43-101—*Standards of Disclosure for Mineral Projects* ("NI 43-101"). The CIM Definition Standards differ significantly from the mineral reserve disclosure requirements set forth in Guide 7. In addition, Guide 7 does not recognize mineral resources. Consequently, mineral reserve information contained in this offering memorandum is not comparable to similar information that would generally be disclosed by companies in accordance with Guide 7. In particular, Guide 7 applies different standards in order to classify mineralization as a reserve, and as a result, the definitions of "proven" and "probable" reserves used in NI 43-101 differ from the definitions in Guide 7. Under Guide 7, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or their issuance imminent in order to classify mineralized material as reserves under Guide 7. Accordingly, mineral reserve estimates contained in this offering memorandum may not qualify as "reserves" under Guide 7. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.

Investors are cautioned not to assume that any part of mineral deposits in these categories that are not already classified as "reserves" will ever be converted into reserves under Canadian standards or SEC standards.

SCIENTIFIC AND TECHNICAL DISCLOSURE

Scientific and technical information relating to the Scully Mine contained in this offering memorandum has been derived from, and in some instances extracted from (NI 43-101) technical report entitled "*Amended and Restated Feasibility Study Technical Report for the Scully Mine Re-Start Project, Wabush, Newfoundland & Labrador*" with an issue date of May 10, 2018 and effective date of December 22, 2017 (the "Feasibility Study") prepared by G Mining Services Inc. ("GMS") and Ausenco and authored by Louis-Pierre Gignac, P. Eng., Rejean Sirois, P. Eng., Étienne Bernier, P. Eng., Karl-Emmanuel Giroux, P. Eng., Rémi Lapointe, P. Eng., Martin St-Amour, P. Eng., David Sims, P.Geo and Craig Bugden, P. Eng., each of whom approved the scientific and technical information contained in this offering memorandum that was derived from or extracted from the portion of the Feasibility Study that such person authored, and is a "qualified person" and "independent" within the meanings of NI 43-101. The scientific and technical disclosure presented in this offering memorandum, including sampling, analytical and test data underlying such disclosure, has been verified by or under the supervision of one of the qualified persons named above using such recognized industry methods and procedures as were determined by such qualified person to be appropriate in the circumstances having regard to the characteristics of the deposits and the quality of the work performed, among other things.

The reserve and resource estimates presented in this offering memorandum were prepared using industry-standard methodologies to provide reasonable assurance that the resources and reserves are recoverable, considering technical, economic and legal limitations. Portions of the technical information relating to the Scully Mine contained in this offering memorandum are based on assumptions, qualifications and procedures which are not fully described herein but are set out in the Feasibility Study. Reference should be made to the full text of the Feasibility Study which is included as Appendix A to this offering memorandum.

The Mineral Reserve and Mineral Resource estimates referred to in this offering memorandum have been calculated using the CIM "Standards on Mineral Resources and Reserves, Definitions and Guidelines" prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM, as amended.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum contains statements that constitute "forward-looking statements" that reflect the Issuer's plans, estimates and beliefs. The words "expect," "estimate," "anticipate," "predict," "will," "project," "plan," "believe" and other similar expressions and variations thereof are intended to identify forward-looking statements. Such statements appear in a number of places in this offering memorandum, including in the sections entitled "*Summary*," "*Risk Factors*," "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Business,*" "*Industry*" and "*Description of Certain Other Indebtedness*" and include statements regarding the Issuer's intent, belief or current expectations and its directors with respect to, among other things, (a) trends that may affect the Issuer's financial condition or results of operations and (b) the Issuer's investments in its business, that are not historical in nature. Readers are cautioned not to put undue reliance on such forward-looking statements. Such forward-looking statements are and will be based on our then-current expectations, estimates and assumptions regarding future events and are applicable only as of the date of such statements. We may not realize our expectations and our estimates and assumptions may not prove correct. We undertake no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. You should carefully review the risk factors described in this offering memorandum and other documents we post from time to time, including our annual reports, quarterly reports and any current reports.

All of the forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that are expected, including without limitation:

- requirements for additional capital;
- the market for and the future prices of iron ore pellets and concentrate;
- the Issuer's reliance on a single customer agreement;
- the results of exploration activities;
- the estimation of mineral resources and the realization of mineral resource estimates;
- capital, development, operating and exploration expenditures;
- environmental matters and reclamation expenses;
- title disputes or claims; and

- the timing and possible outcome of litigation and regulatory matters.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Issuer's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although the Issuer has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause such actions, events or results to differ from those anticipated, estimated or intended. The Issuer believes that these factors include those described in the section entitled "*Risk Factors*." Any inaccuracy in the assumptions identified above may also cause actual actions, events or results to differ materially from those described in the forward-looking statements.

Forward-looking statements contained in this offering memorandum are made as of the date of this offering memorandum and we disclaim any obligation to update any forward-looking statement, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that such forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, potential investors should not place undue reliance on forward-looking statements.

CURRENCY AND EXCHANGE RATE DATA

In this offering memorandum, all references to "C$" are to Canadian dollars and all references to "$", "US$", and dollars are to United States dollars. Amounts are stated in United States dollars unless otherwise indicated. We present our financial statements in United States dollars and disclose certain financial information in this offering memorandum in United States dollars. Certain totals, subtotals and percentages throughout this offering memorandum may not reconcile due to rounding.

The following table sets forth, for the period indicated, the high, low, average and period end spot rates of exchange for one U.S. dollar, expressed in Canadian dollars, published by the Bank of Canada.

	Fiscal 2020 (C$)	Fiscal 2019	Fiscal 2018
High	1.45	1.36	1.36
Low	1.27	1.30	1.23
Average	1.34	1.33	1.30
Period End	1.27	1.36	1.36

On April 15, 2021, the rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was $1.00 = C$1.25. We make no representation that Canadian dollars could be converted into U.S. dollars at that rate or any other rate.

SUMMARY

The summary below highlights information about us and this offering contained elsewhere in this offering memorandum. The summary is not complete and does not contain all of the information that you should consider before investing in the Notes. Therefore, you should read this entire offering memorandum carefully, including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and the related notes included elsewhere in this offering memorandum, before making a decision to invest in the Notes. The following summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this offering memorandum. Some of the statements in this summary constitute forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements." In this offering memorandum, unless indicated otherwise, the "Issuer," "we," "us," "our" and "the Issuer" refer to Tacora Resources Inc. and its subsidiaries.

Our Company

Tacora Resources Inc. ("Tacora", "we" or the "Company") is an iron ore mining and mineral processing company focused on the ramp-up and operation of the 100% owned Scully Mine north of the Town of Wabush, Newfoundland and Labrador, Canada (the "Scully Mine"). The Scully Mine is located in a well-established iron ore mining region, the Labrador Trough, with a history of successful high-quality iron ore mining operations.

Tacora was formed to acquire the Scully Mine and substantially all of the assets associated with the Scully Mine (the "Acquisition"), together with the Wabush Lake Railway, in July 2017 from Cleveland Cliffs' Canada division, which went through a restructuring process under Canada's Companies' Creditors Arrangement Act ("CCAA").

Our acquisition thesis was formed based on the Scully Mine's ability to produce 6mpta of low-cost iron ore concentrate that when sold achieved premiums to both the 62% and the 65% iron ore benchmark prices and is well suited for blending with product of diminishing ore grade particularly out of Australia and Brazil. The Scully Mine has exceptional quality characteristics, with high Fe content (65.9%) and low impurities (silica content of 2.6%). The reserve life is anticipated to be 25+ years, with opportunity to extend mine life well beyond that time period. The Scully Mine is located in an established mining region, giving us access to the requisite infrastructure to ship production internationally and have signed contractual arrangements with the QNS&L Railway, Societe Ferroviaire de Portuaire de Pointe-Noire ("SFPPN") and the Port of Sept-Îles ("POS") with Dock 35 located in Pointe-Noire near Sept-Iles, Quebec. As demand for high grade iron ore continues to increase globally, we expect the concentrate we produce from the Scully Mine will continue to be highly valued by the international market.

Following completion of the Acquisition, Tacora commissioned a National Instrument 43-101 — Standards of Disclosure for Mineral Projects ("NI 43-101" or "Feasibility Study") which demonstrated an after tax net present value ("NPV") (using an 8% discount rate) of approximately C$1.1 billion, with an after-tax internal rate of return ("IRR") of 36.3% and a payback period of 3.1 years, based on a run rate production of approximately six million tonnes per year of high grade iron ore concentrate over a 26 year mine life. The Feasibility Study estimates that the Scully Mine has 444 million dmt of Proven and Probable Mineral Reserves at a crude Fe grade of 34.8%. Additionally, the Feasibility Study indicated that we have uniquely high-quality ore continuously through life of mine, including an industry leading low silica content of 2.6%, Alumina content of 0.2%, and high iron content of 65.9%.

We have taken steps to significantly advance the ramp-up of operations at Scully Mine to full capacity. On May 25, 2019, first ore was delivered to the crusher and the mill was first successfully started up on May 28, 2019. During June 2019, the Company successfully commissioned its concentrator and produced its first wet concentrate, undertook its first mine blast, and loaded its first train. We have engaged in extensive capital project planning and preparedness, permitting work, engineering and technical work (including successful initiation and completion of the Feasibility Study), engagement with indigenous peoples, negotiating and executing certain key contracts to access the rail and ship loading infrastructure and activities related to the restart and ramp-up of mining operations at the Scully Mine.

In 2019, we successfully commenced commercial production and completed our first seaborne shipment through our long-term offtake agreement ("Cargill Offtake Agreement") with Cargill International Trading Pte Ltd. ("Cargill"). On August 30, 2019, we announced the first seaborne vessel shipment of iron ore concentrate produced at the Scully Mine departed the Port of Sept-Iles, Quebec, with a payload of 69,770 wmt of premium concentrate bound for a customer in Europe. Throughout the remainder of 2019 and into 2020, the Company continued the process of ramping up commercial production (including bringing all six mills online). Cargill is required to purchase 100% of the Scully mine production of 4-6 million WMT of iron ore per year with pricing fluctuating based on the 62% Fe benchmark, net of freight, and a sharing mechanism for the premium achieved above that.

For the twelve-month period ended March 31, 2021, we sold 3.1 mt of concentrate, which translates to $128 million - $138 million of expected Adjusted EBITDA. We expect to sell 4.4 – 4.8 mt of concentrate for the year ending December 31, 2021 and moving forward, our strategy is to improve the Scully Mine operation and increase throughput to nameplate capacity of 6 mtpa on a run-rate basis. We expect to achieve this goal in the first half of 2022 and are targeting cash costs of $42/dmt FOB Pointe Noire, per the Scully Mine feasibility study. As we generate positive cash flow from operations, Tacora expects to focus on strengthening its balance sheet and pursuing growth opportunities to deliver on the available additional capacity.

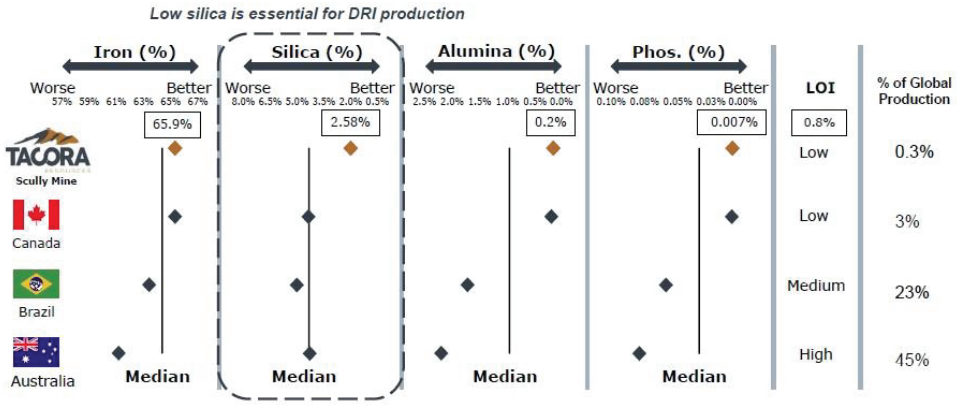
Our Competitive Strengths

Wholly Owned Mine Producing High Grade & Quality Iron Ore

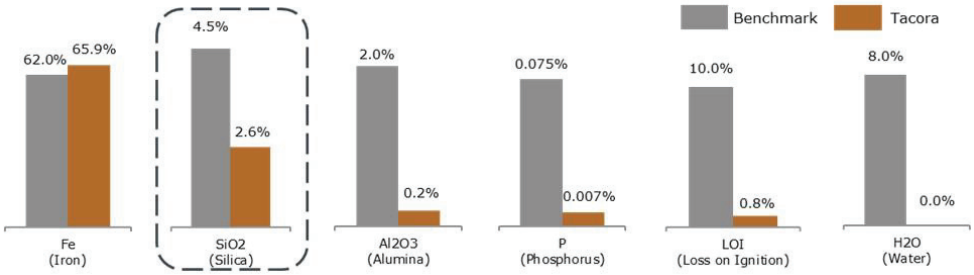
The 100% owned Scully Mine produces high grade and high-quality iron ore that is uniquely low in Silica, Alumina, Phosphorus and Loss-On-Ignition ("LOI") which are deleterious to iron ore (steal making) quality. In each of these areas, our iron ore measures better than the median quality specifications for Canadian, Brazilian, and Australian iron ore. As a result of our outperformance in these key areas, we have consistently commanded a premium price in the market relative to benchmarks.

- High iron ore content of 65.9%, compared to the industry standard benchmarks for Platts 62% and Platts 65% fines.
- Low LOI, which is a key driver of ultimate value in use. Value in use measures the weight purchased that is lost to the off-gas in the sintering and pelletizing processes. The global benchmark for value in use is 4-10%, while ore from the Scully Mine measures at just 0.8%.
- Low silica content versus the median amounts sold by our peers', which makes it a preferred product for end customers looking to produce high quality flat steel, reduce emissions per ton of steel produced and make direct reduced iron ("DRI").
- Low moisture content, versus approximately 8.0% for the rest of the world, which means it can be shipped year-round without risk of freezing and on a per-ton basis customers are not paying to ship water.
- Appropriate manganese levels. The mine has historically produced a higher Mn content ore which our customers can become accustomed with in their steel making processing. Through the restart of the operations, we installed new technology for Mn reduction circuits to address the Mn content that had caused problems for past owners of the operation. To date, none of our end customers have indicated issues with the Mn levels in our product as Mn is added in steel making alloys and we have not realized any discount to sales price because of it. Some of the most reputable steel making companies in Europe, Middle-East, North Africa and Asia form our customer base.

The graphic below highlights the comparison of our ore to other regional medians.



Our concentrate has commanded a premium to the Platts 65% Fe benchmark in most instances because of quality specifications highlighted above. As the below graphic demonstrates, we significantly outperform the standard benchmark specifications in all key areas. To further corroborate the value of our product versus the standard benchmark, the fee we pay to Cargill as part of our long-term offtake agreement is solely derived based on a percentage of the premium Cargill achieves above the Platts 62% Fe benchmark.



Low Cash Cost Position

Because of our beneficial cash cost position relative to the quality of our product, our operations have generated significant Adj. EBITDA and cash flow since the start of operations. For the twelve months ended March 31, 2021, we produced 3.2 mt and sold 3.1 mt of iron ore concentrate, translating into approximately $379 million to $389 million of expected revenue and approximately $128 million to $138 million of expected Adjusted EBITDA.

Since we reached first production in Q2'19 we have been focused on achieving run-rate production and consistently improving production levels and minimizing cost. We have delivered positive Adjusted EBITDA every quarter since June 30, 2020, just one year after the restart.

While our operations currently are generating positive cash flow and EBITDA, our current cash costs are higher than the expected steady state run-rate cash cost as indicated in our Feasibility Study. As the table below indicates, we have a clear line of site towards reducing our cash costs to be at levels indicated by the Feasibility Study. These reductions will come primarily via:

- Fixed costs absorption as we reach steady state run-rate production.
- Reduction of maintenance costs on processing equipment as elevated maintenance work to establish expected asset reliability standards has been or is expected to be substantially completed in 2021.
- Achieving minimum volume requirements in take-or-pay contracts.
- Changes in market based costs, including royalties and price participation for our rail contract, which are tied to the benchmark iron ore prices. These costs will remain higher than Feasibility Study estimates so long as current benchmark iron ore prices are higher than the assumed iron ore prices in our Feasibility Study.

Illustrative Scully Life of Mine Cash Costs Analysis[1]

($/dmt)	LTM Q1'21E	Scully Feasibility LOM Avg.
Mining	$ 14.52	$ 11.25
Processing & Crushing	$ 22.62	$ 10.03
Minesite G&A (excl. corporate)	$ 3.58	$ 1.88
Minegate Cash Costs	**$ 40.71**	**$ 23.16**
Rail Costs	$ 16.91	
Rail Haulage	$ 7.99	
Price Participation	$ 6.38	
Other Costs	$ 2.54	
Port Costs	$ 10.76	
Total Transportation Costs	**$ 27.66**	**$ 12.69**
FOB Cash Costs Pointe Noire	**$ 68.38**	**$ 35.85**
Royalties[2]	$ 9.45	$ 4.70
Ocean Freight	$ 19.61	$ 15.12
Total Delivered Costs for 65.9%	**$ 97.44**	**$ 55.67**
(-) 65.9% Premium Received by Tacora[3]	($ 11.95)	($ 13.94)
Total Delivered Costs Comparable to 62.0%	**$ 85.49**	**$ 41.73**

(1) *Feasibility cost structure based on IODEX 62% weighted average life of mine pricing of $69.80. Certain costs are variable and can change with changes to the IODEX 62% price.*

(2) *Royalty payable from the Company to MFC under the Mining Lease.*

(3) *As set out in the Scully Feasibility Study, the difference between the weighted average 65.9% price and the weighted average IODEX 62% price which Tacora expects to realize is $13.94 over the life of mine (derived from a gross difference of $15.39 over life of mine), such amount is based on a six-year term under the Cargill Offtake Agreement and does not reflect the impact of the further option of Cargill to extend contract for the remaining life of mine*

Our anticipated cost structure upon completion of ramp-up would have allowed us to remain consistently profitable over the last 10-years, with the exception of one quarter in 2015, as our expected life of mine cash costs on a 62% basis would have been significantly below the 62% iron ore price, as seen in the figure below.

Favorable Long-Term Offtake Agreement with Cargill

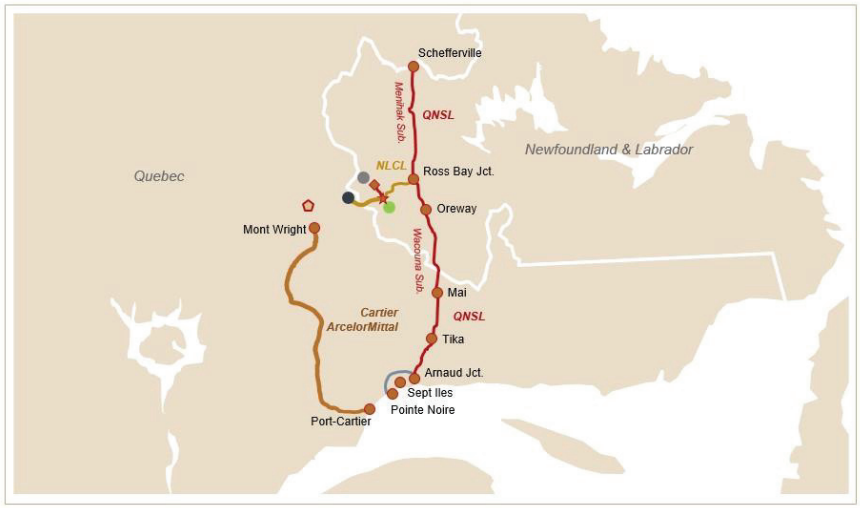
In April 2017, we entered into the Cargill Offtake Agreement for 100% of our concentrate production from the Scully Mine, improving our certainty of sales and cash flow realization. Cargill is an industry-leading commodities trader with deep relationships to steelmakers across the globe.

The agreement has been extended through 2024 with rolling options for Cargill to extend the contract for the life of the Scully Mine at various predetermined intervals. Per the terms of this agreement, Cargill will purchase 100% of the iron ore concentrate produced from the Scully Mine. The point of sale is Point Noire, near Sept-Iles,Quebec. Cargill is required to pay 100% of the Platts 62% index less freight cost. Any realized price that is achieved by Cargill for its sales arrangement above the Platts 62% index is shared between Tacora and Cargill based on a set of predetermined bands and percentage allocations. This agreement incentivizes Cargill to maximize the achieved price for our product in the global marketplace, while allowing Tacora to retain the majority of the quality premium.

Our iron ore is being marketed as a high-grade premium blending concentrate that will be used to upgrade other commodity grade and sub-commodity grade products, particularly from Australia. Through this agreement, we have been able to sell our iron ore into high-demand end-markets, primarily Asia, Europe and the Middle East.

Efficient Supply with Integrated Logistics Model Located in an Established Mining Jurisdiction

The Scully Mine is located in proximity to other established mining companies and has access to efficient logistics infrastructure. The map below highlights the broader region and logistics network utilized by Tacora to get concentrate to port and shipped internationally.



The Scully Mine is connected to port facilities via the Wabush Railway and the QNS&L Railway. The Wabush Railway connects from the mine to the QNS&L Railway. As the QNS&L rail crosses through two provinces, it is considered a common carrier which requires IOC to provide access.

A life of mine agreement is in place with Québec North Shore and Labrador Railway Company, Inc. ("QNS&L") for competitive rail transportation across the QNS&L Railway. This includes a LOM agreement for up to 6.5mtpa of concentrate shipments per year. We pay a minimum base fee for an established mtpa of production that increases over time to 388,000 mtpa per month commencing 24 months after the effective date of the contract. To the extent that our shipments exceed the monthly minimum, the expense would be fully variable. As part of this agreement, should the Scully mine stop producing for one year, the minimum base fee would be waived thereon until production restarted.

Once the Scully Mine concentrate is delivered using the QNS&L railway, it is unloaded from railcars at Pointe Noire and stockpiled onto the former Wabush Yard, which is owned by SFPPN. We currently have a LOM agreement with SFPPN to access up to 6.5mtpa of capacity. The Wabush Yard has a total capacity of approximately 2.0 mt of iron ore products and can be either loaded directly onto a vessel at Dock 30 or multi-user Dock 35. A new multi-user dock, Dock 35, owned by the POS, was built at Pointe-Noire in 2013. The dock has a capacity of 50 Mtpa via two 10,000 tph travelling ship loaders.

We ship our concentrate to end users from the POS utilizing Dock 35. We currently have an agreement with the POS to access up to 6.5mtpa of Dock 35 capacity. This agreement provides the Company with direct access to port facilities that are capable of loading cape-size vessels, which are larger and more cost efficient than smaller baby-cape and Panamax alternatives. It could also accommodate VLOCs if the market moves in that direction.

As shown by the map above, our logistics model is integrated into our existing operations and services several other high-profile mining operations in the Labrador Trough, including Champion Iron's Bloom Lake and Iron Ore Company of Canada.

High Quality Products Enable Greener Steel Production

We believe that our iron ore concentrate represents a "green" product available to our customers:

- Our product generates less CO2 emissions during transportation than other iron ore products due to the higher Fe content shipped and low moisture content. Higher Fe iron ore allows steel mills to purchase less ore by weight to produce an equivalent amount of steel, thereby reducing the total required ore shipped by weight. Similarly, moisture represents additional weight transported without industrial benefit. Reducing tonnage shipped decreases total CO2 emissions during transportation.

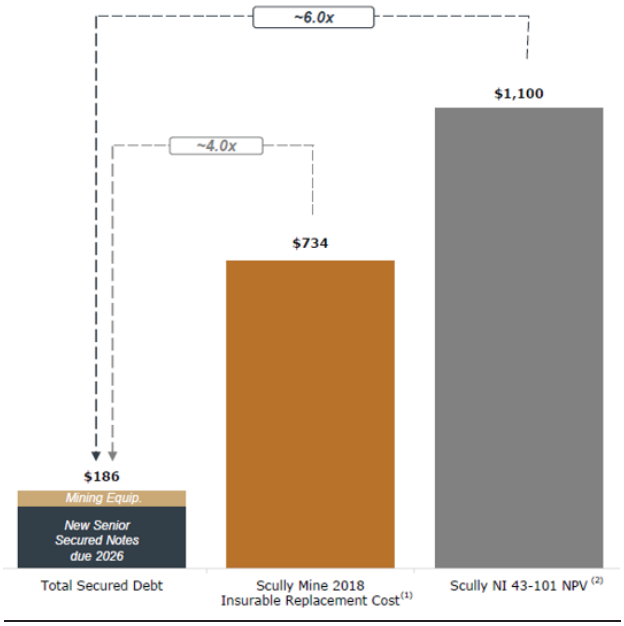
- Tacora management team strives to be a prudent and environmentally friendly manager of our assets. The Scully Mine utilizes 100% renewable hydro-electricity power for electricity at the site. Additionally, a significant portion of the machinery onsite is electric, and we are currently undergoing a program to utilize electricity more efficiently with plans to expand electric versus oil and gas-based machinery in the future.

- Our product has been used by customers as a feed for DRI production. DRI is an intermediate iron product that is utilized in electric arc furnaces ("EAF") along with steel scrap to produce steel. Steel produced from EAFs have reduced carbon footprints compared to steel produced by blast furnaces because it does not require coke as an input.

- Our product is low in impurities that contribute to the production of slag by-products in steel mills. Steel slag resulting from blast furnace production can contain several toxic ingredients making it a potential environmental and health hazard.

Strong Asset Base Provides Significant Security Package

Our operations deliver a significant secured asset base, with at around six times asset coverage based on our Feasibility Study NPV of $1.1 billion. Additionally, the independently assessed replacement cost of the assets in 2018, completed for insurance purposes, indicated a value of $734 million, four times greater than our total anticipated secured debt. We believe that we have advanced the value of the assets considerably since that time, and would expect that same assessment to be considerably higher if completed today.



The secured debt is supported by a range of hard assets including: the Scully Mine, a mine fleet maintenance facility with 5 bays and 50t overhead crane, wash bay within the maintenance facility, an auxiliary mine maintenance facility with 7 bays and 10t overhead crane, a warehouse, a processing plant including crusher, grinders, a machine shop, electrical shop, paint shop and welding shop, explosive storage magazines, mine dewatering equipment and sedimentation pods, fuel storage tanks, and an administrative building. As of December 31, 2020, the balance sheet property, Plant and equipment was $168 million.

Strong Iron Ore Focused Management Team Backed by Leading Mining Investors

Our senior leadership team has over 100 years of industry experience and is supported by equity investors including Proterra, Orion, Cargill, Tschudi Group and MagGlobal, all of whom have extensive mining experience. Our management team is focused on productivity, project execution and innovation that delivers value to shareholders. Since the acquisition of the Scully Mine, our management team has executed an aggressive agenda and has defined the path for a successful restart of Scully Mine in the first quarter of 2019.

Thierry Martel served as Chief Operations Officer of Rio Tinto owned Iron Ore Company of Canada ("IOC"). Prior experience at Rio Tinto also includes Vice President of Technical Services (IOC), Deputy Project Director (Kennecott Copper), General Manager of Project Controls and Risk Management at the aluminum division and a variety of other consulting and management roles. Overall, he has over 25 years of major projects and operation leadership experience in the mining and metals industry.

Joseph Broking served as Director of Operations at the Terex mining drills production facility in Denison, Texas where he led a successful turnaround of that operation by implementing a new production system ("Terex Production System"). The Terex Production System improved on time delivery, product quality, cost and production facility morale as measured by lost time accidents. During the implementation of the Terex Production System, Mr. Broking also spearheaded the effort to renegotiate the collective bargaining agreement with the union, which ultimately led to the implementation of high performance work systems, which included among other things, adding pay for skill development, a reduction of the number of job classifications and adding variable compensation. This effort ultimately led to the global consolidation of drills manufacturing at the Denison, Texas location subsequent to the acquisition of the Terex Mining segment by Bucyrus and ultimately Bucyrus being acquired by Caterpillar. Today all Caterpillar drills are manufactured at the Denison, Texas location.

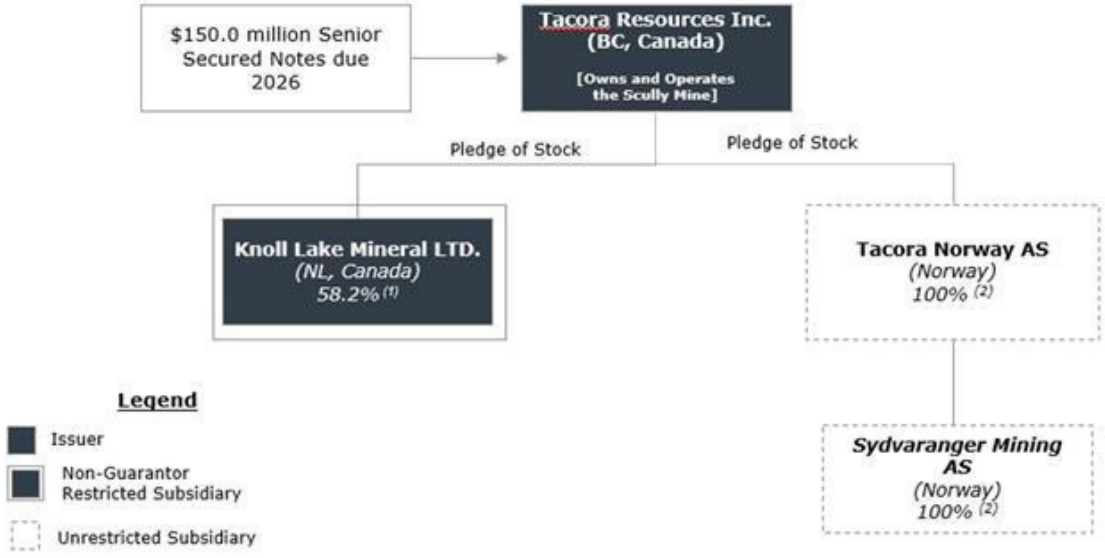
Achille Njike led the Integrated Maintenance Operations, Asset Management Automation, Electrical & Control Systems and Operations Infrastructure at Rio Tinto's Kennecott Copper mine in Utah. Additionally, Mr. Njike served in various senior leadership roles within Rio Tinto's Iron Ore Company of Canada and worked at ArcelorMittal Mines Canada in the Asset Optimization and Operational Excellence division. Mr. Njike also holds PhDs in both Reliability & Maintenance Engineering and Mineral Economics from McGill University. Overall, he brings 17 years of experience in mining industry.

Sylvain Lessard held various engineering and managerial roles, including: General Manager at ArcelorMittal's Mt. Wright and Fire Lake mines, General Manager of First Metal's Fabie Mine, Mining Superintendent at the Bloom Lake mine when it was owned by Cliffs and project Manager for IOC's expansion at Kiewit. Additionally, Mr. Lessard has worked as a blasting specialist in a variety of mining operations, including gold, copper, zinc and diamond mines. He brings over 30 years of mining experience to Tacora.

Hope Wilson Served as an accountant for Laserex Systems, Ceridian Employer Services and Boyum & Barenscheer. Ms. Wilson brings combined over 23 years of experience across public accounting, SEC compliant reporting, corporate finance, compliance, audit, corporate tax, information technology and financial systems implementations.
For additional biographical information on the executive officers of the Company, see "*Management - Executive Management Team and Board of Directors*".

Corporate Structure

The chart below shows our corporate structure and indicates the entities that will provide guarantees of the Company's obligations under the Notes.



Note: Organization Structure excludes any Immaterial Subsidiaries.

(1) Non-guarantor Restricted Subsidiary.

(2) As of the issue date of the Notes, Tacora Norway AS, Sydvaranger Mining AS and its subsidiaries will be designated as Unrestricted Subsidiaries and will not be subject to any of the restrictive covenants in the Indenture. The chart excludes any subsidiaries of the Unrestricted Subsidiary Sydvaranger Mining AS.

Preliminary Estimated Unaudited Financial Results for the Three Month and Twelve Month Periods ended March 31, 2021

Tacora's consolidated financial statements for the three month and twelve month periods ended March 31, 2021 are not yet available. Tacora's expectations with respect to its unaudited results for the period discussed below are based upon management estimates. The estimates set forth below were prepared based upon preliminary information and a number of assumptions, estimates and business decisions that are inherently subject to significant business and economic conditions and competitive uncertainties and contingencies, many of which are beyond Tacora's control, and are subject to change following completion of the quarter-end review process for the three months ending March 31, 2021, and other developments arising between now and the time such financial results are finalized. This summary is not meant to be a comprehensive statement of Tacora's unaudited financial results for this period and our actual results may differ from these estimates. These estimates should not be relied upon as fact or as an accurate representation of future results, and the information below that is presented as a range of results is not intended to represent that actual results might not fall outside of the suggested ranges. Actual results remain subject to the completion of Tacora management's final reviews and Tacora's other financial closing procedures, as described below. During the course of the preparation of the financial statements and related notes and Tacora's final review, additional items that require material adjustments to the preliminary financial information presented below may be identified. Therefore, you should not place undue reliance upon these preliminary financial results. See "Cautionary Note Regarding Forward-Looking Statements."

The preliminary estimated unaudited financial results set forth below should not be viewed as a substitute for full financial statements prepared in accordance with IFRS. These estimates were prepared by Tacora's management, and are based upon a number of assumptions and have not been audited or reviewed by Tacora's independent registered public accounting firm. These preliminary estimates for the three months ended March 31, 2021 are not necessarily indicative of the results to be achieved in any future period. Tacora's unaudited consolidated financial statements and related notes as of and for the three months ended March 31, 2021 will not be available until after this offering is completed.

The financial data for the twelve month period ended March 31, 2021 have been derived by adding our results for the three month period ended March 31, 2021 to our results for the year ended December 31, 2020 and then deducting therefrom our results for the three month period ended March 31, 2020. The financial information for the twelve months ended March 31, 2021 has been prepared for illustrative purposes only and it not necessarily representative of our results of operations for any future period or our financial condition at any future date.

We are providing the following estimated results for the three months ended March 31, 2021 for Tacora:

- Revenues of $129 to $139 million; and
- Adjusted EBITDA of $54 to $64 million.

We expect revenue for the three months ended March 31, 2021 to be $134 million, compared to $49 million for the three months ended March 31, 2020. We expect Adjusted EBITDA to be $59 million for the three months ended March 31, 2021 compared to $(2) million for the three months ended March 31, 2020. We also expect capital expenditures to be $13 million for the three months ended March 31, 2021 compared to $3 million for the three months ended March 31, 2020.

We are providing the following estimated results for the twelve months ended March 31, 2021 for Tacora:

- Revenues of between $379 and $389 million; and
- Adjusted EBITDA of $128 and $138 million.

We expect revenue for the twelve months ended March 31, 2021 to be between $379 million and $389 million, compared to $109 million for the twelve months ended March 31, 2020. We expect Adjusted EBITDA to be between $128 and 138 million for the twelve months ended March 31, 2021 compared to $(35) million for the twelve months ended March 31, 2020. We also expect capital expenditures to be $26 million for the twelve months ended March 31, 2021.

The following table presents a reconciliation of Net Loss, the most directly comparable financial measure calculated and presented in accordance with IFRS, to EBITDA and to Adjusted EBITDA for each of the periods indicated and assuming the midpoint of management estimates:

	Three months ended March 31,		Twelve months ended March 31,
($ in millions)	**2021**	**2020**	**2021**
Net income	$ 29.5	$ 2.5	$ (43.4)
Interest expense	4.7	4.8	31.4
Income tax	0.1	0.1	0.7
NALCO Tax	0.1	-	0.1
Depreciation and amortization	5.6	3.5	19.2
Mark-to-Market on derivative instruments	(3.6)	(26.1)	47.9
Unwinding of present value discount: ARO	0.2	-	0.8
Financing costs	0.4	-	2.0
EBITDA	$ 37.0	$ (15.2)	$ 58.7
Realized loss on derivative instruments	21.8	11.3	75.2
Interest income	(0.1)	(0.2)	(0.3)
Net gain (loss) on FX	0.6	1.5	(1.0)
Other income / expense	(0.6)	-	-
Adjusted EBITDA[1]	$ 58.7	$ (2.6)	$ 132.6

(1) "Adjusted EBITDA" excludes realized hedging losses under the Hedging Facility. See "*Description of Certain Other Indebtedness—Jarvis Hedge Facility*."

Note: Estimate numbers in the table above represent the midpoint of managements range of estimated results.

Estimated Credit Statistics

($ in millions)	**As of March 31, 2021 (estimated)**
Cash and cash equivalents [1]	$ 126.5
Total debt	167.5
Net debt [2]	41.0

	Twelve months Ended March 31, 2021 (estimated)
Total net leverage [3]	0.3x

(1) See "*Description of Certain Other Indebtedness—Jarvis Hedge Facility*."

(2) Net debt means total debt less cash and cash equivalents. See "*Description of Certain Other Indebtedness—Jarvis Hedge Facility*."

(3) Total net leverage means net debt divided by Adjusted EBITDA for the period, which excludes realized hedging losses under the Hedging Facility.

THE OFFERING

The summary below describes the principal terms of the Notes offered hereby and is not intended to be a complete description of the terms of the Notes. The terms and conditions described below are subject to important limitations and exceptions. For a more complete understanding of the terms of the Notes, please refer to the section entitled "Description of the Notes" elsewhere in this offering memorandum. You should read this entire offering memorandum, including the section entitled "Risk Factors" and the financial statements and related notes included elsewhere in this offering memorandum, before making an investment in the Notes.

Issuer	Tacora Resources Inc.
Notes Offered	$175,000,000 in aggregate principal amount of 8.250% Senior Secured Notes due 2026.
Maturity Date	May 15, 2026.
Interest	Interest on the Notes will accrue at the rate of 8.250% per annum and will be payable semi-annually in arrears on May 15 and November 15, commencing on November 15, 2021. See "*Description of the Notes—Principal, Maturity and Interest*."
Guarantees	The Notes will not be guaranteed by any of our subsidiaries on the issue date. The Notes will be fully and unconditionally guaranteed, jointly and severally, on a senior secured basis (the "Note Guarantees") by each of our future restricted subsidiaries (the "Subsidiary Guarantors") other than certain immaterial subsidiaries. Each future Note Guarantee will be a general senior secured obligation of a Subsidiary Guarantor. See "*Description of the Notes—The Note Guarantees*."
Issue Date Unrestricted Subsidiaries	On January 13, 2021, the Company acquired the Sydvaranger Mine. As of the issue date, Tacora Norway, Sydvaranger Mining and its subsidiaries will be designated as "Unrestricted Subsidiaries" and will not be subject to any of the restrictive covenants in the Indenture. The Notes will be structurally subordinated to all liabilities of any Unrestricted Subsidiary. See "Description of the Notes— Restricted and Unrestricted Subsidiaries; Immaterial Subsidiaries." The Company's historical consolidated financial statements included in this offering memorandum do not include any financial information of the Sydvaranger Mine.
Security	The Notes and any future Note Guarantees will be secured by a first-priority lien on substantially all of the existing and future personal and real property assets of the Issuer and any future Subsidiary Guarantors (the "Collateral"); *provided* that (i) on the issue date, the Collateral securing the Notes will also secure the Jarvis Hedge Facility (as defined in the "Description of the Notes") on a pari passu basis and (ii) certain of the Collateral securing the Notes will also be permitted to secure certain of the our obligations under an ABL Facility and any other Pari Passu Indebtedness (each as defined in "Description of the Notes") permitted to be incurred under the indenture governing the Notes (the "indenture"). See *"Description of the Notes —Security."*

Ranking	The Notes and any future Note Guarantees will rank (i) equal in right of payment with all of the Issuer's and any future Subsidiary Guarantors' existing and future senior indebtedness that is not subordinated, (ii) senior in right of payment to any of the Issuer's and any future Subsidiary Guarantors' existing and future subordinated indebtedness, (iii) *pari passu* with any future and existing indebtedness secured by liens on the Collateral that also secure any Pari Passu Indebtedness, to the extent of the value of the Collateral securing such Pari Passu Indebtedness (iv) effectively senior to any of the Issuer's and any future Subsidiary Guarantors' existing and future junior-priority indebtedness and any future unsecured indebtedness, in each case, to the extent of the value of the Collateral, (v) effectively senior to any of our and my future Subsidiary Guarantors' existing and future indebtedness under any ABL Facility secured by liens on the Notes Priority Collateral, to the extent of the value of the Notes Priority Collateral (vi) effectively junior to any of our and any future Subsidiary Guarantors' future and existing indebtedness under any Future Credit Facility secured by liens on the ABL Priority Collateral, to the extent of the value of the ABL Priority Collateral, (vii) effectively junior to any existing or future indebtedness of the Issuer or of any future Guarantor that is secured by liens on assets that do not constitute a part of the Collateral to the extent of the value of such assets and (viii) structurally junior to all existing or future indebtedness and liabilities of the Issuer's subsidiaries that do not guarantee the Notes, including all existing or future indebtedness and liabilities of any Unrestricted Subsidiary. See "*Description of the Notes—Security*." As of December 31, 2020, as adjusted to give effect to this offering, the use of proceeds therefrom as described under "*Use of Proceeds*," we would have had total net indebtedness of $69.7 million.
Intercreditor Agreements	On the issue date of the Notes, the Notes Collateral Agent will enter into the Jarvis Hedge Facility Intercreditor Agreement as defined herein. On any date on which the Issuer or a Subsidiary Guarantor incurs any ABL Priority Obligations or Pari Passu Indebtedness, the representative for such indebtedness and the Notes Collateral Agent will enter into an ABL Intercreditor Agreement or Pari Passu Intercreditor Agreement (each as defined herein), as applicable, in each case substantially in the form attached to the indenture. See "*Description of the Notes—ABL Intercreditor Agreement," " Description of the Notes—Other Pari Passu Liens,"* and "*Description of the Notes—Jarvis Hedge Facility Intercreditor Agreement*."
Use of Proceeds	The net proceeds of this offering, after payment of related costs and expenses, will be provided to the Issuer to refinance all or a portion of the Issuer's existing indebtedness. See "*Use of Proceeds*."
Optional Redemption	We may redeem the Notes, in whole or in part, on or after May 15, 2023, at the redemption prices set forth in "*Description of the Notes—Optional Redemption*" plus accrued and unpaid interest, if any, to the applicable redemption date. We may also redeem the Notes, in whole or in part, at any time prior to May 15, 2023, at a redemption price equal to 100% of the principal amount of such Notes plus a "make-whole" premium plus accrued and unpaid interest, if any, to the date of redemption. In addition, we may redeem up to 40% of the Notes at any time prior to May 15, 2023, with the net cash proceeds from certain equity offerings at a redemption price equal to 100% of the principal amount of such Notes plus a "make-whole" premium plus accrued and unpaid interest, if any, to the date of redemption.

Change of Control Offer	If a change of control occurs, we will be required to offer to repurchase the Notes at a purchase price equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to the date of purchase. See "*Description of the Notes—Repurchase at the Option of Holders—Change of Control*."
Excess Cash Flow Offers	Subject to certain conditions, within (i) 125 days after the end of each six-month period ending on December 31 or (ii) 65 days after the end of each six-month period ending on June 30, we will be required to make an offer to purchase the maximum principal amount of the Notes that may be purchased with 50% of the excess cash flow for such period (provided, that the first period will commence from the issue date of the Notes and end on December 31, 2021), at an offer price of 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of repurchase. See "*Description of the Notes — Repurchase at the Option of Holders — Excess Cash Flow*."
Asset Sales	If the Issuer or any of its restricted subsidiaries sells certain assets, then under certain circumstances we must offer to repurchase the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the date of purchase as described under "*Description of the Notes—Repurchase at the Option of Holders—Asset Sales*."
Certain Indenture Provisions	The indenture governing the Notes will contain covenants that will limit the Issuer's ability as well as the ability of its restricted subsidiaries to, among other things: ■ incur additional indebtedness or issue disqualified capital stock; ■ make certain investments; ■ create or incur certain liens; ■ enter into certain transactions with affiliates; ■ merge, consolidate, amalgamate or transfer substantially all of its assets; ■ agree to dividend or other payment restrictions affecting its restricted subsidiaries; and ■ transfer or sell assets, including capital stock of its restricted subsidiaries. These covenants are subject to a number of important exceptions and qualifications, and certain covenants may be suspended in the event the Notes are assigned an investment grade rating from two of three ratings agencies. See "*Description of the Notes—Certain Covenants*."

Transfer Restrictions; No Registration	The Notes will not be registered under the Securities Act or any state securities laws or qualified by a prospectus under the securities laws of any province or territory of Canada and are being offered and sold in the United States only to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A promulgated under the Securities Act and to non-U.S. persons in transactions outside the United States in reliance on Regulation S promulgated under the Securities Act. In addition, the Notes have not been qualified for distribution (or distribution to the public, as applicable) by a prospectus under the securities laws of any province or territory of Canada and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the prospectus requirements of applicable Canadian securities laws. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions exempt from or not subject to the registration requirements of the Securities Act and applicable securities laws of a state or other jurisdiction. See "*Notice to Investors*" and "*Notice to Canadian Investors*" and "*Plan of Distribution*."
Material U.S. Federal Income Tax Considerations	For a discussion of the U.S. federal income tax consequences of an investment in the Notes, see "*Material U.S. Federal Income Tax Considerations*" in this offering memorandum. You should consult your own tax advisor to determine the U.S. federal, state, local, non-U.S. and other tax consequences of an investment in the Notes.
Absence of a Public Market	The Notes will be a new issue of securities for which there is currently no established trading market. We do not intend to list the Notes on any securities exchange or an automated dealer quotation system. Although the initial purchasers have informed us that they intend to make a market for the Notes, they are not obligated to do so and may discontinue market-making activities at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained. This may affect the price of the Notes in the secondary market, the transparency and availability of trading prices and the liquidity of the Notes. See "*Risk Factors*."
Form and Denomination	The Notes will be issued only in registered form. The Notes will be issued in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Notes initially sold by the initial purchasers will each be represented by Global Notes (as defined below) in fully registered form, deposited with a custodian for and registered in the name of, a nominee of DTC. Beneficial interests in such Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants in the United States. Except as described herein, the Notes in certificated form will not be issued in exchange for the Global Notes or interests therein. See "*Book-Entry, Delivery and Form*."
Risk Factors	Investing in the Notes involves substantial risks. See the section entitled "*Risk Factors*" in this offering memorandum for a description of certain risks you should consider before investing in the Notes.
Governing Law	The Indenture, the Notes, and any future related Note Guarantees will be governed by the laws of the State of New York. With respect to certain non-U.S. collateral, the governing law of the security documents will be the laws of the applicable Canadian province.
Trustee and Notes Collateral Agent	Wells Fargo Bank, National Association

RISK FACTORS

An investment in the Notes involves a high degree of risk. Described below are certain risks and uncertainties, the occurrence of which could have a material adverse effect on the value of the notes or on our business. Before making an investment decision, and in consultation with your own financial and legal advisors, you should carefully read and consider the risk factors described below as well as the other information included in this offering memorandum. The risks described below are not the only ones we face. Additional risks are uncertainties not presently known to us or that we currently believe to be immaterial may also impair the value of the Notes and adversely impact our business.

Risks Related to Our Business and Industry

The Company is exposed to risks related to changes in the market price of iron ore.

The Company's business and its ability to sustain operations are dependent on, among other things, the market price of iron ore. The prices of iron ore realized by the Company will affect future development decisions, production levels, earnings, cash flows, the financial condition and prospects of the Company. If the world market prices of iron ore were to drop and the prices realized by the Company on iron ore sales were to decrease significantly and remain at such levels for any substantial period, the Company's business, financial condition, results of operations, cash flows and prospects would be negatively affected.

Factors that affect the price of iron ore include, but are not limited to: industrial demand; transportation costs; confidence in the global economy; expectations of the future rate of inflation; the costs of production of other iron ore producing companies; the availability and attractiveness of alternative investment vehicles; the strength of, and confidence in, the U.S. dollar, the currency in which the price of iron ore is generally quoted, and other major currencies; global political or economic events. Each of the above factors can affect the price of iron ore by increasing or decreasing the demand for, or supply of, iron ore.

The price of iron ore has fluctuated widely in recent years, and future material price declines could cause the development of, and commercial production from, the Scully Mine to be less profitable than expected. We expect fluctuations to be exacerbated by the ongoing recovery from the COVID-19 pandemic, as the ongoing effects of the economic slowdown caused by the pandemic are counteracted by governmental stimulus programs. Continuing to conduct mining operations in a low iron ore price environment could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects. In addition, while the Company anticipates that premiums for high grade iron ore products, like the ore that the Company produces at the Scully Mine, will continue to persist in response to a number of industry-wide factors over the medium to long term, any changes to these trends (including, in particular, any changes to currently anticipated Chinese environmental policies and/or restrictions) could result in a decrease or elimination of such premium for high-grade iron ore. Depending on the current and expected price of iron ore, projected cash flows from planned or current mining operations may not be sufficient to warrant commencing or continuing mining operations, and the Company could be forced to discontinue development or commercial production. Future production from the Scully Mine will be dependent on a price of iron ore that is adequate to achieve economic viability of the mining operations. The occurrence of any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Tacora has agreed to sell between 4 to 6 million WMT of iron ore concentrate per contract year, which constitutes all of its production of iron ore concentrate to one counterparty, Cargill International Trading Pte Ltd. ("Cargill") pursuant to an offtake agreement with a term expiring December 31, 2024, with rolling options to extend the term for up to the life of the Scully Mine at Cargill's sole discretion. Cargill is selling the Tacora product into the global seaborne iron ore market at prevailing market prices (priced in United States dollars) and incurring dry bulk freight costs to deliver the product to its intended destination at prevailing market freight rates. Accordingly, Tacora will be exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales. Price decreases in the iron ore commodity market and/or cost increases for dry bulk freight rates could negatively affect revenue and therefore earnings.

Tacora does not generally believe commodity price hedging would provide a long-term benefit to shareholders. Tacora may, however, hedge certain commitments in the future with an emphasis on mitigating commodity price risk during the ramp up of the Scully Mine. Tacora is also required to hedge a portion of its annual production in connection with its current debt financing arrangements.

Uncertainty or weaknesses in global economic conditions and reduced economic growth in China could adversely affect our business.

The world prices of iron ore are strongly influenced by international demand and global economic conditions. The global economy has experienced a significant slowdown because of the COVID-19 pandemic, and the trajectory of the recovery is uncertain and may vary widely by industry and region. Uncertainties or weaknesses in global economic conditions could adversely affect our business and negatively impact our financial results. In addition, the current level of international demand for raw materials used in steel production is driven largely by industrial growth in China. China is the largest market for iron ore globally. If the economic growth rate in China slows for an extended period of time, or if a global economic downturn were to occur (including the continuation or worsening of the downturn caused by COVID-19), it could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Dependence on the Scully Mine

The Company is dependent on the Scully Mine as its only producing asset providing all of the Company's operating revenue and cash flows for the near future. As a result, any difficulties encountered in the operation of the Scully Mine would materially and adversely affect our financing condition and financial sustainability. In addition, the results of operations of Tacora would be materially negatively affected by any events that cause the Scully Mine to operate at less than optimal capacity, including, among other things, equipment failure, adverse weather, serious environmental, public health, and safety issues, permitting or licensing issues, or failure to produce expected amounts of iron ore.

Although the Company has acquired the Sydvaranger Mine in Sør-Varanger, Norway, the Sydvaranger Mine has not resumed operations, and there is no guarantee that we will be able to restart operations.

Reliance on Cargill Offtake Agreement for 100% of expected iron ore sales.

The Company has entered into the Cargill Offtake Agreement for the sale of between 4 to 6 million WMT of iron ore concentrate per contract year, which constitutes 100% of the expected production from the Scully Mine. In the event of a material breach of the terms of the Cargill Offtake Agreement that is not cured in a defined period, Cargill has the right to terminate the Cargill Offtake Agreement. Moreover, the current term of the Cargill Offtake Agreement expires December 31, 2024, and Cargill has a right but not an obligation to extend the term for up to the life of the Scully Mine. The Company does not have an internal sales team and in the event Cargill does not purchase 100% of the production from the Scully Mine, the Company may face issues in arranging for the sale of such iron ore at similar prices, of similar quantity, or at all. As a result of relying on a single purchaser for all of the Company's production, the Company could be subject to adverse consequences if Cargill breaches its purchase commitments or terminates or elects not to extend the agreement, which would have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Failure to maintain effective quality control systems at our plant could have a material adverse effect on our results of operations.

The quality of our products is critical to the success of our business. The Cargill Offtake Agreement requires the iron ore we deliver to meet certain quality specifications. Failure to meet these specifications could result in economic penalties, including price adjustments, the rejection of deliveries or termination of our agreements, and may adversely impact our ability to maintain or expand our customer relationships. The quality of our products depends significantly on the effectiveness of our quality control systems, which, in turn, depends on a number of factors, including the design of our quality control systems, our quality-training program and our ability to ensure that our employees adhere to our quality control policies and guidelines. Any significant failure or deterioration of our quality control systems could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Risks related to the mining industry.

The Company's current business, and any future development or mining operations, involve various types of risks and hazards typical of companies engaged in the mining industry. Such risks include, but are not limited to: (i) industrial accidents; (ii) unusual or unexpected rock formations; (iii) structural cave-ins or slides and pitfall, ground or slope failures and accidental release of water from surface storage facilities; (iv) fire, flooding and earthquakes; (v) rock bursts; (vi) metal losses in handling and transport; (vii) periodic interruptions due to inclement or hazardous weather conditions; (viii) environmental hazards; (ix) discharge of pollutants or hazardous materials; (x) failure of processing and mechanical equipment and other performance problems; (xi) geotechnical risks, including the stability of the underground hanging walls and unusual and unexpected geological conditions; (xii) unanticipated variations in grade and other geological problems, water, surface or underground conditions; (xiii) labour disputes or slowdowns; (xiv) work force health issues as a result of working conditions; and (xv) force majeure events, or other unfavourable operating conditions.

These risks, conditions and events could result in, among other things: (i) damage to, or destruction of, the value of, the Scully Mine or its facilities; (ii) personal injury or death; (iii) environmental damage to the Scully Mine, surrounding lands and waters, or the properties of others, and to the plants and animals living therein; (iv) delays or prohibitions on mining or the transportation of minerals; (v) monetary losses; (vi) increased asset retirement, closure and reclamation expenses, and (vii) potential legal liability and any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operation, cash flows or prospects. In particular, underground refurbishment and exploration activities present inherent risks of injury to people and damage to equipment. Significant mine accidents could occur, potentially resulting in a complete shutdown of the Company's operations at the Scully Mine which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

All mining operations face geotechnical, hydrological and climate challenges. Unanticipated adverse geotechnical and hydrological conditions, such as landslides, subsidence and uplift, embankment failures and rock fragility may occur in the future and such events may not be detected in advance. Geotechnical instabilities and adverse climatic conditions can be difficult to predict and are often affected by risks and hazards outside of the Company's control, such as severe weather and seismic activity. Geotechnical failures could result in limited or restricted access to mines, suspension of operations, environmental damage, government investigations, increased monitoring costs, remediation costs, loss of ore and other impacts, which could result in loss of revenue or increased costs, and could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Actual production, capital and operating costs may be different than those anticipated.

The Company prepares estimates of future production, capital costs and operating costs of production for operations at the Scully Mine. In addition, as a result of the substantial expenditures involved in the development of the Scully Mine, the need to project years into the future, the need to make assumptions and use models that may not adequately approximate reality, and the fluctuation of costs over time, a development project is prone to material cost overruns. The Feasibility Study estimates capital costs and cash operating costs based upon, among other things:

- anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed;
- cash operating costs of comparable facilities and equipment;
- anticipated availability of labour and equipment; and
- anticipated foreign exchange rates.

Capital costs, operating costs, production and economic returns, and other estimates may differ significantly from those anticipated by the Feasibility Study, and there can be no assurance that the Company's actual capital or operating costs will not be higher than currently anticipated or that returns will not be lower than anticipated. Until a deposit is actually mined and processed, the quantity of Mineral Resources and Mineral Reserves and grades must be considered as estimates only. In addition, the quantity of Mineral Resources and Mineral Reserves may vary depending on, among other things, metal prices, cut-off grades and operating costs. The Company's actual costs may vary from estimates for a variety of reasons, including: limitations inherent in modelling; changes to assumed third party costs; short term operating factors; operational decisions made by the Company; revisions to mine plans; risks and hazards associated with development and mining described elsewhere in this offering memorandum; natural phenomena, such as inclement weather conditions, water availability, floods, and earthquakes; and unexpected labour shortages or strikes. Operating costs may also be affected by a variety of factors, including: changing strip ratios, ore metallurgical grade-recovery curves, the availability of processing operations, the availability of storage capacity, the availability of equipment and facilities necessary to complete development work at the Scully Mine, the cost of consumables and mining and processing equipment, labour costs, the availability and productivity of skilled labour, the cost of commodities, general inflationary pressures, currency exchange rates, technological and engineering problems, accidents or acts of sabotage or terrorism, the regulation of the mining industry by various levels of government and quasi-governmental organizations and political factors. Many of these factors are beyond the Company's control.

Operations during mining cycle peaks are more expensive.

During times of increased demand for metals and minerals, price increases may encourage expanded mining exploration, development and construction activities across the mining sector. These increased activities may result in escalating demand for and cost of contract exploration, development and construction services and equipment. Increased demand for and cost of services and equipment could cause exploration and project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increased potential for scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project development or construction costs, result in project delays, or increase operating costs, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Currency fluctuations may result in unanticipated losses.

Currency fluctuations may affect the Company's capital costs and the costs that the Company incurs at its operations. Iron ore is sold throughout the world based principally on a U.S. dollar price, and a portion of the Company's operating and capital expenses are incurred in Canadian dollars. The appreciation of the Canadian dollar relative to the U.S. dollar would increase the cost of iron ore production at the Scully Mine, which could materially adversely affect the Company's earnings and financial condition. As at the date of this offering memorandum, the Company has not hedged its exposure to the Canadian dollar exchange rate fluctuations, or any other exchange rate fluctuations applicable to its business, and is therefore exposed to currency fluctuation risks.

Engagement with Indigenous Peoples.

There are five distinct Indigenous peoples claiming traditional and Aboriginal rights to all or part of the area of the Scully Mine project. Pursuant to section 35 of *The Constitution Act of 1982* (Canada), the Federal and Provincial Crowns have a duty to consult Aboriginal (Indigenous) peoples and, in some circumstances, a duty to accommodate. When development is proposed in an area to which a group of Indigenous peoples asserts Aboriginal rights and titles, and a credible claim to such rights and titles has been made, a developer may be required by the Crown to conduct consultations with Indigenous peoples which may be affected by the project and, in some circumstances, accommodate.

Indigenous claims to lands, and the claims to traditional rights raised by such Indigenous groups, may have an impact on the Company's ability to develop the Scully Mine or future properties. The boundaries of the traditional territorial claims by these groups, if established, may impact the areas which constitute the Company's properties. Mining licences and their renewals may be affected by the assertion of Indigenous rights and titles or by land and resource rights negotiated as part of any settlement agreements entered into by governments with indigenous groups. A common manner of accommodating the claims of Indigenous, peoples and impact to Indigenous peoples, is to negotiate and enter into impact and benefit agreements and/or of other or similar agreements and arrangements with them. The Company may incur significant financial or other obligations to affected Indigenous groups under impact and benefit agreements. On March 21, 2018, the Company entered into an impact and benefit agreement with the Innu Nation of Labrador. That agreement outlines guidelines around hiring, procurement, and royalty payments. The Company is engaged in discussions with or pursuing discussions with the Innu Nation of Takuaikan Uashat Mak Mani-Utenam (Uashat or ITUM), the Innu Nation of Matimekush- Lac John, the Naskapi Nation of Kawawachikamach (Naskapi), and the NunatuKavut Community Council.

Continuation of the COVID-19 Pandemic

The COVID-19 pandemic has caused economic uncertainty across the globe. Although the development and distribution of COVID-19 vaccines appears to be reducing the effects of the pandemic and allowing loosening of mitigation measures in some countries, the timeline for global distribution of the vaccine remains uncertain. Moreover, the effects of recently identified strains of COVID-19 and potential future strains of COVID-19 cannot be predicted and could cause more severe outbreaks.

The COVID-19 pandemic has affected all aspects of our business, including requiring distancing and other mitigation efforts in our facilities; limiting our interactions with business partners; delaying our purchase of equipment, parts, and other supplies; delaying the implementation of our plans to expand production and processing capacity of the Scully Mine; delaying shipment of our product; reducing production and processing output; and affecting demand for our product. These effects would be exacerbated if the pandemic were to worsen or to continue beyond the currently anticipated trajectory. Further, the long-term effects of the pandemic and recovery from the economic downturn caused by the pandemic cannot be predicted and may continue or worsen over coming years, including as economic stimulus measures are concluded. The ongoing effects of the COVID-19 pandemic could have a material adverse effect on our business, financial condition, results of operations, cash flows or prospects.

The successful operation of the Scully Mine depends on the skills of the Company's management and workforce.

The Company's business is dependent on retaining the services of its key management personnel with a variety of skills and experience, including in relation to the development and operation of mineral projects. The success of the Company is, and will continue to be, dependent to a significant extent on the expertise and experience of its directors and senior management. Failure to retain, or loss of, one or more of the Company's directors and/or senior management could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects. The Company's success will also depend to a significant degree upon the contributions of qualified technical personnel and the Company's ability to attract and retain a highly skilled workforce. Competition for such personnel is intense, and the Company may not be successful in attracting and retaining qualified personnel**.** The Company's inability to attract and retain these people could have a material adverse effect on its business, financial condition, results of operations, cash flows or prospects.

No Assurance of Title.

The acquisition of title to mineral projects is a very detailed and time consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interests of the Company in any of its properties may not be challenged or impugned. A challenge to, or loss of title, could have a material adverse effect on its business, financial condition, results of operations, cash flows or prospects.

Permits and Licenses.

The operations of the Company require licences and permits from various governmental authorities. The Company believes that it presently holds all necessary licences and permits required to carry on the activities which it is currently conducting or expects to conduct in connection with operations at the Scully Mine under applicable laws and regulations, and the Company believes it is presently complying in all material respects with the terms of such licences and permits. The Company may need to make material capital expenditures, however, in order to maintain and repair pollution control systems in order to maintain compliance with limits set in environmental permits. Moreover, such licences and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain, maintain or renew all necessary licences and permits required to carry out exploration, development and mining operations at the Scully Mine or make the necessary capital expenditures on pollution control systems needed to maintain permit compliance.

An October 2019 third-party Feasibility Study for Sydvaranger Mine provided an overview of an Environmental and Social Impact Assessment being conducted on the mine by Ramboll in accordance with the International Finance Corporation Performance Standards and Sectoral Environmental, Health & Safety Guidelines. Ramboll found material environmental permits to be in place, except a water extraction permit application that was submitted to regulators but put on hold.

The Company is subject to substantial governmental regulation that will change over time. Failure to comply with these requirements, as well as enforcement actions and litigation arising from an actual or perceived breach of such requirements, could subject us to fines, penalties and judgments, and impose limits on our ability to operate and expand.

The Company is subject to potential liability and numerous restrictions under environmental and other laws, including those relating to transportation, discharges of pollutants (including mine tailings) to air and water, the protection of sensitive or vulnerable species, and the remediation of contaminated soil and the remediation of contaminated surface water and groundwater. For example, pursuant to these laws, Tacora is undertaking the remediation of groundwater impacts caused by a fuel transfer area and former gas storage tank farm at the Scully Mine. Environmental laws and regulations are subject to ongoing changes, not all of which are predictable. While management of the Company does not currently anticipate any material amendments to such laws and regulations, any new law or regulation (or amendments to such laws or regulations) could have a material impact on the potential remediation, reclamation or similar liabilities of the Company (including with respect to the amount of financial assurance the Company is required to provide to the government of Newfoundland and Labrador and other applicable governmental authorities). The operation of our business has been and will continue to be subject to regulation, including permitting and related mine closure and reclamation financial assurance requirements, as well as attempts to further regulate our operations. As the output from the Scully Mine increases, we may need to make significant capital expenditures to control air emissions and manage mine tailings. Permits often take years to obtain as a result of numerous hearings and compliance requirements with regard to zoning, environmental and other regulations. These permits are also often subject to resistance from citizen or other groups and other political pressures. Local communities and citizen groups, adjacent landowners or governmental agencies may oppose the issuance of a permit or approval we may need, allege violations of the permits under which we currently operate or laws or regulations to which we are subject, or seek to impose liability on us for environmental damage. The occurrence of any of the foregoing could have a material adverse effect on its business, financial condition, results of operations, cash flows or prospects.

The Company believes it conducted appropriate environmental diligence before undertaking the recent acquisition of the Sydvaranger Mine in Norway, but there can be no assurance that the Company detected every environmental condition that will impose liability on it.

Governmental authorities may enact climate change regulations that could increase our costs to operate.

Environmental advocacy groups and regulatory agencies in Canada and the United States have been focusing considerable attention on the emissions of greenhouse gases and their potential role in climate change. As a consequence, governments have begun (and are expected to continue) devising and implementing laws and regulations that require reduced, or are intended to reduce, greenhouse gas emissions. Management is cognizant of these challenges and believes sourcing of 100 percent of the Scully Mine's electricity needs from renewable hydro-power and its on-going program to utilize electricity more efficiently demonstrate that. Nonetheless, the adoption of laws and regulations aimed at further reduction in greenhouse gas emissions and the imposition of fees, taxes or other costs, could adversely affect our operations. Changing environmental regulations could require us to take any number of actions, including the purchase of emission allowances, transitioning to lower emissions technology, or the installation of additional pollution control technology, and could make our operations less profitable, which could adversely affect our results of operations. Similarly climate change, as well as regulations to address climate change, may have similar impacts on our customers which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Our business is and may be adversely affected by weather conditions and seasonality.

Natural disasters, such as winter storms, periods of particularly inclement weather, or extreme weather events brought about by global warming may force us to temporarily suspend some of our operations and, as a result, may significantly affect our operating results, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Due to weather conditions, we expect operating income to generally be lower in the winter months, primarily resulting from unusual and extreme cold temperatures. Extreme winter weather could lead to significantly lower production rates due to lower average feed rate, higher equipment downtime, repair and maintenance costs and may contribute to variability in our interim and annual period to period results of operations.

Failure to establish and maintain effective internal controls could have a material adverse effect on our business and share price.

The Company believes that it maintains a system of internal controls and procedures appropriate for a private company of its size. However, the Company does not expect that its internal controls over financial reporting will prevent all error and fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. Any failure of internal controls could result in material misstatements in its financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely affected, and their could be a number of other adverse consequences, including default under loan covenants.

Reliance on third party transportation.

The Company relies heavily on railroads and ocean shippers to carry and distribute iron ore concentrate produced at the Scully Mine project. Rail and shipping operations are subject to various hazards, including extreme weather conditions, work stoppages and operating hazards. If the Company is unable to distribute iron ore or transport raw materials as a result of such transporters' failure to operate, or if there were material changes in the cost of these transportation services, the Company may not be able to arrange alternative, timely and cost effective means to distribute its goods, which could lead to interruptions or slowdowns and could have a material adverse effect on its business, financial condition, results of operations, cash flows or prospects.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition.

IFRS and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported financial performance or financial condition in accordance with generally accepted accounting principles.

Global Trade Agreements.

Potential changes to international trade regulations and agreements, such as the United States-Mexico-Canada Agreement (USMCA) as well as other political and economic arrangements, may benefit iron ore producers or traders operating in countries other than where the Company's operations are currently located or adversely affect the prices the Company pays for the supplies it needs and export costs when the Company engages in international transactions. For example, access to certain markets may be subject to ongoing interruptions or trade barriers due to policies and tariffs of individual countries and the actions of certain interest groups to restrict the import of certain commodities. The Company's iron ore may also be subject to tariffs that do not apply to producers based in other countries. The Company cannot make any assurances that it will be able to compete on the basis of price or other factors with companies that may benefit in the future from favorable regulations, trading or other arrangements or that the Company will be able to maintain the cost of the supplies that it requires as well as its export costs.

A failure to maintain satisfactory labour relations can adversely impact the Company.

The Company's operations and further development of the Scully Mine are dependent upon the efforts of its employees and the Company's relations with its unionized and non-unionized employees, and the Company's operations would be adversely affected if it failed to maintain satisfactory labour relations. At present, approximately 57% of our employees are represented by labour unions, and we have a Collective Bargaining Agreement with the United Steelworkers Union. Negotiating collective bargaining agreements could divert management attention, which could also adversely affect operating results. Additional groups of employees may seek union representation in the future. As a result of these activities, we may be subject to unfair labour practice charges, complaints and other legal, administrative and arbitral proceedings initiated against us by unions, or employees, which could divert management attention from our operations, resulting in an adverse impact on our operating results. If we are unable to negotiate acceptable collective bargaining agreements, we may be subject to labour disruptions, such as union-initiated work stoppages, including strikes. Depending on the type and duration of any labour disruptions, our operating expenses could increase significantly, which could adversely affect our financial condition, results of operations and cash flows. While the Collective Bargaining Agreement contains a "no strike" clauses, extended labour disruptions could impact our ability to fulfill our contractual obligations to municipalities and other customers and result in termination of our contracts.

The Company's insurance coverage may be inadequate to cover potential losses.

The Company's business is subject to a number of risks and hazards (as further described in this offering memorandum). Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its activities, including current and any future mining operations. The Company may also be unable to obtain or maintain insurance to cover its risks at economically feasible premiums, or at all. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development or production may not be available to the Company on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it is not currently insured against and/or in the future may not insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Our operating expenses could increase significantly if the price of electrical power, fuel or other energy sources increases.

Our planned operations require significant use of energy. Our operating expenses are therefore sensitive to changes in electricity prices and fuel prices, including diesel fuel, propane and natural gas prices. Prices for electricity, diesel fuel, propane, natural gas and fuel oils can fluctuate widely with availability and demand levels from other users. During periods of peak usage, supplies of energy may be curtailed and we may not be able to purchase them at historical rates. A disruption in the transmission of energy, inadequate energy transmission infrastructure, or the termination of any of our energy supply contracts could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Reliance on Key Infrastructure.

The Scully Mine is located in a relatively remote area. Mining, processing and transportation to markets depend on access to adequate infrastructure. From time to time the Company has entered into, and will enter into in the future, various agreements for infrastructure requirements, including for rail transportation and port access. The Company negotiates prices for the provision of these services in circumstances where it may not have viable alternatives to using specific providers or have access to regulated rate setting mechanisms. These are important determinants affecting capital and operating costs. While the Company has already successfully concluded arrangements with QNS&L for rail arrangements pursuant to the QNS&L Railway Agreement, and negotiating agreements in relation to access to port facilities for cape-size vessels with SFPPN and other parties there can be no assurance that agreements on acceptable terms will be reached. In addition, the Company will be dependent on third parties with respect to the construction of new local infrastructure that the Company intends to utilize in the future, including, without limitation, SFPPN in relation to the construction of a new conveyer system at Sept-Iles. The inability to finalize any such agreements on economically competitive terms or a failure to maintain access to this infrastructure on economic terms or the failure of third parties to construct any new or additional local infrastructure could have a material adverse effect on the Company's results of operations and financial condition and on its ability to produce or market any products from the Scully Mine.

The mining industry is intensely competitive.

The mining industry is intensely competitive. The Company competes with other mining companies, many of which have greater resources and experience. Competition in the mining industry is primarily for: (i) properties which can be developed and can produce economically; (ii) the technical expertise to find, develop, and operate such properties; (iii) labour to operate such properties; and (iv) capital to fund such properties. Such competition may result in the Company being unable to recruit or retain qualified employees and consultants or to acquire the capital necessary to fund its operations and develop the Scully Mine. The Company's inability to compete with other mining companies for these resources could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The directors and officers may have conflicts of interest with the Company.

Certain directors and officers of the Company are or may become associated with other mining and/or mineral exploration and development companies which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve such a contract. In addition, directors and officers are required to act honestly and in good faith with a view to the best interests of the Company. Some of the directors of the Company have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner or to allocate opportunities that they become aware of to the Company could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Company may not use the proceeds from the Offering as described in this offering memorandum.

The Company currently intends to use the net proceeds received from the Offering as described under "Use of Proceeds". However, the Board and/or management will have discretion in the actual application of the net proceeds, and may elect to allocate net proceeds differently from that described under "Use of Proceeds" if they believe it would be in the Company's best interests to do so. Shareholders may not agree with the manner in which the Board and/or management chooses to allocate and spend the net proceeds. The failure by the Board and/or management to apply these funds effectively could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Principal Shareholders will have significant influence over the Company.

Proterra controls approximately 76% of our voting stock. Accordingly, Proterra has significant influence with respect to all matters submitted to the Company's shareholders for approval, including without limitation the election and removal of directors, amendments to the Company's constating documents and the approval of certain business combinations. As a result, other Shareholders will have a limited role in the Company's affairs.

The forward-looking statements contained in this offering memorandum may prove to be incorrect.

The forward-looking statements relating to, among other things, the Feasibility Study is based on opinions, assumptions and estimates made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Actual results of the Company in the future may vary significantly from the historical and estimated results and those variations may be material. There is no representation by us that actual results achieved by the Company in the future will be the same, in whole or in part, as those included in this offering memorandum. See "Cautionary Statement Regarding Forward-Looking Statements".

Risks Related to the Notes

Our level of debt and leverage may adversely affect our operations and our ability to grow and otherwise execute our business strategy and prevent us from fulfilling our obligators under the Notes and our other indebtedness.

We will continue to have outstanding indebtedness after the completion of this offering. As of December 31, 2020, we had $137.8 million of outstanding debt, excluding letters of credit and guarantees. The amount of our outstanding indebtedness could increase.

Our outstanding indebtedness could have important consequences to you, including the following:

- make it more difficult for us to satisfy our obligations with respect to the Notes offered hereby, including any repurchase obligations that may arise thereunder;
- limit our ability to obtain additional financing to fund future capital expenditures, working capital, or other needs;
- limit our ability to finance future acquisitions;
- our credit ratings may decline;
- increase our vulnerability to general adverse economic, market and industry conditions and limit our flexibility in planning for, or reacting to, these conditions;
- make us vulnerable to increases in interest rates since any additional borrowings may be at variable interest rates;
- affect our flexibility to adjust to changing market conditions and ability to withstand competitive pressures;
- may be more vulnerable to a downturn in general economic or industry conditions or be unable to carry out capital spending that is necessary or important to our growth strategy and our efforts to improve operating margins;
- limit our ability to use operating cash in other areas of our business because we must use a substantial portion of these funds to make principal and interest payments; and
- limit our ability to compete with others who are not as highly-leveraged.

Our ability to make scheduled payments of principal and interest or to satisfy our other debt obligations, to refinance our indebtedness or to fund capital expenditures will depend on our future operating performance. Prevailing economic conditions (including interest rates) and financial, business and other factors, many of which are beyond our control, will also affect our ability to meet these needs. We may not be able to generate sufficient cash flows from operations, realize anticipated revenue growth or operating improvements, or obtain future borrowings in an amount sufficient to enable us to pay our debt, or to fund our other liquidity needs. We may need to refinance all or a portion of our debt on or before maturity. We may not be able to refinance any of our debt when needed on commercially reasonable terms or at all.

A breach of any of the restrictions or covenants in our debt agreements could result in an event of default, which, if not cured or waived, could result in the acceleration of all of our debts, including the Notes, indebtedness under the Jarvis Loan Agreements (as described under the caption "*Description of Certain Other Indebtedness*.)" We are not certain whether we would have, or be able to obtain, sufficient funds to make these accelerated payments. If any senior debt is accelerated, our assets may not be sufficient to repay in full such indebtedness and our other indebtedness.

Restrictive covenants in the indenture governing the Notes will restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.

The indenture governing the Notes will contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including, but not limited to, restrictions on our ability to:

- incur and guarantee additional indebtedness;
- pay dividends, make other distributions or repurchase or redeem our membership interests;
- prepay, redeem or repurchase certain debt;
- make loans and investments;
- sell assets;
- incur liens;
- enter into transactions with affiliates; or
- consolidate, amalgamate, merge or sell all or substantially all of our assets.

For further information, see "*Description of the Notes—Certain Covenants*."

Despite our indebtedness levels, we and our subsidiaries may be able to incur substantially more indebtedness, including secured debt (which may have a lien on the that ranks senior to, or pari passu with, the liens securing the Notes), which may increase the risks to our financial condition, cash flows and results of operations created by our outstanding indebtedness.

We and our future subsidiaries may be able to incur significant additional indebtedness in the future. Although the indenture governing the Notes will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and additional indebtedness incurred in compliance with these restrictions could be substantial. In addition, the restrictions in our debt instruments also will not prevent us from incurring obligations that do not constitute indebtedness. If new debt is added to our current debt levels, the related risks that we now face could intensify. See "*Description of Certain Other Indebtedness*" and "*Description of the Notes*."

The terms of the indenture that will govern the Notes will provide us and our subsidiaries with the flexibility to incur a substantial amount of indebtedness in the future, which indebtedness may be secured (including with a lien on the collateral that ranks senior to, or *pari passu* with, the liens securing the Notes) or unsecured. If new indebtedness is added to our debt levels as of the closing of this offering, the related risks that we or our subsidiaries now face could intensify. In particular, if we are in compliance with certain incurrence ratios set forth in the indenture that will govern the Notes, we and our subsidiaries may be able to incur substantial additional indebtedness to finance future acquisitions, capital expenditures or other items. Any such incurrence of additional indebtedness may increase the risks created by our current outstanding indebtedness.

In addition, if we enter into an ABL Facility (as defined herein), which will be permitted under the indenture governing the Notes (subject to certain terms and conditions), certain collateral may be divided into two separate pools: ABL Priority Collateral and Notes Priority Collateral. The ABL Priority Collateral will include all accounts, inventory and related assets of the Issuer and any Subsidiary Guarantors as more fully described under "*Description of the Notes—Certain Definitions—ABL Priority Collateral*." The Notes Priority Collateral will include all collateral other than the ABL Priority Collateral. If we enter into an ABL Credit Facility, the ABL Obligations will be secured by a first priority lien on all of the ABL Priority Collateral, subject to permitted liens. As a result, if we enter into an ABL Facility, our obligations under the Notes and any future Note Guarantees which will be initially secured by a first priority lien on substantially all of our assets (subject to permitted liens and excluded assets), will be secured by a second priority lien on all of the ABL Priority Collateral and a first priority lien on all of the Notes Priority Collateral, in each case subject to permitted liens. The relative priority of the liens on the ABL Priority Collateral and the Notes Priority Collateral will be governed by an intercreditor agreement. See "*Description of the Notes—ABL Intercreditor Agreement*."

***There are circumstances, other than repayment or discharge of the Notes, under which a Note Guarantee or the collateral securing the Notes and any future Note Guarantees may be released automatically without your consent or the consent of the Notes Collateral Agent and you may not realize any payment upon disposition of such collateral*.**

Under various circumstances, all or a portion of the collateral securing the Notes will be released automatically and without your consent, including:

- in the event that the liens regarding such collateral are released in accordance with the terms of the indenture and other documents governing the Notes or if consented to pursuant to each of the foregoing, subject to the intercreditor agreement governing the rights of such creditors;
- with respect to collateral held by a Subsidiary Guarantor, upon release of the Subsidiary Guarantor from its Note Guarantee in accordance with the indenture;
- a sale, transfer or other disposal of the collateral in a transaction not prohibited under the indenture;
- in whole, upon payment in full of the principal of, accrued and unpaid interest, including additional interest, if any, and premium, if any, on the Notes; or
- in whole or in part, with the consent of holders of 66 2/3% in aggregate principal amount of the Notes.

In addition, any Note Guarantee of a future Subsidiary Guarantor will be automatically released upon the occurrence of certain events, including the following:

- in connection with a sale of such Subsidiary Guarantor or an interest in such Subsidiary Guarantor in a transaction not prohibited by the indenture; or
- the designation of such Subsidiary Guarantor as an unrestricted subsidiary.

In these circumstances, the Note Guarantee by such Subsidiary Guarantor will be released automatically without action by, or consent of, any holder of the Notes or the Notes Collateral Agent under the indenture relating to the Notes. You will not have a claim as a creditor against the Subsidiary Guarantors or any subsidiary that is no longer a guarantor of the Notes and the indebtedness and other liabilities, including trade payables (whether secured or unsecured) of the Subsidiary Guarantors or those subsidiaries will effectively be senior to claims of the holders of the Notes.

The indenture also permits us to designate one or more of our future subsidiaries that is a Subsidiary Guarantor as an unrestricted subsidiary in certain circumstances. If we designate a Subsidiary Guarantor as an unrestricted subsidiary for purposes of the indenture governing the Notes, all of the liens on any collateral owned by such subsidiary or any of its subsidiaries and any guarantees of the Notes by such subsidiary or any of its subsidiaries will be released under the indenture. Designation of an unrestricted subsidiary will reduce the aggregate value of the collateral securing the Notes to the extent that liens on the assets of the unrestricted subsidiary and its subsidiaries are released.

In addition, the creditors of the unrestricted subsidiary and its subsidiaries will have a senior claim on the assets of such unrestricted subsidiary and its subsidiaries. See "*Description of the Notes*."

Federal, state and provincial fraudulent preference, transfer or conveyance laws may permit a court to void or render unenforceable the Notes and any future guarantees, and if that occurs, you may not receive any payments on the Notes.

The issuance of the Notes and any future guarantees may be subject to review under federal, state and provincial fraudulent preference, transfer and conveyance statutes and laws. While the relevant laws may vary from jurisdiction to jurisdiction, under such laws the payment of consideration could generally be considered a fraudulent preference or conveyance or a transfer at undervalue if (1) we paid the consideration with the intent of hindering, delaying or defrauding creditors, or giving a creditor a preference, or (2) we or any of the guarantors, as applicable, received less than a reasonably equivalent value or fair consideration in return for issuing either the Notes or a guarantee; and, in general, one of the following is also true:

- we or any of the guarantors were insolvent or were rendered insolvent by reason of the incurrence of the indebtedness;
- payment of the consideration left us or any of the guarantors with an unreasonably small amount of capital to carry on the business;
- we or any of the guarantors intended to, or believed that it would, incur debts beyond our or their ability to pay as such debts mature; or
- we were a defendant in an action for money damages docketed against it and if, in either case, after final judgment the judgment is unsatisfied.

If a court were to find that the issuance of the Notes or a guarantee was a fraudulent preference or conveyance or a transfer at undervalue, the court could void the payment obligations under the Notes or such guarantee or render them unenforceable or ineffective, further subordinate the Notes or such guarantee to presently existing and future indebtedness of us or such guarantor, or require the holders of the Notes to repay any amounts received with respect to the Notes or such guarantee. In the event of a finding that a fraudulent preference, transfer or conveyance occurred, you may not receive any repayment on the Notes.

Further, the voidance, ineffectiveness or unenforceability of the Notes could result in an event of default with respect to our and our subsidiaries' other debt that could result in acceleration of such debt. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they became due.

We cannot be certain as to the standards a court would use to determine whether or not we or any future guarantors were solvent at the relevant time or, regardless of the standard that a court uses, that the issuance of the Notes and the guarantees would not be further subordinated to our or any of our guarantors' other debt.

- We believe that at the time the Notes are initially issued, we and any future guarantor will be:
- neither insolvent nor rendered insolvent thereby;
- in possession of sufficient capital to run its businesses effectively;
- incurring indebtedness within its ability to pay as the same mature or become due; and
- will have sufficient assets to satisfy any probable money judgment against it in any pending action.

In reaching these conclusions, we have relied upon our analysis of internal cash flow projections, which, among other things, assume that we will in the future realize certain selling price and volume increases, favourable changes in business mix, and estimated values of assets and liabilities. We cannot assure you, however, that a court passing on such questions would reach the same conclusions. Further, to the extent that the Notes are guaranteed in the future by any subsidiary, a court passing on such guarantor regarding any such guarantee could conclude that such guarantee constituted a fraudulent preference, conveyance or transfer.

The indenture governing the Notes contains a provision intended to limit each guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent preference, transfer or conveyance. This provision may not be effective to protect the guarantees from being voided, invalidated or rendered unenforceable under applicable fraudulent preference, transfer or conveyance laws, or it may eliminate the guarantor's obligations or reduce the guarantor's obligations to an amount that effectively makes the guarantee worthless. In a Florida bankruptcy case (which was subsequently reinstated by the applicable court of appeals on other grounds), this kind of provision was found to be ineffective to protect the guarantees.

In certain circumstances, a trustee in bankruptcy, creditor, receiver or other interested person may seek to challenge the enforceability of the guarantees and security interests securing the indebtedness under the Notes. If the guarantees were legally challenged, any guarantee could also be subject to the claim that, since the guarantee was incurred for our benefit and only indirectly for the benefit of the applicable guarantor, the obligations of the applicable guarantor were incurred for less than fair consideration. A court could thus void, invalidate, set aside, render unenforceable or otherwise ineffective the obligations under the guarantees, subordinate them to the applicable guarantor's other debt or take other action detrimental to the holders of the Notes.

***If we were to file for bankruptcy or insolvency protection, the ability of holders of the Notes to realize or foreclose upon the collateral will be subject to certain bankruptcy or insolvency law limitations*.**

The ability of holders of the Notes to realize upon the collateral will be subject to certain bankruptcy or insolvency law limitations in the event of our bankruptcy or insolvency.

Under applicable Canadian law, the rights of the Notes Collateral Agent who represents the holders of the Notes to enforce remedies could be delayed by the provisions of applicable Canadian federal bankruptcy, insolvency, restructuring or other legislation affecting the rights of creditors if the benefit of such legislation is sought with respect to the issuer or any other guarantor organized under Canadian law. For example, both the *Bankruptcy and Insolvency Act* (Canada) and the *Companies' Creditors Arrangement Act* (Canada) contain provisions enabling an insolvent person to obtain a stay of proceedings against its creditors. Accordingly, we cannot predict whether payments under the Notes or the guarantees thereof would be made during any proceedings in bankruptcy, insolvency or any other restructuring, whether or when the Notes Collateral Agent could exercise its rights under the indenture governing the Notes, whether and to what extent holders of the Notes would be compensated for any delays in payment, if any, of principal, interest and costs, including the fees and disbursements of the Notes Collateral Agent, or to what extent the obligations of the issuer or applicable guarantor could be compromised in such proceedings.

Under applicable U.S. federal bankruptcy laws, secured creditors are prohibited from repossessing their security from a debtor in a bankruptcy case without bankruptcy court approval and may be prohibited from disposing of security repossessed from such a debtor without bankruptcy court approval. Moreover, applicable federal bankruptcy laws generally permit the debtor to continue to retain collateral, including cash collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection."

The meaning of the term "adequate protection" in the U.S. federal bankruptcy laws may vary according to the circumstances but is intended generally to protect the value of the secured creditor's interest in the collateral at the commencement of the bankruptcy case and may include cash payments or the granting of additional security if and at such times as the court, in its discretion, determines that a diminution in the value of the collateral occurs as a result of the stay of repossession or the disposition of the collateral during the pendency of the bankruptcy case. In view of the lack of a precise definition of the term "adequate protection" and the broad discretionary powers of a U.S. bankruptcy court, we cannot predict whether or when the Notes Collateral Agent could foreclose upon or sell the collateral or whether or to what extent holders of Notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of "adequate protection."

Any future grant of collateral in favor of the Notes Collateral Agent for the benefit of the holders of the Notes, including pursuant to the collateral documents delivered after the closing of the issuance of the Notes, might be avoidable under U.S. bankruptcy laws by the grantor (as debtor-in-possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, among others, if the grantor is insolvent at the time of the grant, the grant permits the holders of Notes to receive a greater recovery than if the grant had not been given and a bankruptcy or insolvency proceeding in respect of the grantor is commenced within 90 days following the grant or, in certain circumstances, a longer period. As assets are sold and new assets are acquired, the granting of liens on the assets will trigger a new 90-day "preference" period. It is possible, particularly during a time when our assets are turning over quickly, that liens on a substantial portion of the collateral at any time may have been granted during the preceding 90-day period. There are also preference laws under Canadian bankruptcy and insolvency legislation which may apply in the circumstances.

***We may not be able to repurchase the Notes upon a change of control, which could cause a default under the indenture governing the Notes and other indebtedness*.**

Upon the occurrence of specific kinds of change of control events, we will be required to offer to repurchase all outstanding Notes at 101% of their principal amount plus accrued and unpaid interest to the purchase date.

The source of funds for any purchase of the Notes would be our available cash, cash generated from their subsidiaries' operations, if any, or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the Notes upon a change of control because they may not have sufficient financial resources to purchase all of the Notes that are tendered upon a change of control and repay other indebtedness that they may incur in the future that may become due as a result of a change of control. We may require additional financing from third parties to fund any such purchases and we may be unable to obtain financing on satisfactory terms or at all. Further, our ability to repurchase the Notes may be limited by restrictions in other indebtedness. In order to avoid the obligation to repurchase the Notes and events of default, we may have to avoid certain change of control transactions that would otherwise be beneficial to them. In addition, some important corporate events, such as leveraged recapitalizations, may not constitute a "change of control" under the indenture governing the Notes that would require us to repurchase the Notes, even though those corporate events could increase the level of our indebtedness or otherwise adversely affect their capital structure, credit ratings or the value of the Notes. See "*Description of the Notes—Repurchase at the Option of Holders—Change of control*."

Holders of the Notes may not be able to determine when a "change of control" giving rise to their right to have the Notes repurchased has occurred following a sale of "substantially all" of our assets.

The definition of "*change of control*" in the indenture that will govern the Notes will include a phrase relating to the sale of "*all or substantially all*" of our assets. Although there is a limited body of case law interpreting the phrase "*substantially all,*" there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "*substantially all*" of our assets. As a result, it may be unclear as to whether a change of control has occurred and whether we are required to make an offer to repurchase the Notes.

A breach of a covenant in our debt instruments could cause acceleration of a significant portion of our outstanding indebtedness.

A breach of a covenant or other provision in any debt instrument governing our current or future indebtedness could result in a default under such instruments. Our ability to comply with these covenants and other provisions may be affected by events beyond our control, and we cannot assure you that we will be able to comply with these covenants and other provisions. Upon the occurrence of an event of default under any debt instrument, the lenders or holders of such debt instruments could elect to declare all amounts outstanding to be immediately due and payable and terminate all commitments to extend further credit. If we were unable to repay those amounts, the lenders or holders of such debt instruments could proceed against collateral granted to them, if any, to secure the indebtedness. If our current or future lenders or holders of such debt instruments accelerate the payment of the indebtedness owed to them, we cannot assure you that our assets would be sufficient to repay in full our outstanding indebtedness.

The Notes are structurally subordinated to all of the indebtedness and liabilities of any of our subsidiaries that do not guarantee the Notes. Your right to receive payments on the Notes could be adversely affected if our non-guarantor subsidiaries declare bankruptcy or insolvency, liquidate or reorganize.

The Notes will not be guaranteed by any of our subsidiaries as of the issue date. All of the future direct or indirect wholly-owned restricted subsidiaries of the Issuer, other than certain immaterial subsidiaries, will guarantee the Notes. The Notes will be structurally subordinated to any existing and future preferred stock, indebtedness and other liabilities of any of our subsidiaries that do not guarantee the Notes, even if such obligations do not constitute senior indebtedness. In the event of a foreclosure, power of sale, dissolution, winding-up, liquidation, reorganization, bankruptcy, insolvency, receivership or similar proceeding of one of our non-guarantor subsidiaries, holders of a non-guarantor subsidiary's indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of that subsidiary before any assets are made available for distribution to us.

As of December 31, 2020, as adjusted to give effect to the offering of Notes and use of proceeds therefrom as described in "Use of Proceeds", in all cases determined as if such transactions occurred on such date, our non-guarantor restricted subsidiaries accounted for (i) 0.0% of our consolidated total assets as of December 31, 2020, and (ii) none of our net income in the twelve-month period ended December 31, 2020 and (iii) none of our adjusted EBITDA for the twelve-month period ended December 31, 2020.

Our less than wholly-owned subsidiaries may also be subject to restrictions on their ability to distribute cash to us in their financing or other agreements and, as a result, we may not be able to access their cash flows to service our respective debt obligations, including in respect of the Notes.

***Holders of the Notes will not be entitled to registration rights and we do not currently intend to register the Notes under applicable U.S. or Canadian securities laws. There are restrictions on your ability to transfer or resell the Notes*.**

We have not registered, and do not intend to register, the Notes under the Securities Act or any state or foreign securities laws, including applicable Canadian securities laws. You will not be entitled to require us to register the Notes for resale or otherwise. You may not offer or sell the Notes in the United States or to a U.S. person, as defined in Regulation S, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable state securities laws. You may not offer or sell the Notes in Canada except pursuant to a prospectus or an exemption from the prospectus requirements of Canadian securities laws. You should read the discussions under the heading "*Notice to Investors*" and "*Notice to Canadian Investors*" for further information about these transfer restrictions. It is your obligation to ensure that your offers and sales of the Notes comply with applicable securities laws.

***There is currently no market for the Notes and you cannot be sure that an active trading market will develop for the Notes*.**

The Notes will constitute a new issue of securities with no established trading market. We cannot assure you that an active trading market will develop for the Notes. If no active trading market develops, you may not be able to resell your Notes at their fair market value or at all. Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating performance and financial condition, the amount of indebtedness we have outstanding, the interest of securities dealers in making a market and the number of available buyers, and the market for similar securities. The initial purchasers have informed us that they currently intend to make a market in the Notes after this offering is completed; however, the initial purchasers are not obligated to do so, and they may cease their market-making at any time. We do not intend to list the Notes on any securities exchange. We cannot assure you that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell your Notes will be favorable. You should not purchase any of the Notes unless you understand and can bear all of the investment risks involving the Notes.

***A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs, reduce our access to capital and depress the market price of the Notes*.**

Our debt currently has a non-investment grade rating and any rating assigned could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the Notes. Credit ratings are not recommendations to purchase, hold or sell the Notes. Additionally, credit ratings may not reflect the potential effect of risks relating to the structure or marketing of the Notes and may not reflect all risks associated with an investment in the Notes.

Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing and will adversely impact the then-current market price of the Notes. If any credit rating initially assigned to the Notes is subsequently lowered or withdrawn for any reason, you may not be able to resell your Notes without a discount or at all.

***Your ability to enforce civil liabilities in the United States may be limited*.**

The Issuer is a company incorporated under the laws of the Province of British Columbia, Canada. Additionally, our directors and some of the experts named in this offering memorandum reside, and our subsidiaries may reside, principally outside the United States. Because these entities are located outside of the United States, it may not be possible for you to effect service of process within the United States upon them. Furthermore, it may not be possible for you to enforce against them judgments obtained in U.S. courts because all or a substantial portion of their assets are located outside the United States. Therefore, it may not be possible to enforce actions against us, the members of our board, any future Subsidiary Guarantors or the experts named in this offering memorandum.

If the Notes are rated investment grade at any time by Moody's and Standard & Poor's, most of the restrictive covenants contained in the indenture governing the notes will be suspended.

If, at any time, the credit rating on the Notes, as determined by Moody's and Standard & Poor's, equals or exceeds Baa3 and BBB-, respectively, or any equivalent replacement ratings, we will not be subject to most of the restrictive covenants and certain events of default contained in the indenture governing the notes. As a result, you may have less credit protection than you will at the time the notes are issued. In the event that either of the ratings later are below investment grade, we will thereafter again be subject to such restrictive covenants and events of default. See "Description of the Notes—Certain Covenants" included elsewhere in this offering memorandum for more information.

We are permitted to designate unrestricted subsidiaries, which generally will not be subject to any of the covenants in the indenture governing the Notes, and we may not be able to rely on the cash flows or assets of those unrestricted subsidiaries to pay our indebtedness.

On the issue date of the Notes, the subsidiaries of the Issuer which are not certain Immaterial Subsidiaries (as defined herein) will be restricted subsidiaries, other than Tacora Norway, Sydvaranger Mining and its subsidiaries, which will be designated as "Unrestricted Subsidiaries" on the issue date. In addition, the indenture will permit us to, under circumstances, designate other subsidiaries as unrestricted. Unrestricted subsidiaries will generally not be subject to the covenants under the indenture governing the Notes. Unrestricted subsidiaries may enter into financing arrangements that limit their ability to make loans or other payments to fund payments in respect of the Notes. Accordingly, we may not be able to rely on the cash flows or assets of unrestricted subsidiaries to pay any of our indebtedness, including the Notes. The Notes will be structurally subordinated to all liabilities of any Unrestricted Subsidiary. See "Description of the Notes" included elsewhere in this offering memorandum for more information.

We may not be able to generate sufficient cash to service all of our indebtedness, including the Notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. In addition, the indenture governing the Notes allows us to make significant dividend payments, investments and other restricted payments. The making of these payments could decrease available cash and adversely affect our ability to make principal and interest payments on our indebtedness. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*" included elsewhere in this offering memorandum for more information.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, seek additional capital or seek to restructure or refinance our indebtedness, including the Notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to sell material assets or operations in an attempt to meet our debt service and other obligations. The indenture governing the Notes contain provisions that restrict our ability to use the proceeds from asset sales. We may not be able to consummate those asset sales to raise capital or sell assets at prices that we believe are fair, and proceeds that we do receive may not be adequate to meet any debt service obligations then due. See "Description of Certain Other Indebtedness" and "Description of the Notes" included elsewhere in this offering memorandum for more information.

We are not and, following the completion of this offering, will not be subject to the reporting requirements of the Securities Exchange Act of 1934 or the Sarbanes-Oxley Act of 2002.

We are not, and after the completion of this offering will not be, required to file annual, quarterly or other financial statements or reports with the SEC or otherwise comply with the reporting obligations of public companies. Since we will not register the Notes under the Securities Act after the offering, we will also not be subject to the Sarbanes-Oxley Act of 2002, which requires public companies to have and maintain effective disclosure controls and procedures to ensure timely disclosure of material information, and have management review the effectiveness of those controls on a quarterly basis. The Securities Exchange Act of 1934 (the "*Exchange Act*") also requires public companies to have and maintain effective internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements, and have management review the effectiveness of those controls on an annual basis (and have the independent auditor attest to the effectiveness of such internal control over financial reporting). We will not be required to comply with these requirements, and therefore we might not have procedures comparable to public companies.

Risks Related to the Collateral

***The collateral securing the Notes may be diluted under certain circumstances*.**

If we enter into an ABL Facility, the collateral that secures the Notes will also secure our obligations thereunder, subject to the priority of the ABL Facility with respect to the ABL Priority Collateral. In addition, additional significant secured indebtedness may be incurred by us that will rank *pari passu* with the Notes and any future Note Guarantees in respect of the collateral. We also have the ability to incur certain priority liens on a limited basis. See "*Description of the Notes*." Any additional debt secured by the collateral on a senior or *pari passu* basis pursuant to the terms of the indenture governing the Notes would dilute the value of the rights that the holders of the Notes have in the collateral.

***The value of the collateral securing the Notes and any future Note Guarantees may not be sufficient to satisfy our and any future Subsidiary Guarantors' obligations under the Notes and any future Note Guarantees*.**

No appraisal of the fair market value of the collateral securing the Notes has been made in connection with this offering and the fair market value of the collateral is subject to fluctuations based on factors that include, among others, general economic conditions, the condition of the industry in which the Issuer operates and other factors. The ability to sell the collateral in an orderly sale, the environment in which the collateral is located, the availability of buyers and similar factors will also have an impact on the value of the collateral that we are able to realize upon sale. By their nature, portions of the collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that the collateral will be saleable or, if saleable, that there will not be substantial delays in its liquidation. As a result, liquidating the collateral securing the Notes may not produce proceeds in an amount sufficient to pay any amounts due on the Notes. We cannot assure you of the value of the collateral or that the net proceeds received upon a sale of the collateral or a liquidation of our assets or the assets of any future Subsidiary Guarantors that may grant these security interests would be sufficient to repay all amounts due on the Notes following a foreclosure upon the collateral and any payments in respect of prior liens.

To the extent that liens, rights and easements granted to third parties encumber assets located on property owned and leased by the Issuer or any future Subsidiary Guarantors constitute senior liens on the Collateral, those third parties have and may exercise rights and remedies with respect to the property subject to such encumbrances, including rights to require marshaling of assets, that could adversely affect the value of the Collateral and the ability of the Notes Collateral Agent to realize or foreclose on the Collateral.

***We may not have title insurance policies or surveys delivered by the closing date of this offering, which could prohibit identification of a title defect in the collateral*.**

In order to insure the priority of each of the mortgage liens securing the Notes, a new title insurance policy insuring the priority of the liens will have to be obtained. In order to obtain such title insurance policy with all requisite extended coverage, a survey of the real property must be obtained. Until the time of receipt of each title insurance policy and each survey, we cannot be certain that encumbrances on the real property will not interfere with its use or operation. Due to circumstances related to COVID-19 and the fact that real property records in the jurisdiction in which our real property is located are not available online, each title insurance policy or survey may not be delivered by the closing date of this offering, although we intend to obtain such title insurance policies and the mortgage liens may not be insured at the time of the issuance of the Notes or such mortgage liens may be subject to encumbrances that are not permitted encumbrances. If a mortgage is delivered on the closing date of this offering, we may only learn of errors included in the applicable title or legal description attached to the mortgage following receipt of such title insurance policy and survey and such errors may interfere with the creation of valid liens on the real property collateral. In addition, if a title defect results in a loss, we cannot assure you that any insurance proceeds received by us will be sufficient to satisfy all of our obligations, including the Notes.

As a result of not receiving a title insurance policy or survey on the closing date, there may be no independent assurance that, among other things, (i) the real property encumbered by each mortgage securing the Notes includes all of the property owned by us that such mortgage was intended to include, (ii) we own the rights to the owned properties that we purport to own in each such mortgage and that our title to any owned real property is not encumbered by liens other than liens permitted by the indenture governing the Notes and (iii) there are no encroachments, adverse possession claims, zoning or other restrictions with respect to such owned real properties.

There may be circumstances in which third parties could have a basis to claim that our real estate interests (or our improvements thereon or therein) interfere with and are subordinate to such parties' real estate interests and that we may be required to obtain additional real estate interests and consents to collateral assignment. If these claims are pursued and upheld, we may be required to take corrective action, including procuring additional real estate interests and relocating improvements and we may sustain costs, expenses or a reduction in revenue as a result of such circumstances. It is possible that a termination, limitation or other restriction of real estate rights due to any such claims or impairments could interrupt operations at our facilities, which would have an adverse impact on our business and results of operations.

If we are unable to resolve any issues raised by the surveys or that are otherwise raised in connection with obtaining the title policies, such mortgages and title policies will be subject to those issues and the issues may have a significant impact on the value of the collateral or any recovery under the title insurance policies or land surveys that were delivered for the owned real properties.

***The imposition of certain permitted liens will cause the assets on which such liens are imposed to be excluded from the collateral securing the Notes*.**

The indenture governing the Notes will permit, among other permitted liens, liens in favor of third parties to secure purchase money indebtedness, capital lease obligations and litigation finance facilities, subject to certain limitations. Any assets subject to such liens will be automatically excluded from the collateral securing the Notes. See "*Description of the Notes—Security*." If an event of default occurs and the Notes are accelerated, the Notes and the guarantees will rank equally with other unsubordinated and unsecured indebtedness of the relevant entity with respect to any such excluded property.

Required Consents

The granting of security by the Issuer and any future Subsidiary Guarantors and the ability to enforce with respect to some or all of the Collateral including, for greater certainty, the material contracts (see "*Business – Material Agreements*"), may be subject to the approval, consent, exemption, authorization, payment of fees, or other action by, or notice to, or filing with, (i) the government of Newfoundland and Labrador and other applicable governmental authorities; or (ii) other third-parties. We cannot assure you that any such required consents, or filings can be obtained on a timely basis or at all. These requirements may limit the number of potential bidders for certain collateral in any enforcement and may delay any sale, either of which events may have an adverse effect on the sale price of the collateral. Therefore, the practical value of realizing on the collateral may, without the appropriate consents, fees and filings, be limited.

Security over all of the Collateral will not be in place upon the Issue Date or will not be perfected on such date. We do not expect that Mortgages on any of our Material Real Estate Assets intended to constitute Collateral securing the notes and guarantees will be delivered and recorded at the time of the Issue Date. We do not expect that the Collateral Document over our Collateral located in the Province of Quebec securing the notes and guarantees will be delivered and recorded at the time of the Issue Date. Delivery and recordation of such Mortgages and Quebec law governed Collateral Document after the Issue Date of the notes increases the risk that the liens granted by those mortgages could be avoided. One or more of these mortgages may constitute a significant portion of the value of the Collateral securing the notes and the guarantees.

Security interests over all of the Collateral will not be in place on the Issue Date or will not be perfected on such date. On the Issue Date, we will be required to file, or cause to be filed, financing statements under the PPSA (as in effect in the applicable jurisdiction) to perfect the security interests that can be perfected by such filings. Additionally, we will also be required to deliver stock certificates and undated transfer powers in respect of certain certificated capital stock of our subsidiaries that is required to be pledged as Collateral to the Notes Collateral Agent. We do not expect that Mortgages on the Material Real Estate Assets intended to secure the notes will be in place at the time of the issuance of the notes.

The Material Real Estate Assets constitute a significant portion of the value of the Collateral intended to secure the notes and any future guarantees. We also do not expect that Collateral Document over our Collateral located in the Province of Quebec intended to secure the Notes will be in place at the time of the issuance of the Notes. There will be no independent assurance prior to issuance of the Notes that all properties contemplated to be mortgaged as security for the Notes will be mortgaged, or that we hold the real property interests we represent we hold or that we may Mortgage such interests, or that there will be no lien encumbering such real property interests other than those permitted by the indenture governing the Notes. If we are unable to obtain (a) any Mortgage on any of the Material Real Estate Assets intended to constitute Collateral for the Notes and any future guarantees or (b) the Collateral Document over our Collateral located in the Province of Quebec, the value of the Collateral securing the Notes and any future guarantees will be significantly reduced. We are required to put such Mortgages and such Quebec law governed Collateral in place within an agreed period of time following the Issue Date. We cannot assure you that we will be able to perfect or create a valid lien with respect to any such security interests on or prior to that date, and our failure to do so will result in a default under the indenture. If a security interest in certain Collateral is perfected or a valid lien created subsequent to the Issue Date, but within the preference period under applicable bankruptcy law (or, in certain circumstances, a period longer than the preference period under applicable bankruptcy law prior to a bankruptcy or insolvency filing), then such security interest is at risk of avoidance as preferential in the event of bankruptcy or insolvency. If the grant of any such mortgage or other security interest is avoided as a preference, you would lose the benefit of that mortgage or security interest. Any future pledge of Collateral in favor of the Notes Collateral Agent for its benefit and for the benefit of the trustee and the holders of the Notes, including pursuant to the mortgages and the other security documents delivered after the Issue Date, could be avoidable in bankruptcy or insolvency proceedings. To the extent that the grant of any such Mortgage, Quebec law governed Collateral Document or other security interest is avoided as a preference, transfer at undervalue or otherwise you would lose the benefit of such mortgage or security interest.

***Your rights in the collateral may be adversely affected by the failure to perfect security interests in certain collateral acquired in the future or by the failure to timely perfect security interests in certain collateral after closing*.**

Applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, can only be perfected at the time such property and rights are acquired and identified. The Notes Collateral Agent has no obligation to monitor, and we may fail to inform the Notes Collateral Agent of, the future acquisition of property and rights that constitute collateral and necessary action may not be taken to properly perfect the security interest in that after-acquired collateral.

Additionally, the perfection of the security interests in certain collateral, including the security interests granted in some of our real property, is scheduled to occur after the closing of this offering. The failure by us and the Notes Collateral Agent to perfect the security interest in such collateral in a timely manner after the closing may result in the loss of priority of the security interests to third parties who perfect their security interests to such collateral before the Notes Collateral Agent or to a preference claim if we declare bankruptcy or insolvency. Therefore, the rights of holders of the Notes in the collateral may be adversely affected by the failure to create or perfect security interests in certain collateral on a timely basis.

If we or any future Subsidiary Guarantors were to become subject to a bankruptcy or insolvency proceeding, any liens recorded or perfected after the closing date of this offering would face a greater risk of being invalidated than if they had been recorded or perfected on the closing date. Liens recorded or perfected after the closing date may be treated under applicable bankruptcy or insolvency law as if they were delivered to secure previously existing indebtedness. In bankruptcy or insolvency proceedings commenced within 90 days of lien perfection, a lien given to secure previously existing debt is materially more likely to be avoided or rendered ineffective or unenforceable as a preference by the applicable bankruptcy or insolvency court. Accordingly, if we or any future Subsidiary Guarantors were to file for bankruptcy or insolvency protection after the closing date of this offering and the liens had been perfected less than 90 days before commencement of such bankruptcy or insolvency proceeding, the liens securing the Notes or any future Note Guarantees may be especially subject to challenge as a result of having been perfected after the closing date. To the extent that this challenge succeeded, you may lose the benefit of the security that the collateral was intended to provide.

In addition, a failure to perfect the security interest in the properties included in the collateral package may result in a default under the indenture governing the Notes or other security or collateral agreements relating to the Notes.

Sales of assets by us and the Guarantors could reduce the collateral and the related guarantees.

The Security Documents that will relate to the Notes offered hereby will allow us and any future Guarantors to remain in possession of, retain exclusive control over, freely operate and collect, invest and dispose of any income from, the Collateral. To the extent we or any Guarantor sells any assets that constitute such Collateral, the proceeds from such sale will be subject to the liens securing the notes offered hereby and the related guarantees only to the extent such proceeds would otherwise constitute Collateral securing the Notes offered hereby and any future related guarantees under the security documents. Such proceeds will also be subject to the security interests of certain creditors other than the holders of the Notes offered hereby, some of which may be senior or prior to the liens held by the holders of the Notes or may have a lien in those assets that is pari passu with the lien of the holders of the Notes. To the extent the proceeds from any sale of collateral do not constitute Collateral under the security documents, the pool of assets securing the notes and any future related guarantees will be reduced, and the notes and any future related guarantees will not be secured by such proceeds.

In addition, we will not be required to comply with Section 314(d) of the Trust Indenture Act. Thus, to the extent permitted under the Indenture and the Credit Facility, we may, among other things, without any release or consent by the Trustee under the Indenture or the Notes Collateral Agent, conduct ordinary course activities with respect to Collateral, such as selling, factoring, abandoning or otherwise disposing of Collateral and making ordinary course cash payments (including repayments of indebtedness). With respect to certain releases, we must deliver to the Notes Collateral Agent, from time to time, an officer's certificate to the effect that such releases and withdrawals were not prohibited by the Indenture. See ''Description of the Notes.''

Lien searches may not reveal all existing liens on the Collateral.

We cannot guarantee that the lien searches conducted on the Collateral securing the Notes or any future guarantees will reveal all existing liens on such collateral. Any existing undiscovered lien could be significant, could be prior in ranking to the liens securing the Notes or any future guarantees and could have an adverse effect on the ability of the collateral agents to realize or foreclose upon such collateral. Certain statutory priority liens may also exist that cannot be discovered by lien searches.

The collateral is subject to casualty risks and potential environmental liabilities, which may limit your ability to recover as a secured creditor if there are losses to the collateral and may have an adverse impact on the Issuer's operations and results.

The indenture governing the Notes and the collateral documents will require the Issuer and any future Subsidiary Guarantors to maintain adequate insurance or otherwise insure against risks to the extent customary for companies in the same or similar business operating in the same or similar locations. We maintain insurance that is customary for companies in our industry. However, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we may be exposed. In addition, there are certain losses, including losses resulting from terrorist acts, which may be either uninsurable or not economically insurable, in whole or in part. As a result, in the event of a loss of all or part of our assets, we cannot assure you that the insurance proceeds will compensate us fully for the losses. If there is a total or partial loss of any of the collateral, we cannot assure you that any insurance proceeds received by us will be sufficient to satisfy all of our obligations, including the Notes. See "Risk Factors— *The Company's insurance coverage may be inadequate to cover potential losses*."

In the event of a total or partial loss affecting any of the collateral securing the Notes, certain items of equipment and inventory may not be easily replaced. Accordingly, even though there may be insurance coverage, the extended period needed to obtain replacement units or inventory may cause significant delays, which may have an adverse impact on the Issuer's business and results of operations. In addition, certain zoning or other laws and regulations may prevent rebuilding substantially the same facilities in the event of a loss, which may have an adverse impact on the Issuer's business and results of operations. These adverse impacts may not be covered, or fully covered, by property or business interruption insurance.

Moreover, the Notes Collateral Agent may need to evaluate the impact of potential liabilities before determining to foreclose on collateral consisting of real property because secured creditors that hold a security interest in real property may be held liable in certain circumstances under environmental laws for the costs of remediating or preventing the release or threatened release of hazardous substances at that real property, or the costs of upgrading or installing pollution controls required under applicable environmental laws and regulations. Consequently, the Notes Collateral Agent may decline to foreclose on that collateral or exercise remedies available in respect thereof if it does not receive indemnification to its satisfaction from the holders of the Notes.

The collateral may be subject to expropriation, which may limit your ability to recover as a secured creditor if any of the collateral is expropriated.

It is possible that all or a portion of the mortgaged property securing the Notes may become subject to a proceeding for expropriation. In such event, we may be compensated for any total or partial loss of property, but it is possible that such compensation will be insufficient to fully compensate us. In addition, a total or partial expropriation may interfere with our ability to use and operate all or a portion of the project, which may have an adverse impact on our business, prospects, financial condition and results of operations.

Rights of holders of the notes in the collateral may be adversely affected by bankruptcy or insolvency proceedings.

The right of the collateral agents to foreclose upon, repossess and dispose of the collateral securing the Notes and any future related guarantees is likely to be significantly impaired (or at a minimum delayed) by applicable federal, state or provincial bankruptcy, insolvency or restructuring laws if bankruptcy, insolvency or restructuring proceedings are commenced by or against the issuer or the guarantors that provide security for the Notes or the related guarantees prior to, or possibly even after, any collateral agent has foreclosed upon, repossessed and/or disposed of the collateral. Under the U.S. Bankruptcy Code, a secured creditor, such as the Notes Collateral Agent, is prohibited from foreclosing upon or repossessing its security from a debtor in a bankruptcy case, or from disposing of security previously repossessed from a debtor, without prior bankruptcy court approval (which may not be given under the circumstances). Moreover, U.S. bankruptcy law permits the debtor to continue to retain and use collateral, and the proceeds, products, rents or profits of the collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection." The meaning of the term "adequate protection" may vary according to the circumstances, but it is intended in general to protect the value of the secured creditor's interest in its collateral and may include cash payments or the granting of additional or replacement security, if and at such time as the court in its discretion determines, for any diminution in the value of the collateral as a result of the automatic stay of repossession or disposition or any use of the collateral by the debtor during the pendency of the applicable U.S. bankruptcy case. A U.S. bankruptcy court may determine that a secured creditor may not require compensation for a diminution in the value of its collateral if the value of the collateral exceeds the debt it secures. In view of both the lack of a precise definition of the term "adequate protection" under the U.S. Bankruptcy Code and the broad discretionary powers of a U.S. bankruptcy court, it is impossible to predict how, whether or when payments under the Notes could be made following the commencement of a U.S. bankruptcy case, the length of the delay in making any such payments or whether any such payment will be made at all or in what form, whether or when the collateral agents could or would repossess or dispose of the collateral, the value of the collateral as of the commencement date of any U.S. bankruptcy proceedings, or whether or to what extent or in what form holders of the Notes would be compensated for any delay in payment or loss of the value of the collateral through the requirements of "adequate protection."

Under applicable Canadian law, the rights of the Notes Collateral Agent to enforce remedies could be delayed or otherwise affected by the provisions of applicable Canadian federal bankruptcy, insolvency, restructuring or other legislation affecting the rights of creditors if the benefit of such legislation is sought with respect to the issuer or any other guarantor organized under Canadian law. For example, both the *Bankruptcy and Insolvency Act* (Canada) and the *Companies' Creditors Arrangement Act* (Canada) contain provisions enabling an insolvent person to obtain a stay of proceedings against its creditors. Accordingly, we cannot predict whether payments under the Notes or any future guarantees thereof would be made during any Canadian proceedings in bankruptcy, insolvency or any other restructuring, whether or when the Notes Collateral Agent could exercise its rights under the indenture governing the Notes, whether and to what extent holders of the Notes would be compensated for any delays in payment, if any, of principal, interest and costs, including the fees and disbursements of the Notes Collateral Agent, or to what extent the obligations of the issuer or applicable guarantor could be compromised in such proceedings.

Any disposition of the Collateral during a U.S. bankruptcy case outside of the ordinary course of business would also require approval from the U.S. bankruptcy court (which may not be given under the circumstances). In the event of a U.S. bankruptcy proceeding of the issuer or any Guarantors, the holders of the Notes may be deemed to have an unsecured claim to the extent that the issuer's obligations in respect of the notes exceed the fair market value of the collateral securing the notes and any related guarantees.

In any U.S. bankruptcy proceeding with respect to the issuer or any future Guarantors, it is possible that the U.S. bankruptcy trustee, the debtor-in-possession or competing creditors will assert that the fair market value of the collateral with respect to the secured notes on the date of the U.S. bankruptcy filing was less than the then-current principal amount of the Notes and all of our other outstanding secured obligations. Upon a finding by the U.S. bankruptcy court that the notes are undercollateralized, the claims in the U.S. bankruptcy proceeding with respect to the Notes would be bifurcated between a secured claim and an unsecured claim, and the unsecured claim would not be entitled to the benefits of security in the collateral. In such event, the secured claims of the holders of the Notes would be limited to the value of the collateral.

The consequences of a finding of under-collateralization would include, among other things, a lack of entitlement on the part of the holders of the secured notes to receive post-petition interest, fees, and expenses and a lack of entitlement on the part of the unsecured portion of the secured notes to receive "adequate protection" under U.S. federal bankruptcy laws, as discussed above. In addition, if any payments of post-petition interest had been made at the time of such a finding of under-collateralization, those payments could be re-characterized by the U.S. bankruptcy court as a reduction of the principal amount of the secured claim with respect to the Notes.

To the extent that Canadian bankruptcy and insolvency laws apply to the issuer or any guarantor, holders of the Notes should be aware that the bankruptcy, insolvency, foreign exchange, administration and other laws of Canada may be materially different from those of the United States or elsewhere, including in respect of creditors' rights, priority of creditors, the ability to be paid or recover post-petition interest and the duration of the insolvency proceeding. Moreover, if the issuer or any guarantor were to become subject to a Canadian bankruptcy or insolvency proceeding, the ability of holders of the Notes to receive payment from the issuer or under any guarantee provided by any guarantor may differ or be more limited than would be the case under U.S. or other bankruptcy or insolvency laws.

Even though the holders of the Notes will benefit from a first-priority lien on the Collateral, under certain circumstances the Hedge Provider may control actions with respect to that Collateral.

The rights of the holders of the Notes with respect to the collateral that will secure the Notes on a first priority basis will be subject to the Jarvis Hedge Facility Intercreditor Agreement among the Hedge Provider and the Notes Collateral Agent. See "*Description of the Notes – Security – Jarvis Hedge Facility Intercreditor Agreement.*" Under the Jarvis Hedge Intercreditor Agreement, any actions that may be taken with respect to such collateral, including the ability to cause the commencement of enforcement proceedings against such collateral, to control such proceedings and to effectuate certain releases of such collateral, will be under the exclusive control of the Notes Collateral Agent until the earlier of (1) the date on which the obligations under the Notes are no longer outstanding or (2) 60 days after (x) the occurrence of an event of default under the notes and (y) the occurrence of an event of default under the Jarvis Hedge Facility, if the Hedge Provider has complied with the applicable notice provisions of the Jarvis Hedge Facility Intercreditor Agreement, in each case so long as the Notes Collateral Agent has not commenced and is diligently preserving the exercise of remedies with respect to the collateral and the Issuer or any applicable Guarantor is not then subject to a bankruptcy proceeding.

At any time that the Notes Collateral Agent does not control the actions with respect to the collateral securing the Notes pursuant to the Jarvis Hedge Facility Intercreditor Agreement, control over such actions will pass to the Hedge Provider.

Also, under the Jarvis Hedge Facility Intercreditor Agreement, in the event that the holders of the Notes obtain possession of any collateral or realize any proceeds or payment in respect of any such collateral at any time prior to the discharge of the Jarvis Hedge Facility, then such holders will be obligated to hold such collateral, proceeds, or payment in trust for the Hedge Provider and promptly transfer such collateral, proceeds, or payment, as the case may be, to the controlling collateral holder, to be distributed in accordance with the provisions of the Jarvis Hedge Facility Intercreditor Agreement among all the holders of first priority obligations.

USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $169.8 million, after deducting commissions and estimated expenses payable by us. We intend to use approximately $143.6 million of the net proceeds from this offering to refinance the Jarvis Loan Agreements as described under *"Description of Certain Other Indebtedness,"* and the remainder for working capital and general corporate purposes.

As of December 31, 2020, the interest rate in effect on outstanding borrowings under the Jarvis Loan Agreements ranged from 11.0% to 13.4%. The borrowings under the Jarvis Loan Agreements mature on November 15, 2023.

CAPITALIZATION

The following table sets forth our cash and consolidated capitalization as of December 31, 2020 on an actual basis and on an as adjusted basis, giving effect to this offering and the use of proceeds therefrom as described under "Use of Proceeds". You should read this table in conjunction with the sections of this offering memorandum titled "Summary historical consolidated financial and production data," "Management's Discussion and Analysis of Financial Position and Results of Operations" and "Use of Proceeds" and our audited and unaudited consolidated financial statements and related notes included in this offering memorandum.

	As of Dec 31, 2020	
($ in millions)	Actual	As Adjusted
Cash and cash equivalents (1)	$ 119.6	$ 145.7
Long-term debt		
New notes offered hereby (2)	-	175.0
Senior Secured Credit Facility (3)	132.9	-
Lease liabilities	36.0	36.0
Other long term debt	4.9	4.9
Total long-term debt	173.8	215.9
Shareholders' equity	11.1	11.1
Total capitalization	$ 184.9	$ 227.0

(1) Converted to US dollars, where applicable, at an assumed exchange rate of C$1.00 = US$0.79, which was the exchange rate quoted by the Bank of Canada for conversion of Canadian dollars to U.S. dollars on December 31, 2020. See "Description of Certain Other Indebtedness – Jarvis Hedge Facility."

(2) Represents the aggregate principal amount of the notes and does not reflect the initial purchasers' discount or any original issue discount.

(3) Represents the fair value of the notes as of December 31, 2020 and does not reflect the payoff amount or include prepayment penalties.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND PRODUCTION DATA

The selected historical consolidated financial data for the years ended December 31, 2020, December 31, 2019, and December 31, 2018 have been derived from our 2020 Audited Financial Statements and 2019 Audited Financial Statements, which are included elsewhere in this offering memorandum. Our historical operating results are not necessarily indicative of future operating results.

On January 13, 2021, the Company acquired the Sydvaranger Mine. Our historical consolidated financial statements included in this offering memorandum do not include any financial information of the Sydvaranger Mine. As of the issue date, Tacora Norway, Sydvaranger Mining and its subsidiaries will be designated as "Unrestricted Subsidiaries" and will not be subject to any of the restrictive covenants in the Indenture. See "Description of the Notes— Restricted and Unrestricted Subsidiaries; Immaterial Subsidiaries."

The summary financial and production data below are not necessarily indicative of our future results of operations or financial condition. You should read this summary historical consolidated financial information and production data together with the section of this offering memorandum titled "Management's Discussion and Analysis of Financial Position and Results of Operations" and our consolidated financial statements and related notes thereto.

	Years Ended December 31,		
($ in thousands)	2018	2019	2020
Statement of Operations Data			
Revenues	$ -	$ 60,049	$ 299,223
Cost of Sales			
Production costs	-	(83,379)	(223,218)
Depreciation and amortization	-	(6,715)	(16,289)
Gross profit (loss) from operations	-	(30,045)	59,716
Operating expenses	(8,752)	(12,016)	(4,516)
Loss on derivatives	(13,207)	(54,725)	(90,097)
Write-off of MFC prepaid royalties	-	(2,575)	-
Other income (expenses)	121	(752)	(4,432)
Loss before financing costs and income taxes	(21,838)	(100,113)	(39,329)
Finance expenses and income, net	(1,631)	(16,015)	(31,066)
Foreign exchange gain (loss)	(5,332)	4,068	107
Loss before income taxes	(28,801)	(112,060)	(70,288)
Income tax expense	(14)	(440)	(110)
Net Loss	$ (28,815)	$ (112,500)	$ (70,398)

	As of December 31,		
($ in thousands)	2018	2019	2020
Balance Sheet Data:			
Cash and cash equivalents	$ 142,031	$ 44,292	$ 119,564
Inventories	--	4,161	8,045
Property, plant and equipment	52,418	164,903	168,322
Total assets	259,155	282,667	354,322
Total long-term debt	102,562	121,658	112,067
Total liabilities	147,650	276,431	343,180
Total shareholders' equity	$ 111,505	$ 6,236	$ 11,142

	Years Ended December 31,		
	2018	**2019**	**2020**
Cash Flow Data:			
Net cash inflow (outflow) from operating activities	$ (19,325)	$ (46,781)	$ 80,770
Net cash (outflow) from investing activities	(36,940)	(79,750)	(70,640)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis together with the "Selected historical consolidated financial and production data" section of this offering memorandum and our consolidated financial statements and related notes included elsewhere in this offering memorandum. Among other things, those historical consolidated financial statements include more detailed information regarding the basis of presentation for the financial data than are included in the following discussion. This discussion contains forward-looking statements about our business, operations, and industry that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations, and intentions. Our future results and financial condition may differ materially from those that we currently anticipate, including as a result of the factors described in "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" portions of this offering memorandum.

Annual MD&A

The following management's discussion and analysis of financial condition and results of operations ("MD&A") is prepared as of the date of the Tacora audited consolidated financial statements (Financial Statements") and is intended to assist readers in understanding the financial performance and financial condition of Tacora. This MD&A provides information concerning Tacora's financial condition as at December 31, 2020, December 31, 2019 and December 31, 2018 and results of operations for the 52-week periods ending December 31, 2020 ("Fiscal 2020"), December 31, 2019 ("Fiscal 2019") and December 31, 2018 ("Fiscal 2018"). All of the financial information contained within the MD&A is expressed in thousands of United States dollars, except where otherwise noted.

This MD&A should be read in conjunction with the Financial Statements, including the related notes thereto.

Basis of Presentation

Tacora's audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's fiscal year ends on December 31, its presentation currency is the United States dollar and the functional currency of Tacora is the United States dollar. All of the financial information contained within the MD&A is expressed in thousands of United States dollars, except where otherwise noted.

Cautionary Note Regarding Forward-Looking Information

Some of the information in this MD&A contains forward-looking information, such as statements regarding the Company's future plans and objectives that are subject to various risks and uncertainties. This information is based on management's reasonable assumptions and beliefs in light of the information currently available to it and is provided as of the date of this MD&A, and the Company cannot assure investors that such information will prove to be accurate. Actual results and future events could differ materially from those anticipated in such information as a result of various factors. The results for the periods presented are not indicative of the results that may be expected for any future periods. The Company does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. We caution that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect our results. Investors are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information.

Non-IFRS Measures

The Company has identified certain measures that it believes will assist understanding of the financial performance of the business. As the measures are not defined under IFRS, they may not be directly comparable with other companies' similar measures. The non-IFRS measures are not intended to be a substitute for, or superior to, any IFRS measures of performance but management has included them as these are considered to be important measures used within the business for assessing performance. These measures are explained further below.

Working Capital

This MD&A refers to "working capital", which is not a recognized measure under IFRS. This non-IFRS liquidity measure does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to a similar measure presented by other issuers. "Working capital" is defined by the Company as current assets less current liabilities. Management uses this measure internally to better assess performance trends. Management understands that a number of investors and others who follow the Company's business assess performance in this way. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Overview

The Company is in the business of identifying, mining and processing iron ore mineral reserves and resources. The mining of iron ore at the Scully Mine is the Company's main business at this time; however, other revenue streams may be added in the future. The Company's future performance is largely tied to the continued operation of the Scully Mine, other prospective business opportunities, the overall market for iron ore, and operating through the COVID-19 pandemic. To date, the Company has raised approximately $398 million to bring the Scully Mine to full production, of which 43% was debt and 57% was equity.

On July 18, 2017, the Company completed the acquisition of the Scully Mine, an iron ore mine and processing facility located north of the Town of Wabush in Newfoundland and Labrador, Canada, together with the Wabush Lake Railway. Tacora completed the acquisition of the assets of the Scully Mine and the Wabush Lake Railway pursuant to the asset purchase agreement ("APA") pursuant to a process under the *Companies' Creditors Arrangement Act (*Canada). Under the APA, Tacora paid a total cash purchase price of $1.6 million plus cash cure costs in an amount of $8.2 million, for an aggregate purchase price of $9.8 million. For further information about the acquisition, see Note 1 to the Company's audited consolidated financial statements for Fiscal 2020.

Following the completion of a Feasibility Study (NI 43-101) for the Scully Mine in December 2017, as prepared by G Mining Services, Inc. ("GMS") and Ausenco, the Company focused on opportunities to finance the restart of the Scully Mine. On November 27, 2018, Tacora announced it had closed on $212 million in private equity and senior secured debt financing, which together with up to $64 million in mining equipment debt financing, fully funded the restart of the Scully Mine. In addition, during the course of the 2018 fiscal year, the Company amended the Cargill Offtake Agreement and finalized certain port access agreements and rail/transportation agreements in anticipation of the successful restart of the Scully Mine.

As the Company progressed into the 2019 fiscal year, it restarted mining operations and commercial production at the Scully Mine. On May 25, 2019, ore was delivered to the crusher and the first mill was successfully started up on May 28, 2019. During June 2019, the Company successfully commissioned its concentrator and produced its first wet concentrate, undertook its first mine blast and celebrated its first loaded train. On August 30, 2019, the Company announced that its first seaborne vessel shipment of iron ore concentrate produced at the Scully Mine departed the Port of Sept-Iles, Quebec, with a payload of 69,770 wmt of premium concentrate bound for a customer in Europe. Throughout the remainder of the 2019 fiscal year, the Company continued the process of ramping up commercial production (including bringing all six mills into operation).

During the 2020 fiscal year, the Company continued its focus on ramping up production at the Scully Mine. On July 20, 2020, Mr. Thierry Martel was appointed to the positions of Director, President and Chief Executive Officer of Tacora Resources Inc. Mr. Martel was previously employed by Rio Tinto and he has considerable operating experience with iron ore mining operations in Labrador. The Company's short-term strategy is to improve the Scully Mine and achieve name plate production capacity of six Mtpa of high-grade iron ore concentrate in the first half of 2022, on a run rate basis. As the Scully Mine begins to generate positive cash flow from operations, Tacora expects to focus on strengthening its balance sheet and pursuing growth opportunities. Tacora also has a significant opportunity to expand capacity at Scully Mine and further optimize operations, particularly as the current mill layout provides potential to double capacity and improve anticipated iron recovery from approximately 66% to greater than 75%. Tacora expects to invest $40.0 million in sustaining and incremental improvement projects in 2021 and $25 million in sustaining and improvement projects in 2022.

In addition to these notable accomplishments, Tacora was able to successfully navigate through the COVID-19 pandemic while preserving the health and safety of both our workforce and our Company for the long term. The COVID-19 pandemic caused its fair share of challenges, as disruptions in the supply of critical spare parts, consumables and contract labor contributed to a slower than expected ramp up of operations at the Scully Mine. However, Tacora was able to implement the requisite COVID-19 protocols and thanks to our dedicated workforce, the Company did not have a single confirmed case of COVID-19 at the Scully Mine which allowed it to safely operate throughout 2020.

On January 13, 2021, the Company completed the acquisition of 100% of the share capital of Sydvaranger Mining AS (the "Sydvaranger Mine" or "Sydvaranger"). The Sydvaranger Mine is a long life, large scale iron ore open pit, mineral processing plant and port. The concentrator and port facilities are located in the town of Kirkenes, Norway and the mines are 8 kilometers to the south near the town of Bjørnevatn, Norway. As a result of the acquisition, Tacora has the option to restart the Sydvaranger Mine which is shovel ready and fully permitted in a tier 1 jurisdiction. Sydvaranger is currently under a care and maintenance program. A third-party Feasibility Study for Sydvaranger Mine issued in October 2019 provided an overview of an Environmental and Social Impact Assessment being conducted on the mine by Ramboll in accordance with the International Finance Corporation Performance Standards and Sectoral Environmental, Health & Safety Guidelines. Ramboll's assessment identified no risks that were critical or could not be managed operationally. Our historical consolidated financial statements included in this offering memorandum do not include any financial information of the Sydvaranger Mine. As of the issue date of the notes, Tacora Norway, Sydvaranger Mining and its subsidiaries will be designated as "Unrestricted Subsidiaries" and will not be subject to any of the restrictive covenants in the Indenture. See "Description of the Notes—Restricted and Unrestricted Subsidiaries; Immaterial Subsidiaries."

Overview of steel and iron ore markets

Overall, global crude steel production in 2020 fell 0.8% year over year to 1,858Mt, as steel output was disturbed by the ongoing impact of COVID-19, compared to production growth in 2019 of 3.1% year over year to 1,873Mt. China, the world's largest producer of crude steel, produced an estimated 1,056Mt of crude steel in 2020, a new record, which represents approximately 57% of worldwide production. China's crude steel production in 2020 grew 6.0% year over year, as demand remained relatively strong despite the global pandemic, compared to production growth in 2019 of 6.9% year over year.

At the end of 2020, demand for steel has been revised slightly upward due to countries such as Japan, US, India, and others implementing economic stimulus measures and the anticipated easing of COVID-19 restrictions around the globe. Government stimulus packages are being adopted in many countries. For instance, the stimulus package in Germany is currently $157 billion and economic aid an additional $90 billion.

AME estimates finished steel demand for 2020 was 1,748Mt. This equates to a decline of 0.8% for the 2020 year, with an expected return to growth of 4.9% for the 2021 year. Steel demand will be supported by the infrastructure, residential buildings, mechanical equipment, and automotive (and other transport) industries. However, for developed economies this heavily relies on government stimulus packages in infrastructure projects while emerging economies such as China and India have twenty-year plans to bring its population out of poverty via urbanization policies and the construction of 'mega cities'.

Global iron ore demand increased by 1.8% in 2020 to 2,244Mdmt and is expected to grow to 2,335Mdmt by 2024 according to AME. This compares to a 1.9% increase year over year in 2019 to 2,204Mdmt. The economic impact of the COVID-19 pandemic and corresponding containment policies have severely impacted demand across the global economy with finished steel, and iron ore, no exception. Policy responses from governments to the pandemic are likely to favor spending on fixed asset and infrastructure projects, which will lead to recoveries in demand for steel. Deficit spending is likely to fund these stimulus programs given the historically low interest rates seen worldwide, a palatable outcome politically given the low cost of debt funding. Concentrated stimulus programs targeting infrastructure have been initiated in both China and the US with many economies in the world likely to follow, which poses a potential upside to medium term iron ore demand.

Despite the slowdown, China is expected to continue to dominate global steel production and for the first time exceeded the long awaited 1Btpa production level in 2020. By 2024, China's share of global steel production is forecast to decline slightly to around 50% as India's crude steel production experiences robust growth. However, China will remain comfortably above the 1Btpa level with estimated production of around 1.04Bt in 2024. Due to China's current and expected level of steel production, it will remain the largest iron ore consumer over the medium term. In line with its expected steel production, China's iron ore demand is expected to decline to 1,292Mdmt by 2024, as domestic policies drive an increase in EAF steelmaking, which require scrap steel and high grade iron ore to make Direct Reduced Iron ("DRI") as the primary feedstocks for the EAF steelmaking process.

Demand growth from 2021-2024 for iron ore will be driven by emerging countries, particularly India. The pace of India's ramp-up in crude steel production will have a large impact on iron ore demand growth, with steel production set to be dominated by BF/BOF and Direct Reduced Iron ("DRI") technology, both requiring iron ore as the main ferrous feed.

The global supply of iron ore did not keep pace with the demand for iron ore in 2020 as supply was reduced 0.3% year over year to 2,158Mt. In the major producing region of the Pilbara in Australia, mining was considered an essential service and therefore mines continued to operate at capacity through COVID-19 restrictions. In the first half of 2020, Brazilian miners suffered closures at certain sites with Vale halting production at the Conceição, Cauê and Periquito mines at the Itabira complex in the south-east of the country. As a result, iron ore spot prices experienced a material increase in 2020. For the year ended December 31, 2020, the average Platts 65% Fe spot price increased to $122 per dmt, representing a year over year increase of 17.3% compared to an average Platts 65% Fe price of $104 per dmt for the year ended December 31, 2019. During the fourth quarter of 2020, the average Platts 65% Fe price increased to $146 per dmt, a 13.2% increase from the price for the third quarter 2020 and a 31.6% increase from the price for the fourth quarter of 2019.

We expect iron ore prices (Platts 65% Fe and Platts 62% Fe North China CFR) will remain high in 2021. In the medium term, we expect iron ore prices to moderate. In 2020, China experienced an iron demand boom that drastically contrasts with a slump in the rest of the world. As the COVID-19 pandemic became demonstrably contained within the 1st quarter 2020, the Chinese government stepped in to stimulate the economy. Significant investment in infrastructure projects substantially renewed strength in manufacturing activity and steel production, increasing demand for iron ore. The country experienced an accelerated run-rate in construction to make up for the loss at the outset of the year.

The coronavirus pandemic was a significant roadblock for Brazil's iron ore operations and resulted in global supply disruption. The rapid spread of the virus in Itabira saw infection rates of approximately 12% of Vale's workers. In response, the company was required to send sick employees and those who had been in contact with them home – running on minimum staff numbers and reducing productivity rates. The iron ore volumes were also affected by mine shutdowns and heavier than usual rains that resulted in flooding. The combination of supply disruption and unprecedented demand from China resulted in a price spike as discussed above.

We compete with small and large traditional iron ore mining companies in Canada, Australia and Brazil. However, because we produce a high-quality product with high iron levels and low impurity levels we achieve favorable value-in-use pricing relative to commodity and sub-commodity grade producers. Value-in-use is a term used to describe the adjustments made against a benchmark price to account for differences in ore quality. The costs incurred at a steel mill are influenced, to an extent, by differing ore chemistries. The premium and discount applied to the benchmark price for a specific ore is calculated from the difference in iron content to the benchmark and the impurity levels relative to trigger grades (*e.g.,* silica levels over 5.5%). Key impurities considered are silica, alumina, phosphorus and sulphur. A high iron content feed with low impurities is typically preferred by steelmakers, as higher Fe reduces transport costs on a Fe unit basis and increases the iron content yield. Silica levels above 5.5% are considered high and can raise the blast furnace slag volumes and the fuel rate (and, in turn, the coke consumption rate).

Due to changing environmental regulations globally and the need to reduce CO2 emissions, coupled with the limited supply of high-grade iron ore, we believe the favorable value in use adjustment or premium achieved for our iron ore product sales is sustainable and may increase in the future.

Key financial drivers

Iron ore price

The price of iron ore concentrate is the most significant factor determining the Company's financial results. As such, cash flow from operations and the Company's development may, in the future, be significantly adversely affected by a decline in the price of iron ore. The iron ore concentrate price fluctuates daily and is affected by a number of industry and macroeconomic factors beyond the control of the Company.

Due to the high-quality nature of our iron ore concentrate, which is high in iron averaging 65.5% and low in impurities such as silica averaging 2.7% in 2020, the Company's iron ore sales attract a premium over the IODEX 62% Fe CFR China Index ("P62") widely used as the reference price in the industry. As such, the Company quotes and sells its products on the high-grade IODEX 65% Fe CFR China Index ("P65"). The premium captured by the P65 index is attributable to steel mills recognizing that higher iron ore grades offer a benefit in the form of efficiency or output optimization while also significantly decreasing CO2 emissions per tonne of steel produced.

Tacora's iron ore sales contracts are structured on a provisional pricing basis, with the final sales price determined using the iron ore price indices on or after the vessel's arrival to the port of discharge. The Company recognizes revenues from iron ore sales when unit train shipments from the Scully Mine are delivered and unloaded at the port. The estimated gross consideration in relation to the provisionally priced shipments is accounted for using the average P62 iron ore price at the time the unit train is unloaded, plus 60% of the estimated P65 premium over the P62 price at the time the unit train is unloaded. Once the vessel arrives at its destination, the impact of the iron ore price movements, compared to the marked to market price over the quotational period is accounted for as a provisional pricing adjustment to revenue. As of December 31, 2020, Tacora had $173.6 million in revenues awaiting final pricing, with the final price to be determined in the following reporting periods. Comparatively, as of December 31, 2019, Tacora had $55.9 million in revenues awaiting final pricing.

Ocean freight is an important component of the Company's pricing formula and is subtracted from the gross consideration as Tacora's concentrate is shipped into the seaborne iron ore market. The common reference route for dry bulk material from the Americas to Asia is the Tubarao to Qindao route which encompasses 11,000 miles. The freight cost per tonne associated with this route is captured in the C3 Baltic Capesize Index ("C3"), which is considered the reference ocean freight cost for iron ore shipped from the Americas to the Far East. There is no index for the route between the port of Sept-Iles, Canada and China. The route from Sept-Iles to the Far East totals approximately 14,000 miles and is subject to different weather conditions during the winter season, therefore the freight cost per tonne associated with this voyage is generally higher than the C3 price.

Production volume

Maintaining a high level of total material mined, plant throughput and iron recovery, as well as managing costs is critical in keeping our production costs low and determining our financial results. We invest heavily in maintaining our equipment and training our employees to ensure that the mine and plant remain fully operational.

During the twelve-month period ended December 31, 2020, 22.2 million tonnes of material was mined, compared to 6.5 million tonnes of material mined the prior year. The increase is mainly due to a full year of mining in 2020 compared to a partial year of mining in 2019 as the Scully Mine commenced commercial production in June 2019. In order to attain name-plate iron ore concentrate production of 6Mtpa, the Company estimates it will need to achieve at least 32.0 million tonnes of total material mined on an annual basis.

The plant processed 10.6 million tonnes of ore during the twelve-month period ended December 31, 2020, compared to 3.3 million tonnes of ore in the comparable prior year period. The plant achieved an average mill operating time of approximately 64% for the year ended December 31, 2020 compared to approximately 58% in the comparable prior year period. We calculate mill operating time by subtracting the number of hours of mill downtime from the number of total hours in the year and dividing by the number of total hours in the year. The increase in ore processed is mainly due to a full year of plant operations in 2020 compared to a partial year of plant operations in 2019 as the Scully Mine commenced commercial production in June 2019. In order to attain name-plate iron ore concentrate production of 6Mtpa, the Company estimates it will need to achieve an overall mill operating time of at least 88% which will allow it to process 17.5 million tonnes of ore on an annual basis.

The Scully Mine achieved an average iron recovery of 54% during the twelve-month period ended December 31, 2020 compared to an average iron recovery of 50% during the operating months of the prior year. The increase in iron recovery is despite a slightly lower head grade in 2020 which averaged 34.7% Fe compared to 35.0% Fe in the same period of the prior year. The increase in iron recovery is attributed to more consistency and stability of the operation combined with better process controls in the density separation circuits. Some of the processing variables that were favorably impacted by the improved process controls were percent solids, equipment flow rates, wash water rates, underflow densities, and teeter water flows.

Based on the foregoing, the Scully Mine produced 3.0 million tonnes of 65.5% Fe high-grade iron ore concentrate during the twelve-month period ended December 31, 2020 compared to 1.0 million tonnes of 65.6% high-grade iron ore concentrate in a six-month start-up period during the prior year.

Currency

The USD is the Company's reporting and functional currency, excluding Knoll Lake whose functional currency is Canadian dollars, which is translated to USD in the consolidated financials statements of the Company. Our costs of goods sold at the Scully Mine are mainly incurred in Canadian dollars. Consequently, the Company's operating results and cash flows are influenced by changes in the exchange rate for the Canadian dollar against the U.S. dollar. Therefore, the Company is exposed to foreign currency fluctuations as its mining, mineral processing, rail and port operating expenses are mainly incurred in Canadian dollars. Currently, the Company has no currency hedging contracts in place and therefore has exposure to foreign exchange rate fluctuations. The strengthening of the U.S. dollar would positively impact the Company's net income and cash flow while the strengthening of the Canadian dollar would reduce its operating margin and cash flow. The impact of a 10% change in the U.S. dollar against the Canadian dollar at December 31, 2020 would have a $7.5 million impact on earnings.

Apart from these key drivers and the risk factors noted under "*Risk Factors*", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Key income statement measures

Revenue

Revenue is driven by the amount of product delivered to customers, global iron ore spot prices, certain customer specific discounts and a variety of other factors, such as commodity prices, freight costs and the iron and moisture content of our finished products.

Cost of sales

Our cost of sales includes production cost such as labor, maintenance, petroleum-based products and utilities, as well as royalties, depreciation and amortization. Our royalty agreement requires us to pay a royalty fee based on the revenue we earn, which is payable quarterly. We believe our cost of labor will grow in line with the expansion of our operations and productive capacity. All of our production labor expenses are governed by collective bargaining agreements. We are, however, susceptible to fluctuations in the electricity, oil and gas fuel costs, which are used to operate our production facilities and mining equipment.

Operating expenses

Our operating expenses consist primarily of selling, general and administrative expenses, which we believe will remain stable as a percentage of revenue as we expand our operations and production capacity in the years to come.

Results of operations

Year ended December 31, 2020 compared to year ended December 31, 2019

($ in millions, except IODEX)	Years Ended December 31, 2020	2019	Increase (Decrease)	Percent Change
Revenue	$ 299.2	$ 60.1	$ 239.1	397.8%
Cost of sales	239.5	90.1	149.4	165.8%
Gross profit	59.7	(30.0)	89.7	(299.0%)
Operating expenses	4.5	12.1	(7.6)	(62.8%)
Operating income (loss)	55.2	(42.1)	97.3	(231.1%)
Non-operating loss	(125.6)	(70.4)	(55.2)	78.4%
Net loss	$ (70.4)	$ (112.5)	$ 42.1	(37.4%)
Third party shipments (tonnes)(unaudited)	2,979,858	917,403	2,062,455	224.8%

Revenue

Realized price for the year ended December 31, 2020 compared to year ended December 31, 2019

($ per dmt sold)	Years Ended December 31, 2020	2019	Increase (Decrease)	Percent Change
Index P62	$ 108.9	$ 89.2	$ 19.7	22.1%
Fixed sales/timing	(6.7)	(0.9)	(5.8)	(644.4%)
Premium over P62	7.9	5.0	2.9	58.0%
Gross realized price	110.1	93.3	16.8	18.0%
Freight and other costs	(19.6)	(31.2)	11.6	37.2%
Provisional pricing adjustments	11.5	4.0	7.5	187.5%
Other	(1.6)	(0.6)	(1.0)	(166.7%)
Net realized price	$ 100.4	$ 65.5	$ 34.9	53.3%

For the year ended December 31, 2020, our revenue was approximately $299.2 million, an increase of $239.1 million, or 397.8%, from our revenue of $60.1 million for the year ended December 31, 2019. The increase in our revenue was attributable to a full year of production which resulted in an increase of 2.1 million tonnes shipped. The increased revenue resulting from such shipments was also impacted by a 53.3% increase in the net realized price applicable to concentrate pricing for the year ended December 31, 2020 compared to 2019.

Cost of sales

Cost of Sales per dmt sold for the year ended December 31, 2020 compared to year ended December 31, 2019

($ per dmt sold)	Years Ended December 31, 2020	2019	Increase (Decrease)	Percent Change
Mining	$ 14.0	$ 21.1	$ (7.1)	(33.6%)
Processing	23.6	28.9	(5.3)	(18.3%)
Logistics	25.8	31.3	(5.5)	(17.6%)
General and Administration	3.6	4.9	(1.3)	(26.5%)
Royalties	7.9	4.6	3.3	71.7%
Cash cost of sales	74.9	90.8	(15.9)	(17.5%)
Depreciation and Amortization	5.5	7.3	(1.8)	(24.7%)
Cost of sales	$ 80.4	$ 98.1	$ (17.7)	(18.0%)

For the year ended December 31, 2020, our cost of sales was approximately $239.5 million, an increase of $149.4 million, or 165.8%, from our cost of sales of $90.1 million for the year ended December 31, 2019. The full-year of production in 2020, versus six months in 2019, and the continued ramp-up of the plant resulted in increased shipments of concentrate resulting in higher cost of sales.

We believe our cost of sales will continue to increase but our cost of sales per dmt sold will continue to decrease as we ramp up to steady state and increase shipments from the Scully Mine

Further, we believe our cost of labor at the Scully Mine will grow in line with the expansion of our operations and production capacity. Our production labor expenses are governed by a collective bargaining agreement. We expect that utilities, including electricity, oil and gas fuel costs may increase over the next five years. To counter these potential increases, we assess process improvements on a continuous basis as well as monitor price forecasts for commodities to evaluate opportunities to hedge our exposure regarding commodity price risk.

Gross profit (loss)

For the year ended December 31, 2020, our gross profit was approximately $59.7 million, an increase of $89.7 million, or 299%, from our gross loss of $30.0 million for the year ended December 31, 2019. The increase in our gross profit for the year ended December 31, 2020 was primarily due to the full-year of production in 2020, versus six months in 2019, an increase of our realized selling price and the continued ramp-up of the plant resulted in increased shipments of concentrate. We also believe that cost of sales will increase at rate slower than revenue for the reasons also discussed above, and therefore, gross profit margin will continue to improve going forward.

Operating expenses

For the year ended December 31, 2020, our operating expenses were approximately $4.5 million, a decrease of $7.6 million, or 62.8%, over our operating expenses of $12.1 million for the year ended December 31, 2019. As a percentage of revenue, operating expenses decreased from 20.1% during the year ended December 31, 2019 to 1.5% for 2020. The decrease in operating expenses as a percentage of revenue is primarily driven by the increase in revenue and the decrease in operating expenses. The overall decrease in operating expenses is attributable to additional costs for take-or-pay amounts related to port and transportation agreements payable prior to the start-up of the Scully Mine in 2019 that are now classified as cost of sales. We believe selling, general and administrative expenses as a percent of revenue will continue to decrease as we ramp up our production capacity.

Operating income (loss)

Our operating income for the year ended December 31, 2020 was approximately $55.2 million, an increase of $97.3 million, or 231.1%, from our operating loss of $42.1 million for the year ended December 31, 2019. This increase is primarily a function of the increase in our gross profit as discussed above.

Non-operating income (loss)

For the year ended December 31, 2020, our non-operating loss was approximately $125.6 million, an increase of $55.2 million, or 78.4%, from our non-operating loss of $70.4 million for the year ended December 31, 2019. The increase in our non-operating loss for the year ended December 31, 2020 primarily resulted from an increase in interest expense of $13.5 million accompanied by a net loss on our derivative instruments of $35.4 million and other losses of $3.6 million. The increase in the amount of interest expense was due to a modification of our debt in December 2020 which resulted in an adjustment to fair-value and an increase in interest expense. The increase in our net loss on our commodity forward contract was due to the continued increase in iron ore prices throughout 2020.

Net income (loss)

For the year ended December 31, 2020, our net loss was approximately $70.4 million, a decrease of $42.1 million, or 37.4%, from our net loss of $112.5 million for the year ended December 31, 2019. The decrease in our net loss for the year ended December 31, 2020 is primarily attributable to the increase in gross profit margin resulting from the increase in revenue, partially offset by increased non-operating loss due to a net loss on our commodity forward contract and higher interest expense resulting from the fair-value adjustment, as discussed above.

Year ended December 31, 2019 compared to year ended December 31, 2018

($ in millions, except IODEX)	Years Ended December 31, 2019	2018	Increase (Decrease)	Percent Change
Revenue	$ 60.1	$ -	$ 60.1	N/A
Cost of sales	90.1	-	90.1	N/A
Gross profit	(30.0)	-	(30.0)	N/A
Operating expenses	12.1	8.8	3.3	37.5%
Operating income (loss)	(42.1)	(8.8)	(33.3)	378.4%
Non-operating loss	(70.4)	(20.0)	(50.4)	252.0%
Net loss	$ (112.5)	$ (28.8)	$ (83.7)	290.6%
Third party shipments (tonnes)(unaudited)	917,403	-	917,403	N/A

Revenue and cost of sales

Our revenue and cost of sales were not comparable between 2019 and 2018 because the Scully Mine did not restart until 2019.

Operating expenses

For the year ended December 31, 2019, our operating expenses were approximately $12.1 million, an increase of $3.3 million, or 37.5%, over our operating expenses of $8.8 million for the year ended December 31, 2018. The overall increase in operating expenses is attributable to additional costs for take-or-pay amounts related to port and transportation agreements payable prior to the start-up of the Scully Mine in 2019 that were not contractually required in 2018.

Operating loss

Our operating loss for the year ended December 31, 2019 was approximately $42.1 million, an increase of $33.3 million, or 378.4%, from our operating loss of $8.8 million for the year ended December 31, 2018. This increase is primarily a function of the increase in our gross loss as discussed above.

Non-operating loss

For the year ended December 31, 2019, our non-operating loss was approximately $70.4 million, an increase of $50.4 million, or 252.0%, from our non-operating loss of $20.0 million for the year ended December 31, 2018. The increase in our non-operating loss for the year ended December 31, 2019 primarily resulted from an increase in interest expense of $16.4 million accompanied by an increase in net loss on derivative instruments of $41.5 million partially offset by an increase in gain on foreign exchange of $9.4 million. The increase in interest expense and derivative instrument losses were the result of new senior secured debt that closed in November 2018.

Net income (loss)

For the year ended December 31, 2019, our net loss was approximately $112.5 million, an increase of $83.7 million, or 290.6%, from our net loss of $28.8 million for the year ended December 31, 2018. The increase in our net loss for the year ended December 31, 2019 is primarily attributable to the partial year of production and ramp-up of the Scully Mine resulting in gross losses in 2019 in addition to increased non-operating loss due to a net loss on our commodity forward contract and higher interest expense as discussed above.

Non-IFRS financial measures

The Company has identified certain measures that it believes will assist understanding of the financial performance of the business. As the measures are not defined under IFRS, they may not be directly comparable with other companies' similar measures. The non-IFRS measures are not intended to be a substitute for, or superior to, any IFRS measures of performance but management has included them as these are considered to be important measures used within the business for assessing performance. These measures are explained further below.

Working Capital

This MD&A refers to "working capital", which is not a recognized measure under IFRS. This non-IFRS liquidity measure does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to a similar measure presented by other issuers. "working capital" is defined by the Company as current assets less current liabilities. Management uses this measure internally to better assess performance trends. Management understands that a number of investors and others who follow the Company's business assess performance in this way. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The Company's working capital is as follows:

($ in thousands)	As at December 31, 2020	As at December 31, 2019
Current assets		
Cash	$ 119,564	$ 44,292
Restricted cash, escrow	$ 259	$ 254
Receivables	$ 2,351	$ 6,001
Inventories	$ 8,045	$ 4,161
Transportation deposits, current portion	$ 8,487	$ 6,998
Prepaid expenses and other current assets	$ 5,848	$ 10,848
	$ 144,554	$ 72,554
Current liabilities		
Current maturities of long-term debt	$ 25,700	$ 4,399
Current maturities of leased liabilities	$ 7,423	$ 6,809
Accounts payable	$ 14,977	$ 4,964
Accrued liabilities	$ 35,885	$ 16,206
Current derivative liability	$ 80,952	$ 38,726
	$ 164,937	$ 71,104
Working (deficiency)/capital	**$ (20,383)**	**$ 1,450**

As of December 31, 2020, the Company had a working capital deficiency of $20,383 compared to a working capital surplus of $1,450 as of December 31, 2019.

The Company's current assets as at December 31, 2020 increased by $72.0 million since December 31, 2019. The increase was mainly due to cash flows from operations of $80.8 million and $77.0 million of common stock issued during the year ended December 31, 2020.

The Company's current liabilities as at December 31, 2020 increased by $93.8 million since December 31, 2019. The increase was mainly due to an increase in current derivative liabilities of $42.2 million, an increase in current maturities of long-term debt of $21.3 million and an increase in accounts payable and accrued liabilities of $29.7 million.

FOB Cash Costs Pointe Noire

FOB Cash Costs Pointe Noire is a supplemental financial measure that is not prepared in accordance with IFRS. We define FOB Cash Costs Pointe Noire as cost of sales less royalties, depreciation and amortization divided by tonnes sold. Our FOB Cash Costs Pointe Noire presented in this MD&A reflect, among other things, the partial year of production in 2019 and the continued ramp-up of production at the Scully Mine in 2020.

	Years Ended December 31,		Increase	Percent
($ per dmt sold)	2020	2019	(Decrease)	Change
Mining	$ 14.0	$ 21.1	$ (7.1)	(33.6%)
Processing	23.6	28.9	(5.3)	(18.3%)
Logistics	25.8	31.3	(5.5)	(17.6%)
General and Administration	3.6	4.9	(1.3)	(26.5%)
FOB Cash Costs Pointe Noire	67.0	86.2	(19.2)	(22.3%)
Royalties	7.9	4.6	3.3	71.7%
Depreciation and Amortization	5.5	7.3	(1.8)	(24.7%)
Cost of sales	$ 80.4	$ 98.1	$ (17.7)	(18.0%)

The Scully Mine shipped an aggregate amount of approximately 3.0 million tonnes of concentrate at a blended average FOB Cash Costs Pointe Noire of $67.0 per tonne for the year ended December 31, 2020, compared to 0.9 million tonnes of concentrate at a blended average of $86.2 per tonne for the year ended December 31, 2019. The decrease in blended average FOB Cash Costs Pointe Noire primarily resulted from the increase in production volume due to the fixed nature of many of our operating costs.

Once the Scully Mine is fully ramped-up, we estimate our FOB Cash Costs Pointe Noire will be approximately $40 per tonne on a blended average basis subject to the P62 iron ore price which impacts the cost of logistics.

We believe our calculation of FOB Cash Costs Pointe Noire is useful to management and investors for analyzing and benchmarking performance and it facilitates comparison of our results among our peer iron ore mining operations. Our projections related to FOB Cash Costs Pointe Noire are based on assumptions related to various factors, including, but not limited to, commodity prices and production costs. These costs are subject to change and such changes may affect our projections of FOB Cash Costs Pointe Noire. In addition, the assumptions and estimates underlying our future FOB Cash Costs Pointe Noire are inherently uncertain and, although we consider them to be reasonable as of the date of this MD&A, they are subject to regulatory, business and economic risks and uncertainties that could cause actual results to differ materially from our estimated future FOB Cash Costs Pointe Noire contained herein. The timing of events and the magnitude of their impact might differ from those assumed in preparing our future FOB Cash Costs Pointe Noire estimates, and this may have a material negative effect on our financial performance and on our ability to meet our financial obligations. Our estimated future FOB Cash Costs Pointe Noire contained herein may not be indicative of our future financial performance and our results may differ materially from those presented herein. Inclusion of our estimated future FOB Cash Costs Pointe Noire should not be regarded as a representation by any person that such future FOB Cash Costs Pointe Noire will be achieved.

EBITDA and Adjusted EBITDA

EBITDA is defined as net income (loss) before interest expense (net), income taxes, depreciation and amortization, mark-to-market on derivative instruments, unwinding of present value discount on asset retirement obligations and financing costs and is used by our senior secured lender for financial covenant calculations. Adjusted EBITDA is further adjusted to exclude realized gains or losses on derivative instruments, foreign currency translation adjustments, and other infrequent or unusual transactions and is used by management to measure operating performance of the business. EBITDA and Adjusted EBITDA are supplemental measures of our performance and our ability to service debt that are not required by or presented in accordance with IFRS. EBITDA and Adjusted EBITDA are not measurements of our financial performance under IFRS and should not be considered as alternatives to net income or other performance measures derived in accordance with IFRS, or as alternatives to cash flow from operating activities as measures of our liquidity. In addition, our measurements of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Management believes that the presentation of EBITDA and Adjusted EBITDA included in this offering memorandum provide useful information to investors regarding our results of operations because they assist in analyzing and benchmarking the performance and value of our business.

EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider such measures either in isolation or as substitutes for analyzing our results as reported under IFRS. Some of these limitations are:

- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA and Adjusted EBITDA do not reflect our interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- EBITDA and Adjusted EBITDA do not reflect our tax expenses, or the cash requirements to pay our taxes;
- EBITDA and Adjusted EBITDA do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements; and
- Other companies in our industry may calculate EBITDA and Adjusted EBITDA differently, limiting their usefulness as comparative measures.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as discretionary cash available to us to reinvest in the growth of our business or as a measure of cash that will be available to use to meet our obligations.

The following table is a reconciliation of our net income to EBITDA and Adjusted EBITDA:

($ in thousands)	Years Ended December 31, 2020	2019
Net loss	$ (70,398)	$ (112,500)
Interest expense	31,490	17,985
Income tax	110	278
NALCO Tax	542	162
Depreciation and amortization	16,289	6,885
Mark-to-Market on derivative instruments	25,355	42,390
Unwinding of present value discount: ARO	652	617
Financing costs	1,609	-
EBITDA	$ 5,649	$ (44,183)
Realized loss on derivative instruments	64,743	12,336
Interest income	(424)	(1,970)
Net gain on FX	(107)	(4,068)
Write-off of MFC prepaid royalties	-	2,575
Other income / expense	1,630	135
Adjusted EBITDA	$ 71,491	$ (35,175)

Cash flows

The following discussion summarizes the significant activities impacting our cash flows during the years ended December 31, 2020 and 2019.

Cash flows from operating activities

Cash flows generated by operating activities was $80.8 million for the year ended December 31, 2020 compared to cash flows used by operating activities of $46.8 million for the same period in 2019. Net cash generated by operating assets and liabilities was $28.3 million for the year ended December 31, 2020 compared with net cash used by operating assets and liabilities of $0.1 million for the same period in 2019. The increase in cash generated by operating activities was primarily due to an increase in net income of $42.1 million, in addition to an increase in accounts payable and accrued expenses of $8.4 million in 2020.

Cash flows from investing activities

Net cash used by investing activities decreased to $70.6 million for the year ended December 31, 2020 compared with $79.8 million for the same period in 2019. Capital expenditures for the acquisition of property, plant and equipment decreased by $62.0 million for the year ended December 31, 2020 due to the Scully Mine starting operations in July 2019. Net cash used for commodity forward contract settlements increased by $51.1 million during the year ended December 31, 2020 due to a partial year of contract settlements in 2019 in addition to an increase in iron ore prices in 2020. Net cash used for commodity forward contracts were driven by the requirement to hedge in December 2018, which was a provision within our senior secured debt.

Cash flows from financing activities

Net cash provided by financing activities during the year ended December 31, 2020 was $65.1 million compared to $28.8 million for the year ended December 31, 2019. Cash flows provided by financing activities during the year ended December 31, 2020 included $77.0 million in proceeds from the issuance of common shares, partially offset by $1.9 million in payments for equity issuance costs.

Financing arrangements

Jarvis Loan agreements and existing hedges

On July 18, 2017, Tacora closed on an unsecured interest free note payable in the amount of $9.8 million Canadian dollars. The proceeds of the note were provided to the Province of Newfoundland and Labrador for the purpose of funding the requisite amount of financial assurance required as part of a rehabilitation and closure plan approved by the Province of Newfoundland and Labrador. Tacora will repay the loan through quarterly payments equal to $0.69 per metric tonne of iron ore concentrate shipped from the Scully Mine. The note will terminate on the date upon which the entirety of the loan amount has been repaid and no interest will accrue on the loan. The fair value of the debt upon initial recognition was measured at $6.0 million. The debt is subsequently re-measured at amortized cost.

On October 31, 2018, Tacora entered into a Term Loan Credit Agreement and an Infrastructure Loan Agreement with affiliates of SAF Jarvis Inc. (such loan agreements are referred to, collectively, as the "Jarvis Loan Agreements"). The obligations of Tacora under the Jarvis Loan Agreements are secured by a security interest in substantially all assets of Tacora. The Jarvis Loan Agreements contain covenants that are typical for loan agreements of their type, including limitations on the incurrence of additional indebtedness, prepayment of other indebtedness, entrance into hedging arrangements with other parties, entrance into a merger or other business combination, entrance into an agreement for the Company to be acquired, acquisition of another business, or disposition of assets. Under the Jarvis Loan Agreements, Tacora is also required to meet senior debt to EBTDA, debt service coverage, and minimum reserve base ratios.

The Jarvis Loan Agreements were amended on December 11, 2020 (the "December Amendments"), which provided for, among other things, Tacora's acquisition of the Sydvaranger Mine. In addition to consenting to the Sydvaranger Mine acquisition and related equity financing, the December Amendments require payment of certain additional quarterly payments through 2022, redefine the senior debt to EBITDA ratio, and reduce the term and amortization of its infrastructure loans from 7 to 5 years.

Under the Jarvis Loan Agreements, the principal amount of $132.9 million was outstanding as of December 31, 2020. Approximately $143.6 million of the proceeds from the offering of the Notes will be used to repay the principal amount owed under the Jarvis Loan Agreements and certain fees payable in connection with prepayment, and the Jarvis Loan Agreements will be terminated and the related security discharged.

On October 31, 2018, the Issuer and SAF Jarvis 1 LP entered into a commodity derivatives facility to support commodity derivatives contracts of the Issuer, and this liability is secured by the same security as the Jarvis Loan Agreements (which security is being discharged). SAF Jarvis 1 LP is assigning its rights and obligations under these derivatives contracts to the Hedge Provider.

Contractual obligations and commitments

In the ordinary course of business, we enter into agreements under which we are obligated to make legally enforceable future payments. These agreements include those related to borrowing money, leasing equipment and purchasing goods and services. The table below summarizes our contractual obligations and commitments as of December 31, 2020:

($ in millions)	Within 1 Year	1 to 2 Years	2 to 5 Years	Over 5 Years
Accounts payable and accrued liabilities	50,862	-	-	-
Debt	41,922	45,633	87,763	-
Lease liabilities	9,420	9,436	22,086	12
Rehabilitation obligation	-	-	-	37,630
Total	102,204	55,069	109,849	37,642

In addition, we have entered into other material agreements, the payments of which are not included in the table above. These include:

Transportation agreement

On November 3, 2017, the Company entered into a life-of-mine transportation agreement ("QNS&L Rail Agreement") with Québec North Shore and Labrador Railway Company, Inc. ("QNS&L"). The QNS&L Rail Agreement provides that QNS&L will carry iron ore concentrate produced at the Scully Mine on Tacora-supplied railcars between Wabush Lake Junction in Labrador City, Newfoundland and Labrador to the Sept-Iles Junction in Sept-Iles, Québec, a distance of approximately 500 km, in exchange for an indexed base rate per tonne of iron ore hauled plus additional rates, premiums based on the average Platts 62% index and penalties. Under the terms of the QNS&L Rail Agreement, QNS&L has agreed, among other things, to haul minimum monthly tonnages of iron ore (and any surplus iron ore that QNS&L agrees to haul for the benefit of the Company), ensure available transportation capacity, lead and actively participate in appropriate operations management and coordination procedures between QNS&L and the Company and supply sufficient labour, locomotives, assets and infrastructure as necessary to provide the rail transportation services contemplated. The QNS&L Rail Agreement also prescribes various capacity and volume commitments on the part of each of QNS&L and the Company and sets forth specific maximum and minimum monthly tonnages of iron ore that may be tendered for transportation in any month, and a maximum tonnage of iron ore that may be tendered for transportation in any contract year. In the event that the Company fails to meet the minimum monthly tonnage requirements during a given month, the Company will be required to pay QNS&L, as liquidated damages, an amount equal to the deficit volume multiplied by the base rate applicable during that month and which increases over time, other than where the failure to meet such minimum tonnage is as a result of a force majeure event; and provided further that, in the event that the Company suspends production at the Scully Mine for a period of more than one calendar year, the obligation to pay any such liquidated damages will be suspended until the resumption of production. QNS&L will have the right to terminate the QNS&L Rail Agreement with three months' notice upon the first anniversary of the effective date of such suspension, unless the Company continues to pay liquidated damages. Either party may also terminate the QNS&L Rail Agreement with six months' notice in the event of a material breach of a material provision by the other party that was not substantially cured within the notice period; provided that QNS&L may not terminate the contract for the Company's failure to pay unless the undisputed amount is in excess of C$50,000.

The QNS&L Rail Agreement required the Company to provide advance payments to QNS&L totaling C$20.0 million, of which C$3.0 million was paid on November 10, 2017 and C$17.0 million was paid on November 14, 2018. These advance payments are required by QNS&L to secure the locomotive equipment and infrastructure capacity to meet the Company's anticipated haulage volumes on the QNS&L rail line. The Company is recovering the advance payments from QNS&L by means of a special credit per wet metric tonne hauled.

Locomotive rental agreement

On November 8, 2017, the Company executed an agreement (the "Locomotive Rental Agreement") to rent heavy haul locomotives from QNS&L to be used to move trains (a) between Wabush Lake Junction in Labrador City, Newfoundland and Labrador and the Company's loadout facility in Wabush, Newfoundland and Labrador and (b) between Arnaud Junction and the Pointe-Noire unloading facility in Sept-Iles, Québec. The Locomotive Rental Agreement provides that QNS&L will make the locomotives available to Tacora, and maintain the locomotives, in exchange for an indexed rate per ton of iron ore hauled, subject to the minimum monthly tonnage and maximum annual tonnage set forth in the QNS&L Rail Agreement. The Locomotive Rental Agreement will continue until terminated by either party upon an event of default by the other party (subject to a 30 day cure notice and cure period), by either party if the QNS&L Rail Agreement is terminated, or by the Company if it suspends production of iron ore for more than one calendar year for any reason other than force majeure.

Port access

In May 2018, the Company executed an agreement (the "SFPPN Agreement") with Société ferroviaire et portuaire de Pointe-Noire s.e.c. ("SFPPN") with an effective date of June 1, 2018 and a termination date of December 31, 2044 setting out the terms on which SFPPN will grant the Company guaranteed access to SFPPN's equipment, throughput and storage capacity necessary to transport iron ore to the port infrastructure for an annual maximum volume of 6.5 Mtpa of iron ore concentrate.

Under the SFPPN Agreement, the Company is required to contribute, to certain capital expenditures up to an aggregate amount of C$48.9 million, inclusive of C$10 million that was paid in 2018. Capital expenditures totaling C$16.3 million and C$2.8 million were paid in 2019 and 2020, respectively and C$7.8 million will be payable in 2021 and the balance will be due by the end of 2022. The capital expenditure will allow SFPPN to enhance the current existing infrastructure required for the Company's guaranteed access to SFPPN's facilities, which include railway and Wabush Yard infrastructure. As new clients enter into long-term access agreements with SFPPN, SFPPN will compensate the Company for its investment in multi-user assets based on such new client's use of such assets. From the date of the completion of the 2018 financing transactions and until the commencement of the Company's railcars shipment to SFPPN in March 2019, the Company was required to make a monthly payment of C$500,000 in consideration of the capacity SFPPN allotted to the Company. On the commencement of the Company's rail shipping from the Scully Mine to SFPPN beginning in April 2019, the Company paid an amount equal to SFPPN of C$2.5 million to SFPPN which is based on the Company's share of fixed costs, operational costs, profit margins, compensation rate and applicable taxes. In addition, prior to the Company's first train arrival to Arnaud junction's railway, the Company paid an amount of C$800,000 to SFPPN, which will be held by SFPPN in a segregated account (the "In-Trust Account") and applied to pay operational costs under the SFPPN Agreement in the case of an interruption or stoppage of Scully's Mine operation for 30 days or more.

In exchange for a guarantee of access to SFPPN, commencing on January 1, 2019, the Company must make an annual payment to SFPPN representing 8% of its Wabush Yard and Railway infrastructure cost compensation (which such cost compensation is capped at C$34.46 million, and will be reduced should there be more than two clients with long term access to the Wabush Yard and/or to the extent the Government of Québec assumes the cost of investment). In addition, on and after January 1, 2019, the Company must make monthly payments to SFPPN of a compensation rate of 3.7% per annum on (a) the amount of the difference between the Company's Wabush Yard and Railway infrastructure cost compensation and the amount held in the In-Trust Account and (b) on the funds the Government of Québec used to pay initial capital expenses for multiuser capital expenditures and a portion of environmental projects. SFPPN will also invoice the Company for services provided on a monthly basis, based on the Company's share of SFPPN's fixed costs and operational costs, together with a profit margin of 9%. Finally, the SFPPN Agreement provides that the Company will fund its fair share of sustaining capital expenditures (plus a 9% profit margin) as provided for in SFPPN's maintenance plan.

The SFPPN Agreement also provides that the 440 railcars owned by SFPPN and located at the Scully Mine will be leased to the Company under a lease and maintenance agreement for nominal consideration, provided that the Company contracts exclusively with SFPPN for the maintenance of such railcars. The Company will have the option to purchase any or all of the railcars at a price of C$2,725 per railcar upon 10 days' prior written notice to SFPPN, which will terminate the required maintenance arrangement with SFPPN. The SFPPN Agreement contains customary default clauses, which include if the Company ceases the operations of the Scully Mine for a continuous period of more than twelve months and does not provide SFPPN with a date for the resumption of operations that is within the following twelve months. Upon the occurrence of the Company's event of default and the termination of the applicable cure periods, SFPPN may repeal the Company's guarantee of access.

The C$48.9 million that the Company is required to contribute to SFPPN for certain capital expenditures is and will be classified as an intangible asset on the consolidated balance sheet and amortized. There may be other expenditures that the Company is required to make that the Company will classify in this regard.

The C$500,000 per month plus the expenditures for fixed cost is expensed as incurred.

The Company has executed an assignment of contractual rights agreement pursuant to which New Millennium Iron Corp. ("NML") will assign to the Company 6.5 million metric tonnes of NML's port capacity with the Sept-Iles Port Authority (the "Port Authority") for a 20-year period in exchange for an upfront payment in the amount of C$4.0 million plus C$24,465 per month between the date of commencement of the "take or pay" tonnage guarantee and the closing date, in each case, payable on the closing date of the assignment and an ongoing fee of C$0.10 per tonne of iron ore shipped by the Company through the port facilities pursuant to a contract to be entered into directly with the Port Authority over a 20-year period following the assignment. We recognize the benefit of the prepayment based on tonnes shipped as a reduction of cost of goods sold. In connection with the assignment, the Company has assumed part of NML's ''take or pay" obligations related to the assigned 6.5 million metric tonnes of port capacity. The portion of the "take or pay" obligation that was payable to NML prior to the Company shipping ore from the port was added to the upfront payment amount. The upfront payment entitles the Company to a discount of C$0.25 per tonne shipped until the upfront payment is recovered by the Company. The Company, NML and the Port Authority have entered into an agreement whereby the Port Authority consented to the assignment of capacity and agreed to enter into a direct agreement with the Company in respect of the 6.5 million metric tonnes of port capacity assigned by NML to the Company on terms substantially similar to those contained in the existing agreement between NML and the Port Authority. This agreement will provide the Company with direct access to port facilities that are capable of loading cape-size vessels, which are larger and more cost efficient than smaller baby-cape and Panamax alternatives. All port agreements between NML, the Port Authority and Tacora in respect of the assigned capacity were fully executed and complete as of December 31, 2018.

Mining lease

Tacora is party to the Mining Lease pursuant to which Tacora was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from a mine on a parcel of land located near Wabush, Newfoundland and Labrador on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055; however, the Mining Lease may be cancelled by Tacora generally on six months' written notice.

At the commencement of shipping iron ore products, Tacora is required to pay an earned royalty fee per metric tonne ranging from 4.2% to 7.0% of Net Revenues less certain deductible expenses, in accordance with the calculation as defined in the Mining Lease. To the extent that Tacora has not commenced or ceases the shipping of iron ore products and the sum of the earned royalty fee in a given calendar quarter is less than C$0.8 million, Tacora is required to pay a minimum quarterly royalty of C$0.8 million (of which 20 percent is withheld and remitted to the Province of Newfoundland and Labrador). If the Company has paid an amount in any year equal to the total quarterly minimum royalty amount for all four quarters of such year, the quarterly minimum royalty amount shall cease to apply. Any minimum quarterly royalty payments during the calendar years of 2017 and 2018 could be recovered against future earned royalties on sales of iron ore products from the leased land during the 2018 and 2019 calendar years. Any amount which Tacora shall pay the lessor related to minimum quarterly royalty payments subsequent to 2019, other than in payment of earned royalties, shall be recoverable against earned royalties in the same calendar year. The prepaid royalties balance of $2.6 million accumulated throughout 2017, 2018 and 2019 that could not be carried forward beyond 2019, were written off as of December 31, 2019. There were no prepaid royalties at December 31, 2019.

Royalties paid in the years ended December 31, 2020 and 2019 were approximately $14.0 million and $2.4 million, respectively. Accrued royalties in the amount of $10.2 million were recorded in other accrued expenses at December 31, 2020. Accrued royalties due to our minimum quarterly payments in the amount of $0.6 million were recorded in other accrued expenses at December 31, 2019.

See Note 17 to the Company's audited consolidated financial statements for Fiscal 2020 for further information regarding the Company's commitments and contingencies.

Liquidity and capital resources

As of December 31, 2020, our cash and cash equivalents totaled $119.6 million. Our total cash balance represents a 170% increase from the balance as of December 31, 2019. This increase was driven primarily from increased revenue in 2020 and $62.0 million of equity received in December 2020 which was partially offset by $59.4 million of settlements on derivative instruments.

As of December 31, 2020, the outstanding principal amount of our long-term debt was approximately $137.8 million. We intend to use approximately $143.6 million of the net proceeds from this offering to refinance the Senior Secured Debt due 2023.

During the year ended December 31, 2020, we received capital contributions in the aggregate amount of $77.0 million. Under the terms of our shareholders agreement, our management team may call for additional capital contributions from shareholders, beyond those described above, if the management team determines that we are in need of additional funds and that a request for additional funds from the shareholders is the appropriate means of funding such additional needs.

Based on the current level of operations, we believe that cash flow from operations will be adequate to meet our liquidity needs for the immediate and foreseeable future. However, our future liquidity and ability to fund capital expenditures, working capital and debt requirements depend upon our future financial performance, which is subject to many economic, commercial, financial and other factors that are beyond our control. For example, IODEX prices experienced a sustained increase during 2020. This positively impacted our revenue and our cash flows from operating activities. We expect the price of iron ore to remain high in 2021; however, if additional liquidity is needed, we may need to raise additional capital, which we may not be able to do on reasonable terms or at all. We may also need to refinance or amend the covenants concerning all or a portion of our senior secured debt. If we are unable to secure additional capital or, if needed, refinance or amend the covenants concerning our debt on acceptable terms or at all, then we may have insufficient liquidity to carry on our operations and meet our obligations in the future.

We will be exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales. We do not generally believe commodity price hedging would provide a long-term benefit to shareholders, however, from time to time or as required by debt agreements, we may use cash-settled commodity forward contracts to hedge the market risk associated with the sales of iron ore. These derivatives may be used with respect to a portion of our iron ore sales. Independent of any hedging activities, price decreases in the iron ore market or price increases in dry bulk freight costs could negatively affect revenue and therefore earnings.

Off balance sheet arrangements

We currently are not a party to any material off balance sheet arrangements.

Industry data, forecasts and units of measure

This report contains industry data and forecasts that we obtained from industry publications and surveys, public filings and internal company sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the "*Risk Factors*" section of this offering memorandum.

Unless otherwise specifically noted, we use SI units (metric), specifically dry tonnes, dmt or DMT, when referring to tonnage. This is a departure from conventional iron ore units which use a relatively unique basis for tonnage identified as a LT or long ton. As such, comparison of unit costs and production figures may not be comparable with those of other competing iron ore producers. Additionally, the contractual requirements for some of our off-take agreements are denominated in wet metric tonnes. For consistency of presentation, in our discussion of these contractual requirements, we have expressed them as DMT based on an assumed 1.6% moisture factor in our concentrate.

Related party transactions

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company's key management for Fiscal 2020 was its Chief Executive Officer, Executive Vice President and Chief Financial Officer, and its Vice President and General Manager. The remuneration for the Company's key management during Fiscal 2020 was $1,740, consisting of $1,650 in salaries, $37 in deferred compensation and $53 in other benefits.

Outstanding share data

The Company may authorise an unlimited number of common shares, without par value ("Common Shares") and an unlimited number of Class A Non-Voting Shares and Class B Non-Voting shares. As of December 31, 2020 the Company had authorised 214,622,085 Common Shares, 3,300,000 Class A Non-Voting Shares and 3,300,000 Class B Non-Voting Shares and has 214,622,085 Common Shares, 2,739,000 Class A Non-Voting Shares, and 1,080,750, Class B Non-Voting Shares issued and outstanding. As of December 31, 2020, the Company has 1,826,000 employee stock options outstanding.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, consultation with experts and other methods management considers reasonable in the particular circumstances. Actual results may differ from these estimates.

The accounting policies discussed below are considered by management to be critical to an understanding of Tacora's financial statements as their application places the most significant demands on management's judgment.

Mineral reserves and resources

Estimates of the quantities of proven and probable mineral reserves and measured, indicated and inferred mineral resources form the basis for our life of mine plans, which are used for a number of important business and accounting purposes, including our impairment analysis. Mineral reserves and resources are based on engineering data, estimated future prices, estimated future capital spending and estimated future production rates. We estimate our iron ore mineral reserves and resources based on information compiled by "qualified persons" as defined in accordance with the requirements of NI 43-101. The life of mine plan also includes assumptions about our ability to obtain and renew our mining and operating permits. Tacora expects that, over time, its mineral reserves and resources estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices.

We use our mineral reserve estimates, combined with our estimated annual production levels, to determine the mine closure dates utilized in recording the fair value liability for asset retirement obligations for the Scully Mine, and assess whether there are any indicators of potential impairment of our long lived assets.

As of December 31, 2017, the Mineral Reserve for the Scully Mine is estimated at 443.7 Mt at an average grade of 34.8% Fe and 2.58% Mn as summarized in the table below. The Mineral Reserve estimate was prepared by GMS. The resource block model was also generated by GMS.

As determined by GMS, the mine design and Mineral Reserve estimate have been completed to a level appropriate for feasibility studies and the Mineral Reserve estimate stated herein is consistent with the CIM definitions and is suitable for public reporting. As such, the Mineral Reserves are based on Measured and Indicated Mineral Resources ("M&I"), and do not include any Inferred Mineral Resources. The Inferred Mineral Resources contained within the mine design are treated as waste. The M&I are inclusive of the Mineral Resources modified to calculate the Mineral Reserves.

Classification	Crude Ore Tonnage (dry)	Fe	Mn	Concentrate Tonnage	Fe Conc.	Mn Conc.	SiO_2 Conc.	Total Weight Recovery	Total Fe Recovery
	k dmt	%	%	k dmt	%	%	%	%	%
Proven	145,030	35.06	2.41	51,042	66.16	1.17	2.55	35.19	66.42
Probable	298,643	34.72	2.67	103,863	65.75	1.51	2.59	34.78	65.85
Total P&P	443,672	34.83	2.58	154,905	65.89	1.39	2.58	34.91	66.04

Notes:

(1) The Mineral Reserves were estimated using the CIM Standards for Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 10th, 2014.

(2) Mineral Reserves based on February 2014 depletion surface merged with an updated Lidar dated September 2017.

(3) Mineral Reserves are estimated at a cut-off grade of 27% weight recovery for all subunits except subunit 52 which is 30%. In addition, subunit 34 must have a ratio of weight recovery to iron of at least 1.

(4) Mineral Reserves are estimated using a long-term iron reference price (Platts 62%) of $60/dmt and an exchange rate of 1.25 C$/$. A Fe concentrate price adjustment of $9/dmt was added as an iron grade premium.

(5) Bulk density of ore is variable but averages 3.33 t/m3.

(6) The average strip ratio is 0.87:1.

(7) The Mineral Reserve includes a 3.4% mining dilution and a 97% ore recovery.

(8) The number of metric tonnes was rounded to the nearest thousand. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in NI 43101.

(9) Reference points are, for the crude ore tonnage, at the mill feed and for the concentrate tonnage, at the concentrate silo loadout.

Depletion

The table below summarizes the actual production tonnages mined and concentrate produced through December 31, 2020.

Time Period	Crude Ore Tonnage (dry)	Fe	Mn	Conc. Tonnage	Fe Conc.	Mn Conc.	SiO_2 Conc.	Total Weight Recovery	Total Fe Recovery
	k dmt	%	%	k dmt	%	%	%	%	%
Start-up through December 31, 2019	3,491	34.98	3.18	936	65.70	1.72	2.71	26.80	50.33
Year ended December 31, 2020	10,469	34.73	3.42	3,009	65.51	1.93	2.66	28.74	54.21

Environmental rehabilitation

Decommissioning and restoration costs are a normal consequence of mining. Governmental authorities must review and be satisfied with decommissioning and restoration costs. The majority of these expenditures are incurred at the end of the mine's life. In determining the provision, consideration is given to the future costs to be incurred, the timing of these future costs, and estimated cost of inflation. The cost of decommissioning and restoration is uncertain and can vary in response to many factors including changes to the relevant legal and regulatory requirements. The expected timing of expenditures can change in response to changes in the life of mine. These estimates are reviewed annually and adjusted where necessary to ensure that the most current data is used.

Functional currency

Given the currently significant role of the United States dollar in Tacora's affairs, the United States dollar is the currency in which financial results are presented both internally and externally. It is also the currency for financing Tacora's current operations, revenue, borrowings and cash are predominantly denominated in United States dollars.

Significant accounting policies

The Company's significant accounting policies used to prepare the Company's financial statements as of and for the period ended December 31, 2020 are included in Note 2 of the audited consolidated financial statements included in this offering memorandum.

Our Industry

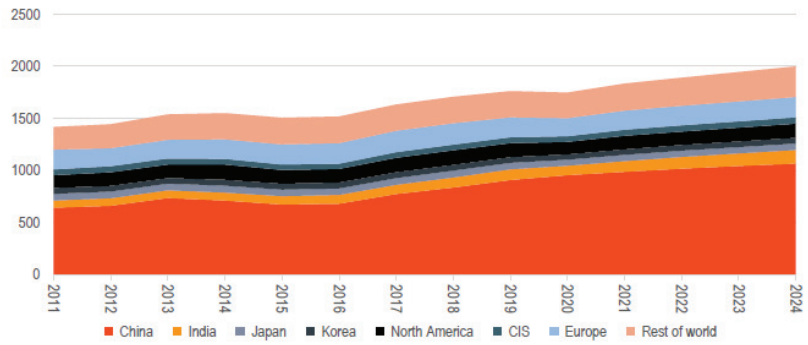
Iron ore is a key ingredient in the steelmaking process, where it is typically smelted in a blast furnace ("BF") with coke and limestone to produce molten pig iron, which is then fed into a basic oxygen furnace ("BOF") for refining and subsequently turned into steel. Steel is one of the fundamental building blocks of today's economy and is considered to be a critical driver of economic and industrial development. Steel's end-market applications are vast and include construction, energy, wind turbines, heavy machinery, pipes & tubes, automotive, and others.

Commercially, iron ore is referred to and sold by its type and grade. Depending on the steelmaking process, the iron grade is required to be within particular ranges. Typically, iron ore falls into three distinct grades: high grade (63%+ Fe), medium grade (58%-63% Fe), and low grade (<58% Fe). Given it is traded as a commodity, the price of iron ore can be found, subject to certain specifications, on various exchanges. One of the most common and important indexes used to track the price of iron is the IODEX, which is based on standard specifications of iron ore fines. High quality iron is preferred over lower qualities for several reasons, including reducing transportation costs per Fe unit, waste reductions throughout the steel production process and allows steel mills to use less iron ore to produce steel, thereby reducing tonnage shipped and ultimately reducing CO2 emissions. As ore grades lower, there is an increasing need for them to be further concentrated to achieve the same levels of iron content and yield. As a result, high grade iron ore can command a "quality premium" compared to the benchmark price for medium grade ores. On the other hand, low-grade ores trade at a slight discount to the benchmark prices for medium grade ores.

Steel Market

Global crude steel production is split between two primary production methods, BOF production and electric arc furnace ("EAF") production. The BOF method primarily uses iron ore and metallurgical coal as its feedstock source, supplemented by other sources including scrap steel, direct reduced iron ("DRI") and pig iron to produce crude steel. EAFs produce steel primarily using scrap steel as a feedstock, which is supplemented by DRI or pig iron to control the level of deleterious elements in the raw steel. According to AME, global steel demand is expected to grow in line with a country's GDP, with emerging economies including China and India expected to lead the charge as they continue to industrialize.

Estimated Finished Steel Consumption by Key Country and Region



In the short-to-medium term, global steel production growth is centered around the Asian markets. According to AME, China and India – which accounted for a combined 62% of global crude steel production in 2020 – will remain the largest suppliers in crude steel globally. However, AME also expects that as emerging markets such as Turkey, Egypt, Russia, and Iran push for more infrastructure spending and further industrialization, China and India will see a slight reduction of their shares of global steel production.

AME expects finished steel demand to be supported by government stimulus packages throughout the world as both developed and emerging economies increase government spending and lower taxes to boost demand for finished products. Lowering interest rates globally and continued vaccine rollouts on the back of the COVID-19 pandemic continue to be positives for demand.

The continued push for the production of advanced, high-strength steels has been driven by the automotive industry as a cheaper, lower volume alternative to aluminum to meet fuel efficiency standards. Advanced, high-strength steels are being used in construction and as the blades of wind turbines, positioning them for significant growth on the back of the clean energy revolution. The displacement of other materials by these high strength steels is expected to result in favorable tailwinds for steel demand and yield faster growth in steel demand.

Iron Ore Types and Forms

Iron ore is generally found in two ore types – hematite (what is mined at Scully) and magnetite – that will often determine the final product that is produced. On average, magnetite ores tend to be lower in iron content than hematite ores, which requires them to be beneficiated to produce finer grained concentrate products.

Iron ore is primarily produced in three forms: concentrate / fines, pellets, and lump (direct shipping) ore. Fines and concentrate cannot be placed directly into blast furnaces and must undergo further refinement to either pellets or sinter. Blast furnaces today primarily use sinter for steelmaking. Sinter is a more porous and less uniform iron product that is produced using agglomerated iron fines which are roughly the size of sand particles. Similarly, pellets are made from finer grained pellet feed, which is combined with a binding agent to produce a mostly uniform product that is used in blast furnaces or DRI plants. Lump is less common, high grade run-of-mine iron that can be placed directly into blast furnaces give its size.

Iron Ore Pricing and Quality

AME estimates the iron ore price (Fe 62% North China CFR) will average US$126/t in 2021, compared to the current price as of April 22, 2021 of $183.6/t. In the medium term, AME forecasts the iron ore price to average US$95/t in 2022, US$85/t in 2023 and US$72/t in 2024, as China experienced an iron demand boom in 2020 that drastically contrasts with a slump in the rest of the world. As the COVID-19 pandemic became demonstrably contained within the March quarter, the Chinese government stepped in to stimulate the economy. Significant investment in infrastructure projects substantially renewed strength in manufacturing activity and steel production, increasing demand for iron ore. The country experienced an accelerated run-rate in construction to make up for the loss at the outset of the year.

Estimated Historical and Forecasted Iron Ore Prices (Real 2021$)

US/t	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
62% Fe	168	129	136	97	55	58	71	70	93	108	126	95	85	72
58% Fe	146	116	124	84	49	49	55	51	82	97	110	84	73	63
65% Fe	182	139	144	111	67	66	86	91	103	122	146	116	105	89
Estimated Average 65% Premium	9%	8%	6%	15%	21%	14%	21%	30%	11%	12%	16%	22%	24%	24%

A general widening of the 62% Fe fines and 65% Fe fines pricing spread has been observed since mid-2016, believed to be driven by higher demand for ferrous products with high value-in-use, such as high grade fines and pellets to reduce coking coal consumption. If based only on iron content, it would be expected that the 65% premium would be approximately 4.8%. However, the spread peaked at the end of 2018 at over 31% then back down to 12% by end of 2020. In the long-term, the spread is expected to increase above current levels to 22% by 2022 on the back of a continued pushed for high quality iron products by steel makers.

In determining the price of a particular iron ore product, miners and steel mills consider four fundamental factors. These are the iron content, the chemical composition/impurities, granulometric characteristics and freight costs. That is to say, ores with identical compositions, delivered from the same point of origin will theoretically have the same price on a delivered basis.

Value-in-use is a term used to describe the adjustments made against a benchmark price to account for differences in ore quality. Prices for iron ore products are generally set against the 62% Fe Fines Spot Price CFR North China benchmark prices and adjusted for value-in-use and freight differentials. The benchmark 62% Fe Fines Spot Price is typically considered to have the following quality parameters: 4.5% silica (SiO_2), 2% alumina (Al_2O_3), 0.075% phosphorous (P), 8% moisture and 0.02% sulphur (S). The costs incurred at a steel mill are influenced, to an extent, by differing ore chemistries. The premium and discount applied to the benchmark price for a specific ore is calculated based on the difference in iron content to benchmark and the impurity levels relative to trigger grades (i.e. silica over 5.5%). Key impurities considered are silica, alumina, phosphorus and sulphur. In addition to higher price realization, limiting the impurities also provides steel mills with a smaller environmental footprint, primarily by reducing the amount of slag by-products produced.

Based on the typical specifications for the Scully sinter product, as supplied by Tacora, AME was able to compare the key parameters to other high grade fines products, as well as the standard benchmarks.

Comparison of Scully Sinter Specification with Peers and Benchmarks

Dry Weight %	Fortescue Blend	62% Fines CFR North China (Benchmark)	Pilbara Blend	65% Fines CFR North China (Benchmark)	Carajas Sinter Feed	Tacora Fines	Bloom Lake Sinter
Iron Content	58	62	61-62	65	65	65.9	66.2
Silica	5.5	4.5	3.5-4.5	3.5	2.1	2.6	4.4
Alumina	2.5	2	2.0-2.5	1	1.7	0.2	0.27
Phophorous	0.08	0.08	0.07-0.09	0.08	0.06	0.01	0.014
Sulphur	0.04	0.02					0.01

The iron ore content of the Scully sinter product, at 65.9% is above the high grade benchmark iron content of 65%, and as such would be expected to attract a premium. This is also higher than the largest brand of high grade sinter in the seaborne market, the Carajas Sinter Feed blend. However, this is less than other Labrador Trough producers, such as Bloom Lake, with 66.2% iron.

Scully's silica content is low at 2.6%, which is low against other Labrador Trough producers and high grade benchmarks of 4.4% and 3.5%, respectively. However, this is higher than the Carajas blend. With Chinese domestic ores typically having higher silica content, low silica iron ores are sought for blending.

Scully's alumina levels are very low at 0.2%, which is typical of Labrador Trough ores, and well below benchmark specifications and other high grade ores. Additionally, Scully's very low phosphorous levels, which are also below benchmark and other high grade iron ores, make Tacora's product advantageous for blending with lower grade ores which typically have higher levels of these deleterious elements.

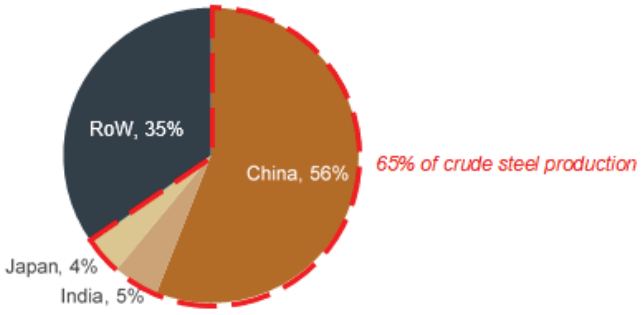
The loss on ignition ("LOI") of the Scully product is expected to be low at 0.5%. This is advantageous, as it can increase the efficiency of the sintering process. This compares to a 2-5% LOI typically seen in Brazilian ores and up to 10% LOI seen from some lower grade ores from the Pilbara.

Based on Scully's quality specifications, its product fits into the typical ranges of quality for the DRI feed market, and would provide alternative supplies for the product. Historically, Brazil was the largest supply of DR grade products in the seaborne market, however, following the Samarco and Vale tailings dam collapses, end-users have actively sought new supply into the seaborne market, targeting Canadian, European and CIS suppliers.

Iron Ore Demand

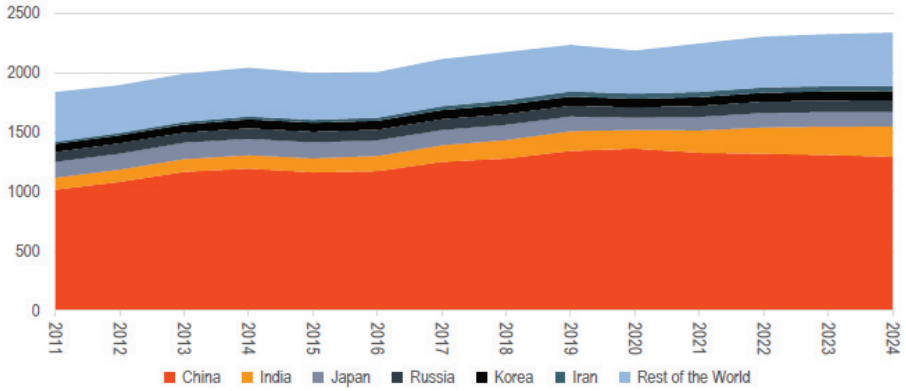
AME estimates global iron ore demand increased by 1.8% in 2020 to 2,244mt, before growing to 2,335mt by 2024. As the COVID-19 pandemic begins to subside, governments across the globe – led by China and the United States – have increased stimulus programs focused on fixed asset and infrastructure projects, all of which will bolster steel demand. Given that iron ore is an essential input for steelmaking, the demand for iron ore is heavily correlated with global steel production. In 2020, China accounted for 56% of global iron ore demand and is expected to remain the largest player in the iron ore market in the short-to-medium-term. Overall, Asia is the largest consumer of iron ore with China, India, and Japan collectively accounting for over 65% of iron ore consumption.

2020 Iron Ore Consumption



As China's iron ore production has diminished, this has resulted in further focus on producing higher grade iron ore concentrate. Additionally, AME expects China's domestic policies to continue to promote greening of the steel industry, resulting in a push towards EAFs, away from traditional BOFs. Demand growth from 2021 – 2024 will be heavily driven by India and other emerging countries who will primarily use BOFs and direct reduced iron ("DRI") technology to support increasing levels of steel production resulting from continued industrialization.

Estimated Global Iron Ore Demand by Country and Region

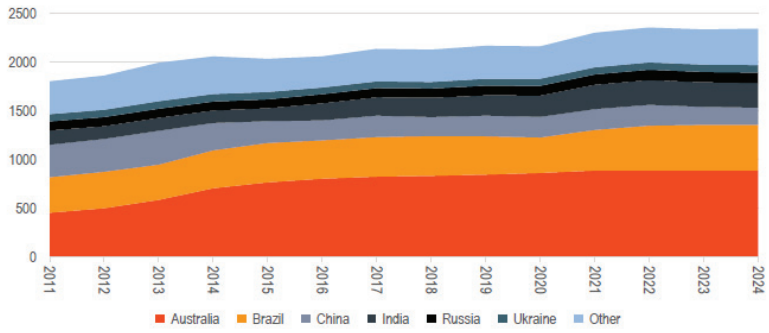


Key drivers for iron ore demand in the long term include the emerging economies of India, Brazil and Vietnam. Indian iron ore demand is driven by government policy to lift Indian crude steel production from 101Mt in 2017 to 255Mtpa by 2030. Steel development in India will focus on BF-BOF steelmaking and DRI, which are the major sources of iron ore demand. Vietnam's iron ore demand will be supported by ramp up of BF/BOF dominated steel expansions, while Brazil iron ore demand growth will benefit from its relative proximity to cheap iron ore sources.

Iron Ore Supply

Iron ore is predominantly produced from three countries: Australia, Brazil and China, which collectively account for ~66% of global iron ore supply. The iron ore market is fairly concentrated, with producers in Australia and Brazil (primarily BHP, Rio Tinto, Vale and Fortescue Metals) accounting for ~57% of 2020 iron ore production.

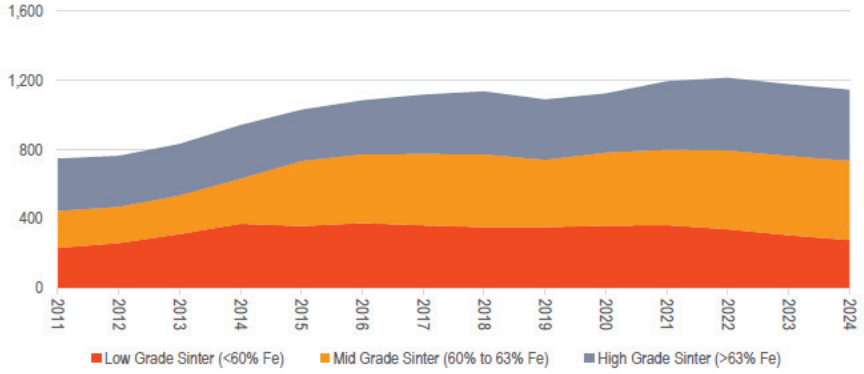
Estimated Global Iron Ore Supply by Key Country and Region



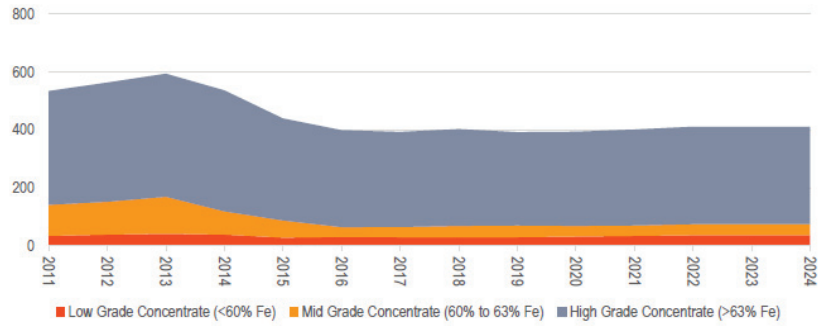
In the past three years, two of the main iron ore producing regions (Brazil and Australia) have seen environmental disasters caused by iron ore mining, Vale's Brumadinho dam disaster in Brazil and Rio Tinto's destruction of an aboriginal heritage site in the Pilbara. As a result of the increased scrutiny on iron ore projects globally, there have been a limited number of new projects approved, placing pressure on the existing supply. As countries place an increased focus on the approval of new projects, there is room for existing high-grade producing countries (Canada, Europe and the CIS) to fill the demand required by steel mills looking to improve their carbon footprint by utilizing high-grade ores, with high-grade concentrate and fines expected to be the main products used to fill this demand through 2024. On top of environmental disasters, existing, easily exploitable high grade deposits in Brazil and Australia are being depleted leaving only lower grade deposits.

Despite the supply rationalization that the industry has undergone over the past six years that resulted in production costs dipping to ~50% of peak levels seen in 2012 / 2013, AME expects supply growth in the industry to face increased capital intensity in the long-term. This increase in capital intensity will be primarily driven by the inevitable ore grade stabilization and gradual decline. The decline in ore grades will translate into an increase in plant size and throughput to achieve the same metal unit output. Additionally, most of the world's most accessible and richest orebodies have been mostly exploited, forcing miners to have to dig deeper and incur higher stripping ratios, production costs, and increased transportation costs.

Estimated Grade of Sinter Fines



Estimated Grades of Iron Ore Concentrate



Large, undeveloped, high-grade projects are becoming increasingly rare as current deposits are mined out, forcing miners to look in previously undeveloped locations that likely have limited access to rail or port networks. This will not only serve as a significant hurdle to develop certain projects, but it will also increase the capital intensity associated as miners will have to invest in associated infrastructure networks to support operations to reduce potential turnaround times, improve loading rates, and avoid incurring additional transportation or demurrage costs. As new developments continue to shift away from established mining jurisdictions, there is potential for further increased development costs as unstable regions are expected to have higher labor and electricity costs due to political instability that may result in production suspensions or delays.

BUSINESS

Overview of the Business

Tacora is an iron ore mining and mineral processing company focused on the ramp-up and operation of the 100% owned Scully Mine north of the Town of Wabush, Newfoundland and Labrador, Canada. The Scully Mine is located in a well-established iron ore mining region, the Labrador Trough, with a history of successful high-quality iron ore mining operations.

Tacora was formed to acquire the Scully Mine and substantially all of the assets associated with the Scully Mine, together with the Wabush Lake Railway, in July 2017 from Cleveland Cliffs' Canada division, which went through a restructuring process under Canada's CCAA.

Our acquisition thesis was formed based on the Scully Mine's ability to produce 6mpta of low-cost iron ore concentrate that when sold achieved premiums to both the 62% and the 65% iron ore benchmark prices and is well suited for blending with product of diminishing ore grade particularly out of Australia and Brazil. The Scully Mine has exceptional quality characteristics, with high Fe content (65.9%) and low impurities (silica content of 2.6%). The reserve life is anticipated to be 25+ years, with opportunity to extend mine life well beyond that time period. The Scully Mine is located in an established mining region, giving us access to the requisite infrastructure to ship production internationally and have signed contractual arrangements with the QNS&L Railway, SFPPN and the POS with Dock 35 located in Pointe-Noire near Sept-Iles, Quebec. As demand for high grade iron ore continues to increase globally, we expect the concentrate we produce from the Scully Mine will continue to be highly valued by the international market.

Following completion of the Acquisition, Tacora commissioned a Feasibility Study which demonstrated an after tax NPV (using an 8% discount rate) of approximately C$1.1 billion, with an after-tax IRR of 36.3% and a payback period of 3.1 years, based on a run rate production of approximately six million tonnes per year of high grade iron ore concentrate over a 26 year mine life. The Feasibility Study estimates that the Scully Mine has 444 million dmt of Proven and Probable Mineral Reserves at a crude Fe grade of 34.8%. Additionally, the Feasibility Study indicated that we have uniquely high-quality ore continuously through life of mine, including an industry leading low silica content of 2.6%, Alumina content of 0.2%, and high iron content of 65.9%.

We have taken steps to significantly advance the ramp-up of operations at Scully Mine to full capacity. On May 25, 2019, first ore was delivered to the crusher and the mill was first successfully started up on May 28, 2019. During June 2019, the Company successfully commissioned its concentrator and produced its first wet concentrate, undertook its first mine blast, and loaded its first train. We have engaged in extensive capital project planning and preparedness, permitting work, engineering and technical work (including successful initiation and completion of the Feasibility Study), engagement with indigenous peoples, negotiating and executing certain key contracts to access the rail and ship loading infrastructure and activities related to the restart and ramp-up of mining operations at the Scully Mine.

In 2019, we successfully commenced commercial production and completed our first seaborne shipment through our longterm Cargill Offtake Agreement with Cargill Cargill. On August 30, 2019, we announced the first seaborne vessel shipment of iron ore concentrate produced at the Scully Mine departed the Port of Sept-Iles, Quebec, with a payload of 69,770 wmt of premium concentrate bound for a customer in Europe. Throughout the remainder of 2019 and into 2020, the Company continued the process of ramping up commercial production (including bringing all six mills online). Cargill is required to purchase 100% of the Scully mine production of 4-6 million WMT of iron ore per year with pricing fluctuating based on the 62% Fe benchmark, net of freight, and a sharing mechanism for the premium achieved above that.

Scully Mine Overview

The scientific and technical information below with respect to the Scully Mine has been derived from and based on the assumptions, qualifications and procedures set out in the Feasibility Study prepared by GMS and Ausenco and authored by Louis-Pierre Gignac, P. Eng., Rejean Sirois, P. Eng., Étienne Bernier, P. Eng., Karl-Emmanuel Giroux, P. Eng., Rémi Lapointe, P. Eng., Martin St-Amour, P. Eng., David Sims, P.Geo and Craig Bugden, P. Eng.

The Feasibility Study is attached as an exhibit to this offering memorandum**.** Table references are to tables in the Feasibility Study.

Project Description, Location and Access

Project Setting. The Scully Mine is located in the south-west corner of Labrador, three kilometres from the town of Wabush. Geographically, the Scully Mine is located approximately between 52°53.5' and 52°55.5' latitude and 66°54' and 66°58' longitude. The open pits are located west of the town of Wabush and are reachable via the plant access road off Highway 503 while the tailings disposal area (Flora Lake) is situated east of the town. The deposit is part of the Labrador Trough and covers an area of approximately 23 km^2.

The Town of Wabush is located 320 km north of Sept-Iles, Québec on the north shore of the St-Lawrence River. St. John's, Newfoundland is 1,200 km southeast of Wabush while Montreal is 1,016 km to the southwest. Labrador City is 6.4 km from Wabush and Fermont, Québec is 32 km west of Wabush. The process facility at the Scully Mine is accessed by a 2.5 km plant access road off the 503 Highway. The Trans Labrador Highway and Route 389 connect the region to Québec and Eastern Labrador by road. The roads connect Labrador West to Baie Comeau and Goose Bay with an 8-hour trip. These routes are remote, with no communications infrastructure and limited rest and service areas.

Mineral Tenure, Surface Rights, Water Rights, Royalties and Agreements. Surface rights are a combination of owned real property and leased surface rights. There are no federal lands, including national parks or Canadian Forces bases, proximate to the Scully Mine area and the Scully Mine is wholly located within the Province of Newfoundland and Labrador.

The industrial site and open pits are located within the area as shown within the Feasibility Study as "Mining Lease Lot # 1". The surface and mineral rights on this parcel are leased from the Government of Newfoundland and Labrador pursuant to a series of mining leases. The Mining Lease will expire in 2055. The history of the mining leases for the Scully Mine has two aspects: the leases themselves and the various mergers and acquisitions of lease parties. The original Lot #1 lease (the "Crown Lease") was issued from the Province of Newfoundland (the "Crown") to the Newfoundland and Labrador Corporation Limited ("NALCO") in May 1956. NALCO immediately signed the Head Lease with Canadian Javelin Limited ("Javelin") for the same lands and minerals, effectively passing the Crown's Lot #1 lease to Javelin. In the fall of 1959, Javelin further passed the Crown's Lot #1 lease to Wabush Iron, and thereby consolidating some other leases into a single, overarching document for the surface use and mineral rights to Lot #1 (the "Lot #1 Sublease"). The *Nalco-Javelin (Mineral Lands) Act of 1959*, as amended, and an associated Statutory Agreement executed on September 4, 1959 amended the tax liability provided under the Crown Lease such that, in lieu of taxes otherwise owed under the Mining Tax Act (Newfoundland and Labrador), as it existed then or thereafter amended or replaced, Wabush Iron or its successors (the Company) would make a quarterly payment of C$0.22 per gross tonne of iron ore products shipped from Lot #1 in lieu of provincial mining taxes. Over the ensuing years, mergers, acquisitions and divestitures have resulted in new legal entities holding these rights, but the lease path remains as set forth above. The NALCO interest is now controlled by Knoll Lake, a controlled subsidiary of Tacora. Javelin's position is currently held by an affiliate of MFC, and Wabush Iron's interest was acquired by Tacora pursuant to the APA. In November 2017, MFC and Tacora amended the Lot #1 Sublease by entering into the Mining Lease with respect to Mining Lease Lot #1.

Mining Lease Locations. Pursuant to the APA, Tacora obtained ownership of the surface rights to all of Lots #2, #3, and #4, "excepting all portions of that real property that have been sold, conveyed, or assigned...to any third parties... registered in the Registry of Deeds for Newfoundland and Labrador". The previous owners had been selling real property to third parties for several years, and any unsold residential or commercial properties within the municipal boundary of Wabush were explicitly excluded from the APA. The majority of the land area that has been removed from Lots #3 or #4 over time has been residential and commercial properties within the Wabush municipal limits. A portion of Lots #2, #3 and #4 was sold to Québec Iron Co. (Champion Iron Limited) when it purchased the Bloom Lake facility and associated rail spur that crosses the northern portion of these lots pursuant to a separate process under the CCAA.

Mineral rights for Mining Lease Lot #1 are included in the leases described above. These mineral rights are retained by Tacora until 2055 pursuant to the Mining Lease.

A pumping station and water intake structure located east of the process facility on Little Wabush Lake provides water for iron ore beneficiation and potable water consumption. During the last seven years of the Prior Operations, an average of 16.4 million m^3 of water was consumed.

Mineral royalties on ore follow the existing lease agreements as identified for Mining Lease Lot #1 surface rights. Tacora pays a royalty to MFC, who will pay an agreed amount, as amended, (C$0.22 per gross tonne) to Knoll Lake, who in turn satisfies the requirements of the original Crown lease (as amended).

History

Iron ore deposits were first reported in the Wabush area in 1933. In 1956, Pickands Mather & Company ("Pickands") became interested in the deposit and field work commenced. In 1957, intensive geological, metallurgical and economic investigation of the property started. A temporary camp was established and the construction of a 700 tonne per day pilot plant was started in 1959. During 1960 and 1961, the pilot plant produced 100,000 tonnes of concentrate for blast furnace tests.

In 1961, contracts were awarded for the construction of a processing plant and related infrastructures with a capacity of 5.4 million tonnes per annum of concentrate. Around the same time, construction of harbour facilities began in Pointe Noire, Sept-Iles. The plan was to ship the ore as sinter feed; however, in 1963, a decision was made to build a 4.9 million tonne per annum capacity pelletizing plant also in Pointe Noire. In 1965, both the Wabush and Pointe Noire facilities were completed. In 1967, the pelletizing plant capacity was expanded to its actual capacity of 6.0 million tonnes per annum.

The Scully Mine was operated by Pickands, a subsidiary of Moore-McCormack Resources, from 1965 to 1986 when Pickands was acquired by Cliffs, who operated it from 1986 until being put on care and maintenance in February 2014. For most of its life, the Scully Mine was a joint venture owned by Stelco (37.9%), Dofasco (24.3%), Inland Steel (15.1%), Acme Steel (15.1%) and Cliffs (7.7%), but after various mergers and acquisitions in the North American steel industry, the ownership of the Scully Mine was consolidated between Cliffs, ArcelorMittal and U.S. Steel Canada whereby each partner held joint venture ownerships of 26.8%, 28.6% and 44.6% respectively. Cliffs exercised a right of first refusal in February 2010 to acquire 100% ownership of the property for approximately US$88 million.

The Scully Mine operated continuously from 1965 to February 2014 with the mining and concentrating at the Scully Mine site and the subsequent stage of pelletizing done at Pointe Noire near Sept-Iles. The Scully Mine was first operated during the 1960's without regard to the overall manganese content of the concentrate produced. This continued into the 1980's when commercial specifications for concentrate required a much lower manganese content in the final product. To achieve this lower manganese content, mine operations moved away from a blend consisting of both Middle (low manganese) and Lower Member ores (higher manganese) to one predominately made up of Middle Member ores. Problems achieving the required manganese content continued despite moving to a mostly Middle Member blend until mining shifted into the West Pit Extension during the 1990's. Cliffs recognized that operations based solely on lower manganese Middle Member ores would limit the life of the mine and thus started extensive investigations into finding a processing approach that would solve this issue. This ultimately led to the manganese reduction circuit developed by Cliffs. One consequence of switching to a Middle Member blend was softer ores than historically processed at Wabush. Once blasted, they contained mostly sand sized particles with limited amount of coarser material. Given that the plant uses autogenous grinding, according to certain reports, the decrease in the amount of coarser material negatively impacted on the concentrator performance.

Mineral Resource and Mineral Reserve Estimates

Mineral Resources. GMS was mandated by Tacora to produce the Mineral Resource estimate for the Scully Mine. The Mineral Resource estimate was prepared in accordance with CIM Standards for Mineral Resource and Mineral Reserves (2014), as incorporated in NI 43-101. The Scully Mine Mineral Resource presented herein was prepared under the supervision and approved by Réjean Sirois, P. Eng., from GMS. Mr. Sirois is an independent "qualified person" as defined in NI 43-101. No prior NI 43-101 compliant Mineral Resources have been reported to date for the Scully Mine deposit. Therefore, no comparisons can be made with previous Mineral Resource estimates, nor can detailed reconciliation be undertaken due to the disparate nature of historical production data.

Geovia GEMS™ and Leapfrog GEO™ software were used to facilitate the resource estimation process, including geological modelling, geostatistical and variography analysis, and grade interpolation. The resource model was prepared in November 2017, using all of the drill holes available in the zone of interest as of the end of July, 2017. Drilling and blasthole data was initially converted from feet into meters, and validated for erroneous surveys and collars, missing intervals and out-of-range values. Geological wireframes for each geological unit were constructed using the drill hole intercepts, and the 2D sectional interpretations by site geologists. Fault blocks were also modelled, and structural domains were interpreted according to the dip and dip direction of each fold limb. Drill hole assay data was composited to 6 m run-lengths, using the geological units as boundaries.

Various statistical analyses were undertaken on the assay attributes of the composites, in addition to variography for each Member (Lower, Middle and Upper). Block modelling was undertaken using a percentage-style model, with a block size of 20 m × 20 m × 12 m. Crude assay attributes Fe, Mn and Satmagan were estimated using ordinary kriging, with weight recovery and concentrate attributes (Fe conc., Si Conc., Mn Conc., Satmagan Conc.) estimated using Inverse Distance Squared. Kriging was undertaken using four estimation passes, with Inverse Distance interpolation using a single-pass. The resulting block model was visually validated against the composites on a section-by-section basis, and by using statistical validations such as domain-wise descriptive statistics, swath plots and quantile plots (Q:Q plots). The estimation was also compared to blasthole data to ensure reproducibility of the blasthole grades. Bulk density was determined using a regression curve based on crude Fe %, and confirmed by laboratory density determinations undertaken as part of the resampling program in 2017.

The Mineral Resource estimate was classified into Measured, Indicated and Inferred categories based on estimation pass, and the classification is in accordance with the CIM Definition Standards on Mineral Resources and Mineral Reserves.

The Measured and Indicated Mineral Resource for the Scully Mine deposit is estimated at 734 Mt at an average grade of 34.6% Fe, and the Inferred Mineral Resource at 237 Mt at an average grade of 34.1% Fe. The following table presents the resource estimation tabulation by category. The Mineral Resources are reported within the conceptual open pit shell at a cut-off grade of 20% Fe. The conceptual pit shell represents potentially extractable Mineral Resources in the Measured, Indicated and Inferred categories using an iron ore concentrate price of US$70/t (C$90.2/t) plus a US$9/t (C$11.6/t) adjustment for Fe content for a total of US$79/t (C$101.8/t). In addition, only rock codes 22, 31, 32, 33, 34, 51, 52 and 53 were included in the Mineral Resource.

Classification	Tonnage (dry)	Fe	Mn	SAT	Total Weight Recovery	Fe Conc.	SiO_2 Conc.	Mn Conc.	SAT Conc.
	kt	%	%	%	%	%	%	%	%
Measured	213,650	35.1	2.3	5.6	36.6	64.5	3.6	2.0	6.8
Indicated	520,760	34.3	2.4	5.8	35.4	63.5	3.8	2.5	7.7
Total M&I	734,410	34.6	2.4	5.7	35.7	63.8	3.8	2.4	7.4
Inferred	236,973	34.1	2.1	5.8	34.6	64.0	3.8	2.1	8.9

Notes:

(1) The Mineral Resources were estimated using the CIM Standards for Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 10th, 2014.

(2) The independent and qualified person for the 2017 Scully Mine resource estimate, as defined by NI 43-101, is Réjean Sirois, P. Eng., of GMS. The effective date of the estimate is December 6th, 2017.

(3) The Mineral Resources are estimated at a cut-off grade of 20% Fe.

(4) The Mineral Resources are estimated using a long-term iron price of US$79/dmt con (US$70/dmt con (Platts 62%) for iron plus a US$9/dmt con adjustment for Fe content) with an exchange rate of 1.25 C$/US$.

(5) The Mineral Resources are reported within an optimized Whittle shell based on Measured, Indicated and Inferred categories.

(6) The Mineral Resources are reported inclusive of the Mineral Reserves.

(7) “SAT” stands for Satmagan or Saturation Magnetization Analyzer, an instrument which measures magnetite in ores.

(8) “Conc.” characteristics are result of shaker table testing and represent attributes of spiral concentrate prior to magnetic separation upgrading.

(9) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resource that is not currently Mineral Reserves will be converted into Mineral Reserves.

(10) The number of metric tonnes was rounded to the nearest thousand. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in NI 43-101.

(11) The concentrate grades stated in the table above are derived from the Wilfley shaking table process. These values are only indicative of potential concentrate quality and will be affected by plant performance and any modifications/enhancements, such as the proposed additional manganese reduction circuits.

Mineral Reserves. The Mineral Reserve for the Scully Mine is estimated at 443.7 Mt at an average grade of 34.8% Fe and 2.58% Mn as summarized in the table below. The Mineral Reserve estimate was prepared by GMS. The resource block model was also generated by GMS.

As determined by GMS, the mine design and Mineral Reserve estimate have been completed to a level appropriate for feasibility studies and the Mineral Reserve estimate stated herein is consistent with the CIM definitions and is suitable for public reporting. As such, the Mineral Reserves are based on Measured and Indicated Mineral Resources ("M&I"), and do not include any Inferred Mineral Resources. The Inferred Mineral Resources contained within the mine design are treated as waste. The M&I are inclusive of the Mineral Resources modified to calculate the Mineral Reserves.

Classification	Crude Ore Tonnage (dry)	Fe	Mn	Concentrate Tonnage	Fe Conc.	Mn Conc	SiO_2 Conc.	Total Weight Recovery	Total Fe Recovery
	k dmt	%	%	k dmt	%	%	%	%	%
Proven	145,030	35.06	2.41	51,042	66.16	1.17	2.55	35.19	66.42
Probable	298,643	34.72	2.67	103,863	65.75	1.51	2.59	34.78	65.85
Total P&P	443,672	34.83	2.58	154,905	65.89	1.39	2.58	34.91	66.04

Notes:

(1) The Mineral Reserves were estimated using the CIM Standards for Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 10th, 2014.

(2) Mineral Reserves based on February 2014 depletion surface merged with an updated Lidar dated September 2017.

(3) Mineral Reserves are estimated at a cut-off grade of 27% weight recovery for all sub-units except subunit 52 which is 30%. In addition, sub-unit 34 must have a ratio of weight recovery to iron of at least 1.

(4) Mineral Reserves are estimated using a long-term iron reference price (Platts 62%) of US$60/dmt and an exchange rate of 1.25 C$/US$. A Fe concentrate price adjustment of US$9/dmt was added as an iron grade premium.

(5) Bulk density of ore is variable but averages 3.33 t/m3.

(6) The average strip ratio is 0.87:1.

(7) The Mineral Reserve includes a 3.4% mining dilution and a 97% ore recovery.

(8) The number of metric tonnes was rounded to the nearest thousand. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in NI 43-101.

(9) Reference points are, for the crude ore tonnage, at the mill feed and for the concentrate tonnage, at the concentrate silo load-out.

Sydvaranger Mine Overview

On January 13, 2021, the Company acquired the Sydvaranger Mining AS and its subsidiaries, an iron ore mine and processing plant located in Sør-Varanger, Norway. A feasibility study was completed on the Sydvaranger Mine, and the Company is reviewing the results and developing a plan to integrate and re-start the mine.

The Company's historical consolidated financial statements included in this offering memorandum do not include any financial information of the Sydvaranger Mine. As of the issue date, Tacora Norway, Sydvaranger Mining and its subsidiaries will be designated as "Unrestricted Subsidiaries" and will not be subject to any of the restrictive covenants in the Indenture. See "*Description of the Notes— Restricted and Unrestricted Subsidiaries; Immaterial Subsidiaries*."

Material Agreements

The following is a summary of the material attributes and characteristics of certain material contracts of the Company. Any summary of material contracts of the Company is qualified in its entirety by reference to the provisions of the applicable agreement, which contains a complete statement of those attributes and characteristics.

Cargill Offtake Agreement

On April 5, 2017, the Company entered into an iron ore sale and purchase contract (the "**Cargill Offtake Agreement**") with Cargill. The Cargill Offtake Agreement provides that Cargill will purchase, and the Company will sell to Cargill, between 4 to 6 million WMT of iron ore concentrate per contract year, which constitutes all of the iron ore concentrate produced from the Scully Mine, during the term of the agreement and extensions or renewals thereof, in such volumes as specified in the Cargill Offtake Agreement. If in any year Cargill nominates less iron ore concentrate than the Company actually produces, Cargill has the option to buy any such excess iron ore concentrate. The Cargill Offtake Agreement provides that all iron ore sold is required to be in the form of concentrate and packaged in bulk. The Cargill Offtake Agreement contemplates the sale and purchase of 4.0 to 6.0 WMT of iron ore concentrate per contract year in amounts nominated in advance by the Company pursuant to the terms of the Cargill Offtake Agreement on an annual basis (other than in 2019, when the Company was permitted to nominate an amount less than 4.0 Mt). At Cargill's option, the shortfall of sales below 6.0 Mt in a contract year shall be made up following the last contract year and, to the extent necessary, from subsequent years. In the event that the Company is not able to supply the previously nominated amounts of concentrate to Cargill, or is required to reduce the previously nominated amount, the Company shall pay damages to Cargill in respect of losses incurred by Cargill as a result of a shortfall. All iron ore concentrate sold to Cargill by the Company is required to be shipped from either the wharf at the multi user terminal Port of Sept Iles or the Pointe Noire Terminal. If the Company ships the iron concentrate from a dock at the Pointe Noire Terminal with a draft restriction insufficient to allow the loading of vessels with a shipment of up to 187,000 WMT of iron ore concentrate, the purchase price will be subject to a "Temporary Dock Adjustment" to increase freight costs by an amount to be mutually agreed by the Company and Cargill or, failing an agreement, an independent expert The Cargill Offtake Agreement also contains detailed technical provisions with respect to the specifications for the manner and size of shipments of iron ore concentrate by the Company, port loading and trade terms, the sampling and analysis of iron ore, as well as technical specifications for the iron ore concentrate deliverable to Cargill. If any shipment of iron ore has an iron content of less than 62%, Cargill may reject it, and the Company will be required to deliver such amount in years that are not contract years. Further, if on three or more occasions in any 6-month period the technical specifications of the iron ore is determined by the loading port independent surveyor to not meet specifications under the Cargill Offtake Agreement, the purchase price will be discounted in an amount mutually determined by the Company and Cargill or, failing an agreement, an independent expert. Finally, if any portion of a shipment subject to a single Cargill sales contract does not meet technical specifications under the Cargill Offtake Agreement, the purchase price will be reduced.

In November 2018, the Cargill Offtake Agreement was further amended to include an option to, at Cargill's sole discretion, extend the term for an additional incremental three years to December 31, 2027, and thereafter, an additional incremental six years to December 31, 2033.

The purchase price in respect of each shipment of iron ore concentrate will be calculated in United States dollars in accordance with the sales price formulae set forth in the Cargill Offtake Agreement. Such purchase price calculation is based on market terms indexed to the 62% IODEX, with subsequent adjustments for any realized quality deductions and Cargill's freight costs, net of an agency fee payable to Cargill. The agency fee is calculated based on the magnitude of the pricing premium for Tacora ore that Cargill is able to achieve above the 62% IODEX, subject to certain minimum and maximum amounts.

In March 2020, Tacora and Cargill further amended certain terms of the Cargill Offtake Agreement, which provide, among other things, for the following: (i) the grant to Cargill of rolling one and/or three year options to extend the Cargill Offtake Agreement for up to the life of the Scully Mine; (ii) clarification that Cargill has rights to purchase all of the tons produced from the Scully Mine including any and all expansions; and (iii) certain adjustments to the definition of "Margin Amount" (as defined in the amendment) whereby the "Shipment Margin Amount" in respect of each "Relevant Shipment" may be either negative or positive. On each working day, all valuations of the Shipment Margin Amount for all "Shipments" for which the final "Purchase Price" has not been determined shall be netted to result in a single positive or negative value (the "Margin Amount"). If that value is positive and greater than $7.5 million, then Cargill shall be entitled to hold margin equal to but no greater than that Margin Amount less $5.0 million, and if that value is negative and less than -$5.0 million, then Tacora shall be entitled to hold margin equal to but no greater than that Margin Amount. In determining which party makes a purchase price payment to the other, any Margin Amount (if any) already held by one party shall be taken into account and netted. The receiving party shall raise a debit note for the relevant amount which shall be settled by the paying party within 5 Working Days. These changes to the definition of Margin Amount shall cease to apply at 12:00 a.m. (Singapore time) on December 31, 2021. At that time, the definition of Margin Amount shall revert to the following: "if that value is positive and greater than $5.0 million, then Buyer shall be entitled to hold margin equal to but no greater than that Margin Amount and if that value is negative and less than -$5.0 million, then Seller shall be entitled to hold margin equal to but no greater than that Margin Amount."

On December 17, 2019, Tacora and Cargill also entered into an Iron Ore Stock Pile Purchase Agreement (the "Stockpile Agreement"), which alters and is in addition to the Offtake Agreement. Among other things, the Stockpile Agreement allows Cargill to purchase a quantity of iron ore directly from its stockpile in the port, rather than FOB an ocean vessel, at a price based on market terms indexed to the Platts 62% Index plus a discount to reflect weighing uncertainties at Cargill's stockpile, with adjustments for Cargill's freight costs price; provided that Cargill's stockpile comprises no more than 400,000 DMT. The term of the Stockpile Agreement expires on December 31, 2021.

Mining Lease

On November 17, 2017, the Company entered into an amended and restated consolidation of mining leases (the "Mining Lease") with 0778539 B.C. Ltd., an affiliate of MFC (as successor to Canadian Javelin Limited), as lessor, pursuant to which the Company was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from the parcel of land located north of the Town of Wabush, Newfoundland and Labrador, Canada on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055. The Mining Lease may be cancelled by the Company generally on 60 days' prior written notice. In the event that the Scully Mine has ceased to operate for ten consecutive years, the rights demised in the Mining Lease shall revert to MFC. MFC may terminate the Mining Lease if any rents or royalties are in arrears for 30 days or if the Company breaches any covenant or condition, in each case, if such event continues for 60 days after MFC gives notice to the Company. The Mining Lease provides that the Company is required to pay, on a quarterly basis, an earned royalty fee per metric tonne of iron ore concentrate shipped of 7.0% of net revenues in accordance with the formulation set forth in the Mining Lease, subject to payment of a quarterly minimum royalty amount. The payment of any minimum royalty amount shall constitute a credit against future earned royalties in the same calendar year. If the Company has paid an amount in any year equal to the total quarterly minimum royalty amount for all four quarters of such year, the quarterly minimum royalty amount shall cease to apply. Earned royalties accrue from the date that iron ore is shipped. The Mining Lease also contains provisions with respect to, among other things, the determination of the weight of iron ore shipped and calculation mechanics in relation to the determination and payment of earned royalties.

The Mining Lease is a sublease to a head lease originally dated May 26, 1956, as amended, between Knoll Lake (as successor to the Newfoundland and Labrador Corporation Limited, pursuant to an assignment on June 17, 1964) and MFC (as successor to Canadian Javelin Limited) (the "Head Lease"). The Head Lease is effective for a term extending to and including May 26, 2045. In the event that the Scully Mine has ceased to operate for ten consecutive years, the rights demised in the Head Lease shall revert to Knoll Lake. Knoll Lake may terminate the Head Lease if any rents or royalties are in arrears for 30 days or if MFC breaches any covenant or condition, in each case, if such event continues for 60 days after Knoll Lake gives notice to MFC. Under the terms of the Head Lease and certain statutes and statutory agreements entered into in relation thereto, MFC pays a royalty of $0.2165/t ($0.22 per gross tonne) of concentrate mined and shipped from the Scully Mine to Knoll Lake. Knoll Lake, the entity holding the underlying Crown Lease (as defined under "Scully Mine"), in turn pays to the Province of Newfoundland and Labrador a $360 per annum rental fee to satisfy its obligations on the underlying Crown Lease for a term extending to and including May 26, 2045. The Head Lease may be cancelled by Knoll Lake generally on six-months' notice. The Company owns a 58.2% interest in Knoll Lake (with the remaining shares held by MFC and certain other minority shareholders), and the financial results of Knoll Lake are consolidated into the financial statements of the Company. Cash received by Knoll Lake from MFC net of rentals, overhead and taxes is distributed annually to the shareholders of Knoll Lake. In accordance with the Nalco Javelin (Mineral Lands) Act of 1959, as amended, and the associated Statutory Agreement of September 4, 1959, the Company, as successor to Wabush Iron, pays $0.22 per gross tonne of concentrate mined and shipped from the Scully Mine to the Province of Newfoundland and Labrador in lieu of taxes that otherwise would be owed under the Mining Tax Act (Newfoundland and Labrador) and the taxes originally owed by Knoll Lake under the Crown Lease.

QNS&L Rail Agreement

On November 3, 2017, the Company entered into a life-of-mine transportation agreement ("QNS&L Rail Agreement") with Québec North Shore and Labrador Railway Company, Inc. ("QNS&L"). The QNS&L Rail Agreement provides that QNS&L will carry iron ore concentrate produced at the Scully Mine on Tacora-supplied railcars between Wabush Lake Junction in Labrador City, Newfoundland and Labrador to the Sept-Iles Junction in Sept-Iles, Québec, a distance of approximately 500 km, in exchange for an indexed base rate per tonne of iron ore hauled plus additional rates, premiums based on the average Platts 62% index and penalties. Under the terms of the QNS&L Rail Agreement, QNS&L has agreed, among other things, to haul minimum monthly tonnages of iron ore (and any surplus iron ore that QNS&L agrees to haul for the benefit of the Company), ensure available transportation capacity, lead and actively participate in appropriate operations management and coordination procedures between QNS&L and the Company and supply sufficient labour, locomotives, assets and infrastructure as necessary to provide the rail transportation services contemplated.

The QNS&L Rail Agreement also prescribes various capacity and volume commitments on the part of each of QNS&L and the Company, and sets forth specific maximum and minimum monthly tonnages of iron ore that may be tendered for transportation in any month, and a maximum tonnage of iron ore that may be tendered for transportation in any contract year. In the event that the Company fails to meet the minimum monthly tonnage requirements during a given month, the Company will be required to pay QNS&L, as liquidated damages, an amount equal to the deficit volume multiplied by the base rate applicable during that month, and which increases over time, other than where the failure to meet such minimum tonnage is as a result of a force majeure event; and provided further that, in the event that the Company suspends production at the Scully Mine for a period of more than one calendar year, the obligation to pay any such liquidated damages will be suspended for a period starting on the first anniversary of the effective date of suspension and ending on the resumption of production. QNS&L will have the right to terminate the QNS&L Rail Agreement with three months' notice upon the first anniversary of the effective date of such suspension, unless the Company continues to pay liquidated damages. Either party may also terminate the QNS&L Rail Agreement with six months' notice in the event of a material breach of a material provision by the other party that was not substantially cured within the notice period; provided that QNS&L may not terminate the contract for the Company's failure to pay unless the undisputed amount is in excess of C$50,000.

The QNS&L Rail Agreement required the Company to provide advance payments to QNS&L totaling C$20.0 million, of which C$3.0 million was paid on November 10, 2017 and C$17.0 million was paid on November 14, 2018. These advance payments are required by QNS&L to secure the locomotive equipment and infrastructure capacity to meet the Company's anticipated haulage volumes on the QNS&L rail line. The Company will recover the advance payments from QNS&L by means of a special credit per wet metric tonne hauled.

Locomotive Rental Agreement

On November 8, 2017, the Company executed an agreement (the "Locomotive Rental Agreement") to rent heavy haul locomotives from QNS&L to be used to move trains (a) between Wabush Lake Junction in Labrador City, Newfoundland and Labrador and the Company's loadout facility in Wabush, Newfoundland and Labrador and (b) between Arnaud Junction and the Pointe-Noire unloading facility in Sept-Iles, Québec. The Locomotive Rental Agreement provides that QNS&L will make the locomotives available to Tacora, and maintain the locomotives, in exchange for an indexed rate per ton of iron ore hauled, subject to the minimum monthly tonnage and maximum annual tonnage set forth in the QNS&L Rail Agreement. The Locomotive Rental Agreement will continue until terminated by either party upon an event of default by the other party (subject to a 30 day cure notice and cure period), by either party if the QNS&L Rail Agreement is terminated, or by the Company if it suspends production of iron ore for more than one calendar year for any reason other than force majeure.

SFPPN and Port Access Arrangements

In May 2018, the Company executed an agreement (the "SFPPN Agreement") with Société ferroviaire et portuaire de Pointe-Noire s.e.c. ("SFPPN") with an effective date of June 1, 2018 and a termination date of December 31, 2044 setting out the terms on which SFPPN will grant the Company guaranteed access to SFPPN's equipment, throughput and storage capacity necessary to transport iron ore to the port infrastructure for an annual maximum volume of 6.5 Mtpa of iron ore concentrate.

Under the SFPPN Agreement, the Company is required to contribute, to certain capital expenditures up to an aggregate amount of C$48.9 million, inclusive of C$10 million that was paid in 2018. Capital expenditures totaling C$16.3 million and C$2.8 million were paid in 2019 and 2020, respectively and C$7.8 million will be payable in 2021 and the balance will be due by the end of 2022. The capital expenditure will allow SFPPN to enhance the current existing infrastructure required for the Company's guaranteed access to SFPPN's facilities, which include railway and Wabush Yard infrastructure. As new clients enter into long-term access agreements with SFPPN, SFPPN will compensate the Company for its investment in multi-user assets based on such new client's use of such assets. From the date of the completion of the 2018 financing transactions and until the commencement of the Company's railcars shipment to SFPPN in March 2019, the Company was required to make a monthly payment of C$500,000 in consideration of the capacity SFPPN allotted to the Company. On the commencement of the Company's rail shipping from the Scully Mine to SFPPN in April 2019, the Company paid an amount equal to C$2.5 million to SFPPN which is based on the Company's share of fixed costs, operational costs, profit margins, compensation rate and applicable taxes. In addition, prior to the Company's first train arrival to Arnaud junction's railway, the Company paid an amount of C$800,000 to SFPPN, which will be held by SFPPN in a segregated account (the "In-Trust Account") and applied to pay operational costs under the SFPPN Agreement in the case of an interruption or stoppage of Scully's Mine operation for 30 days or more.

In exchange for a guarantee of access to SFPPN, commencing on January 1, 2019, the Company must make an annual payment to SFPPN representing 8% of its Wabush Yard and Railway infrastructure cost compensation (which such cost compensation is capped at C$34.46 million, and will be reduced should there be more than two clients with long term access to the Wabush Yard and/or to the extent the Government of Québec assumes the cost of investment). In addition, on and after January 1, 2019, the Company must make monthly payments to SFPPN of a compensation rate of 3.7% per annum on (a) the amount of the difference between the Company's Wabush Yard and Railway infrastructure cost compensation and the amount held in the In-Trust Account and (b) on the funds the Government of Québec used to pay initial capital expenses for multiuser capital expenditures and a portion of environmental projects. SFPPN will also invoice the Company for services provided on a monthly basis, based on the Company's share of SFPPN's fixed costs and operational costs, together with a profit margin of 9%. Finally, the SFPPN Agreement provides that the Company will fund its fair share of sustaining capital expenditures (plus a 9% profit margin) as provided for in SFPPN's maintenance plan.

The SFPPN Agreement also provides that the 440 railcars owned by SFPPN and located at the Scully Mine will be leased to the Company under a lease and maintenance agreement for nominal consideration, provided that the Company contracts exclusively with SFPPN for the maintenance of such railcars. The Company will have the option to purchase any or all of the railcars at a price of C$2,725 per railcar upon 10 days' prior written notice to SFPPN, which will terminate the required maintenance arrangement with SFPPN. The SFPPN Agreement contains customary default clauses, which include if the Company ceases the operations of the Scully Mine for a continuous period of more than twelve months and does not provide SFPPN with a date for the resumption of operations that is within the following twelve months. Upon the occurrence of the Company's event of default and the termination of the applicable cure periods, SFPPN may repeal the Company's guarantee of access.

During 2018, the Company executed an assignment of contractual rights agreement pursuant to which NML assigned to the Company 6.5 million metric tonnes of NML's port capacity with the Sept-Iles Port Authority for a 20-year period in exchange for an upfront payment in the amount of C$4.0 million plus C$24,465 per month between the date of commencement of the "take or pay" tonnage guarantee and the closing date, in each case, payable on the closing date of the assignment and an ongoing fee of C$0.10 per tonne of iron ore shipped by the Company through the port facilities pursuant to a contract to be entered into directly with the Port Authority over a 20-year period following the assignment. In connection with the assignment, the Company has assumed part of NML's ''take or pay" obligations related to the assigned 6.5 million metric tonnes of port capacity.

In addition, the Company, NML and the Port Authority entered into an agreement whereby the Port Authority consented to the assignment of capacity and agreed to enter into a direct agreement with the Company in respect of the 6.5 million metric tonnes of port capacity assigned by NML to the Company on terms substantially similar to those contained in the existing agreement between NML and the Port Authority. This agreement will provide the Company with direct access to port facilities that are capable of loading cape-size vessels, which are larger and more cost efficient than smaller baby-cape and Panamax alternatives. All port agreements between NML, the Port Authority and Tacora in respect of the assigned capacity were fully executed and complete as of December 31, 2018.

Electric Power Service Agreement

The Company entered into an Electric Power Service Agreement ("PSA") with Newfoundland and Labrador Hydro ("NL Hydro"), with an effective date of May 16, 2018, pursuant to which NL Hydro agrees to sell electrical power and energy to the Company. Under the PSA, the sale of power will be provided based on a rate schedule in line with the Labrador industrial electrical power rates. The Company may request deductions in its demand power charges upon the occurrence of interruptions or diminutions in the delivery of power, including due to "Force Majeure". The PSA provides the Company with up to 60 MW of electric power, including 55MW of firm power and 5MW of interruptible power at industrial energy prices we believe to be equal to or lower than any available elsewhere in Canada. The Company is one of two industrial customers in Labrador with access to the attractively low industrial electrical power rates available from the Labrador Interconnected System or "LIS". If more than one industrial customer requests an increase in its amount of power for any contractual year and NL Hydro cannot provide enough power to satisfy all of the requests it has received, the Company will receive a pro rata portion of the increased amount of the firm power it requests. The PSA stipulates a minimum amount of firm power on order that the Company shall request from NL Hydro during each calendar year commencing January 1 in each contract year. The Company may terminate the PSA by providing NL Hydro two years notice in writing of its intention to do so.

Regulatory, Permitting, and Environmental

Tacora prepared and submitted an Environmental Assessment Registration ("EA Registration") to the Government of Newfoundland and Labrador on September 28, 2017 in accordance with the *Newfoundland and Labrador Environmental Protection Act*. The government of Newfoundland and Labrador placed the document on a public notice period, responded to public comments, and released the reactivation project from further environmental assessment on November 21, 2017.

The EA Registration included discussions regarding the physical features of the project, natural habitat, potential resource conflicts, and socioeconomic influences of this site. These various factors were considered from reactivation, continued operation and eventual closure and rehabilitation of the mine site. Tacora has prepared and submitted three plans and one application to the Government of Newfoundland and Labrador in support of the Scully Mine that relate to environmental and other operational impacts of resuming operations at the Scully Mine. These are:

- *Reactivation Plan*: A document that described Tacora's plan to restore the site from its current condition to operational readiness;
- *Development Plan*: A document that described the resumed operations of the mine and associated facilities for the remaining mine life;
- *Rehabilitation and Closure Plan*: The document that outlines mine closure and site rehabilitation for future land use. This plan includes closure cost estimates that were used to document necessary financial assurance to the Government of Newfoundland and Labrador; and
- *Operating Certificate of Approval application*: This document describes the environmental control, monitoring and reporting measures that Tacora will follow to assure compliance with federal and provincial environmental regulations.

Subsequent to completion of the Feasibility Study, Tacora received approvals in respect of each of the foregoing from the applicable Government of Newfoundland and Labrador authorities.

The previous owners of the Scully Mine conducted air emissions testing (2000 through 2011) to determine pollutant emission rates for various aspects of the facility operations and these rates were then used as some of the input values into an air dispersion computer model that intends to simulate potential ambient air quality impacts to the local area from facility operations over many years. Other model inputs include fugitive emissions from other mining related activity such as storage piles and vehicular traffic. The modeling report from 2014 indicated potential exceedances of ambient air quality standards for various groups of particulate matter. While the computer simulation predicts possible ambient air quality standard exceedances, two actual ambient air monitoring stations located downwind of the site have not recorded an actual exceedance attributable to facility operations in the multiple years that the monitors have been in service. Tacora performed an updated assessment in 2020 and determined that certain air pollution control systems require replacement and internal ductwork and source ventilation will require substantial upgrades to improve indoor air quality.

The Scully Mine site is situated in a region with typical boreal forest ecosystems and wildlife communities. Given that the area has been subjected to industrial activity for over 50 years, wildlife has adapted either to avoid the area or to conduct some or all of their life cycle stages within the suitable areas of the mine site. Large mammals rarely occur in the mine site and no hunting is permitted within the boundaries. Minimal clearing and grubbing has been required, however, to avoid adverse effects on migratory birds and bird species of special conservation concern, all clearing activities are conducted in accordance with accepted protocols related to avoidance of disturbing nesting sites. Tacora's no hunting, fishing, or trapping policy have been implemented and will be maintained throughout the construction and operation of the Scully Mine, therefore no other wildlife conflicts are anticipated.

The area affected by Tacora's operations has been subjected to industrial activity for over 50 years, and fish resources have been able to conduct some or all of their life cycle stages within suitable areas of the mine site. There has been no additional physical alteration of fish habitat or reduction in fisheries productivity associated with Tacora's re-activation and operation of the Scully Mine. Tacora is fully compliant with all fisheries compensation and offsetting required under the *Fisheries Act* (Canada). This applies to all historical activities and planned reactivation of the mine as related to mining and processing activities and associated deposition of mine tailings and associated effluents. Tacora is also continuing all required monitoring of effluent discharges and water quality as required under the federal Metal Mining Effluent Regulations ("MMER"), Canadian Council of Ministers of Environment ("CCME") guidelines and provincial criteria including acute and sub-lethal biological testing. Tacora will implement a no fishing policy throughout the operation of the mine; therefore, no fisheries productivity conflicts are anticipated.

Water treatment associated with tailings management consists of natural (unaided) settling of solids in Flora Lake, approved under MMER for tailings management. Water quality in Flora Lake, as measured at its discharge (Final Discharge Point under MMER) at the Flora Lake Outlet Arm to Flora River and then Wabush Lake, is consistently in compliance with the metal and suspended solids criteria in the federal MMER and provincial Environmental Control Water and Sewer Regulations and the acute lethality criteria in the MMER. The typical water quality as measured and reported also meets or exceeds the CCME criteria for Protection of Freshwater Aquatic Life. Tacora plans a C$7.7 million expansion of the tailing managements system to increase capacity with planned completion in 2022.

The cost to decommission and reclaim the open pits, waste rock dumps, ore handling and processing facilities, tailings management area and all of the related infrastructure associated with the Scully Mine site is estimated to be approximately $42 million. The cost estimate was determined by reviewing and updating the approved 2014 cost estimate completed by the previous owner. Tacora made additional changes to reflect revisions as part of the new 2017 draft closure plan, additional research, recent contractor estimates, and changes mandated by the Department of Natural Resources are discussed throughout the Plan. Where possible costs based on current knowledge for activities were used. This estimate includes costs for an ongoing environmental monitoring program which will extend beyond closure and costs for maintenance and geotechnical inspections are also included in this estimate.

Tacora has been in regular contact with the local communities as well as with the Indigenous governments and organizations having a stated interest to the area. These community and stakeholder consultation activities have included frequent meetings with mayors and councils, local businesses, Indigenous leaders, local political representatives, local interest groups, provincial and federal regulators.

Tacora may be subject to additional environmental and land use regulations, including carbon emission regulations, carbon emission taxes, and other restrictions intended to mitigate climate change, and the potential timing and effects of these regulations cannot currently be predicted. However, Tacora expects that the effect of carbon emission regulations on Tacora would be mitigated by Tacora's reliance on hydro-power for electricity used at the Scully Mine.

Competition

The Company competes with other producers of iron ore across the globe, including other Canadian producers and producers in Brazil, China, and Australia. Many of the Company's competitors are diversified across many locations and have significantly greater resources than the Company. Vale, Rio Tinto, BHP Billiton, and FMG combine for approximately 43% of global iron ore supply.

Despite our lack of scale, we believe we have competitive advantages in comparison to our competitors in that we produce a high-quality product with high iron levels and low impurity levels. As a result, we achieve favorable pricing relative to commodity and sub-commodity grade producers, because a high iron content feed with low impurities is typically preferred by steelmakers, as higher Fe reduces transport costs on a Fe unit basis and increases the iron content yield. Silica levels above 5.5% are considered high and can raise the blast furnace slag volumes and the fuel rate (and, in turn, the coke consumption rate). We also believe that due to changing environmental regulations globally and the need to reduce CO2 emissions, coupled with the limited supply of high-grade iron ore, we believe the favorable value in use adjustment or premium achieved for our iron ore product sales is sustainable and may increase in the future.

Employees

As of December 31, 2020, Tacora had the following employees and contractors

Role & Location	Employees
Mining Operations (*Wabush, Newfoundland & Labrador, Canada*)	305
Corporate (*Various Locations, Canada)*	3
Corporate (*Minnesota, USA*)	7
Total	315

We have approximately 200 unionized employees governed by one collective bargaining agreement (the "Collective Bargaining Agreement"), which we entered into on May 30, 2017 with United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (United Steelworkers) on behalf of its Local 6285 employees (the "United Steelworkers Union"). The Collective Bargaining Agreement contains provisions that, among other things, provide for an incentive-based pay system, Company contributions to a defined contribution retirement arrangement, participation in a group benefits plan, third party contracting, hiring based on ability (not seniority) and access to local talent that is familiar with the Scully Mine. The Collective Bargaining Agreement is effective through December 31, 2022 and the term renews on an annual basis thereafter, unless at least 30 days' prior written notice to the contrary is served by one of the parties on the other.

Properties

The Company operates the Scully Mine, located near Wabush, Newfoundland & Labrador, Canada pursuant to a consolidated Mining Lease, which is further described under the caption "*Business – Material Agreements – Mining Lease*."

The Company also leases approximately 4,063 square feet of office space used by members of the Company's executive and administrative staff in Grand Rapids, Minnesota.

Legal Proceedings

The Company is and will be, from time to time, involved in legal proceedings of a nature considered normal to the Company's business. The Company is not party to any legal proceeding that, individually or in the aggregate, the Company believes to be material to its financial condition or results of operations.

PRINCIPAL EQUITY HOLDERS

As of January 31, 2021, the Company had 241,346,158 shares issued and outstanding, and the primary holders of the Company's outstanding shares were as follows:

Shareholder	Percentage Outstanding Shares
Proterra M&M MGCA B.V. [1]	76.0%
Orion Resource Partners [2]	9.9%
MagGlobal LLC	6.0%
Titlis Mining AS	5.8%

[1] Includes approximately 9.8% of outstanding Tacora shares owned by Proterra M&M Co-Invest LLC, which we referred to, together with Proterra M&M MGCA B.V., as “Proterra.”

[2] Shares are held through OMF Fund II (Be) Ltd.

MANAGEMENT

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company's key management for Fiscal 2020 was its Chief Executive Officer, Executive Vice President and Chief Financial Officer, and its Vice President and General Manager. The remuneration for the Company's key management during Fiscal 2020 was $1,740,000 consisting of $1,650,000 in salaries, $37,000 in deferred compensation and $53,600 in other benefits.

Executive Management Team and Board of Directors

Set forth below is our executive management team and Board of Directors. The Amended and Restated Shareholders' Agreement among Tacora and the holders of its outstanding shares gives each shareholder the right to appoint a certain number of directors. Currently, Proterra is able to appoint six directors and each of MagGlobal LLC, OMF Fund II and Titlis Mining AS is able to appoint one director. The directors appointed by each of the shareholders are identified below.

Name	Age	Position
Thierry Martel	50	Chief Executive Officer, Director
Joe Broking	48	Chief Financial Officer, Executive Vice President
Achille Njike	42	Vice President, Chief Technical Officer
Sylvain Lessard	55	GM Mining Operations
Hope Wilson	43	Chief Accounting Officer
Larry Lehtinen[1]	65	Director
Sam Byrd[2]	46	Director
Nick Carter[2]	74	Director
David Durrett[2]	52	Director
Phil Mulvihill[2]	47	Director
Torben Thordsen[2]	50	Director
James Warren[2]	50	Director
Michael Barton[3]	42	Director
Peter Steiness Larsen[4]	58	Director

[1] Appointed by MagGlobal LLC
[2] Appointed by Proterra
[3] Appointed by OMF Fund II
[4] Appointed by Titlis Mining AS

Thierry Martel, Chief Executive Officer and Director. Thierry Martel has more than 20 years of operational and leadership experience in the mining and metals industry, including operations, project management, engineering, and consulting experience. Mr. Martel was previously Chief Operating Officer of Rio Tinto-owned Iron Ore Company of Canada ("IOC"). Mr. Martel's prior experience at Rio Tinto also includes serving as Vice President of Technical Services (IOC), Deputy Project Director (Kennecott Copper), GM Project Controls and Risk Management at the aluminum division and a variety of other consulting and management roles

Joe Broking, Executive VP and Chief Financial Officer. Joe Broking has more than 20 years of experience in corporate finance, investor relations, compliance, risk management, accounting and audit, operations, lean manufacturing, marketing and executive management. Mr. Broking was previously CFO of Magnetation, President and CEO of Itasca Economic Development Corporation, Director of Operations at Bucyrus, Director of Finance at Terex and Director of Financial Accounting at Stora Enso

Achille Njike, VP and Chief Technical Officer. Achille Njike has more than 17 years of experience in the mining industry, progressing through more demanding roles in integrated operations, asset management, business transformation, and operations excellence. Mr. Njike previously led the integrated maintenance operations, asset management, automation, electrical and control systems and operations infrastructure at Rio Tinto Kennecott Utah Copper mine.

Sylvain Lessard, GM Mining Operations. Sylvain Lessard has more than 30 years of experience in the mining industry, progressing through more demanding roles in all aspects of open pit and underground mining operations. Mr. Lessard was previously GM at Arcelor Mittal, GM at First Metal, Mining Superintendent at Cliffs and Project Manager at Kiewit.

Hope Wilson, Chief Accounting Officer. Hope Wilson has more than 23 years of combined experience in the areas of certified public accounting, SEC compliant reporting, corporate finance, compliance, audit, corporate tax, information technology and financial system implementations. Ms. Wilson previously worked as an accountant at Laserex Systems, Ceridian Employers Services and Boyum and Barenscheer.

Larry Lehtinen, Director. Larry Lehtinen has more than 40 years of experience in iron ore and ferrous operations and management. He was previously the Chairman and Chief Executive Officer of Tacora, the Chief Executive Officer of Magnetation, a Vice President at Steel Dynamics, a Vice President at Cliffs Natural Resources, and a Vice President at Inland Steel.

Sam Byrd, Director. Sam Byrd has more than 20 years of experience, predominantly within the mining sector, in private equity, industry, investment banking and finance. He is currently a Managing Director at Proterra, where he helps direct investments in the Metals & Mining sector.

Nick Carter, Director. Nick Carter has more than 30 years of combined experience in the energy sector in various executive roles and board posts culminating as President and Chief Operating Officer of Natural Resources Partners LP. He also serves on multiple boards in the mining, energy, and non-profit sector, including Alliance Resource Partners, L.P. (Nasdaq: ARLP) and Community Trust Bancorp, Inc. (Nasdaq: CTBI).

David Durrett, Director. David Durrett has more than 20 years of experience in the mining industry in production, logistics and sales. He is currently the founder and Chief Executive Officer of a private industrials mineral company and was previously a co-founder and Chief Executive Officer of NBI, an industrials mineral company sold to US Silica. He also previously managed industrial minerals mines in Canada, which were sold to Unimin and Lafarge. He was previously Interim Chief Executive Officer of Tacora from January to July 2020.

Phil Mulvihill, Director. Phil Mulvihill has more than 20 years of experience in business development, investments, workouts, capital markets and commodity & derivative transactions. He currently leads and is responsible for the solutions and structuring team for Cargill's global metals business.

Torben Thordsen, Director. Torben Thordsen has more than 25 years of experience, predominantly within the mining sector, in private equity, corporate finance, investment banking and industry. He is currently a Partner at Proterra with responsibility for the Metals & Mining private equity strategy and team.

James Warren, Director. James Warren has more than 20 years of experience in private equity, legal, risk, government affairs, compliance, governance, and overall business strategy. He is currently General Counsel & Chief Compliance Officer at Proterra where he is responsible for all legal and compliance matters.

Michael Barton, Director. Michael Barton was previously Chief Executive Officer of Pala Investments, a mining focused investment company based in Zug, Switzerland, and was Vice President at Hatch Corporate Finance (now HCF International Advisers), a mining and metals focused corporate finance boutique. He is currently a Portfolio Manager at Orion.

Peter Steiness Larsen, Director. Peter Steiness Larsen has 15 years of experience, including currently serving as the Chief Financial Officer of the Tschudi Group, as well as six years with Burmeister & Wain Shipyard AS (Finance and Project development), five years with Elsam Project AS (Project Finance Manager) and four years with Enron Nordic Energy (Manager for Structured Projects).

TRANSACTIONS WITH DIRECT AND INDIRECT SHAREHOLDERS

Cargill, Inc., the parent entity of Cargill International Trading Pte Ltd. ("Cargill"), has an indirect interest in approximately 10% of the voting stock of Tacora through its direct and indirect ownership interest in Proterra M&M MGCA B.V., which is Tacora's controlling shareholder. Phil Mulvihill, a member of Tacora's Board of Directors, is an employee of Cargill.

Cargill is party to the Cargill Offtake Agreement and related Stockpile Agreement, see "*Business – Material Agreements – Cargill Offtake Agreement" pursuant to which Tacora has agreed to Sell all of the iron ore it produces at the* Scully Mine to Cargill. Cargill may extend the Cargill Offtake Agreement through the life of the Scully Mine through extension rights. In fiscal years 2020 and 2019, respectively, the Company Invoiced approximately $299.2 million and $60.1 million, respectively, to Cargill under the Cargill Offtake Agreement and Stockpile Agreement.

DESCRIPTION OF CERTAIN OTHER INDEBTEDNESS

Jarvis Loan Agreements and Existing Hedges

On October 31, 2018, Tacora entered into a Term Loan Credit Agreement and an Infrastructure Loan Agreement with affiliates of SAF Jarvis Inc. (such loan agreements are referred to, collectively, as the "Jarvis Loan Agreements"). The obligations of Tacora under the Jarvis Loan Agreements are secured by a security interest in substantially all assets of Tacora. The Jarvis Loan Agreements contain covenants that are typical for loan agreements of their type, including limitations on the incurrence of additional indebtedness, prepayment of other indebtedness, entrance into hedging arrangements with other parties, entrance into a merger or other business combination, entrance into an agreement for the Company to be acquired, acquisition of another business, or disposition of assets. Under the Jarvis Loan Agreements, Tacora is also required to meet senior debt to EBTDA, debt service coverage, and minimum reserve base ratios.

The Jarvis Loan Agreements were amended on December 11, 2020 (the "December Amendments"), which provided for, among other things, Tacora's acquisition of the Sydvaranger Mine. In addition to consenting to the Sydvaranger Mine acquisition and related equity financing, the December Amendments require payment of certain additional quarterly payments through 2022, redefine the senior debt to EBITDA ratio, and reduce the term and amortization of its infrastructure loans from 7 to 5 years.

Under the Jarvis Loan Agreements, the principal amount of $132.9 million was outstanding as of December 31, 2020. Approximately $143.6 million of the proceeds from the offering of the Notes will be used to repay the principal amount owed under the Jarvis Loan Agreements and certain fees payable in connection with prepayment, and the Jarvis Loan Agreements will be terminated and the related security discharged.

On October 31, 2018, the Issuer and SAF Jarvis 1 LP entered into a commodity derivatives facility to support commodity derivatives contracts of the Issuer, and this liability is secured by the same security as the Jarvis Loan Agreements (which security is being discharged). SAF Jarvis 1 LP is assigning its rights and obligations under these derivatives contracts to the Hedge Provider.

Jarvis Hedge Facility

On the Issue Date, the Issuer and SAF Jarvis 2 LP (the "Hedge Provider") will establish a new credit arrangement in the form of a commodity derivatives facility (the "Jarvis Hedge Facility") to support existing commodity derivatives contracts of the Issuer (as assigned by SAF Jarvis 1 LP to the Hedge Provider) which are scheduled to mature from time to time on or before December 31, 2021, and potential new commodity derivatives contracts.

Pursuant to the Jarvis Hedge Facility, the Issuer will grant the Hedge Provider a security interest in the Shared Collateral and thereby reduce the amount of cash collateral required to be posted by the Issuer directly to the Hedge Provider on a first-priority basis (including in priority to the Notes Collateral Agent).

On the Issue Date, the Notes Collateral Agent (on behalf of itself, the Trustee and the holders of notes), the Hedge Provider and the Issuer will enter into the Jarvis Hedge Facility Intercreditor Agreement with respect to the Shared Collateral. The obligations under the Jarvis Hedge Agreement secured by the Shared Collateral on a pari passu basis with the Notes Obligations shall be limited to a maximum of $50.0 million, and amounts owing to the Hedge Provider in excess of $50.0 million (i) will be secured on a second-priority basis, ranking subordinate to the Note Obligations, on the Shared Collateral, and (ii) may be secured by the Jarvis Hedge Facility Cash Collateral, which will not constitute Shared Collateral. See below under "— Jarvis Hedge Facility Intercreditor Agreement".

On the Issue Date, the Issuer and the Hedge Provider will enter into customary International Swaps and Derivatives Association ("ISDA") agreements to reflect the terms of the Jarvis Hedge Facility and related documentation.

The Jarvis Hedge Facility and any ISDA agreements governing hedge transactions shall include customary termination rights including a cross-default termination right in respect of other indebtedness of the Issuer, including the Note Obligations.

DESCRIPTION OF THE NOTES

The following description is a summary of the material provisions of the indenture (the "Indenture") under which we will issue the Notes and the collateral documents referred to below under "— Security" (the "Collateral Documents"). This summary does not restate the Indenture or the Collateral Documents in their entirety. We urge you to read the Indenture and the Collateral Documents because they, and not this description, will define your rights as holders of the Notes. Copies of the Indenture and the Collateral Documents are available as set forth below under "— Additional Information." Certain capitalized terms used in this description but not defined below under "— Certain Definitions" have the meanings assigned to them in the Indenture. In this description, the word "Tacora" refers only to Tacora Resources, Inc. and not to any of its Subsidiaries.

Tacora will issue the Notes under the Indenture among itself, the Guarantors party thereto from time to time, Wells Fargo Bank, National Association, as trustee (the "Trustee") and as Notes collateral agent (the "Notes Collateral Agent"), in a private transaction that is not subject to the registration requirements of the Securities Act. See "Notice to Investors."

The Notes will be issued in a private transaction that is not subject to the registration requirements of the Securities Act. The terms of the Notes include those stated in the Indenture and holders of Notes should refer to the Indenture for a statement thereof. The Indenture will not be qualified under the Trust Indenture Act of 1939 or subject to the terms of the Trust Indenture Act of 1939.

Brief Description of the Notes and the Note Guarantees

The Notes

The Notes will be:

- general senior secured obligations of Tacora;
- equal in right of payment with any existing and future general senior Indebtedness (including Indebtedness under any ABL Facility and the Jarvis Hedge Facility) of Tacora;
- senior in right of payment to any existing and future subordinated Indebtedness of Tacora
- on the Issue Date (or in certain circumstances, by the Security Deadline), secured on a first priority basis by Liens on the Collateral (subject to Permitted Liens and certain other exceptions), on an equal and ratable basis with all existing and future Notes Priority Obligations of Tacora;
- effectively senior to any existing and future unsecured Indebtedness of Tacora, to the extent of the value of the Collateral (after giving effect to the sharing of such value with holders of equal or prior ranking Liens on the Collateral);
- if Tacora enters into an ABL Facility (as defined below), secured on a (i) first-priority basis by Liens on any Collateral that constitutes Notes Priority Collateral (subject to Permitted Liens and certain other exceptions) on an equal and ratable basis with all existing and future Notes Priority Obligations of Tacora and (ii) second-priority basis, pursuant to an ABL Intercreditor Agreement, by Liens on any Collateral that constitutes ABL Priority Collateral (to the extent that the Liens securing the ABL Facility are Permitted Liens) on an equal and ratable basis with all existing and future Notes Priority Obligations of Tacora;
- if Tacora enters into an ABL Facility, effectively subordinated to Indebtedness under such ABL Facility to the extent of the value of the ABL Priority Collateral securing such Indebtedness;
- effectively subordinated to all existing and future Indebtedness of Tacora, including debt under any ABL Facility, that is secured by (i) Liens on assets that are not part of the Collateral (including that portion of the Jarvis Hedge Facility secured by the Jarvis Hedge Facility Cash Collateral) or (ii) Liens on Collateral that are senior in priority to the Liens securing the Notes and the Note Guarantees, in each case, to the extent of the value of such assets;
- structurally subordinated to all existing and future Indebtedness and other liabilities of any of Tacora's non-guarantor Subsidiaries (other than Indebtedness and other liabilities owed to Tacora or any Guarantor); and
- unconditionally guaranteed on a senior secured basis, jointly and severally, by the Guarantors.

The Note Guarantees

The Notes will not be guaranteed by any of our Subsidiaries on the Issue Date. The Notes will be guaranteed, on a senior secured basis, by all future Restricted Subsidiaries of Tacora, other than Immaterial Subsidiaries for so long as they constitute Immaterial Subsidiaries (unless we otherwise elect to make any such Immaterial Subsidiary a Guarantor). Tacora and the Guarantors generated 100% of our Consolidated EBITDA for the twelve months ended December 31, 2020 and held 100% of our total assets as of December 31, 2020.

Each Note Guarantee will be:

- senior in right of payment to all existing and future subordinated Indebtedness of such Guarantor;
- equal in right of payment with all existing and future general senior Indebtedness (including any Indebtedness under any ABL Facility and the Jarvis Hedge Facility) of such Guarantor;
- on the Issue Date, secured on a first priority basis by Liens on the Collateral (subject to Permitted Liens and certain other exceptions), on an equal and ratable basis with all existing and future Notes Priority Obligations of each Guarantor;
- effectively senior to any existing and future unsecured Indebtedness of each Guarantor, to the extent of the value of the Collateral (after giving effect to the sharing of such value with holders of equal or prior ranking Liens on the Collateral);
- if Tacora enters into an ABL Facility (as defined below), secured on a (i) first-priority basis by Liens on any Collateral that constitutes Notes Priority Collateral (subject to Permitted Liens and certain other exceptions) on an equal and ratable basis with all existing and future Notes Priority Obligations of Tacora and (ii) second-priority basis, pursuant to an ABL Intercreditor Agreement, by Liens on any Collateral that constitutes ABL Priority Collateral (to the extent that the Liens securing the ABL Facility are Permitted Liens) on an equal and ratable basis with all existing and future Notes Priority Obligations of each Guarantor;
- if such Guarantor is a borrower or a guarantor under any ABL Facility, secured by Liens on the Collateral that are junior in priority, pursuant to the ABL Intercreditor Agreement, to the Liens on any Collateral that secure the ABL Priority Obligations, to the extent that the Liens securing the ABL Priority Obligations are Permitted Liens;
- if Tacora enters into an ABL Facility, effectively subordinated to Indebtedness under such ABL Facility to the extent of the value of the ABL Priority Collateral securing such Indebtedness
- effectively subordinated to all existing and future Indebtedness of such Guarantor, including debt under any ABL Facility, that is secured by (i) Liens on assets that are not part of the Collateral or (ii) Liens on Collateral that are senior in priority to the Liens securing the Notes and the Note Guarantees, in each case, to the extent of the value of such assets or Collateral; and
- structurally subordinated to all existing and future Indebtedness and other liabilities of such Guarantor's non-guarantor Subsidiaries (other than Indebtedness and other liabilities owed to Tacora or any Guarantor).

The Notes will be effectively subordinated to all existing and future Indebtedness of Tacora, including debt under any ABL Facility, that is secured by (i) Liens on assets that are not part of the Collateral (including that portion of the Jarvis Hedge Facility secured by the Jarvis Hedge Facility Cash Collateral) or (ii) Liens on ABL Priority Collateral that are senior in priority to the Liens securing the Notes and the Note Guarantees, in each case, to the extent of the value of such assets or the ABL Priority Collateral, as the case may be, and be structurally subordinated to all existing and future Indebtedness and other liabilities of any of Tacora's non-guarantor Subsidiaries (other than Indebtedness and other liabilities owed to Tacora or any Guarantor). As of December 31, 2020, as adjusted for the offering of Notes and the use of proceeds therefrom, Tacora and its Restricted Subsidiaries would have had approximately US$189.2 million of Indebtedness outstanding, of which approximately US$0.0 million would have been held by non-guarantor Restricted Subsidiaries and of which approximately US$0.0 million would have been secured by assets other than the Collateral.

Restricted and Unrestricted Subsidiaries; Immaterial Subsidiaries

As of the Issue Date, all of our Subsidiaries will be "Restricted Subsidiaries" other than Tacora Norway AS and its subsidiaries, which will be designated as Unrestricted Subsidiaries on the Issue Date. As of the Issue Date, our only Immaterial Subsidiary will be Tacora Resources, LLC. Knoll Lake Minerals Limited will be a Restricted Subsidiary on the Issue Date but will not be a Guarantor. Our Unrestricted Subsidiaries and Immaterial Subsidiaries will not guarantee the Notes nor the obligations under the Indenture (including the indemnifications provided for therein) nor grant security for the same, for so long as they constitute Unrestricted Subsidiaries or Immaterial Subsidiaries, as the case may be. In the event of a bankruptcy, insolvency, liquidation, reorganization or similar proceeding in respect of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their Indebtedness and their trade creditors before they will be able to distribute any of their assets to us. The non-guarantor Restricted Subsidiaries generated US$0.0 million in Consolidated EBITDA for the year ended December 31, 2020 and held $0.0 million in assets as of December 31, 2020.

Under the circumstances described below under "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries," we will be permitted from time to time to designate additional Subsidiaries as Unrestricted Subsidiaries. Our Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Registered Holders

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture and the Collateral Documents.

Principal, Maturity and Interest

Tacora will issue US$175.0 million in aggregate principal amount of Notes in this offering. Tacora may issue additional Notes ("Additional Notes") under the Indenture from time to time after this offering. Any issuance of Additional Notes will be subject to all of the covenants in the Indenture, including the covenants described below under "—Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock" and "— Certain Covenants — Liens." It is intended, to the maximum extent possible, that any such Additional Notes will be part of the same issue as the Notes offered hereby and will be treated as a single class under the Indenture for all purposes, including waivers, amendments, redemptions and offers to purchase. If, however, any Additional Notes are not part of the same issue as the Notes offered hereby for Canadian or U.S. federal income tax purposes or if Tacora otherwise determines that any Additional Notes should be differentiated from any other notes, such Additional Notes may have a separate CUSIP number, *provided* that, for the avoidance of doubt, such Additional Notes will still constitute a single series with all other notes issued under the Indenture for all purposes. Any Additional Notes issued after this offering may be secured by the Collateral, equally and ratably, with the Notes issued on the Issue Date. As a result, the issuance of Additional Notes will have the effect of diluting the security interest of the Collateral for the then outstanding Notes. Unless the context otherwise requires, for all purposes of the Indenture, the Collateral Documents and this "Description of the Notes," references to the "Notes" include any Additional Notes actually issued. Tacora will issue Notes in denominations of US$2,000 and integral multiples of US$1,000 in excess of US$2,000.

The Notes will mature on May 15, 2026.

Interest on the Notes will accrue at the rate of 8.250% per annum and will be payable semi-annually in arrears on May 15 and November 15, commencing on November 15, 2021. Interest on overdue principal and interest will accrue at a rate that is 1.0% higher than the applicable interest rate on the Notes. Tacora will make each interest payment to the holders of record on the immediately preceding May 15 and November 15.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

For purposes of disclosure under the *Interest Act* (Canada) whenever any interest or any fee to be paid hereunder or in connection herewith is to be calculated on the basis of a 360, 365 or 366-day year, the yearly rate of interest to which the rate used in such calculation is equivalent during any particular period is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360, 365 or 366, as applicable. The rates of interest under the Indenture are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under the Indenture. Each of Tacora and the Guarantors confirms that :

(i) the foregoing methodology satisfies the requirements of Section 4 of the *Interest Act* (Canada) to the extent it applies to the expression or statement of any interest payable under the Notes and the Indenture;

(ii) it understands and acknowledges that it is and will be able to calculate the yearly rate or percentage of interest applicable to the Notes based upon such methodology for calculating per annum rates provided for under the Notes and the Indenture; and

(iii) it agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to the Notes, that the interest payable thereunder and the calculation thereof has not been adequately disclosed to Tacora and the Guarantors, whether pursuant to Section 4 of the *Interest Act* (Canada) or any other applicable law or legal principle.

Additional Amounts

All payments made under or with respect to the Notes or the Note Guarantees will be made free and clear of and without withholding or deduction for or on account of any present or future Taxes, unless the withholding or deduction is then required by law. If any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which Tacora or any Guarantor (including any successor or other surviving entity) is then organized, engaged in business or resident for tax purposes or any political subdivision or taxing authority thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of Tacora or any Guarantor (including, without limitation, the jurisdiction of any paying agent) (each, a "Tax Jurisdiction") will at any time be required to be made from any payments made under or with respect to the Notes or the Note Guarantees, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, Tacora or the relevant Guarantor, as applicable, will pay such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments by each holder (including Additional Amounts) after such withholding or deduction will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, that no Additional Amounts will be payable with respect to any of the following (referred to herein as "Excluded Taxes"):

(1) any Taxes that would not have been imposed but for the holder or beneficial owner (or fiduciary, settlor, beneficiary, partner, member or shareholder of the holder, as the case may be) of the Notes being a citizen or resident or national of, organized in or carrying on a business in the relevant Tax Jurisdiction in which such Taxes are imposed or having any other present or former connection with the relevant Tax Jurisdiction other than the mere acquisition, holding, enforcement or receipt of payment in respect of the Notes;

(2) any Taxes that are imposed or withheld as a result of the failure of the holder or beneficial owner of the Notes to comply with any reasonable written request, made to that holder or beneficial owner in writing at least 30 days before any such withholding or deduction would be made, by Tacora, any Guarantor or any paying agent to provide timely and accurate information concerning the nationality, residence or identity of such holder or beneficial owner or to make any valid and timely declaration or similar claim or satisfy any certification, information or other reporting requirement, which is required or imposed by a statute, treaty, regulation or administrative practice of the relevant Tax Jurisdiction as a precondition to any exemption from or reduction in all or part of such Taxes;

(3) any Taxes imposed with respect to any Note presented for payment more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on any day during such 30-day period);

(4) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(5) any Tax required to be withheld or deducted under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, or any amended or successor versions of such Sections ("FATCA"), any regulations or other guidance thereunder, or any agreement (including any intergovernmental agreement) entered into in connection therewith, or any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement in respect of FATCA;

(6) any Taxes withheld, deducted or imposed because the holder or beneficial owner of the Notes, or any other person entitled to payments under the Notes, does not deal at arm's length with Tacora or a relevant Guarantor or paying agent for purposes of the *Income Tax Act* (Canada) or is a person who is, or who does not deal at arm's length with, a person who is a "specified shareholder" (as defined in subsection 18(5) of the *Income Tax Act* (Canada)) of Tacora or a relevant Guarantor or paying agent at a relevant time;

(7) any Taxes withheld, deducted or imposed on a payment on or with respect to the Notes to a holder that is a fiduciary, a partnership or a person other than the sole beneficial owner of any such payment, if a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment would not have been entitled to the payment of Additional Amounts had it been the holder of the Note; or

(8) any combination of items (1) through (7) above.

If Tacora or any Guarantor becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes, Tacora will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case Tacora shall notify the Trustee promptly thereafter) an officers' certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The officers' certificate must also set forth any other information reasonably necessary to enable the paying agents to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such officers' certificate as conclusive proof that such payments are necessary. Tacora will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Additional Amounts.

Tacora or the relevant Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant taxing authority in accordance with applicable law. Upon request, Tacora will provide to the Trustee an official receipt or, if official receipts are not obtainable, other documentation reasonably satisfactory to the Trustee evidencing the payment of any Taxes so deducted or withheld. Tacora will be responsible for making all calculations called for under the Indenture and the Notes and the Trustee shall be entitled to conclusively rely on any such calculation provided for in an officers' certificate or otherwise.

Whenever in the Indenture or in this "Description of the Notes" there is mentioned, in any context:

(1) the payment of principal (and premium, if any),

(2) redemption prices or purchase prices in connection with a redemption or repurchase of Notes,

(3) interest, or

(4) any other amount payable under or with respect to any of the Notes,

such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Tacora and the Guarantors, jointly and severally, will indemnify the Trustee and each holder or beneficial owner of the Notes for and hold them harmless against the full amount of (i) any Taxes, other than Excluded Taxes, paid by or on behalf of the Trustee or such holder or beneficial owner in connection with payments made under or with respect to the Notes or the Note Guarantees held by such holder or beneficial owner and (ii) any Taxes, other than Excluded Taxes, levied or imposed with respect to any reimbursement under the foregoing clause (i) or this clause (ii). A certificate as to the amount of such requested indemnification, delivered by the Trustee or such holder, shall be conclusive absent manifest error.

Tacora will pay, and indemnify the Trustee and each holder for, any present or future stamp, issue, registration, transfer, court or documentary taxes or any other excise, property or similar Taxes, charges or levies that arise in any relevant Tax Jurisdiction (and, in the case of enforcement, any jurisdiction) from the execution, issuance, delivery or enforcement of the Notes, the Note Guarantees, the Indenture, the Collateral Documents or any other document or instrument in relation thereto, or the receipt of any payments with respect to the Notes or any Note Guarantees.

The obligations described under this heading will survive any termination, defeasance or discharge of the Indenture, and transfer by a holder or beneficial owner of the Notes, and will apply *mutatis mutandis* to any jurisdiction (i) in which any successor Person to Tacora or any Guarantor is organized, engaged in business or resident for tax purposes or any political subdivision or taxing authority thereof or therein or (ii) from or through which payment is made by or on behalf of such successor Person.

Paying Agent and Registrar for the Notes

The Trustee will initially act as paying agent and registrar. Tacora may change the paying agent or registrar without prior notice to the holders of the Notes, and Tacora or any of its Subsidiaries may act as paying agent or registrar.

Transfer and Exchange

A holder may transfer or exchange Notes in accordance with the provisions of the Indenture. The registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders will be required to pay all taxes due on or in connection with transfer. Neither Tacora nor the Trustee will be required to transfer or exchange any Note selected for redemption. Also, neither Tacora nor the Trustee will be required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

The Trustee, registrar and transfer agent shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer or exchange imposed under the Indenture or under applicable law with respect to any transfer or exchange of any interest in any Note (including any transfers between or among participants or other beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, the Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Note Guarantees

The Notes and all obligations under the Indenture (including the indemnifications provided for therein) will be guaranteed, on a senior secured basis, by each of Tacora's current and future Restricted Subsidiaries, other than Knoll Lake Minerals Limited and Immaterial Subsidiaries for so long as they constitute Immaterial Subsidiaries (unless we otherwise elect to make any such Immaterial Subsidiary a Guarantor). The Note Guarantees will be joint and several obligations of the Guarantors. The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under applicable law. See "Risk Factors — Risks Relating to the Notes — Federal, state and provincial fraudulent preference, transfer or conveyance laws may permit a court to void or render unenforceable the notes and any future guarantees, and if that occurs, you may not receive any payments on the notes."
A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge or amalgamate with or into (whether or not such Guarantor is the surviving or continuing Person) another Person, other than Tacora or another Guarantor, unless:

(1) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(2) either:

(a) the Person acquiring the property in any such sale or disposition or the Person formed by, continuing from or surviving any such consolidation, merger or amalgamation either (i) continues to be a Guarantor or (ii) unconditionally assumes all the obligations of that Guarantor under its Note Guarantee, the Indenture and applicable Collateral Documents pursuant to a supplemental indenture and an amendment, supplement or other instrument in respect of such Collateral Documents, in each case, satisfactory to the Trustee; or

(b) such sale or other disposition does not violate the Asset Sale covenant of the Indenture and the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture.

The Note Guarantee of a Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor, by way of consolidation, merger, amalgamation or otherwise, to a Person that is not (either before or after giving effect to such transaction) Tacora or a Restricted Subsidiary of Tacora, if the sale or other disposition does not violate the Asset Sale covenant of the Indenture;

(2) in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) Tacora or a Restricted Subsidiary of Tacora, if the sale or other disposition does not violate the Asset Sale covenant of the Indenture and the Guarantor ceases to be a Restricted Subsidiary of Tacora as a result of the sale or other disposition;

(3) if Tacora designates such Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture; or

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under "— Legal Defeasance and Covenant Defeasance" and "— Satisfaction and Discharge."

If the Trustee is requested to execute any document in connection with such release of a Note Guarantee, Tacora and such Restricted Subsidiary shall provide to the Trustee an officers' certificate and opinion of counsel each stating that all conditions precedent to such release have been complied with and that such release is authorized or permitted by the Indenture.

See "— Repurchase at the Option of Holders — Asset Sales."

Security

General

The Notes and all other Obligations of Tacora, the Obligations of the Guarantors under the Note Guarantees and the performance of all other Obligations of Tacora and the Guarantors under the Indenture will be secured by Liens held by the Notes Collateral Agent. The Liens will be (i) pari passu with the Liens on the Collateral securing the obligations under the Jarvis Hedge Facility and any other Pari Passu Indebtedness, (ii) senior to the Liens on the Notes Priority Collateral securing the obligations under any ABL Facility, and (iii) junior to the Liens on the ABL Priority Collateral securing the obligations under the ABL Agreement, if any. All such Liens will be subject to certain Permitted Liens.

Certain security interests in the Collateral may not be in place on the Issue Date or may not be perfected on the Issue Date. For example, some of the instruments and other documents, such as the Mortgages and the Quebec deed of hypothec and also UCC or PPSA fixture filings and intellectual property filings required or desirable to perfect a security interest may not be delivered and/or, if applicable, recorded on or prior to such date. As a result, under certain circumstances, the holders of the Notes may not have the ability to foreclose on, or control decisions in respect of, the Collateral until such time as an enforceable and perfected first priority security interest has been created in the Collateral. See "Risk Factors — Risks Relating to the Collateral— Your rights in the collateral may be adversely affected by the failure to perfect security interests in certain collateral acquired in the future or by the failure to timely perfect security interests in certain collateral after closing." To the extent any such security interest cannot be perfected by the Issue Date, Tacora and the Guarantors will use their commercially reasonable efforts to perform all acts and things that may be required to have such security interests in the Collateral duly created and enforceable and perfected, to the extent required by the Collateral Documents, as promptly as practicable following the Issue Date, as determined in good faith by Tacora. The ability of the holders of the Notes to realize the full value of the Collateral upon an enforcement action will be subject to several additional limitations and risks described under "Risk Factors — Risks Relating to the Collateral," including "Risk Factors — Risks Relating to the Collateral — Your rights in the collateral may be adversely affected by the failure to perfect security interests in certain collateral acquired in the future or by the failure to timely perfect security interests in certain collateral after closing."

In connection with any enforcement action with respect to the Collateral or any Insolvency Event involving such Collateral, proceeds received in respect of any Collateral securing the Obligations with respect to the Notes resulting from such enforcement action or Insolvency Event, after paying the fees and expenses of the Trustee, the Notes Collateral Agent and any expenses of enforcement or in relation to the Insolvency Event, will be applied to the repayment of the Obligations under the Notes that are secured by the Collateral pursuant to the terms of the Collateral Documents, subject to the terms of the Jarvis Hedge Facility Intercreditor Agreement and any Pari Passu Intercreditor Agreement or ABL Intercreditor Agreement.

Tacora will be permitted to issue Additional Notes in the future which could share in the Collateral. In addition, Tacora may enter into a ABL Facility (as defined below) or any other Indebtedness permitted to be secured under clauses (1) or (24) of the definition of "Permitted Liens," and the Obligations under an ABL Facility or such Indebtedness may be secured by a first priority Lien on the Collateral. However, pursuant to the ABL Intercreditor Agreement, if any, the Liens on the ABL Priority Collateral securing the Notes may be junior in priority to the Liens on the ABL Priority Collateral that secure such ABL Facility. See "— ABL Intercreditor Agreement." The amount of such additional Indebtedness is and will be limited by the covenants described below under "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock" and "— Certain Covenants — Liens."

Subject to the terms of the Collateral Documents and so long as no Event of Default has occurred and is continuing, Tacora shall have the right to remain in possession and retain exclusive control of the Collateral, to freely operate the Collateral and to collect, invest and dispose of any income from the Collateral (in each case, except as set forth in the Collateral Documents).

Collateral

Unless otherwise defined herein, all terms defined in the UCC and used but not defined herein have the meanings specified therein.

Pursuant to the Collateral Documents to be entered into by Tacora and the Guarantors and the Notes Collateral Agent for the benefit of the holders of Notes, the obligations (the "Note Obligations") of Tacora and the Guarantors pursuant to the Indenture Documents will be secured by a Lien (the "Note Liens") on substantially all of the Tacora's and the Guarantors' existing and future tangible and intangible assets (other than Excluded Assets (as defined below)), including:

(a) all accounts;

(b) all chattel paper;

(c) all documents;

(d) all equipment;

(e) all general intangibles;

(f) all instruments;

(g) all inventory;

(h) all investment property;

(i) all books and records pertaining to the Collateral;

(j) all goods and fixtures;

(k) all letter-of-credit rights;

(l) certain commercial tort claims;

(m) all supporting obligations;

(n) all security entitlements in any or all of the foregoing;

(o) all intellectual property and licenses;

(p) all Material Real Property Assets;

(q) certain issued and outstanding Capital Stock; and

(r) to the extent not otherwise included, all proceeds and products of any and all of the foregoing and all collateral security and guarantees given by any person with respect to any of the foregoing.

The assets described above including in clauses (a) through (r) above are herein collectively referred to as "Collateral" (to the extent such assets do not constitute Excluded Assets).

Tacora and each applicable Guarantor will, at their sole cost and expense, (i) execute and deliver all such agreements and instruments as are necessary or required under applicable law (or as the Notes Collateral Agent may reasonably request) to more fully or accurately describe the property intended to be Collateral or the obligations intended to be secured by the Collateral Documents and (ii) file any such notice filings or other agreements or instruments as may be reasonably necessary or desirable under applicable law to perfect the Note Liens created by the Collateral Documents at such times and at such places as are necessary (or as the Notes Collateral Agent may reasonably request), in each case subject to the terms of the Collateral Documents, including any waivers thereunder by the Notes Collateral Agent (acting at the direction of the holders of a majority in aggregate outstanding principal amount of the Notes and in accordance with the terms of the Jarvis Hedge Facility Intercreditor Agreement and any Pari Passu Intercreditor Agreement or ABL Intercreditor Agreement).

Notwithstanding the foregoing, the Collateral will not include any of the following assets (collectively, the "Excluded Assets"): (A) any "intent to use" trademark application or intent-to-use service mark application, solely during the period in which the grant of a security interest therein would impair the validity or enforceability of, or render void or voidable or result in the cancellation of Tacora or the applicable Guarantor's right, title or interest in, such intent-to-use trademark application or intent-to-use service mark application or any trademark issued as a result of such use trademark application or intent-to-use service mark application under applicable federal law, after which period such application shall be automatically subject to the security interest described herein and deemed to be included in the Collateral; (B) the Excluded Equity Interests (as defined below); (C) any asset or property with respect to which Tacora has determined in good faith that the cost, difficulty, burden or consequences (including adverse tax consequences) of obtaining a security interest therein are excessive in relation to the benefit to the holders of the security to be afforded thereby; (D) any asset or property securing a purchase money obligation or Capital Lease Obligation permitted to be incurred under the Indenture, to the extent that the terms of the agreements relating to such Lien would violate or invalidate such purchase money obligation or Capital Lease Obligation or create a right of termination in favor of, or require the consent of, any other party thereto (other than Tacora or any Guarantor), except to the extent such prohibition or restriction is deemed ineffective under the UCC, PPSA or other applicable law or principle of equity (except that proceeds thereof, as and to the extent the assignment of which is expressly deemed effective under the UCC or PPSA, as applicable, notwithstanding such prohibition shall constitute Collateral); (E) any asset or property, if a security interest therein is prohibited by applicable law, rule or regulation (including any requirement to obtain the consent of any governmental authority) other than to the extent such prohibition is rendered ineffective under the UCC, PPSA or other applicable law notwithstanding such prohibition; (F) any rights of Tacora or a Guarantor arising under or evidenced by any contract, lease, instrument, license or agreement (other than the shareholders agreement) to the extent the security interest therein is prohibited or restricted by, or would violate or invalidate such contract, lease, instrument, license or other agreement, or create a right of termination in favor of, or require the consent of, any other party thereto (other than Tacora or any Guarantor), except to the extent such prohibition or restriction is deemed ineffective under the UCC, PPSA or other applicable law or principle of equity (except that proceeds thereof, as and to the extent the assignment of which is expressly deemed effective under the UCC or PPSA, as applicable, notwithstanding such prohibition shall constitute Collateral); (G) any governmental license or state, federal, provincial, territorial or local franchise, charter or authorization, to the extent a security interest therein is prohibited or restricted thereby, except to the extent such prohibition or restriction is deemed ineffective under the UCC, PPSA or other applicable law or principle of equity (except that proceeds thereof, as and to the extent the assignment of which is expressly deemed effective under the UCC or PPSA, as applicable, notwithstanding such prohibition shall constitute Collateral); (H)(1) payroll and other employee wage and benefit accounts, (2) tax accounts, including, without limitation, sales tax accounts, (3) escrow accounts, (4) fiduciary or trust accounts and (5) any account containing an average daily balance less than $2,500,000 over three consecutive business days (all such bank accounts not to contain an average daily balance greater than $5,000,000 over five consecutive business days), and, in the case of clauses (1) through (5), the funds or other property held in or maintained in any such account; (I) motor vehicles subject to certificates of title and other assets subject to certificates of title; (J) any commercial tort claim with a value not in excess of $1,000,000; and (K) any real property other than Material Real Property Assets; provided that any property of Tacora or any Guarantor that is subject to a Lien for the benefit of the agent under any Pari Passu Indebtedness shall be deemed not to be an "Excluded Asset".

"Excluded Equity Interests" shall mean (A) any Capital Stock of any person (other than a Wholly-Owned Subsidiary that is directly owned by Tacora or any Guarantor, excluding any Capital Stock of any Unrestricted Subsidiary), to the extent restricted or not permitted by the terms of such person's organizational documents or other agreements (other than the shareholders agreement) with holders of such Capital Stock (so long as such prohibition did not arise as part of the acquisition or formation of such person and other than to the extent that any such prohibition would be rendered ineffective pursuant to the UCC or any other applicable law); *provided* that such Capital Stock shall cease to be an Excluded Equity Interest at such time as such prohibition ceases to be in effect, (B) any Capital Stock if, to the extent and for so long as the pledge of such Capital Stock hereunder is prohibited by any applicable law (other than to the extent such prohibition would be rendered ineffective under the UCC or any other applicable law); *provided* that such Capital Stock shall cease to be an Excluded Equity Interest at such time as such prohibition ceases to be in effect, (C) any Capital Stock in (1) any Subsidiary that is not a Wholly-Owned Subsidiary of Tacora or a Guarantor, other than Knoll Lake Minerals Limited, (2) Immaterial Subsidiaries or (3) any Subsidiary that is prohibited or restricted by applicable law or contractual obligation existing on the Issue Date or on the date any such Subsidiary is acquired or organized (so long as, in the case of an acquisition of a Subsidiary, such prohibition did not arise as part of such acquisition) from providing a Guarantee or if such Guarantee would require governmental (including regulatory) consent, approval, license or authorization and (4) each Unrestricted Subsidiary, other than Tacora Norway AS.

Security over the Material Real Property Assets, and security over certain material contracts (as they will be Excluded Assets until the required counterparty consents are obtained) and security over Collateral located in the Province of Quebec will not be in place on the Issue Date. Within 90 days following the Issue Date, Tacora and the Guarantors will be required to (a) deliver and record the Mortgages over Material Real Property Assets, (b) deliver acknowledgements or consents from the counterparties to certain leases, licenses, sub-leases and sub-sub leases in connection with the recording of the Mortgages over Material Real Property Assets, (c) deliver acknowledgements or consents from the counterparties to certain material contracts (see "Business – Material Agreements") and (d) deliver the Quebec law governed Collateral Document and file a security interest registration in respect of the Quebec law governed Collateral Document. See ''Risk Factors—Risks Related to the Collateral—Required Consents" and "Risk Factors—Risks Related to the Collateral—Security over all of the Collateral will not be in place upon the Issue Date or will not be perfected on such date. We do not expect that Mortgages on any of our Material Real Estate Assets intended to constitute Collateral securing the notes and guarantees will be delivered and recorded at the time of the Issue Date. We do not expect that the required counterparty consents (which are required in order for the security to cover certain material contracts) will be obtained at the time of the Issue Date. We do not expect that the Collateral Document over our Collateral located in the Province of Quebec securing the notes and guarantees will be delivered and recorded at the time of the Issue Date. Delivery and recordation of such Mortgages and Quebec law governed Collateral Document after the Issue Date of the notes increases the risk that the liens granted by such security could be avoided. One or more of these Mortgages may constitute a significant portion of the value of the Collateral securing the notes and the guarantees."

So long as no Event of Default has occurred and is continuing or no agent under any Notes Priority Obligations or any ABL Facility shall have notified Tacora that the rights of Tacora or the applicable Guarantor are being or have been suspended, to the extent permitted by law, Tacora and the Guarantors may exercise any and all voting and other consensual rights pertaining to all equity interests pledged pursuant to the Collateral Documents for any purpose not inconsistent with the terms of the Collateral Documents or the Indenture.

Upon the occurrence and during the continuance of an Event of Default or an event of default under any Jarvis Hedge Obligations or any other Pari Passu Indebtedness, the Notes Collateral Agent will be permitted, subject to applicable law and the terms of the ABL Intercreditor Agreement, the Jarvis Hedge Facility Intercreditor Agreement and the Pari Passu Intercreditor Agreement, if any, to exercise remedies and sell the Collateral under the Collateral Documents only at the direction of the holders of a majority in aggregate outstanding principal amount of the Notes and any Jarvis Hedge Obligations or any other Pari Passu Indebtedness outstanding at such time voting as a single class. The ABL Intercreditor Agreement will provide, among other things that the ABL Administrative Agent's determinations with respect to ABL Priority Collateral will be binding on the Notes Collateral Agent.

Release of Collateral

Subject to the terms of the Collateral Documents, Tacora will be entitled to release the Collateral from the Liens securing the Obligations under the Indenture under any one or more of the following circumstances:

(1) in accordance with the Indenture and the applicable Collateral Documents if (x) at any time either the Notes Collateral Agent or the ABL Agent (if applicable) forecloses upon or otherwise exercises remedies against any Collateral resulting in the sale or disposition thereof or (y) a sale or other disposition of any Collateral is consummated which is permitted by the terms of the Indenture and the Collateral Documents (or is made pursuant to a valid waiver and consent to an otherwise prohibited transaction);

(2) as described below under "— Amendment, Supplement and Waiver";

(3) upon payment in full of the principal of, together with accrued and unpaid interest on, the Notes and all other Obligations that are due and payable at or prior to the time such principal, together with accrued and unpaid interest, is paid; or

(4) upon a legal defeasance or covenant defeasance or a satisfaction and discharge under the Indenture as described below under "— Legal Defeasance and Covenant Defeasance" "— Satisfaction and Discharge," respectively.

If the Trustee is requested to execute any document in connection with such release of Collateral, Tacora shall provide to the Trustee an officers' certificate and opinion of counsel each stating that all conditions precedent to such release have been complied with and that such release is authorized or permitted by the Indenture.

Jarvis Hedge Facility

On the Issue Date, the Issuer and SAF Jarvis 2 LP (the "Hedge Provider") will establish a new credit arrangement in the form of a commodity derivatives facility (the "Jarvis Hedge Facility") to support existing commodity derivatives contracts of the Issuer (as assigned by SAF Jarvis 1 LP to the Hedge Provider) which are scheduled to mature from time to time on or before December 31, 2021, and potential new commodity derivatives contracts.

Pursuant to the Jarvis Hedge Facility, the Issuer will grant the Hedge Provider a security interest in the Shared Collateral and thereby reduce the amount of cash collateral required to be posted by the Issuer directly to the Hedge Provider on a first-priority basis (including in priority to the Notes Collateral Agent).

On the Issue Date, the Notes Collateral Agent (on behalf of itself, the Trustee and the holders of notes), the Hedge Provider and the Issuer will enter into the Jarvis Hedge Facility Intercreditor Agreement with respect to the Shared Collateral. The obligations under the Jarvis Hedge Agreement secured by the Shared Collateral on a pari passu basis with the Notes Obligations shall be limited to a maximum of $50.0 million, and amounts owing to the Hedge Provider in excess of $50.0 million (i) will be secured on a second-priority basis, ranking subordinate to the Note Obligations, on the Shared Collateral, and (ii) may be secured by the Jarvis Hedge Facility Cash Collateral, which will not constitute Shared Collateral. See below under "— Jarvis Hedge Facility Intercreditor Agreement".

On the Issue Date, the Issuer and the Hedge Provider will enter into customary International Swaps and Derivatives Association ("ISDA") agreements to reflect the terms of the Jarvis Hedge Facility and related documentation.

The Jarvis Hedge Facility and any ISDA agreements governing hedge transactions shall include customary termination rights including a cross-default termination right in respect of other indebtedness of the Issuer, including the Note Obligations.

Jarvis Hedge Facility Intercreditor Agreement

On the Issue Date, the Notes Collateral Agent (on behalf of itself, the Trustee and the holders of notes), the Hedge Provider, the Issuer will enter into a first lien *pari passu* intercreditor agreement (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Jarvis Hedge Facility Intercreditor Agreement") with respect to the Shared Collateral. All references to the Pari Passu Indebtedness in this section of the "Description of the Notes" shall refer only to such Pari Passu Indebtedness subject to the Jarvis Hedge Facility Intercreditor Agreement. The Jarvis Hedge Facility Intercreditor Agreement shall provide that in the event of a conflict between the Jarvis Hedge Facility Intercreditor Agreement and any documents governing the Jarvis Hedge Facility, the Collateral Documents, the Indenture or the notes, the Jarvis Hedge Facility Intercreditor Agreement shall be controlling as between the holders of Pari Passu Indebtedness thereunder (which, for the avoidance of doubt, shall include the holders of the Notes and the Hedge Provider).

The obligations under the Jarvis Hedge Facility secured by the Shared Collateral on a pari passu basis with the Notes Obligations shall be limited to $50.0 million at any time outstanding (the "SAF Pari Passu Cap Amount"), and amounts owing in excess of $50.0 million (i) are secured by the Shared Collateral on a second-priority basis, ranking junior in priority to the Note Obligations and (ii) may also be secured by cash or cash equivalents deposited with the Hedge Provider as cash collateral (the "Jarvis Hedge Facility Cash Collateral"), which will not constitute Shared Collateral.

Under the Jarvis Hedge Facility Intercreditor Agreement, only the Applicable Collateral Holder will have a right to act or refrain from acting with respect to any Shared Collateral and only the "Applicable Representative" will have a right to instruct the Applicable Collateral Holder to act or refrain from acting with respect to any Shared Collateral. The "Applicable Representative" will on the Issue Date be the Trustee, and the Trustee will remain the Applicable Representative until the earlier of (1) the discharge in full in cash of Pari Passu Indebtedness that are Note Obligations and (2) the Non-Controlling Representative Enforcement Date (as defined below) (such earlier date, the "Applicable Representative Change Date"). After the Applicable Representative Change Date, the Applicable Representative will be the Hedge Provider (the "Non-Controlling Representative").

The "Applicable Collateral Holder" will on the Issue Date be the Notes Collateral Agent, and the Notes Collateral Agent will remain the Applicable Collateral Holder until the Applicable Representative Change Date. After the Applicable Representative Change Date, the Applicable Collateral Holder will be the Hedge Provider.

With respect to any Shared Collateral, neither the Non-Controlling Representative nor the collateral agent for or holders of Indebtedness for which such Non-Controlling Representative is a representative ("Non-Controlling Secured Party") shall be permitted prior to the Applicable Representative Change Date to instruct the Applicable Collateral Holder or any other collateral agent to commence any judicial or nonjudicial foreclosure or power of sale proceedings with respect to, seek to have a trustee, receiver, interim receiver, receiver manager, monitor, liquidator, examiner or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its security interest in or realize upon, or take any other action available to it in respect of, any Shared Collateral or have a right to consent to any such action. Only the Applicable Representative shall be entitled to instruct the Applicable Collateral Holder to take any such actions or exercise any such remedies with respect to Shared Collateral. For the avoidance of doubt, at any time the Trustee is acting as the Applicable Representative, the Applicable Representative shall only act at the direction of the requisite noteholders under and pursuant to the terms of the Indenture.

The "Non-Controlling Representative Enforcement Date" means, with respect to the Non-Controlling Representative, the date that is 60 days after (a) the occurrence of an event of default as defined in the Indenture or (b) receipt by the Applicable Representative of written notice from such Non-Controlling Representative certifying that (i) an event of default or termination event (including any early termination event after taking into account grace and cure periods thereunder), as defined under the Jarvis Hedge Facility has occurred and is continuing and (ii) the Jarvis Secured Hedge Obligations are currently due and payable in full (whether as a result of acceleration or termination thereof or otherwise) in accordance with the Jarvis Hedge Facility; *provided* (1) at any time the Applicable Collateral Holder acting on the instructions of the Applicable Representative has commenced and is diligently pursuing any enforcement action with respect to any Shared Collateral, the Non-Controlling Representative Enforcement Date will be deemed (for so long as such enforcement action is being diligently pursued) not to have occurred in respect of such Shared Collateral, (2) at any time any Issuer or Guarantor that has granted a security interest in any Shared Collateral is then a debtor under or with respect to (or otherwise subject to) any bankruptcy, insolvency, liquidation or similar proceeding the Non-Controlling Representative Enforcement Date will be deemed not to have occurred in respect of such Shared Collateral and (3) if the Non-Controlling Representative subsequently rescinds or withdraws the written notice provided for in clause (ii) the Non-Controlling Representative Enforcement Date will be deemed not to have occurred.

Subject to the next succeeding paragraph, notwithstanding the equal priority of the Liens, the Applicable Collateral Holder may deal with the Shared Collateral as if the Applicable Collateral Holder had a senior Lien on such Shared Collateral. No Non-Controlling Representative or Non-Controlling Secured Party will be permitted to contest, protest or object to any enforcement action brought by the Applicable Representative, the Applicable Collateral Holder or any holders of Indebtedness for which the Applicable Representative is a representative ("Controlling Secured Party") or any other exercise by the Applicable Representative, Applicable Collateral Holder or any Controlling Secured Party of any rights and remedies relating to the Shared Collateral. Each of the Holders of the Notes and the Hedge Provider (including any representative or collateral agent for such holders, the "First-Priority Secured Parties") also will agree that they will not contest or support any other person in contesting, in any proceeding (including any bankruptcy, insolvency, liquidation or similar proceeding), the perfection, priority, validity, attachment or enforceability of a Lien held by or on behalf of any of the First-Priority Secured Parties in all or any part of the Shared Collateral, the undertaking or refraining from undertaking enforcement actions by the Applicable Collateral Holder or the provisions of the Jarvis Hedge Facility Intercreditor Agreement.

If an Event of Default or an event of default under any document governing a Series of Pari Passu Indebtedness has occurred and is continuing and the Applicable Collateral Holder or any other First-Priority Secured Party has taken action to enforce rights or remedies in respect of any Shared Collateral, or any distribution is made with respect to any Shared Collateral (including with respect to any noteholder claims secured by the Shared Collateral) in any bankruptcy, insolvency or restructuring case or proceeding of an Issuer (including any adequate protection payments) or any Guarantor, or any First-Priority Secured Party receives any payment pursuant to any intercreditor agreement (other than the Jarvis Hedge Facility Intercreditor Agreement) with respect to any Shared Collateral, then the proceeds of any sale, collection or other liquidation of any such Shared Collateral received by the Applicable Collateral Holder or any First-Priority Secured Party (including any amounts or property received in full or partial satisfaction of the noteholder claims) and proceeds of any such distribution or payment (subject, in the case of any such proceeds, to the paragraph immediately following) to which the Pari Passu Indebtedness are entitled under any other intercreditor agreement shall be applied among the Pari Passu Indebtedness to the payment in full of the Pari Passu Indebtedness on a ratable basis (subject, in the case of obligations in respect of the Jarvis Hedge Facility, to a maximum ratable participation of up to the SAF Pari Passu Cap Amount), after payment of all amounts owing to each representative and collateral agent (in its capacity as such), and thereafter applied to the payment in full of the obligations in respect of the Jarvis Hedge Facility in excess of the SAF Pari Passu Cap Amount; *provided* that following the commencement of any U.S. insolvency or liquidation proceeding, solely for purposes of the waterfall provisions of the Jarvis Hedge Facility Intercreditor Agreement and not any other document with respect to any First Lien Obligation, in the event the value of the Shared Collateral is not sufficient for the entire amount of post-petition interest on the Pari Passu Indebtedness to be allowed under Sections 506(a) and (b) of the Bankruptcy Code or any other applicable provision of the Bankruptcy Code or other applicable debtor relief law in such insolvency or liquidation proceeding, the amount of Pari Passu Indebtedness of each Series of Pari Passu Indebtedness constituting post-petition interest shall include only the maximum amount of post-petition interest allowable under Sections 506(a) and (b) of the Bankruptcy Code or any other applicable provision of the Bankruptcy Code or other applicable bankruptcy law in such insolvency or liquidation proceeding. If any First-Priority Secured Party obtains possession of any Shared Collateral or realizes any proceeds or payment in respect thereof pursuant to any collateral document or by the exercise of any rights available to it under applicable law or in any bankruptcy, insolvency, liquidation or similar proceeding or through any other exercise of remedies (including pursuant to any intercreditor agreement), at any time prior to the discharge in full in cash of each of the Pari Passu Indebtedness, then it must hold such Shared Collateral, proceeds or payment in trust for the other First-Priority Secured Parties and promptly transfer such Shared Collateral, proceeds or payment to the Applicable Collateral Holder to be distributed in accordance with the Jarvis Hedge Facility Intercreditor Agreement.

Notwithstanding the foregoing paragraph, the sharing provisions contained in the Jarvis Hedge Facility Intercreditor Agreement shall not apply to: (a) any ordinary course payment netting arrangements prior to an event of default or termination event set forth in any Jarvis Hedge Agreements with respect to amounts owing by or to the relevant Jarvis Hedge Obligations Holders or (b) any amounts received or deemed received by it in respect of any Pari Passu Indebtedness owed to it from separate insurance, credit default swap protection or other protection against loss arranged by such First-Priority Secured Parties from a person other than the Issuer or a Guarantor for their own account in respect of the Pari Passu Indebtedness (which amounts shall be for the sole benefit of such First-Priority Secured Parties). In addition, the sharing provisions contained in the Jarvis Hedge Facility Intercreditor Agreement shall not apply to the Jarvis Hedge Cash Collateral and the Jarvis Hedge Obligations Holders or their representative shall be entitled to, at any time and from time to time, receive and realize on the Jarvis Hedge Cash Collateral in accordance with the terms of the Jarvis Hedge Agreements and with no need to provide prior notice, or otherwise account for the same, to the holders of the notes. For certainty, the Jarvis Hedge Cash Collateral shall be for the sole benefit of the Jarvis Hedge Obligations Holders and their representative and no other First-Priority Secured Parties shall have any claim with respect to the Jarvis Hedge Cash Collateral until such time as the Jarvis Hedge Agreements have been terminated and the Jarvis Hedge Obligations have been indefeasibly repaid in full.

Pursuant to the Jarvis Hedge Agreements, the Issuer may from time to time be obliged to provided additional cash collateral to the Jarvis Hedge Obligations Holders and the Jarvis Hedge Facility Intercreditor Agreement shall contain provisions whereby the Notes Collateral Agent, the Trustee and the holders of the notes: consent to the provision of such cash collateral, agree that such cash collateral shall form part of the Jarvis Hedge Cash Collateral and will not be subject to the sharing provisions of the Jarvis Hedge Facility Intercreditor Agreement, and the Notes Collateral Agent shall disclaim any lien in such cash collateral.

The First-Priority Secured Parties of each Series will agree that the holders of Pari Passu Indebtedness of such Series (and not the First-Priority Secured Parties of any other Series) bear the risk of (i) any determination by a court of competent jurisdiction that (x) any of the Pari Passu Indebtedness of such Series are unenforceable under applicable law or are subordinated to any other obligations (other than another Series of Pari Passu Indebtedness), (y) any of the Pari Passu Indebtedness of such Series do not have a valid and perfected security interest in any of the Shared Collateral securing any other Series of Pari Passu Indebtedness and/or (z) any intervening security interest exists securing any other obligations (other than another Series of Pari Passu Indebtedness) on a basis ranking prior to the security interest of such Series of Pari Passu Indebtedness but junior to the security interest of any other Series of Pari Passu Indebtedness and (ii) the existence of any Collateral for any other Series of Pari Passu Indebtedness that is not Shared Collateral (any such condition referred to in the foregoing clauses (i) or (ii) with respect to any Series of Pari Passu Indebtedness, an "Impairment" of such Series); *provided* that the existence of a maximum claim with respect to any real estate subject to a Mortgage which applies to all Pari Passu Indebtedness shall not be deemed to be an Impairment of any Series of Pari Passu Indebtedness. In the event of any Impairment with respect to any Series of Pari Passu Indebtedness, the results of such Impairment shall be borne solely by the holders of such Series of Pari Passu Indebtedness, and the rights of the holders of such Series of Pari Passu Indebtedness (including, without limitation, the right to receive distributions in respect of such Series of Pari Passu Indebtedness permitted by the Jarvis Hedge Facility Intercreditor Agreement) set forth in the Jarvis Hedge Facility Intercreditor Agreement shall be modified to the extent necessary so that the effects of such Impairment are borne solely by the holders of the Series of such Pari Passu Indebtedness subject to such Impairment; provided that the collateral sharing provisions of the Jarvis Hedge Facility Intercreditor Agreement shall continue to apply to all other Series not subject to an Impairment.

Additionally, in the event the Pari Passu Indebtedness of any Series are modified pursuant to applicable law (including, without limitation, pursuant to Section 1129 of the Bankruptcy Code or any other applicable provision of any other bankruptcy or insolvency laws), any reference to such Pari Passu Indebtedness or the collateral documents governing such Pari Passu Indebtedness will be deemed to refer to such obligations or such documents as so modified.

None of the First-Priority Secured Parties may institute in any bankruptcy, insolvency, liquidation or similar proceeding any claim against the Applicable Representative, the Applicable Collateral Holder or any other First-Priority Secured Party seeking damages from or other relief by way of specific performance, instructions or otherwise with respect to any Shared Collateral. None of the First-Priority Secured Parties may challenge, or support any other Person in challenging, in any such proceeding the validity or enforceability of any Pari Passu Indebtedness of any Series or any first priority security document or the validity, attachment, perfection or priority of any Lien under any first priority security document or the validity or enforceability of the priorities, rights or duties established by or other provisions of the Jarvis Hedge Facility Intercreditor Agreement. None of the First-Priority Secured Parties may take or cause to be taken any action the purpose or intent of which is, or could be, to interfere, hinder or delay, in any manner, whether by judicial proceedings or otherwise, any sale, transfer, disposition or other enforcement action in respect of the Shared Collateral by the Applicable Collateral Holder on the instructions of the Applicable Representative. In addition, none of the First-Priority Secured Parties may seek to have any Shared Collateral or any part thereof marshaled upon any foreclosure or other disposition of such Shared Collateral.

Under the Jarvis Hedge Facility Intercreditor Agreement, if at any time the Applicable Collateral Holder forecloses upon or otherwise exercises remedies against any Shared Collateral resulting in a sale or disposition thereof, then (whether or not any insolvency or liquidation proceeding is pending at the time) the Liens in favor of all the First-Priority Secured Parties upon such Shared Collateral will automatically be released and discharged as and when, but only to the extent, such Liens of the Applicable Collateral Holder on such Shared Collateral are released and discharged. However, any proceeds received by the Applicable Collateral Holder therefrom will be applied as described in the Jarvis Hedge Facility Intercreditor Agreement.

If any Issuer or Guarantor becomes subject to any bankruptcy, insolvency, liquidation or similar proceeding, the Jarvis Hedge Facility Intercreditor Agreement will provide that if the Issuer or any Guarantor shall, as debtor(s)-in-possession, move for approval of financing ("DIP Financing") to be provided by one or more lenders (the "DIP Lenders") under Section 364 of the Bankruptcy Code or equivalent provision under any other Bankruptcy or Insolvency Laws, or the use of cash collateral under Section 363 of the Bankruptcy Code or equivalent provision under any other Bankruptcy or Insolvency Laws, each First-Priority Secured Party will agree not to oppose, object to, or act in a manner inconsistent with, any such financing or to the grant of any liens securing such financing that are proposed to rank senior to, or *pari passu* with, the Liens in favor of the First-Priority Secured Parties on the Shared Collateral (the "DIP Financing Liens") and/or to any use of cash collateral that constitutes Shared Collateral, unless the Applicable Representative with respect to such Shared Collateral opposes or objects to such DIP Financing or such DIP Financing Liens or use of cash collateral (and (i) to the extent that such DIP Financing Liens are senior to the Liens on any such Shared Collateral for the benefit of the Controlling Secured Parties, each Non-Controlling Secured Party will subordinate its Liens with respect to such Shared Collateral on the same terms as the Liens of the Controlling Secured Parties (other than any Liens of any First-Priority Secured Parties constituting DIP Financing Liens) are subordinated thereto, and (ii) to the extent that such DIP Financing Liens rank *pari passu* with the Liens on any such Shared Collateral granted to secure the Pari Passu Indebtedness of the Controlling Secured Parties, each Non-Controlling Secured Party will confirm the priorities with respect to such Shared Collateral as set forth in the Jarvis Hedge Facility Intercreditor Agreement), in each case so long as:

(i) First-Priority Secured Parties of each Series retain the benefit of their Liens on all such Shared Collateral pledged to the DIP Lenders, including proceeds thereof arising after the commencement of such proceeding, with the same priority vis-a-vis all the other First-Priority Secured Parties (other than any Liens of the First-Priority Secured Parties constituting DIP Financing Liens) as existed prior to the commencement of the proceedings;

(ii) if applicable, the First-Priority Secured Parties of each Series are granted Liens on any additional or replacement collateral pledged to any First-Priority Secured Parties as adequate protection or otherwise in connection with such DIP Financing and/or use of cash collateral, with the same priority vis-a-vis the First-Priority Secured Parties as set forth in the Jarvis Hedge Facility Intercreditor Agreement;

(iii) if any amount of such DIP Financing or cash collateral is applied to repay any of the Pari Passu Indebtedness, such amount is applied pursuant to the Jarvis Hedge Facility Intercreditor Agreement; and

(iv) if any First-Priority Secured Parties are granted adequate protection, including in the form of periodic payments, in connection with such DIP Financing and/or use of cash collateral, the proceeds of such adequate protection are applied pursuant to the Jarvis Hedge Facility Intercreditor Agreement (except that the foregoing shall not apply solely in respect of adequate protection in respect of Jarvis Hedge Facility Cash Collateral);

provided that the First-Priority Secured Parties of each Series will have a right to object to the grant of a Lien to secure the DIP Financing over any collateral subject to Liens in favor of the First-Priority Secured Parties of such Series or its or their representatives that do not constitute Shared Collateral; and *provided*, *further*, that any First-Priority Secured Parties receiving adequate protection will agree that they shall not object to any other First-Priority Secured Party receiving adequate protection comparable to any adequate protection granted to such First-Priority Secured Parties in connection with a DIP Financing and/or use of cash collateral.

The First-Priority Secured Parties will acknowledge that the Pari Passu Indebtedness of any Series may, subject to the limitations set forth in the other documents governing the Pari Passu Indebtedness, be increased, extended, renewed, replaced, restated, supplemented, restructured, repaid, refunded, refinanced or otherwise amended or modified from time to time, all without affecting the priority of claims and application of proceeds set forth in the Jarvis Hedge Facility Intercreditor Agreement or the other provisions thereof defining the relative rights of the First-Priority Secured Parties of any Series.

The Jarvis Secured Hedge Obligations will be secured by the exact same collateral securing the notes, except for Jarvis Hedge Facility Cash Collateral.

The amount of such secured Indebtedness incurred and/or secured under the Jarvis Hedge Facility is limited by the covenants described under "—Certain Covenants— Incurrence of Indebtedness and Issuance of Preferred Stock" and "—Certain Covenants—Liens."

Other Pari Passu Liens

Under certain circumstances, Tacora and the Guarantors are able to incur additional Pari Passu Indebtedness in the future that could rank pari passu with the Note Obligations, and such Pari Passu Indebtedness could be secured by liens ranking pari passu with the Note Liens (such additional liens, the "Additional Notes Priority Liens," and together with the Note Liens and the Liens securing the Jarvis Secured Hedge Obligations, the "Notes Priority Liens", and the Notes, the Jarvis Secured Hedge Obligations and such other Pari Passu Indebtedness secured by Notes Priority Liens, the "Notes Priority Obligations") and subject to the Pari Passu Intercreditor Agreement. The amount of such other Pari Passu Indebtedness and Additional Notes Priority Liens is limited by the covenants described under "—Certain Covenants— Incurrence of Indebtedness and Issuance of Preferred Stock" and "—Certain Covenants—Liens."

Impairment

The Collateral Documents will provide that, notwithstanding the pari passu nature of Note Obligations, on the one hand, and the Pari Passu Indebtedness, on the other hand, in the event of any determination by a court of competent jurisdiction that (i) Notes Priority Obligations of any series are unenforceable under applicable law or are subordinated to any other obligations (other than another series of Notes Priority Obligations), (ii) any Notes Priority Obligations of any series does not have an enforceable security interest in any of the Collateral securing any other series of Notes Priority Obligations and/or (iii) any intervening security interest exists securing any other obligations (other than another series of Notes Priority Obligations and after taking into account the effect of any applicable intercreditor agreements) on a basis ranking prior to the security interest of such series of Notes Priority Obligations but junior to the security interest of the obligations under any other series of Notes Priority Obligations (any such condition referred to in the foregoing clauses with respect to Notes Priority Obligations of any series, an "Impairment" of such series of Notes Priority Obligations), the results of such Impairment shall be borne solely by the holders of such series of Notes Priority Obligations, and the rights of the holders of such Notes Priority Obligations (including the right to receive distributions in respect of such series of Notes Priority Obligations) set forth in the applicable Collateral Document shall be modified to the extent necessary so that the effects of such Impairment are borne solely by the holders of such series of Notes Priority Obligations subject to such Impairment.

Governing Law of Collateral Documents

Each Collateral Document will be governed by, and construed in accordance with, the laws of the State of New York or the laws of one or more Provinces of Canada.

ABL Intercreditor Agreement

We will not have an ABL Facility in place upon the closing of this offering and no assurance can be made that we will be able to enter into an ABL Facility after the closing of this offering. If Tacora or any Guarantor enters into an ABL Facility, the Obligations under such ABL Facility (the "ABL Priority Obligations") may be secured by a first priority Lien on the Collateral. Upon the incurrence of any ABL Priority Obligations secured by a Lien on the Collateral, the applicable ABL Agent, on behalf of itself and the other holders of the related ABL Priority Obligations (together with any other ABL Agent and the holders of any other ABL Priority Obligations, the "ABL Secured Parties"), the Notes Collateral Agent on behalf of itself, the Trustee and the holders of Notes (together, the "Notes Secured Parties"), Tacora and the Guarantors will enter into an intercreditor agreement (the "ABL Intercreditor Agreement") to provide for, among other things, the junior nature of the Liens on the ABL Priority Collateral securing the Notes and the senior nature of the Liens on the Notes Priority Collateral securing the Notes.

There is no assurance that we will be successful in entering into any ABL Facility or any ABL Intercreditor Agreement. If we do enter into an ABL Intercreditor Agreement, we expect that it will be in a customary form. The ABL Intercreditor Agreement will contain the following terms in all material respects as summarized below. The following descriptions are in summary format and will be included in a more fulsome and detailed manner in the ABL Intercreditor Agreement, if any (collectively, the "ABL ICA Provisions"):

A. Relative Lien Priorities

Under the ABL Intercreditor Agreement, (i) notwithstanding the date, time, manner or order of filing or recordation or any document or instrument or grant, attachment or perfection of any Liens (the "ABL Priority Liens") on ABL Priority Collateral securing the ABL Priority Obligations on a first lien basis (such ABL Priority Obligations, together with the Notes Priority Obligations, collectively, the "Senior Lien Obligations"), or any Notes Priority Liens, and notwithstanding any provision of the UCC of any applicable jurisdiction or any other applicable law or the provisions of any ABL Facility Document, any Indenture Document or any documents related to any Notes Priority Obligations or any other circumstance whatsoever, the ABL Administrative Agent, on behalf of the ABL Secured Parties, and the Notes Collateral Agent, on behalf of the Notes Secured Parties, will agree that (a) any ABL Priority Liens on any ABL Priority Collateral, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, are senior in right, priority, operation, effect and all other respects to any and all Notes Priority Liens and (b) any Notes Priority Liens on any ABL Priority Collateral, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, are junior and subordinate in right, priority, perfection, operation, effect and all other respects to any and all ABL Priority Liens and (ii) notwithstanding the date, time, manner or order of filing or recordation or any document or instrument or grant, attachment or perfection of any Liens on Notes Priority Collateral, and notwithstanding any provision of the UCC of any applicable jurisdiction or any other applicable law or the provisions of any ABL Facility Document, any Indenture Document or any documents related to any Notes Priority Obligations or any other circumstance whatsoever, the ABL Secured Parties and the Notes Secured Parties will agree that (a) any Notes Priority Liens on any Notes Priority Collateral, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, are senior in right, priority, operation, effect and all other respects to any and all ABL Priority Liens and (b) any ABL Priority Liens on any Notes Priority Collateral, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, are junior and subordinate in right, priority, perfection, operation, effect and all other respects to any and all Notes Priority Liens.

As a result of the foregoing, (i) the Notes Priority Obligations will be effectively subordinated to the ABL Priority Obligations with respect to the ABL Priority Collateral to the extent of the value of the ABL Priority Collateral and (ii) the ABL Priority Obligations will be effectively subordinated to the Notes Priority Obligations with respect to the Notes Priority Collateral to the extent of the value of the Notes Priority Collateral.

B. No Payment Subordination to Senior Lien Obligations

Under the ABL Intercreditor Agreement, (i) other than with respect to the ABL Priority Collateral and proceeds thereof, the subordination of Notes Priority Liens described herein affects only the relative priority of those Liens, and will not subordinate the Notes Priority Obligations in right of payment to the ABL Priority Obligations and (ii) other than with respect to the Notes Priority Collateral and proceeds thereof, the subordination of ABL Priority Liens described herein affects only the relative priority of those Liens, and will not subordinate the ABL Priority Obligations in right of payment to the Notes Priority Obligations.

C. Exercise of Rights and Remedies

Under the ABL Intercreditor Agreement, (i) the ABL Secured Parties, at all times prior to the discharge of ABL Priority Obligations will have the exclusive right to enforce rights and exercise remedies with respect to the ABL Priority Collateral, including any foreclosure action or proceeding or any insolvency or liquidation proceeding (any such action, an "Enforcement Action") in such order and in such manner as they may determine in the exercise of their sole discretion in accordance with the ABL Intercreditor Agreement, and (ii) Notes Collateral Agent and the other Notes Secured Parties, at all times prior to the discharge of Notes Priority Obligations will have the exclusive right to enforce rights and exercise remedies with respect to the Notes Priority Collateral, including any Enforcement Action, in such order in accordance with the ABL Intercreditor Agreement.

D. Insolvency and Liquidation Proceedings

The ABL Intercreditor Agreement will provide that:

(a) *DIP Financing*: If the ABL Secured Parties desire to permit the use, sale or lease of any "cash collateral" (as defined in section 363(a) of the Bankruptcy Code) that constitutes ABL Priority Collateral, or to permit Tacora or any Guarantor to obtain debtor-in-possession financing secured by ABL Priority Collateral on a senior or pari passu basis to the liens of the ABL Secured Parties securing the ABL Priority Obligations (a "ABL DIP Financing") (including from one or more ABL Secured Parties), then, so long as the Notes Secured Parties retain their Lien on the ABL Priority Collateral, the Notes Secured Parties shall: (i) be deemed to have consented, and will not contest, protest or object, to any such use, sale or lease or any such ABL DIP Financing, (ii) not provide ABL DIP Financing secured by Liens equal or senior in priority to the Liens securing any ABL Priority Obligations with respect to ABL Priority Collateral or provide any ABL DIP Financing unless no ABL Secured Party offers to provide ABL DIP Financing on or before the date of the hearing to approve ABL DIP Financing, (iii) not request or accept any form of adequate protection or any other relief in connection therewith except as set forth below and (iv) subordinate their Liens with respect to ABL Priority Collateral to such ABL DIP Financing, any adequate protection provided to the ABL Secured Parties and any reasonable "carve-out" for fees agreed to by any ABL Administrative Agent to the same extent that the Notes Priority Liens are subordinated to the ABL Priority Liens under the ABL Intercreditor Agreement. If the Notes Secured Parties desire to permit the use, sale or lease of any "cash collateral" (as defined in section 363(a) of the Bankruptcy Code) that constitutes Notes Priority Collateral, or to permit Tacora or any Guarantor to obtain debtor-in-possession financing secured by Notes Priority Collateral on a senior or pari passu basis to the liens of the Notes Collateral Agent securing the Notes Priority Obligations (an "Notes DIP Financing") (including from one or more Notes Secured Parties), then, so long as the ABL Secured Parties retain their Lien on the Notes Priority Collateral, the ABL Secured Parties shall: (i) be deemed to have consented, and will not contest, protest or object, to any such use, sale or lease or any such Notes DIP Financing, (ii) not provide Notes DIP Financing secured by Liens equal or senior in priority to the Liens securing any Notes Priority Obligations with respect to Notes Priority Collateral or provide any Notes DIP Financing unless no Notes Secured Parties offers to provide Notes DIP Financing on or before the date of the hearing to approve Notes DIP Financing, (iii) not request or accept any form of adequate protection or any other relief in connection therewith except as set forth below and (iv) subordinate their Liens with respect to Notes Priority Collateral to such Notes DIP Financing, any adequate protection provided to the Notes Secured Parties and any reasonable "carve-out" for fees agreed to by any Notes Collateral Agent to the same extent that the ABL Priority Liens are subordinated to the Notes Priority Liens under the ABL Intercreditor Agreement.

(b) *Sales*: None of the Notes Secured Parties shall contest, protest or object to any sale of ABL Priority Collateral conducted in accordance with section 363 of the Bankruptcy Code that is supported by any ABL Administrative Agent, and the Notes Secured Parties will be deemed to have consented to any such sale and to have released their Liens in such assets, which liens will attach to the proceeds of the sale in the same order of priority as that in existence immediately prior to the sale. None of the ABL Secured Parties shall contest, protest or object to any sale of Notes Priority Collateral conducted in accordance with section 363 of the Bankruptcy Code that is supported by any Notes Collateral Agent, and the ABL Secured Parties will be deemed to have consented to any such sale and to have released their Liens in such assets, which liens will attach to the proceeds of the sale in the same order of priority as that in existence immediately prior to the sale.

(c) *Adequate Protection, Etc.*: No Notes Secured Party shall (A) object, contest, oppose, challenge or support any Person objecting to, contesting, opposing or challenging (i) any request by any ABL Secured Party for adequate protection with respect to ABL Priority Collateral, (ii) any objection by any ABL Secured Party to any motion, relief, action or proceeding based on any ABL Secured Party claiming a lack of adequate protection with respect to ABL Priority Collateral or (iii) the payment of or claims for post-petition interest and the reasonable fees, costs or expenses, or charges to or for the benefit of any ABL Administrative Agent or any other ABL Secured Party to the extent available from the ABL Priority Collateral or (B) seek any adequate protection with respect to ABL Priority Collateral except as provided in the next sentence. However, (a) if the ABL Secured Party are granted adequate protection with respect to ABL Priority Collateral in the form of additional or replacement collateral in connection with any ABL DIP Financing or use of cash collateral, then the Notes Secured Parties may seek or request adequate protection in the form of a replacement Lien on such additional or replacement collateral and (b) in the event the ABL Secured Party are granted adequate protection in the form of a superpriority claim, then the Notes Secured Parties may seek adequate protection in the form of a junior superpriority claim. No ABL Secured Party shall (A) object, contest, oppose, challenge or support any Person objecting to, contesting, opposing or challenging (i) any request by any Notes Secured Parties for adequate protection with respect to Notes Priority Collateral, (ii) any objection by any Notes Secured Party to any motion, relief, action or proceeding based on any Notes Secured Parties claiming a lack of adequate protection with respect to Notes Priority Collateral or (iii) the payment of or claims for post-petition interest and the reasonable fees, costs or expenses, or charges to or for the benefit of any Notes Collateral Agent or any other Notes Secured Party to the extent available from the Notes Priority Collateral or (B) seek any adequate protection with respect to Notes Priority Collateral except as provided in the next sentence. However, (a) if the Notes Secured Parties are granted adequate protection with respect to Notes Priority Collateral in the form of additional or replacement collateral in connection with any Notes DIP Financing or use of cash collateral, then the ABL Secured Parties may seek or request adequate protection in the form of a replacement Lien on such additional or replacement collateral and (b) in the event the Notes Secured Parties are granted adequate protection in the form of a superpriority claim, then the ABL Secured Parties may seek adequate protection in the form of a junior superpriority claim.

(d) *Avoidance Issues*: If any ABL Secured Party is required to disgorge, turn over or otherwise pay any amount to the estate of Tacora or any Guarantor for any reason (a "Recovery"), then the ABL Priority Obligations shall be reinstated to the extent of such Recovery and the discharge of the ABL Priority Obligations shall be deemed not to have occurred. In the event that any Notes Secured Party receives the proceeds of a Recovery with respect to ABL Priority Collateral prior to the discharge of the ABL Priority Obligations, such proceeds shall be segregated and held in trust and shall be paid over to the ABL Administrative Agent for the benefit of the ABL Secured Parties in the same form as received, with any necessary endorsement. If any Notes Secured Party is required to disgorge, turn over or otherwise pay any amount to the estate of Tacora or any Guarantor for any reason, then the Notes Priority Obligations shall be reinstated to the extent of such Recovery and the discharge of the Notes Priority Obligations shall be deemed not to have occurred. In the event that any ABL Secured Party receives the proceeds of a Recovery with respect to Notes Priority Collateral prior to the discharge of the Notes Priority Obligations, such proceeds shall be segregated and held in trust and shall be paid over to the Notes Collateral Agent for the benefit of the Notes Secured Parties in the same form as received, with any necessary endorsement.

(e) *Separate Grants of Security and Classifications*: The grants of ABL Priority Liens and Notes Priority Liens pursuant to the ABL Facility Documents and the Collateral Documents constitute two separate and distinct grants of Liens. If it is held that the claims constitute only one secured claim, then all distributions shall be made as if there were separate classes of secured claims. The ABL Secured Parties and the Notes Secured Parties shall be entitled to vote as separate classes on any plan of reorganization.

(f) *No Waiver by ABL Secured Parties*: Except as provided above, no ABL Secured Parties shall be prohibited from objecting to any action taken by the Notes Secured Parties (or any agent on their behalf).

(g) *No Waiver by Notes Secured Party*: Except as provided above, no Notes Secured Party shall be prohibited from objecting to any action taken by the ABL Secured Parties (or any agent on their behalf).

(h) *Proofs of Claim.* Notwithstanding the foregoing, the ABL Intercreditor Agreement shall be construed to prevent any ABL Administrative Agent or Notes Collateral Agent from (i) filing a claim or statement of interest with respect to the ABL Priority Obligations or Notes Priority Obligations, respectively, owed to it in any insolvency proceeding, (ii) taking any action (not adverse to the priority status of the Notes Priority Liens of the Notes Collateral Agent or the ABL Priority Liens of the ABL Administrative Agent on the Notes Priority Collateral or the ABL Priority Collateral, respectively, in which such Notes Collateral Agent or ABL Administrative Agent has an ABL Priority Lien or Notes Priority Lien, respectively, or the rights of the Notes Collateral Agent or the ABL Administrative Agent to exercise any remedies in respect thereof) in order to create, perfect, preserve or protect (but not enforce the Notes Priority Liens or ABL Priority Liens) on any Notes Priority Collateral or ABL Priority Collateral, (iii) filing any necessary or responsible pleadings in opposition to any motion, adversary proceeding or other pleading filed by any Person objecting to or otherwise seeking disallowance of the claim or Notes Priority Lien or ABL Administrative Lien of such Notes Collateral Agent or ABL Administrative Agent, respectively or (iv) voting on any plan of reorganization or file any proof of claim in any insolvency proceeding, in each case (i) through (iv) above to the extent not inconsistent with the express terms of the ABL Intercreditor Agreement.

(i) *Plan of Reorganization*: The Notes Secured Parties may propose, vote in favor of, or otherwise directly or indirectly support any plan of reorganization so long as such plan is not inconsistent with the provisions of the ABL Intercreditor Agreement. The ABL Secured Parties may propose, vote in favor of, or otherwise directly or indirectly support any plan of reorganization so long as such plan is not inconsistent with the provisions of the ABL Intercreditor Agreement.

E. Payment Waterfall

The ABL Intercreditor Agreement will provide that any ABL Priority Collateral or proceeds thereof received by any of the ABL Secured Parties or the Notes Secured Parties in connection with any Enforcement Action will be applied as follows:

- *first*, to the payment of costs and expenses of the ABL Administrative Agent in connection with any Enforcement Action;
- *second,* to the payment in full in cash or cash collateralization of the ABL Priority Obligations in accordance with the ABL Facility Documents;
- *third*, to the payment in full in cash of the Notes Priority Obligations in accordance with the Indenture Documents; and
- *fourth*, any surplus ABL Priority Collateral or proceeds then remaining will be returned to Tacora, the applicable Guarantor or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

The ABL Intercreditor Agreement will provide that any Notes Priority Collateral or proceeds thereof received by any of the Notes Secured Parties or the ABL Secured Parties in connection with any Enforcement Action will be applied as follows:

- *first*, to the payment of costs and expenses of the Trustee and the Notes Collateral Agent in connection with any Enforcement Action;
- *second,* to the payment in full in cash or cash collateralization of the Notes Priority Obligations in accordance with the Indenture Documents;
- *third*, to the payment in full in cash of the ABL Priority Obligations in accordance with the ABL Facility Documents; and
- *fourth*, any surplus Notes Priority Collateral or proceeds then remaining will be returned to Tacora, the applicable Guarantor or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

F. Payment Over

The ABL Intercreditor Agreement will provide that so long as the discharge of ABL Priority Obligations has not occurred, any ABL Priority Collateral or any proceeds thereof received by the Notes Collateral Agent or any other Notes Secured Party in violation of the ABL Intercreditor Agreement with respect to the ABL Priority Collateral, or otherwise, will be segregated and held in trust and paid over to the ABL Administrative Agent for the benefit of the ABL Secured Parties in the same form as received, together with any necessary endorsements.

If any enforcement action with respect to the ABL Priority Collateral produces non-cash proceeds, then such non-cash proceeds shall be held by the ABL Administrative Agent as additional collateral and, at such time as such non-cash proceeds are monetized, shall be applied in the order of application set forth above. The ABL Administrative Agent shall have no duty or obligation to dispose of such non-cash proceeds and may dispose of such non-cash proceeds or continue to hold such non-cash proceeds, in each case, in their discretion (subject to the terms of the ABL Intercreditor Agreement); *provided*, that any non-cash proceeds received by the ABL Administrative Agent may be distributed by the ABL Administrative Agent, subject to the terms of the ABL Intercreditor Agreement, to the ABL Secured Parties in full or partial satisfaction of ABL Obligations in an amount determined by the ABL Administrative Agent acting at the direction of the requisite ABL Secured Parties or as a court of competent jurisdiction may direct pursuant to a final order, including an order confirming a plan of reorganization in an insolvency proceeding. As applicable, all ABL Priority Collateral and proceeds thereof received by the ABL Administrative Agent may be applied, reversed, reapplied, credited, or reborrowed, in whole or in part, pursuant to the documents governing the ABL Priority Obligations, the ABL Intercreditor Agreement.

The ABL Intercreditor Agreement will provide that so long as the discharge of Notes Priority Obligations has not occurred, any Notes Priority Collateral or any proceeds thereof received by the ABL Administrative Agent in violation of the ABL Intercreditor Agreement with respect to the Notes Priority Collateral, or otherwise, will be segregated and held in trust and paid over to the Notes Collateral Agent for the benefit of the Notes Secured Parties in the same form as received, together with any necessary endorsements.

If any enforcement action with respect to the Notes Priority Collateral produces non-cash proceeds, then such non-cash proceeds shall be held by the Notes Collateral Agent as additional collateral and, at such time as such non-cash proceeds are monetized, shall be applied in the order of application set forth above. The Notes Collateral Agent shall have no duty or obligation to dispose of such non-cash proceeds and may dispose of such non-cash proceeds or continue to hold such non-cash proceeds, in accordance with the terms of the ABL Intercreditor Agreement; *provided*, that any non-cash proceeds received by the Notes Collateral Agent may be distributed by the Notes Collateral Agent, subject to the terms of the ABL Intercreditor Agreement, to the Notes Secured Parties in full or partial satisfaction of Notes Priority Obligations in an amount determined by the Notes Collateral Agent acting at the direction of the requisite Notes Secured Parties or as a court of competent jurisdiction may direct pursuant to a final order, including an order confirming a plan of reorganization in an insolvency proceeding. As applicable, all Notes Priority Collateral and proceeds thereof received by the Notes Collateral Agent may be applied, reversed, reapplied, credited, or reborrowed, in whole or in part, pursuant to the documents governing the Notes Priority Obligations, the ABL Intercreditor Agreement.

G. Release of Liens

The ABL Intercreditor Agreement will provide that if, (i) in connection with the exercise of remedies in respect of ABL Priority Collateral or (ii) if not in connection with the exercise of remedies in respect of the ABL Priority Collateral, so long as such sale, transfer or other disposition of such ABL Priority Collateral is then permitted by the ABL Facility Documents or consented to by the requisite ABL Secured Parties, the ABL Administrative Agent, for itself and on behalf of the other ABL Secured Parties, releases any of the ABL Priority Liens on the ABL Priority Collateral, other than any such release granted following the discharge of ABL Priority Obligations, then the Notes Priority Liens on such ABL Priority Collateral will be automatically, unconditionally and simultaneously released.

Whether before or after the discharge of ABL Priority Obligations, the Notes Priority Liens with respect to the Collateral will automatically and unconditionally be released in the following circumstances:

(a) with respect to any property or assets upon consummation of asset sales and dispositions of such property or assets permitted or not prohibited under the covenant described below under "—Certain Covenants—Asset Sales"; *provided* that such Notes Priority Liens will not be released if such sale or disposition is to a Guarantor or is subject to the covenant described below under "—Certain Covenants—Merger and Consolidation";

(b) with respect to the assets of a Guarantor, upon the release of such Guarantor from its Note Guarantee; and

(c) any property or asset of Tacora or a Guarantor is or becomes an Excluded Asset.

The ABL Intercreditor Agreement will provide that if, (i) in connection with the exercise of remedies in respect of Notes Priority Collateral or (ii) if not in connection with the exercise of remedies in respect of the Notes Priority Collateral, so long as such sale, transfer or other disposition of such Notes Priority Collateral is then permitted by the Indenture Documents or consented to by the requisite Holders, the Notes Collateral Agent, for itself and on behalf of the other Notes Secured Parties, releases any of the Notes Priority Liens on the Notes Priority Collateral, other than any such release granted following the discharge of Notes Priority Obligations, then the ABL Priority Liens on such Notes Priority Collateral will be automatically, unconditionally and simultaneously released.

H. Amendments to Indenture Documents

The ABL Intercreditor Agreement will provide that neither the Indenture, the Collateral Documents, any other Indenture Documents or any other documents governing Notes Priority Obligations may be amended, supplemented or otherwise modified or entered into to the extent such amendment, supplement or modification or new document would be prohibited by, or would require Tacora or any Guarantor to act or refrain from acting in a manner that would violate, any of the terms of the ABL Intercreditor Agreement. Without the prior written consent of the Notes Collateral Agent (acting at the direction of the holders of a majority in aggregate outstanding principal amount of the Notes and any Notes Priority Obligations outstanding at such time voting as a single class), no ABL Facility Document may be amended, supplemented or otherwise modified or entered into to the extent such amendment, supplement or modification, or new document, would be prohibited by, or would require Tacora or any Guarantor to act or refrain from acting in a manner that would violate, any of the terms of the ABL Intercreditor Agreement.

The obligations under the ABL Facilities, the Notes Priority Obligations and the Note Obligations may be amended or refinanced in accordance with the Credit Facility Documents, Indenture Documents, and documents governing such obligations under the Notes Priority Obligations, subject to continuing rights and obligations of the holders of such refinancing Indebtedness under the ABL Intercreditor Agreement.

Prior to entering into any ABL Facility, Tacora shall deliver to the Trustee an officers' certificate to the effect that the ABL Intercreditor Agreement is not materially inconsistent with the ABL ICA Provisions and does not conflict with the Indenture Documents in any material respect and an opinion of counsel that the execution, delivery and performance by Notes Collateral Agent of the ABL Intercreditor Agreement is permitted by the Indenture. Such officers' certificate shall designate such intercreditor agreement as the ABL Intercreditor Agreement. By their purchase of, or investment in, the Notes, holders will be deemed to have authorized the Notes Collateral Agent, and, upon receipt of such officers' certificate and an opinion of counsel, the Trustee shall instruct the Notes Collateral Agent, to (i) enter into, deliver, perform and otherwise exercise its rights and obligations under, the ABL Intercreditor Agreement and (ii) in connection therewith, to enter into any amendments or modifications to the Collateral Documents that are necessary to evidence the ABL Priority Liens on the Collateral. See "Risk Factors — Risks Relating to the Notes— There can be no assurance that we will be able to find lenders under an ABL Facility that are willing to enter into a future intercreditor agreement on the terms set forth in the Indenture or that the final form of any future intercreditor agreement will not contain provisions that are adverse to the holders of the Notes."

Optional Redemption

At any time prior to May 15, 2023, Tacora may, on any one or more occasions, redeem up to 40% of the aggregate principal amount of Notes (calculated after giving effect to any issuance of Additional Notes) issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 108.250% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with an amount not greater than the net cash proceeds of an Equity Offering by Tacora; *provided,* that:

(1) at least 60% of the aggregate principal amount of Notes originally issued under the Indenture (excluding Notes held by Tacora and its Subsidiaries) (calculated after giving effect to any issuance of Additional Notes) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of the closing of such Equity Offering.

At any time prior to May 15, 2023, Tacora may on any one or more occasions redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but not including, the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date).

Except pursuant to the preceding paragraphs or on an optional redemption for changes in withholding taxes or a special redemption, the Notes will not be redeemable at Tacora's option prior to May 15, 2023.

On or after May 15, 2023, Tacora may on any one or more occasions redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on May 15 of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

YEAR	PERCENTAGE
2023	104.125%
2024	102.063%
2025 and thereafter	100.000%

Unless Tacora defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Tacora shall provide notice to the Trustee of any redemption at least five (5) business days prior to when notice of such redemption is due to the holder. In connection with any redemption, on the redemption date, Tacora shall provide to the Trustee an officers' certificate and opinion of counsel each stating that all conditions precedent to such redemption have been satisfied.

Redemption for Changes in Withholding Taxes

The Notes will be subject to redemption, in whole but not in part, at the option of Tacora at any time, at a redemption price equal to the outstanding principal amount thereof together with accrued and unpaid interest, if any, to the date fixed by Tacora for redemption upon the giving of a notice as described below, if (a) Tacora determines that (i) as a result of any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of a Tax Jurisdiction affecting taxation, or any change in or amendment to an official position of such Tax Jurisdiction regarding application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change or amendment is announced and becomes effective on or after the date of issuance of the Notes, Tacora has or will become obligated to pay, on the next succeeding day on which any amount would be payable in respect of the Notes, Additional Amounts or (ii) on or after the date of issuance of the Notes, any action has been taken by any taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, a Tax Jurisdiction, including any of those actions specified in clause (i) above, whether or not such action was taken or decision was rendered with respect to Tacora or a Guarantor, or any change, amendment, application or interpretation shall be officially proposed, which, in any such case, in the written opinion of independent tax counsel as referenced below, will result in an obligation to pay, on the next succeeding day on which any amount would be payable in respect of the Notes, Additional Amounts with respect to any Notes, and (b) in any such case Tacora in its business judgment determines, as evidenced by the officers' certificate referenced below, that such obligation cannot be avoided by the use of reasonable measures available to Tacora (including designating another paying agent); *provided*, that (x) no such notice of redemption may be given earlier than 60 days prior to the earliest date on which Tacora would be obligated to pay such Additional Amounts and (y) at the time such notice of redemption is given, such obligation to pay such Additional Amounts remains in effect.

Prior to the publication or, where relevant, sending of any notice of redemption of the Notes pursuant to the foregoing, Tacora will deliver to the Trustee an opinion of independent tax counsel of recognized standing, to the effect that there has been such change, amendment, action or decision (as described above) which would entitle Tacora to redeem the Notes hereunder. In addition, before Tacora publishes or sends notice of redemption of the Notes as described above, it will deliver to the Trustee an officers' certificate to the effect that it cannot avoid its obligation to pay Additional Amounts by Tacora taking reasonable measures available to it and that all other conditions precedent for such redemption have been met.

The Trustee shall be entitled to rely on such officers' certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

Open Market Purchases

Tacora may acquire Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise conflict with the terms of the Indenture.

No Mandatory Redemptions, Reserve or Sinking Funds

Tacora is not required to make mandatory redemptions, mandatory sinking fund or other reserve payments with respect to the Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require Tacora to repurchase all or any part (equal to US$2,000 or an integral multiple of US$1,000 in excess thereof) of such holder's Notes pursuant to a change of control offer (a "Change of Control Offer") on the terms set forth in the Indenture. In the Change of Control Offer, Tacora will offer a payment (the "Change of Control Payment") in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest, if any, on the Notes repurchased to, but not including, the date of purchase, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within ten (10) days following any Change of Control, Tacora will send a notice to each holder describing the transaction or transactions that constitute the Change of Control, offering to repurchase Notes on the Change of Control Payment Date (as defined below) specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is sent (the "Change of Control Payment Date"), pursuant to the procedures required by the Indenture and described in such notice, and stating any conditions, if any, to Tacora's Change of Control Offer.

On the Change of Control Payment Date, Tacora will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount in immediately available funds equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an officers' certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by Tacora.

The paying agent will promptly deliver to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and send (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. Tacora will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require Tacora to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that Tacora repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Tacora will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by Tacora and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to the Indenture as described above under "— Optional Redemption," unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

In the event that holders of not less than 90% of the aggregate principal amount of the outstanding Notes accept a Change of Control Offer and Tacora (or a third party making the Change of Control Offer as provided above) purchases all of the Notes held by such holders, Tacora will have the right, upon not less than 30 nor more than 60 days' notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the Notes that remain outstanding following such purchase at a redemption price equal to the Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest on the Notes that remain outstanding, to, but not including, the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the date of redemption).

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of Tacora and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under New York law. Accordingly, the ability of a holder of Notes to require Tacora to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Tacora and its Subsidiaries taken as a whole to another Person or group may be uncertain.

Asset Sales

Tacora will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) Tacora (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the aggregate consideration received by Tacora and its Restricted Subsidiaries in the Asset Sale is in the form of cash or Cash Equivalents.

For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on Tacora's most recent consolidated balance sheet, of Tacora or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation or indemnity agreement that releases Tacora or such Restricted Subsidiary from or indemnifies against further liability;

(b) any securities, Notes or other obligations received by Tacora or any such Restricted Subsidiary from such transferee that are within 180 days after the Asset Sale, subject to ordinary settlement periods, converted by Tacora or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion; and

(c) any stock or assets of the kind referred to in clauses (2) or (4) of the next paragraph of this "— Asset Sales" provision.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, Tacora (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds:

(1) to the extent the Net Proceeds are attributable to an Asset Sale of assets that constitute Collateral, (x) subject to any ABL Intercreditor Agreement, Jarvis Hedge Facility Intercreditor Agreement or Pari Passu Intercreditor Agreement, to reduce, prepay, repay or purchase any Notes Priority Obligations (other than the Notes); *provided* that Tacora ratably reduces, prepays, repays or purchases the Notes, (y) subject to any ABL Intercreditor Agreement to reduce, prepay, repay or purchase ABL Priority Obligations or (z) to make an offer (in accordance with the procedures set forth below for a Asset Sale Offer), redeem Notes as described under "—Optional Redemption," or purchase Notes through open-market purchases or in privately negotiated transactions (in each case, other than Indebtedness owed to Tacora or any Restricted Subsidiary); *provided*, *however*, that, in connection with any reduction, prepayment, repayment or purchase of Indebtedness pursuant to this clause (1), Tacora or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (including Indebtedness under any ABL Facility or any Refinancing Indebtedness in respect thereof), to the extent the assets sold or otherwise disposed of in connection with such Asset Sale constituted "borrowing base assets," to be reduced in an amount equal to the principal amount so reduced, prepaid, repaid or purchased,

(2) to the extent such Net Proceeds are from an Asset Sale that does not constitute Collateral, (x) to reduce, prepay, repay or purchase any Indebtedness secured by a Lien on such asset, (y) to reduce, prepay, repay or purchase Pari Passu Indebtedness; *provided*, that Tacora ratably reduces, prepays, repays or purchases the Notes or (z) to make an offer (in accordance with the procedures set forth below for an Asset Sale Offer), redeem Notes as described under "—Optional Redemption," or purchase Notes through open-market purchases or in privately negotiated transactions (in each case, other than Indebtedness owed to Tacora or any Restricted Subsidiary); *provided, however*, that, in connection with any reduction, prepayment, repayment or purchase of Indebtedness pursuant to this clause (2), Tacora or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (including Indebtedness under the ABL Facility or any Refinancing Indebtedness in respect thereof), to the extent the assets sold or otherwise disposed of in connection with such Asset Sale constituted "borrowing base assets," to be reduced in an amount equal to the principal amount so reduced, prepaid, repaid or purchased

(3) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of Tacora;

(4) to make a capital expenditure in respect of a Permitted Business; or

(5) to acquire other assets that are not classified as current assets under GAAP and that are used or useful in a Permitted Business.

In the case of clause (3) above, a binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition is consummated, and (y) the 180th day following the expiration of the aforementioned 365 day period.

Pending the final application of any Net Proceeds, Tacora (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) through (5) above will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds US$15.0 million, within thirty days of exceeding such amount, Tacora will make an offer (an "Asset Sale Offer"), to all holders of Notes and, if required by the terms of any Notes Priority Obligations or other Obligations secured by a Lien permitted under the Indenture on the Collateral disposed of (which such Lien is senior to or pari passu with the Notes Priority Liens with respect to the Collateral), to all holders of such Notes Priority Obligations or such other Obligations, subject to the ABL Intercreditor Agreement, the Jarvis Hedge Facility Intercreditor Agreement or any Pari Passu Intercreditor Agreement, to purchase, prepay or redeem the maximum principal amount of Notes and Notes Priority Obligations or such other Obligations, as appropriate, on a pro rata basis, secured by such Collateral (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, Tacora may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and Notes Priority Obligations or such other Obligations, as appropriate, secured by Collateral tendered in (or required to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, the Notes to be purchased, based on the amounts tendered or required to be prepaid or redeemed (with such adjustments as may be deemed appropriate by Tacora so that only Notes in denominations of US$2,000, or an integral multiple of US$1,000 in excess thereof, will be purchased). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

Excess Cash Flow

If Tacora and its Restricted Subsidiaries have Excess Cash Flow for any six-month period ending on June 30 or December 31 (*provided*, that the first period shall commence from the Issue Date and end on December 31, 2021), then, within (i) 125 days after the end of any such period ending on December 31 or (ii) 65 days after the end of any such period ending on June 30, as applicable, Tacora will be required to make an offer (an "Excess Cash Flow Offer") to all holders of Notes to purchase the maximum principal amount of Notes that may be purchased with 50% of such Excess Cash Flow for such period (the "Excess Cash Flow Offer Amount"). The aggregate amount of redemptions pursuant to all Excess Cash Flow Offers over the term of the Notes shall be capped at US$50.0 million, and no Excess Cash Flow Offer shall be required to the extent the aggregate amount of redemptions pursuant to all Excess Cash Flow Offers exceeds US$50.0 million. To the extent the amount of redemptions prior to the date of any Excess Cash Flow Period plus the portion of the Excess Cash Flow Offer Amount accepted by the holders exceed US$50.0 million, the redemption of the Notes pursuant to such Excess Cash Flow Offer shall be subject to the provisions set forth below under "— Selection and Notice". The offer price for such Excess Cash Flow Offer shall be an amount in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase, in accordance with the procedures set forth in the Indenture. To the extent that the aggregate amount of Notes tendered pursuant to an Excess Cash Flow Offer is less than the Excess Cash Flow Offer Amount, Tacora and its Restricted Subsidiaries may use any remaining Excess Cash Flow Offer Amount for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of the Notes surrendered by holders thereof exceeds the Excess Cash Flow Offer Amount, the Notes to be purchased based upon principal amount (with such adjustments as may be deemed appropriate by Tacora so that only Notes in denominations of US$2,000, or an integral multiple of US$1,000 in excess thereof, will be purchased). Tacora shall cancel any Notes tendered pursuant to the Excess Cash Flow Offer and repurchased by Tacora.

With respect to each Excess Cash Flow Offer, Tacora shall be entitled to reduce the applicable Excess Cash Flow Offer Amount with respect thereto by an amount equal to the sum of (x) the aggregate repurchase price paid for any Notes theretofore repurchased by Tacora in the open market (and cancelled by Tacora) and (y) the aggregate redemption price paid for any Notes theretofore redeemed pursuant to one or more optional redemptions (other than any redemptions pursuant to the first and third paragraphs under "— Optional Redemption" above), in each case, during the period with respect to which such Excess Cash Flow was being computed.

Notwithstanding anything to the contrary in the immediately preceding sentence, Tacora shall not be entitled to reduce the applicable Excess Cash Flow Offer Amount by the aggregate repurchase price of any Notes theretofore repurchased by Tacora pursuant to any Asset Sale Offers, Change of Control Offers or Excess Cash Flow Offers during such period.

Notwithstanding the foregoing provisions of this covenant, Tacora will not be required (but may elect to do so) to make an Excess Cash Flow Offer in accordance with this covenant unless the Excess Cash Flow Offer Amount with respect to the applicable period in respect of which such Excess Cash Flow Offer is to be made exceeds $5.0 million (with lesser amounts being carried forward for purposes of determining whether the $5.0 million threshold has been met for any future period). Upon completion of each Excess Cash Flow Offer, the Excess Cash Flow Offer Amount will be reset at zero.

General

Tacora will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer, an Asset Sale Offer or an Excess Cash Flow Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control, Asset Sale or Excess Cash Flow provisions of the Indenture, Tacora will comply with the applicable securities laws and regulations and will be deemed not to have breached its obligations under the Change of Control, Asset Sale or Excess Cash Flow provisions of the Indenture by virtue of such compliance.

The agreements to which Tacora is a party may contain, and future agreements (including any ABL Facility) may contain, prohibitions of certain events, including events that would constitute a Change of Control or an Asset Sale and including repurchases of or other prepayments in respect of the Notes. The exercise by the holders of Notes of their right to require Tacora to repurchase the Notes upon a Change of Control or an Asset Sale or in connection with an Excess Cash Flow Offer could cause a default under these other agreements, even if the Change of Control, Asset Sale or Excess Cash Flow Offer itself does not, due to the financial effect of such repurchases on Tacora. In the event a Change of Control, Asset Sale or Excess Cash Flow Offer occurs at a time when Tacora is prohibited from purchasing Notes, Tacora could seek the consent of its lenders to the purchase of Notes or could attempt to refinance the borrowings that contain such prohibition. If Tacora does not obtain a consent or repay those borrowings, Tacora will remain prohibited from purchasing Notes. In that case, Tacora's failure to purchase tendered Notes would constitute an Event of Default under the Indenture which could, in turn, constitute a default under the other indebtedness. Finally, Tacora's ability to pay cash to the holders of Notes upon a repurchase may be limited by Tacora's then existing financial resources. See "Risk Factors — Risks Relating to the Notes— We may not be able to repurchase the Notes upon a change of control, which could cause a default under the indenture governing the Notes and other indebtedness."

Selection and Notice

If less than all of the Notes are to be redeemed or purchased at any time, (in the case of certificated Notes) the Trustee will select Notes for redemption by lot (or, in the case of Notes issued in global form as discussed below under "— Book-Entry, Settlement and Clearance," subject to the operations and procedures of any depositary) unless otherwise required by law or applicable stock exchange or depositary requirements.

No Notes of US$2,000 or less can be redeemed in part. Notices of redemption will be sent at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be sent more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. Notices of redemption (other than any such notice given in respect of a redemption to be made pursuant to "— Redemption for Changes in Withholding Taxes") may be conditional.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, unless Tacora defaults in payment of the purchase or redemption price, interest will cease to accrue on Notes or portions of Notes called for redemption.

Certain Covenants

Effectiveness of covenants

Following the first day:

(a) the Notes have an Investment Grade Rating from both of the Rating Agencies; and

(b) no Default has occurred and is continuing under the Indenture

Tacora and its Restricted Subsidiaries will not be subject to the provisions of the Indenture summarized under the headings below:

- "—Repurchase at the option of holders — Asset sales,"
- "—Restricted Payments,"
- "—Incurrence of Indebtedness and Issuance of Preferred Stock,"
- "—Liens,"
- "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries,"
- "—Transactions with Affiliates," and
- "—Merger, Amalgamation, Consolidation or Sale of Assets,"

(collectively, the "Suspended Covenants"). If at any time the Notes' credit rating is downgraded from an Investment Grade Rating by any Rating Agency or if a Default or Event of Default occurs and is continuing, then the Suspended Covenants will thereafter be reinstated as if such covenants had never been suspended (the "Reinstatement Date") and be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Notes subsequently attain an Investment Grade Rating from both of the Ratings Agencies and no Default or Event of Default is in existence (in which event the Suspended Covenants shall no longer be in effect for such time that the Notes maintain an Investment Grade Rating from both of the Ratings Agencies and no Default or Event of Default is in existence); *provided*, *however*, that no Default, Event of Default or breach of any kind shall be deemed to exist under the Notes, the Indenture, the Collateral Documents or the Intercreditor Agreement(s) with respect to the Suspended Covenants based on, and none of Tacora or any of its Restricted Subsidiaries shall bear any liability for, any actions taken or events occurring during the Suspension Period, regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during such period. The period of time between the date of suspension of the covenants and the Reinstatement Date is referred to as the "Suspension Period."

On the Reinstatement Date, all Indebtedness incurred during the Suspension Period will be classified to have been incurred pursuant to the first paragraph of "—Limitation on indebtedness" or one of the clauses set forth in the second paragraph of "—Limitation on indebtedness" (to the extent such Indebtedness would be permitted to be incurred thereunder as of the Reinstatement Date and after giving effect to Indebtedness incurred prior to the Suspension Period and outstanding on the Reinstatement Date). To the extent such Indebtedness would not be so permitted to be incurred pursuant to the first or second paragraph of "—Limitation on indebtedness," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified under clause (2) of the second paragraph of "—Limitation on indebtedness." Calculations made after the Reinstatement Date of the amount available to be made as Restricted Payments under "—Limitation on restricted payments" will be made as though the covenant described under "—Limitation on restricted payments" had been in effect since the Issue Date and throughout the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will reduce the amount available to be made as Restricted Payments under the first paragraph of "—Limitation on restricted payments."

During any period when the Suspended Covenants are suspended, the Board of Directors of Tacora may not designate any of Tacora's Subsidiaries as Unrestricted Subsidiaries pursuant to the Indenture.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Rating. The Trustee shall have no obligation to monitor the credit rating of the Notes or determine whether a Suspension Period has commenced or a Reinstatement Date has occurred, and the Trustee has no duty to notify the Holders of any of the foregoing.

Restricted Payments

Tacora will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of Tacora's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any consolidation, arrangement, merger or amalgamation involving Tacora or any of its Restricted Subsidiaries) or to the direct or indirect holders of Tacora's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of Tacora and other than dividends or distributions payable to Tacora or a Restricted Subsidiary of Tacora);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any consolidation, arrangement, merger or amalgamation involving Tacora) any Equity Interests of Tacora or any direct or indirect parent of Tacora;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of Tacora or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among Tacora and any of its Restricted Subsidiaries), except a purchase, repurchase, redemption, defeasance or other acquisition or retirement for value in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or retirement; or

(4) make any Restricted Investment;

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "Restricted Payments"),

unless, at the time of and after giving effect to such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) Tacora would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least US$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the description of the covenant below under "— Incurrence of Indebtedness and Issuance of Preferred Stock;" and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Tacora and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (8), (9), (11), (12) and (13) of the next succeeding paragraph), is less than the sum, without duplication, of:

(1) 50% of Consolidated Net Income for the period (treated as one accounting period) from the beginning of the fiscal quarter in which the Issue Date occurs to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which financial statements are available (or, in case such Consolidated Net Income is a deficit, minus 100% of such deficit); *plus*

(2) 100% of the aggregate net proceeds, including cash and the Fair Market Value of property other than cash, received by Tacora since the Issue Date as a contribution to its common equity share capital or from the issue or sale of Equity Interests of Tacora (other than Disqualified Stock of Tacora and Excluded Contributions) or from the issue or sale of convertible or exchangeable Disqualified Stock of Tacora or convertible or exchangeable debt securities of Tacora, in each case, that have been converted into or exchanged for Equity Interests of Tacora (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of Tacora); *plus*

(3) to the extent that any Restricted Investment that was made after the Issue Date is (a) sold for cash or marketable securities or otherwise cancelled, liquidated or repaid for cash or marketable securities or (b) made in an entity that subsequently becomes a Restricted Subsidiary of Tacora that is a Guarantor, the initial amount of such Restricted Investment (or, if less, the amount of cash or the Fair Market Value of the marketable securities received upon repayment or sale); *plus*

(4) to the extent that any Unrestricted Subsidiary of Tacora designated as such after the Issue Date is redesignated as a Restricted Subsidiary after the Issue Date, the lesser of (i) the Fair Market Value of Tacora's Restricted Investment in such Subsidiary as of the date of such redesignation or (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the Issue Date; *plus*

(5) 50% of any dividends received in cash and the Fair Market Value of property other than cash received by Tacora or a Restricted Subsidiary of Tacora after the Issue Date from an Unrestricted Subsidiary of Tacora, to the extent that such dividends were not otherwise included in the Consolidated Net Income of Tacora for such period; *plus*

(6) $5.0 million.

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of Tacora) of, Equity Interests of Tacora (other than Disqualified Stock and Excluded Contributions) or from the substantially concurrent contribution of common equity capital to Tacora; *provided*, that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will not be considered to be net proceeds of Equity Interests for purposes of clause (c)(2) of the preceding paragraph;

(3) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of Tacora to the holders of such Restricted Subsidiary's Equity Interests on a *pro rata* basis;

(4) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of Tacora or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness;

(5) so long as no Default or Event of Default has occurred and is continuing, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of Tacora or any Restricted Subsidiary of Tacora held by any current or former officer, director or employee of Tacora or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; *provided*, that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed US$2.5 million in any twelve-month period;

(6) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options (or related withholding taxes);

(7) so long as no Default or Event of Default has occurred and is continuing, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of Tacora or any preferred stock of any Restricted Subsidiary of Tacora issued on or after the Issue Date in accordance with the Fixed Charge Coverage Ratio test described below under "— Incurrence of Indebtedness and Issuance of Preferred Stock;"

(8) payments of cash, dividends, distributions, advances or other Restricted Payments by Tacora or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (i) the exercise of options or warrants or (ii) the conversion or exchange of Capital Stock of any such Person;

(9) payments or distributions to dissenting stockholders pursuant to applicable law, or pursuant to or in connection with a consolidation, amalgamation, merger or transfer of the Capital Stock of any Restricted Subsidiary or of all or substantially all of the assets of Tacora, in each case, that complies with the requirements of the Indenture; *provided*, that as a result of such consolidation, amalgamation, merger or transfer of assets, Tacora shall have made a Change of Control Offer (if required by the Indenture) and that all Notes validly tendered by holders in connection with the Change of Control Offer have been repurchased, redeemed or acquired for value;

(10) payments made in connection with, or constituting any part of any Permitted Tax Reorganization and fees and expenses relating thereto;

(11) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed US$15.0 million since the Issue Date;

(12) Investments or other Restricted Payments that are made with Excluded Contributions; and

(13) Restricted Payments, so long as, immediately after giving pro forma effect to the payment of any such Restricted Payment, no Event of Default has occurred and is continuing (or would result therefrom) and the Consolidated Secured Net Leverage Ratio shall be no greater than 0.00 to 1.00.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Tacora or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this covenant will be determined by the chief executive officer, the chief financial officer, the chief accounting officer or the controller of Tacora and set forth in an officers' certificate delivered to the Trustee; *provided*, that such determination of Fair Market Value shall be evidenced by a resolution of the Board of Directors of Tacora if the value of such Restricted Payment exceeds US$10.0 million. Tacora, in its sole discretion, may classify any Investment or other Restricted Payment as being made in part under one of the clauses or subclauses of this covenant (or, in the case of any Investment, the clauses or subclauses of Permitted Investments) and in part under one or more other such clauses or subclauses (or, as applicable, clauses or subclauses), in each case, in any manner that complies with this covenant.

Incurrence of Indebtedness and Issuance of Preferred Stock

Tacora will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and Tacora will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, that Tacora may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Guarantors may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Fixed Charge Coverage Ratio for Tacora's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 2.0 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(1) the incurrence by Tacora and any Guarantor of (a) indebtedness outstanding under the Jarvis Hedge Facility, (b) additional Indebtedness and letters of credit under a Credit Facility and (c) additional Indebtedness arising pursuant to royalty financing payments, customer deposits or advance payments (including pursuant to any factoring arrangements) in an aggregate principal amount under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of Tacora and its Restricted Subsidiaries thereunder) not to exceed, at any time outstanding, the greater of (x) US$50.0 million and (y) 16.75% of Consolidated Tangible Assets;

(2) Existing Indebtedness;

(3) the incurrence by Tacora and the Guarantors of Indebtedness represented by the Notes and the related Note Guarantees to be issued on the Issue Date;

(4) the incurrence by Tacora or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or equipment used in the business of Tacora or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed, at any time outstanding, the greater of (x) US$75.0 million and (y) 25% of Consolidated Tangible Assets;

(5) the incurrence by Tacora or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of the description of this covenant or clauses (2), (3), (4), (5), (10) or (16) of this paragraph;

(6) the incurrence by Tacora or any of its Restricted Subsidiaries of intercompany Indebtedness between or among Tacora and any of its Restricted Subsidiaries; *provided*, that:

(a) if Tacora or any Guarantor is the obligor on such Indebtedness and the payee is not Tacora or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of Tacora, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than Tacora or a Restricted Subsidiary of Tacora and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either Tacora or a Restricted Subsidiary of Tacora, will be deemed, in each case, to constitute an incurrence of such Indebtedness by Tacora or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any of Tacora's Restricted Subsidiaries to Tacora or to any of its Restricted Subsidiaries of shares of preferred stock; *provided*, that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than Tacora or a Restricted Subsidiary of Tacora; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either Tacora or a Restricted Subsidiary of Tacora,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by Tacora or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business;

(9) the guarantee by Tacora or any of the Guarantors of Indebtedness of Tacora or a Restricted Subsidiary of Tacora to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided*, that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(10) Indebtedness of Tacora or any of its Restricted Subsidiaries constituting Acquired Debt; *provided*, that such Acquired Debt is not incurred in contemplation of the related acquisition, merger or amalgamation; *provided*, *further*, that, after giving effect to such acquisition and the incurrence of Indebtedness, either (i) Tacora would be permitted to incur at least US$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the description of this covenant or (ii) Tacora would have had a Fixed Charge Coverage Ratio not less than the actual Fixed Charge Coverage Ratio for Tacora pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the description of this covenant;

(11) the incurrence by Tacora or any of its Restricted Subsidiaries of Indebtedness in respect of (A) workers' compensation claims, health, disability or other employee benefits, self-insurance obligations, bankers' acceptances, performance and surety bonds in the ordinary course of business, (B) performance bonds, bank guarantees or similar obligations for or in connection with pledges, deposits or payments made or given in relation to such performance bonds, bank guarantees or similar instruments in the ordinary course of business in connection with or to secure statutory, regulatory or similar obligations, including obligations under mining, health, safety, affected local community or aboriginal people's benefits, reclamation, mine closure or other environmental obligations or in relation to infrastructure arrangements owned or provided to or applied for by Tacora or any of its Restricted Subsidiaries and (C) letters of credit issued or incurred to support the purchase of supplies and equipment, including fuel, in the ordinary course of business of Tacora and its Restricted Subsidiaries;

(12) the incurrence by Tacora or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five business days;

(13) Indebtedness arising from agreements of Tacora or any Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred in connection with any acquisition or disposition of any business, assets or a Subsidiary of Tacora in accordance with the terms of this Indenture, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; *provided*, that the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by Tacora and its Restricted Subsidiaries in connection with such disposition;

(14) the incurrence by Tacora or any of its Restricted Subsidiaries of obligations consisting of take-or-pay obligations contained in supply arrangements incurred in the ordinary course of business (other than in connection with the types of obligations described in clause (1)(b) of the definition of "Permitted Debt");

(15) Indebtedness of Tacora or any of its Restricted Subsidiaries arising pursuant to any Permitted Tax Reorganization;

(16) the incurrence by Tacora or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (16), not to exceed the greater of (x) US$15.0 million and (y) 5.0% of Consolidated Tangible Assets; and

(17) to the extent that the same may constitute Indebtedness, any reserve or in-trust account arrangement established by Tacora and SFPPN pursuant to the SFPPN Agreement, provided that any such arrangement adheres to the terms set out in the SFPPN Agreement;

Tacora will not incur, and will not permit any Guarantor to incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of Tacora or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee on substantially identical terms; *provided*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of Tacora or such Guarantor solely by virtue of being unsecured, by virtue of being secured on a junior priority basis or by virtue of the fact that the holders of any secured Indebtedness have entered into intercreditor agreements giving one or more such holders priority over the other holders in the collateral held by them. Tacora will not incur, and will not permit any of its Restricted Subsidiaries to incur, any Indebtedness arising pursuant to streaming transaction payments.

For purposes of determining compliance with this "— Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the clauses of Permitted Debt described in clauses (2) through (16) above, or is entitled to be incurred pursuant to the first paragraph of the description of this covenant, Tacora will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant. The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock or operating leases as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant; *provided*, in each such case, that the amount thereof is included in Fixed Charges of Tacora as accrued. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that Tacora or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(a) the Fair Market Value of such assets at the date of determination; and

(b) the amount of the Indebtedness of the other Person.

Liens

Tacora will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind (other than Permitted Liens) securing Indebtedness on any asset of Tacora or such Restricted Subsidiary now owned or hereafter acquired, unless, solely in the case of assets not constituting Collateral, contemporaneously therewith:

(1) in the case of any Lien securing any Pari Passu Indebtedness or Jarvis Secured Hedge Obligations, effective provision is made to secure the Notes or such Note Guarantee, as the case may be, at least equally and ratably with or prior to such obligation with a Lien on the same assets of Tacora or such Restricted Subsidiary, as the case may be; and

(2) in the case of any Lien securing Indebtedness subordinated in right of payment to the Notes or a Note Guarantee, effective provision is made to secure the Notes or such Note Guarantee, as the case may be, with a Lien on the same assets of Tacora or such Restricted Subsidiary, as the case may be, prior to the Lien securing such subordinated Indebtedness.

Any Lien that is granted to secure the Notes under this "— Liens" covenant shall be automatically released and discharged at the same time as the release of the Lien that gave rise to the obligation to secure the Notes.

For purposes of determining compliance with this covenant, (1) a Lien securing an item of Indebtedness need not be permitted solely by reference to one clause of Permitted Liens (or any portion thereof) but may be permitted in part under any combination thereof and (2) in the event that a Lien securing an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the clauses of Permitted Liens (or any portion thereof), Tacora may, in its sole discretion, classify or reclassify, or later divide, classify or reclassify, such Lien securing such item of Indebtedness (or any portion thereof) in any manner that complies with this covenant.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

Tacora will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to Tacora or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to Tacora or any of its Restricted Subsidiaries;

(2) make loans or advances to Tacora or any of its Restricted Subsidiaries; or

(3) sell, lease or transfer any of its properties or assets to Tacora or any of its Restricted Subsidiaries.

The preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness and any related collateral documents as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided*, that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;

(2) the Indenture, the Notes, the Note Guarantees and any Collateral Documents;

(3) agreements governing other Indebtedness (including Credit Facilities) permitted to be incurred under the provisions of the covenant described above under "— Incurrence of Indebtedness and Issuance of Preferred Stock" and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided*, that the restrictions will not materially adversely impact the ability of Tacora to make required principal and interest payments on the Notes;

(4) applicable law, rule, regulation or order;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by Tacora or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided*, that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) customary non-assignment provisions in contracts and licenses entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided*, that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness will not materially adversely impact the ability of Tacora to make required principal and interest payments on the Notes;

(10) Liens permitted to be incurred under the provisions of the covenant described above under "— Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment) entered into with the approval of Tacora's Board of Directors, which limitation is applicable only to the assets that are the subject of such agreements; and

(12) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business.

Merger, Amalgamation, Consolidation or Sale of Assets

Tacora will not, directly or indirectly: (1) merge, amalgamate or consolidate with or into another Person (whether or not Tacora is the surviving or continuing corporation), or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of Tacora and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) Tacora is the surviving or continuing corporation; or (b) the Person formed by or surviving any such consolidation, merger or amalgamation (if other than Tacora) or to which such sale, assignment, transfer, conveyance or other disposition has been made is an entity organized or existing under the laws of Canada, any province or territory of Canada, the United States, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving or continuing from any such consolidation, merger or amalgamation (if other than Tacora) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of Tacora under the Notes, the Indenture and the Collateral Documents pursuant to agreements reasonably satisfactory to the Trustee or the Notes Collateral Agent, as applicable, or is liable for those obligations by operation of law;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) Tacora or the Person formed by or surviving or continuing from any such consolidation, merger or amalgamation (if other than Tacora), or to which such sale, assignment, transfer, conveyance or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least US$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under "— Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) have had a Fixed Charge Coverage Ratio not less than the actual Fixed Charge Coverage Ratio for Tacora pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under "— Incurrence of Indebtedness and Issuance of Preferred Stock"; and

(5) Tacora shall have delivered to the Trustee and the Notes Collateral Agent an officers' certificate and an opinion of counsel, each stating that (i) such transaction and such assumption agreements described in the preceding clause (2) comply with all requirements of the Indenture or the Collateral Documents, as applicable, and (ii) all conditions precedent in the Indenture and the Collateral Documents, as applicable, have been complied with.

In addition, Tacora will not, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

This "— Merger, Amalgamation, Consolidation or Sale of Assets" covenant will not apply to (i) any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among Tacora and any one or more of its Restricted Subsidiaries or between or among any one or more of Tacora's Restricted Subsidiaries and (ii) any Permitted Tax Reorganization. Clauses (3) and (4) of the first paragraph of the description of this covenant will not apply to any merger, amalgamation, consolidation or arrangement of Tacora with or into one or more of its Restricted Subsidiaries for any purpose.

For purposes of this covenant, the sale, assignment, transfer, conveyance or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of Tacora, which properties and assets, if held by Tacora instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of Tacora on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of Tacora.

Transactions with Affiliates

Tacora will not, and will not permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of Tacora (each, an "Affiliate Transaction") involving aggregate payments or consideration in excess of US$5.0 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to Tacora or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Tacora or such Restricted Subsidiary with an unrelated Person; and

(2) Tacora delivers to the Trustee, with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$10.0 million, a resolution of the Board of Directors of Tacora set forth in an officers' certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of Tacora.

The following items will be deemed not to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, severance agreement, employee benefit plan, officer or director indemnification agreement or any similar arrangement entered into by Tacora or any of its Restricted Subsidiaries in the ordinary course of business and payments pursuant thereto;

(2) transactions between or among Tacora and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of Tacora) that is an Affiliate of Tacora solely because Tacora owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of Tacora or any of its Restricted Subsidiaries;

(5) any issuance of Equity Interests (other than Disqualified Stock) of Tacora to Affiliates of Tacora;

(6) any transaction or series of related transactions for which Tacora delivers to the Trustee an opinion as to the fairness to Tacora or the applicable Restricted Subsidiary of such transaction or series of related transactions from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing;

(7) Restricted Payments that do not violate the provisions of the Indenture described above under "— Restricted Payments;"

(8) loans or advances to employees in the ordinary course of business not to exceed US$2.5 million in the aggregate at any one time outstanding;

(9) any Permitted Tax Reorganization; and

(10) any agreement as in effect as of the Issue Date or any amendment thereto (so long as any such agreement together with all amendments thereto, taken as a whole, is not more disadvantageous to the holders of the Notes in any material respect than the original agreement as in effect on the Issue Date) or any transaction contemplated thereby.

Business Activities

Tacora will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses, except to such extent as would not be material to Tacora and its Restricted Subsidiaries taken as a whole.

Additional Note Guarantees

If Tacora or any of its Restricted Subsidiaries acquires or creates another Subsidiary (other than an Immaterial Subsidiary or a Subsidiary designated as an Unrestricted Subsidiary in accordance with the Indenture) after the Issue Date, or if any Immaterial Subsidiary ceases to be an Immaterial Subsidiary or an Unrestricted Subsidiary is designated as a Restricted Subsidiary, then that newly acquired or created Subsidiary or former Immaterial Subsidiary or Unrestricted Subsidiary, as applicable, will become a Guarantor and execute a Note Guarantee pursuant to a supplemental indenture, execute an amendment, supplement or other instrument in respect of the Collateral Documents (including a joinder to the ABL Intercreditor Agreement, if any) and deliver an opinion of counsel, in each case satisfactory to the Trustee or the Notes Collateral Agent, as applicable, within 30 business days of the date on which it is acquired or created or ceases to be an Immaterial Subsidiary or Unrestricted Subsidiary, as applicable.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of Tacora may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default; *provided*, that in no event will the Scully Mine Project (or any ownership right therein) be transferred to or held by an Unrestricted Subsidiary. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by Tacora and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under "— Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by Tacora. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of Tacora as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors giving effect to such designation and an officers' certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under "— Restricted Payments."

If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of Tacora as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under "— Incurrence of Indebtedness and Issuance of Preferred Stock," Tacora will be in default of such covenant.

The Board of Directors of Tacora may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of Tacora; *provided*, that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Tacora of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under "— Incurrence of Indebtedness and Issuance of Preferred Stock," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period and (2) no Default or Event of Default would be in existence following such designation. Any designation of an Unrestricted Subsidiary as a Restricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors of Tacora giving effect to such designation and an officers' certificate certifying that such designation complied with the preceding conditions.

Grant of Security Interests

On or prior to the Security Deadline, Tacora and the Guarantors shall cause the Notes Collateral Agent (for the benefit of the Notes Collateral Agent, the Trustee and the holders of the Notes) to have valid and perfected Liens on the Collateral that are first in priority on the Collateral, subject to any ABL Intercreditor Agreement and Permitted Liens. In addition, Tacora and the Guarantors shall on or prior to the Security Deadline:

(1) enter into each of the Collateral Documents, including the Mortgages, necessary in order to cause the Notes Collateral Agent (for the benefit of the Notes Collateral Agent, the Trustee and the holders of the Notes) to have valid and perfected Liens on the Collateral that are first in priority, subject to Permitted Liens;

(2) execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register, as applicable, any and all such further acts, deeds, conveyances, security agreements, assignments, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments as may be required so that, (i) on or prior to the Security Deadline, the Notes Collateral Agent (for the benefit of the Notes Collateral Agent, the Trustee and the holders of the Notes) shall have valid and perfected Liens on the Collateral that are first in priority, subject to Permitted Liens are terminated and released;

(3) take such further action and execute and deliver such other documents specified in the Indenture Documents or as otherwise may be reasonably requested by the Trustee or the Notes Collateral Agent to give effect to the foregoing; and

(4) deliver to the Trustee and the Notes Collateral Agent an opinion of counsel that (i) such Collateral Documents and any other documents required to be delivered have been duly authorized, executed and delivered by Tacora and the Guarantors and constitute legal, valid, binding and enforceable obligations of Tacora and the Guarantors, subject to customary qualifications and limitations, and (ii) the Collateral Documents and the other documents entered into pursuant to this covenant create valid and perfected Liens on the Collateral covered thereby, subject to Permitted Liens and customary qualifications and limitations.

Further Assurances

Tacora and the Guarantors will execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register, as applicable, any and all such further acts, deeds, conveyances, security agreements, assignments, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments, and shall take all further action, as may be required from time to time in order to:

(1) carry out the terms and provisions of the Collateral Documents;

(2) subject to the Liens created by any of the Collateral Documents any of the properties, rights or interests required to be encumbered thereby;

(3) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and the Liens intended to be created thereby; and

(4) assure, convey, grant, assign, transfer, preserve, protect and confirm to the Notes Collateral Agent any of the rights granted now or hereafter intended by the parties thereto to be granted to the Notes Collateral Agent under the Collateral Documents or under any other instrument executed in connection therewith.

If at any time the ABL Priority Obligations are secured by Liens on Additional Notes Collateral, Tacora and the Guarantors, as applicable, shall as promptly as practicable take all necessary action in furtherance of clauses (1) through (4) above with respect to such Additional Notes Collateral. Upon the exercise by the Trustee, the Notes Collateral Agent or any holder of Notes of any power, right, privilege or remedy under the Indenture or any of the Collateral Documents which requires any consent, approval, recording, qualification or authorization of any governmental authority, Tacora and the Guarantors will execute and deliver all applications, certifications, instruments and other documents and papers that may be required from either Tacora or any Guarantor for such governmental consent, approval, recording, qualification or authorization.

Notwithstanding anything to the contrary, neither the Trustee or the Notes Collateral Agent shall have any responsibility for preparing, recording or filing any financing statement, perfection statement, continuation statement or other instrument in any public office or for otherwise ensuring the perfection or maintenance of any security interest granted pursuant to the Indenture or any Collateral Document.

Canadian Defined Benefit Pension Plans

No Canadian Defined Benefit Pension Plan has been established by Tacora or any of its Restricted Subsidiaries. Tacora will not, and will not permit any of its Restricted Subsidiaries to, establish any Canadian Defined Benefit Pension Plans.

Reports

The Indenture will provide that so long as any Notes are outstanding, Tacora will furnish and deliver to the Trustee, without cost to the holders of the Notes:

(1) within 120 days after the end of Tacora's fiscal year, annual consolidated financial statements of Tacora audited by Tacora's independent public accountants. Such audited annual financial statements will be prepared in accordance with IFRS and be accompanied by a management's discussion and analysis ("MD&A") of the results of operations and liquidity and capital resources of Tacora and its consolidated subsidiaries for the periods presented in a level of detail comparable to the management's discussion and analysis of the results of operations and liquidity and capital resources of Tacora contained in this offering memorandum;

(2) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, unaudited consolidated quarterly financial statements of Tacora (including a balance sheet, income statement and cash flow statement for the fiscal quarter or quarters then ended and the corresponding fiscal quarter or quarters from the prior year) reviewed pursuant to applicable auditing standards. Such quarterly financial statements will be prepared in accordance with IFRS and be accompanied by an MD&A of the results of operations and liquidity and capital resources of Tacora and its consolidated subsidiaries for the periods presented in a level of detail in accordance with Canadian Securities Legislation as a reporting issuer; and

(3) on or prior to the tenth day following an event that would give rise to a requirement for Tacora to file a material change report pursuant to Canadian Securities Legislation as a reporting issuer with securities listed on the Toronto Stock Exchange, such material change report with respect to Tacora and the Restricted Subsidiaries, as applicable.

Tacora will make available such foregoing financial information, MD&A and reports to any holder and, upon request, to any beneficial owner of the Notes, in each case, by posting such information on its website; *provided*, that so long as Tacora is a "reporting issuer" (or its equivalent) in Canada or the United States, the disclosure requirements contemplated in clauses (1), (2) and (3) above will be deemed to have been satisfied once the corresponding documents have been filed electronically on the Canadian Securities Administrators' SEDAR website or the SEC's EDGAR website (or, in each case, any successor system) in the form and within the time periods required by applicable Canadian Securities Legislation or SEC rules, as interpreted and applied by the Ontario Securities Commission or the SEC, as applicable, and Tacora will no longer be required to post such information on its website.

Tacora will also arrange and participate in quarterly conference calls, beginning with the first full fiscal quarter ending after the Issue Date, to discuss its results of operations with holders of the Notes, beneficial owners of the Notes, prospective purchasers of the Notes, securities analysts and market makers no later than 15 business days following the date on which each of the quarterly and annual financial statements for the prior fiscal period are made available as provided above; *provided*, that, Tacora shall not be required to have separate conference calls with holders of the Notes, beneficial owners of the Notes, prospective purchasers of the Notes, securities analysts and market makers to the extent that Tacora already has regular quarterly conference calls with equity investors. Dial-in conference call information will be included in or provided together with such financial statements.

If Tacora has designated any of its Significant Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraphs will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in the MD&A, of the financial condition and results of operations of Tacora and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of Tacora.

Furthermore, Tacora agrees that, for so long as any Notes remain outstanding, it will furnish to the holders of the Notes, beneficial owners of the Notes, and prospective investors, securities analysts and market makers in the Notes, upon their request, the information and reports described above and any other information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Delivery of reports or any other information to the Trustee shall be for informational purposes only and shall not constitute actual or constructive knowledge of Trustee or proper notice or any such information contained therein or determined from the information contained therein, including the Tacora's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on officers' certificates). The Trustee shall not be obligated to monitor or confirm, on a continuing basis or otherwise, our compliance with the covenants or with respect to any reports or other documents filed with the SEC or website under the indenture, or participate in any conference calls.

It is not expected that the Notes will be exchanged for similar notes in a transaction registered under the Securities Act, or that the resale of the Notes will be registered under the Securities Act. Additionally, it is not anticipated that the indenture will be qualified under the Trust Indenture Act and as a result the holders of the Notes will not receive the protections otherwise provided thereby.

Events of Default and Remedies

Each of the following is an "Event of Default:"

(1) default for 30 days in the payment when due of interest on the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by Tacora or any of the Guarantors for a period of 30 days to comply with the provisions described under "— Repurchase at the Option of Holders — Change of Control," "— Repurchase at the Option of Holders — Asset Sales," "— Repurchase at the Option of Holders — Excess Cash Flow," "— Certain Covenants — Merger, Amalgamation, Consolidation or Sale of Assets" or "— Certain Covenants — Grant of Security Interests;"

(4) failure by Tacora or any of the Guarantors to comply with any of the other agreements in the Indenture, continued for 60 days after notice to Tacora by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class of such failure to comply with any of the other agreements in the Indenture Documents;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Tacora or of its Restricted Subsidiaries (or the payment of which is guaranteed by Tacora or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:

   (a) is caused by a failure to pay principal of, premium on, if any, or interest, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

   (b) results in the acceleration of such Indebtedness prior to its express maturity;

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US$10.0 million or more;

(6) failure by Tacora or any of its Restricted Subsidiaries to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of US$10.0 million, which judgments are not paid, discharged or stayed, for a period of 60 days;

(7) failure by Tacora or any of its Restricted Subsidiaries to perform any covenant or other agreement or condition under any existing or future offtake, royalty or metal streaming agreement, the effect of which is to cause the acceleration of payments of US$10.0 million or more under such agreement;

(8) except as expressly permitted by the Indenture and the Collateral Documents, with respect to any assets having a Fair Market Value in excess of US$10.0 million, individually or in the aggregate, that constitutes, or under the Indenture or any Collateral Document is required to constitute, Collateral:

   (a) any of the Collateral Documents for any reason ceases to be in full force and effect;

   (b) any security interest created, or purported to be created, by any of the Collateral Documents for any reason ceases to be enforceable and of the same effect and priority purported to be created thereby; or

(c) Tacora or any Restricted Subsidiary asserts that such Collateral is not subject to a valid, perfected security interest;

(9) except as permitted by the Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee;

(10) certain events of bankruptcy or insolvency described in the Indenture with respect to Tacora or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary; and

(11) there occurs under the Jarvis Hedge Facility or any other Hedging Obligations an "early termination date" (or similar term of like import, as defined in the definitive documentation for the Jarvis Hedge Facility or such Hedging Obligations, as applicable) resulting from (A) any event of default under the Jarvis Hedge Facility or such Hedging Obligation as to which the Issuer or any of its Restricted Subsidiary is the "defaulting party" (or similar term of like import, as defined in the definitive documentation for the Jarvis Hedge Facility or such Hedging Obligations, as applicable) or (B) any termination event (or similar term of like import, as defined in the definitive documentation for the Jarvis Hedge Facility or such Hedging Obligations, as applicable) under the Jarvis Hedge Facility or any such Hedging Obligations as to which the Issuer or any of its Restricted Subsidiaries is an "affected party" (or similar term of like import, as defined in the definitive documentation for the Jarvis Hedge Facility or such Hedging Obligations, as applicable) and, in either event, other than in the case of the Jarvis Hedge Facility, the Hedge Termination Value owed by the Issuer or such Restricted Subsidiary as a result thereof is greater than US$10.0 million.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to Tacora, any Restricted Subsidiary of Tacora that is a Significant Subsidiary or any group of Restricted Subsidiaries of Tacora that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately and may instruct the Notes Collateral Agent to enforce the Collateral.

In the event of any cross-default Event of Default specified in clauses (5) and (7) of the first paragraph above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of the acceleration of the Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the holders of the Notes, if within 20 days after such Event of Default arose, Tacora delivers an officers' certificate to the Trustee stating that:

(1) the Indebtedness, guarantee or obligation that is the basis for such Event of Default has been discharged,

(2) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default, or

(3) if the default that is the basis for such Event of Default has been cured.

Subject to certain limitations stated in the Indenture, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any Default if it determines in good faith that withholding notice is in the interests of the holders, except a Default or Event of Default relating to the payment of principal, premium, if any, and interest, if any.

In case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee indemnity or security satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest, if any, when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee and the Notes Collateral Agent written notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy and, if applicable, instructions to the Notes Collateral Agent to enforce the Collateral;

(3) such holder or holders offer and, if requested, provide to the Trustee and the Notes Collateral Agent security or indemnity satisfactory to the Trustee and the Notes Collateral Agent against any loss, liability or expense;

(4) the Trustee and the Notes Collateral Agent do not comply with such request within 60 days after receipt of the request and the offer of security or indemnity; and

(5) during such 60-day period, holders of a majority in aggregate principal amount of the then outstanding Notes do not give the Trustee and/or the Notes Collateral Agent a direction inconsistent with such request.

The holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee or the Notes Collateral Agent, as applicable, may, on behalf of the holders of all of the Notes, rescind an acceleration or any instruction to enforce the Collateral or waive any existing Default or Event of Default and its consequences under the Indenture, if the rescission would not conflict with any judgment or decree, except a continuing Default or Event of Default in the payment of principal of, premium on, if any, or interest, if any, on, the Notes.

Tacora is required to deliver to the Trustee annually a statement regarding compliance with all conditions and covenants under the Indenture and the Collateral Documents and, if Tacora is not in compliance, Tacora must specify any Defaults. Upon becoming aware of any Default or Event of Default, Tacora is required to deliver to the Trustee a statement specifying such Default or Event of Default. The Trustee shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, unless a responsible trust officer of the Trustee shall have received written notice from the Tacora or a holder describing such Default or Event of Default, and stating that such notice is a notice of default.

Holders of the Notes may not independently enforce the Collateral, except through the Notes Collateral Agent, as provided in the Collateral Documents and the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of Tacora or any Guarantor, as such, will have any liability for any obligations of Tacora or the Guarantors under the Notes, the Indenture, the Note Guarantees and the Collateral Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Legal Defeasance and Covenant Defeasance

When Tacora uses the term "defeasance," it means discharge from its Obligations with respect to any Notes under the Indenture and the termination of the Liens of the Collateral Documents on the Collateral. If Tacora deposits with the Trustee cash, government securities or a combination thereof sufficient to pay the principal, interest, if any, premium, if any, and any other sums due to the Stated Maturity or a redemption date of the Notes, then at Tacora's option:

(1) Tacora will be discharged from the Obligations with respect to the Notes; or

(2) Tacora will no longer be under any obligation to comply with certain restrictive covenants under the Indenture and certain Events of Default will no longer apply to Tacora.

If this happens, the holders of the Notes will not be entitled to the benefits of the Indenture except for registration of transfer and exchange of the Notes and the replacement of lost, stolen, destroyed or mutilated Notes. These holders may look only to the deposited funds for payment on their Notes.

To exercise the defeasance option, Tacora must deliver to the Trustee:

(1) an opinion of counsel in the United States to the effect that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of a defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the defeasance had not occurred;

(2) an opinion of counsel in Canada acceptable to the Trustee or a ruling from the Canada Revenue Agency to the effect that the holders and beneficial owners of the outstanding Notes will not recognize income, gain or loss for Canadian federal, provincial or territorial income or other tax purposes as a result of a defeasance and will be subject to Canadian federal, provincial and territorial income tax and other tax on the same amounts, in the same manner and at the same times as would have been the case had the defeasance not occurred; and

(3) an officers' certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to defeasance have been complied with.

If Tacora is to be discharged from its Obligations with respect to the Notes, and not just from Tacora's covenants, the U.S. opinion must be based upon a ruling from or published by the United States Internal Revenue Service or a change in law to that effect.

In addition to the delivery of the opinions described above, the following conditions must be met before Tacora may exercise its defeasance option:

(1) no Event of Default or event that, with the passing of time or the giving of notice, or both, shall constitute an Event of Default shall have occurred and be continuing for the Notes;

(2) Tacora is not insolvent within the meaning of applicable bankruptcy or insolvency legislation;

(3) all amounts due and payable to the Trustee have been paid; and

(4) other specified conditions precedent are satisfied.

The Collateral will be released from the Lien securing the Notes as provided under "— Security — Release of Collateral" upon a legal defeasance or covenant defeasance in accordance with the provisions described above.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes, the Note Guarantees and the Collateral Documents may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Note Guarantees and the Collateral Documents may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Without the consent of each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of, or change the fixed maturity of, any Note or alter or waive any of the provisions relating to the dates on which the Notes may be redeemed or the redemption price thereof (including the premium payable thereon) with respect to the redemption of the Notes;

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) waive a Default or Event of Default in the payment of principal of, premium on, if any, or interest, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, premium on, if any, or interest, if any, on, the Notes;

(7) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under "— Repurchase at the Option of Holders — Change of Control," "— Repurchase at the Option of Holders — Asset Sales" and "— Repurchase at the Option of Holders — Excess Cash Flow");

(8) release any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture; or

(9) make any change in the preceding amendment and waiver provisions.

In addition, (i) any amendment to or waiver of, the provisions of the Indenture relating to the Collateral or the Collateral Documents that has the effect of releasing all or substantially all of the Collateral from the Liens securing the Notes or (ii) any amendment, change or modification of the obligations of Tacora and the Guarantors under covenant described above under "— Certain Covenants — Grant of Security Interest" will require the consent of the holders of at least 66⅔% of the aggregate principal amount of the Notes then outstanding; *provided*, that all Collateral shall be released from the Liens securing the Notes upon the discharge of Tacora's and the Guarantors' obligations under the Notes and the Note Guarantees through redemption of all of the Notes outstanding or payment in full of the obligations under the Indenture at maturity or otherwise, or upon any defeasance or satisfaction and discharge as described under "— Legal Defeasance and Covenant Defeasance" or "— Satisfaction and Discharge," respectively.

Notwithstanding the preceding, without the consent of any holder of Notes, Tacora, the Guarantors and the Trustee (or the Notes Collateral Agent, as applicable) may amend or supplement the Indenture, the Notes, the Note Guarantees and the Collateral Documents:

(1) to cure any omission, ambiguity, mistake, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of Tacora's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a consolidation, arrangement, merger or amalgamation or sale of all or substantially all of Tacora's or such Guarantor's assets or to effect a Permitted Tax Reorganization, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not materially adversely affect the legal rights under the Indenture of any holder;

(5) to conform the text of the Indenture, the Notes, the Note Guarantees or the Collateral Documents to any provision of this "Description of the Notes" to the extent that such provision in this Description of the Notes was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Note Guarantees or the Collateral Documents, which intent may be evidenced by an officers' certificate to that effect;

(6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(7) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee to add a guarantee with respect to the Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture of a successor trustee or collateral agent pursuant to the requirements thereof; or

(9) (i) to enter into additional or supplemental Collateral Documents in accordance with the terms of the Indenture and the Collateral Documents, (ii) to enter into any amended or modified Collateral Documents in accordance with the covenant described above under "— Security — ABL Intercreditor Agreement" or (iii) to release Collateral from the Lien of the Indenture or the Collateral Documents in accordance with the terms of the Indenture and the Collateral Documents.

In connection with any modification, amendment, supplement or waiver in respect of the Indenture or the Notes, Tacora shall deliver to the Trustee an officers' certificate and an opinion of counsel, each stating (i) that such modification, amendment, supplement or waiver is authorized or permitted pursuant to the terms of the Indenture or the Notes, as applicable, and (ii) that all related conditions precedent to such modification, amendment, supplement or waiver have been complied with.

Satisfaction and Discharge

The Indenture shall upon request by Tacora cease to be of further effect with respect to the Notes (except as to any surviving rights of registration of transfer or exchange of Notes expressly provided for in the Indenture and any right to receive Additional Amounts) and the Trustee, at the expense of Tacora, shall execute proper instruments acknowledging satisfaction and discharge of the Indenture as to such series when:

(1) either

(a) all Notes theretofore authenticated and delivered and all coupons, if any, appertaining thereto (other than (i) Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in the Indenture and (ii) Notes for whose payment money has theretofore been deposited in trust with the Trustee or any paying agent or segregated and held in trust by Tacora and thereafter repaid to Tacora, as provided in the Indenture) have been delivered to the Trustee for cancellation; or

(b) all Notes not theretofore delivered to the Trustee for cancellation

(i) have become due and payable,

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) if redeemable at the option of Tacora, are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of Tacora,

and Tacora, in the case of (b)(i), (ii) or (iii) above, has irrevocably deposited or caused to be deposited with the Trustee (and delivered irrevocable instructions to the Trustee) as trust funds in trust for such purpose an amount in United States dollars, sufficient to pay and discharge the entire indebtedness on such Notes not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any), interest, if any, and Additional Amounts, if any, to the date of such deposit (in the case of Notes which have become due and payable) or to the Stated Maturity or date of redemption, as the case may be;

(2) Tacora has paid or caused to be paid all other amounts payable under the Indenture Documents by Tacora, including all amounts payable to the Trustee and the Notes Collateral Agent; and

(3) Tacora has delivered to the Trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of the Indenture as to the Notes have been complied with.

The Collateral will be released from the Lien securing the Notes as provided under "— Security — Release of Collateral" upon the satisfaction and discharge of the Indenture in accordance with the provisions described above.

Concerning the Trustee

Wells Fargo Bank, National Association, as Trustee, Notes Collateral Agent, paying agent, registrar, or in any other capacity under the Indenture and Collateral Documents, has not participated in the preparation of this Offering Memorandum and do not assume responsibility for its contents, including, for avoidance of doubt, any reports, financial statement, or any other collateral information related to or referred to herein.

If the Trustee becomes a creditor of Tacora or any Guarantor, the Indenture limits the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; *provided*, that, if the Trustee acquires any conflicting interest under applicable law, it must eliminate such conflict within 90 days, or resign. In addition, under the *Business Corporations Act* (Ontario), if the Trustee becomes aware that a material conflict of interest between its role as Trustee and its role in any other capacity, it must, within 90 days after becoming aware that such material conflict of interest exists, eliminate that conflict of interest or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture and the Collateral Documents will provide that, except during the continuance of an Event of Default, the Trustee and the Notes Collateral Agent will perform only such duties as are set forth specifically in the Indenture. The Indenture provides that in case an Event of Default has occurred and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of his own affairs; provided that the Notes Collateral Agent will not be subject to the prudent person standard. Subject to such provisions, the Trustee and the Notes Collateral Agent will be under no obligation to exercise any of its rights or powers under the Indenture or the collateral documents if at the request of any holder of Notes, such holder has not offered to the Trustee indemnity or security satisfactory to it against any loss, liability or expense. The permissive rights of the Trustee and the Notes Collateral Agent to take or refrain from taking any action enumerated in the Indenture or the Collateral Documents, as applicable, will not be construed as an obligation or duty.

Governing Law

The Indenture, the Notes and the Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Collateral Documents will be governed by, and construed in accordance with, the laws of the state of New York or the laws of one or more Provinces of Canada.

Enforceability of Judgments

Since a substantial portion of our consolidated operating assets are situated outside the United States, any judgment obtained in the United States against Tacora or any Guarantor, including judgments with respect to the payment of principal, interest, Additional Amounts with respect to the Notes or the Guarantees may not be collectible within the United States.

We have been informed by our Canadian counsel that the laws of the Province of British Columbia permit an action to be brought before a court of competent jurisdiction in the Province of British Columbia (such court, a ''Canadian Court''), in each case, to recognize and enforce a final and conclusive in personam judgment against the judgment debtor of any federal or state court located in the Borough of Manhattan in The City of New York (a ''New York Court'') that is not impeachable as void or voidable under the laws of the State of New York for a sum certain and that the Canadian Court would give a judgment without reconsideration of the merits if: (i) the New York Court rendering such judgment had jurisdiction over the judgment debtor; (ii) such judgment was not obtained by fraud or in a manner contrary to natural justice in contravention of the fundamental principles of procedure and the decision and the enforcement thereof would not be inconsistent with public policy as the term is understood under the laws of the Province of British Columbia or to an order made under the F*oreign Extraterritorial Measures Act* (Canada) or by the Competition Tribunal under the *Competition Act* (Canada) in respect of certain judgments referred to in such statutes, as applicable; (iii) such judgment does not provide for or require the enforcement of foreign revenue, expropriatory or penal laws or other applicable laws; (iv) the action to enforce such judgment is commenced within applicable limitation periods; (v) the foreign judgment has not been satisfied and is not void or voidable under applicable foreign laws; (vi) the applicable Canadian Court has discretion to stay or decline to hear an action on such judgment if such judgment is under appeal or there is another subsisting judgment in any jurisdiction relating to the same cause of action; (vii) an action in the Canadian Court on such judgment may be affected by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and (viii) interest on the Notes is not characterized by the Canadian Court as interest payable at a criminal rate within the meaning of section 347 of the *Criminal Code* (Canada).

In addition, under the *Currency Ac*t (Canada), a Canadian Court may only render judgment for a sum of money in Canadian currency, and in enforcing a foreign judgment for a sum of money in a foreign currency, a Canadian Court will render its decision in the Canadian currency equivalent of such foreign currency**.**

Additional Information

Anyone who receives this offering memorandum may obtain a copy of the Indenture without charge by writing to Tacora Resources Inc., 102 NE 3rd Street, Suite 120, Grand Rapids, MN 55744, Attention: Chief Financial Officer, or by accessing it at *www.sedar.com*.

Book-Entry, Settlement and Clearance

The Global Notes

The Notes will be initially issued in the form of one or more registered Notes in global form, without interest coupons (the "Global Notes"). Upon issuance, each of the Global Notes will be deposited with the Trustee as custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC (the "DTC participants") or persons who hold interests through DTC participants. Tacora expects that under procedures established by DTC:

- upon deposit of a Global Note with DTC's custodian, DTC will credit portions of the principal amount of the Global Note to the accounts of DTC participants designated by the initial purchasers; and
- ownership of beneficial interests in a Global Note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the Global Note).

Beneficial interests in Global Notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

Book-Entry Procedures for the Global Notes

All interests in the Global Notes will be subject to the operations and procedures of DTC. Tacora provides the following summary of those operations and procedures solely for the convenience of investors. The operations and procedures of DTC are controlled by that settlement system and may be changed at any time. None of Tacora, the Trustee or the initial purchasers are responsible for those operations or procedures.

DTC has advised Tacora that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- a "banking organization" within the meaning of the New York State Banking Law;
- a member of the Federal Reserve System;
- a "clearing corporation" within the meaning of the UCC; and
- a "clearing agency" registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC's participants include securities brokers and dealers, including the initial purchasers; banks and trust companies; clearing corporations and other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC's nominee is the registered owner of a Global Note, that nominee will be considered the sole owner or holder of the Notes represented by that Global Note for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a Global Note:

- will not be entitled to have Notes represented by the Global Note registered in their names;
- will not receive or be entitled to receive physical, certificated Notes; and
- will not be considered the owners or holders of the Notes under the Indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the Trustee under the Indenture.

As a result, each investor who owns a beneficial interest in a Global Note must rely on the procedures of DTC to exercise any rights of a holder of Notes under the Indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of DTC participant through which the investor owns its interest).

Payments of principal and interest (including any additional interest) with respect to the Notes represented by a Global Note will be made by the Trustee to DTC's nominee as the registered holder of the Global Note.

Neither Tacora nor the Trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds.

Certificated Notes

Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related Notes only if:

- DTC notifies Tacora at any time that it is unwilling or unable to continue as depositary for the Global Notes and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days;
- Tacora, at its option, notifies the Trustee that it elects to cause the issuance of certificated Notes; or
- an Event of Default in respect of the Notes has occurred and is continuing.

Waiver of Jury Trial

Tacora, the Guarantors, each holder of the Notes by its acceptance of the Notes and the Trustee hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to the Indenture Documents or the transactions contemplated thereby.

Certain Definitions

Set forth below are certain defined terms used in the Indenture and the Collateral Documents. Reference is made to the Indenture and the Collateral Documents for a full disclosure of all defined terms used in the respective document, as well as any other capitalized terms used herein for which no definition is provided.

"ABL Administrative Agent" means any agent under any ABL Facility.

"ABL Facility" means a new Credit Facility with the financial institutions party thereto as lenders and the agent of such lenders, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced in whole or in part from time to time.

"ABL Facility Document" means the collective reference to any ABL Facility and the guarantees thereof, and the collateral documents relating thereto, as amended, supplemented, restated, renewed, refunded, replaced, restructured, repaid, refinanced or otherwise modified, in whole or in part, from time to time and any other any collateral documents evidencing or governing any ABL Priority Obligations.

"ABL Priority Collateral" shall mean all Collateral consisting of the following (including for the avoidance of doubt, any such assets that, but for the application of Section 552 of the Bankruptcy Code (or any similar provision of any foreign Debtor Relief Laws), would be ABL Priority Collateral):

(1) all Accounts, other than Accounts which constitute identifiable proceeds of Notes Priority Collateral;

(2) cash, Money and cash equivalents;

(3) all (x) Deposit Accounts (other than Notes Priority Accounts) and Money and all cash, checks, other negotiable instruments, funds and other evidences of payments properly held therein, including intercompany indebtedness between or among the Credit Parties or their Affiliates, to the extent owing in respect of ABL Priority Collateral, (y) Securities Accounts (other than Notes Priority Accounts), Security Entitlements and Securities credited to such a Securities Account (other than Capital Stocks) and (z) Commodity Accounts (other than Notes Priority Accounts) and Commodity Contracts credited thereto, and, in each case, all cash, Money, cash equivalents, checks and other property properly held therein or credited thereto (other than Capital Stock); provided, however, that to the extent that identifiable proceeds of Notes Priority Collateral are deposited in any such Deposit Accounts or Securities Accounts, such identifiable proceeds shall be treated as Notes Priority Collateral;

(4) all Inventory;

(5) to the extent relating to, evidencing or governing any of the items referred to in the preceding clauses (1) through (4) constituting ABL Priority Collateral, all Documents, General Intangibles (including all rights under contracts), Instruments (including Promissory Notes), Chattel Paper (including Tangible Chattel Paper and Electronic Chattel Paper), Intellectual Property and Commercial Tort Claims; provided that to the extent any of the foregoing also relates to Notes Priority Collateral, only that portion related to the items referred to in the preceding clauses (1) through (4) shall be included in the ABL Priority Collateral;

(6) to the extent relating to any of the items referred to in the preceding clauses (1) through (5) constituting ABL Priority Collateral, all Supporting Obligations and Letter-of-Credit Rights; provided that to the extent any of the foregoing also relates to Notes Priority Collateral only that portion related to the items referred to in the preceding clauses (1) through (5) shall be included in the ABL Priority Collateral;

(7) all books and Records relating to the items referred to in the preceding clauses (1) through (6) constituting ABL Priority Collateral (including all books, databases, customer lists, engineer drawings, and Records, whether tangible or electronic, which contain any information relating to any of the items referred to in the preceding clauses (1) through (6) constituting ABL Priority Collateral); and

(8) all collateral security and guarantees, products or Proceeds of or with respect to any of the foregoing items referred to in the preceding clauses (1) through (7) constituting ABL Priority Collateral and all cash, Money, cash equivalents, insurance proceeds, Instruments, Securities and Financial Assets received as Proceeds of any of the foregoing items referred to in the preceding clauses (1) through (7) and this clause (8) constituting ABL Priority Collateral ("ABL Priority Proceeds").

"ABL Priority Liens" has the meaning assigned to that term under "— Security — ABL Intercreditor Agreement."

"ABL Secured Parties" has the meaning assigned to that term under "— Security — ABL Intercreditor Agreement."

"ABL ICA Provisions" has the meaning assigned to that term under "— Security — ABL Intercreditor Agreement."

"ABL Intercreditor Agreement" has the meaning assigned to that term under "— Security — ABL Intercreditor Agreement."

"Acquired Debt" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is amalgamated or merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Additional Amounts" has the meaning assigned to that term under "— Additional Amounts."

"Additional Notes Collateral" means any Collateral acquired after the Issue Date or any other assets of Tacora and its Subsidiaries not constituting Collateral as of the Issue Date that subsequently become subject to a Notes Priority Lien or an ABL Priority Lien.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided*, that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Affiliate Transaction" has the meaning assigned to that term under "— Certain Covenants — Transactions with Affiliates."

"Agents" means the Notes Collateral Agent and the Controlling ABL Administrative Agent, each an "Agent."

"Applicable Premium" means, as determined by Tacora, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Note at May 15, 2023 (such redemption price being set forth in the table appearing above under "— Optional Redemption"), plus (ii) all required interest payments due on the Note through May 15, 2023 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50.0 basis points; over

(b) the principal amount of the Note.

"Asset Sale" means:

(1) the sale, lease, conveyance or other disposition of any property or assets by Tacora or any of Tacora's Restricted Subsidiaries; *provided*, that the sale, lease, conveyance or other disposition of all or substantially all of the assets of Tacora and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under "— Repurchase at the Option of Holders — Change of Control" and/or the provisions described above under "— Certain Covenants — Merger, Amalgamation, Consolidation or Sale of Assets" and not by the provisions of the Asset Sale covenant; and

(2) the issuance of Equity Interests by any of Tacora's Restricted Subsidiaries or the sale by Tacora or any of Tacora's Restricted Subsidiaries of Equity Interests in any of Tacora's Subsidiaries (other than statutory or directors' qualifying shares).

Notwithstanding the preceding, each of the following items will be deemed not to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than US$5.0 million;

(2) a transfer of assets between or among Tacora and its Restricted Subsidiaries, including to a Person which becomes a Restricted Subsidiary in connection with such transfer;

(3) an issuance of Equity Interests by a Restricted Subsidiary of Tacora to Tacora or to a Restricted Subsidiary of Tacora;

(4) the issuance or disposition of the Equity Interests of an Unrestricted Subsidiary;

(5) the sale, lease or other transfer of products (including, but not limited to minerals, ores, concentrates and refined metals), services or accounts receivable in the ordinary course of business, including the sale of Tacora's or one of its Restricted Subsidiaries' products pursuant to agreements for customary royalty arrangements entered into in the ordinary course of business;

(6) the sale or other disposition of cash or Cash Equivalents;

(7) licenses and sublicenses by Tacora or any of its Restricted Subsidiaries of software or intellectual property in the ordinary course of business;

(8) any sale, abandonment or other disposition of damaged, worn-out, redundant or obsolete assets in the ordinary course of business (including the abandonment or other disposition of mineral interests or intellectual property that is, in the reasonable judgment of Tacora, no longer economically practicable to maintain or useful in the conduct of the business of Tacora and its Restricted Subsidiaries taken as whole) and any sale or other disposition of surplus or redundant real property in the ordinary course of business;

(9) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business and foreclosure or any similar action with respect to any property or other asset of Tacora or any of its Restricted Subsidiaries;

(10) the granting of Liens not prohibited by the covenant described above under "— Certain Covenants — Liens;"

(11) a Restricted Payment that does not violate the covenant described above under "— Certain Covenants — Restricted Payments" or a Permitted Investment;

(12) a sale, lease, transfer, issuance or other disposition, or a series of related sales, leases, transfers, issuances or dispositions in connection with any Permitted Tax Reorganization; and

(13) any exchange (other than with a Person that is an Affiliate of Tacora) of assets (including a combination of assets and Cash Equivalents) for assets or services related to a Permitted Business of comparable or greater market value or usefulness to the business of Tacora and its Subsidiaries taken as a whole, which in the event of an exchange of assets with a Fair Market Value in excess of US$10.0 million shall be set forth in a resolution of the Board of Directors of Tacora; *provided*, that Tacora shall apply any cash or Cash Equivalents received in any such exchange of assets as described in the third paragraph under "— Repurchase at the Option of Holders — Asset Sales."

"Asset Sale Offer" has the meaning assigned to that term under "— Repurchase at the Option of Holders — Asset Sales."

"Attributable Debt" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; *provided*, that if such sale and leaseback transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capital Lease Obligation."

"Bankruptcy Code" means Title 11 of the United States Code, as amended or any similar federal, state, provincial or foreign law for the relief of debtors.

"Bankruptcy or Insolvency Laws" means the Bankruptcy Code, the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding up and Restructuring Act* (Canada) and any Canadian corporate statute where such statute is used to propose an arrangement involving the compromise of claims of creditors, each as amended from time to time, and any similar federal, provincial, state or foreign law for the relief of debtors, including any other bankruptcy, insolvency or analogous laws applicable to Tacora or any of the Guarantors or any of their respective properties or liabilities.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Board of Directors" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"Canadian Defined Benefit Pension Plan" shall mean any plan that is a "registered pension plan" as defined in subsection 248(1) of the Income Tax Act (Canada) which contains a "defined benefit provision" as defined in subsection 147.1(1) of the Income Tax Act (Canada), that is sponsored, maintained, or contributed to by the Partnership or any of its Subsidiaries, or pursuant to which the Partnership or any of its Subsidiaries has any liability or contingent liability.

"Canadian Securities Legislation" means all applicable securities laws in each of the provinces and territories of Canada, including, without limitation, the Provinces of Ontario and British Columbia and the respective regulations and rules under such laws together with applicable published rules, policy statements, blanket orders, instruments, rulings and notices of the regulatory authorities in such provinces or territories.

"Capital Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP (except as provided in the provisos to this definition), and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty, *provided*, that obligations of Tacora or its Subsidiaries (a) either existing on the Issue Date or created thereafter that initially were not included on the consolidated balance sheet of Tacora as capital lease obligations and were subsequently re-characterized as capital lease obligations due to a change in accounting treatment, or (b) that did not exist on the Issue Date and were required to be characterized as capital lease obligations, but would not have been required to be treated as capital lease obligations on the Issue Date had they existed at that time (due to a change in accounting treatment between the Issue Date and the time of incurrence of such obligations), shall for all purposes not be treated as Capital Lease Obligations.

"Capital Stock" means:

(1) in the case of a corporation, common or preferred shares in its share capital;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"Cash Equivalents" means:

(1) United States dollars or Canadian dollars;

(2) securities issued or directly and fully guaranteed or insured by the United States, Canada or any province of Canada or any agency or instrumentality thereof (*provided*, that the full faith and credit of the United States, Canada or such province of Canada, as the case may be, is pledged in support of those securities) having maturities of not more than twelve months from the date of acquisition;

(3) certificates of deposit and eurodollar time deposits with maturities of twelve months or less from the date of acquisition, bankers' acceptances with maturities not exceeding 365 days and overnight bank deposits, in each case, with any bank referred to in Schedule I or Schedule II of the Bank Act (Canada) or rated at least A-1 or the equivalent thereof by S&P, at least P-1 or the equivalent thereof by Moody's or at least R-1 or the equivalent thereof by DBRS Limited;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having one of the two highest ratings obtainable from Moody's or S&P or, with respect to Canadian commercial paper, having one of the two highest ratings obtainable from DBRS Limited, and, in each case, maturing within one year after the date of acquisition; and

(6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

"Change of Control" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger, amalgamation or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Tacora and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act));

(2) the adoption of a plan relating to the liquidation or dissolution of Tacora; or

(3) the consummation of any transaction (including, without limitation, any merger, amalgamation or consolidation), the result of which is that any Person (including any "person" (as defined above)) other than one or more Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Tacora, measured by voting power rather than number of shares.

For the avoidance of doubt, a reverse takeover shall not trigger a "Change of Control" unless such reverse takeover independently triggers one of the foregoing clauses (1), (2) or (3).

"Change of Control Offer" has the meaning assigned to that term under "— Repurchase at the Option of Holders — Change of Control."

"Change of Control Payment" has the meaning assigned to that term under "— Repurchase at the Option of Holders — Change of Control."

"Change of Control Payment Date" has the meaning assigned to that term under "— Repurchase at the Option of Holders — Change of Control."

"Collateral Documents" means the security agreement, to be entered into by and among Tacora, the Notes Collateral Agent and the other Grantors party thereto with respect to the Collateral, the Mortgages, the Quebec deed of hypothec among Tacora, the Notes Collateral Agent and the other Grantors party thereto with respect to the Collateral, and other security agreements, pledge agreements, mortgages, debentures, deeds of hypothec, assignments of material contracts, assignments of insurance, collateral assignments, control agreements and related agreements (including, without limitation, financing statements under the UCC or the PPSA) with respect to any Collateral or Additional Notes Collateral, the Jarvis Hedge Facility Intercreditor Agreement, any Pari Passu Intercreditor Agreement or the ABL Intercreditor Agreement, if any, each as amended, supplemented, restated, renewed, replaced or otherwise modified from time to time, to secure any Obligations under the Indenture Documents or under which rights or remedies with respect to any such Lien are governed.

"Consolidated EBITDA" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

(1) an amount equal to any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; *plus*

(2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(3) the Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; *plus*

(4) any foreign currency translation losses of such Person and its Restricted Subsidiaries for such period, to the extent that such losses were taken into account in computing such Consolidated Net Income; *plus*

(5) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges and expenses (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash charges or expenses were deducted in computing such Consolidated Net Income; *minus*

(6) any foreign currency translation gains of such Person and its Restricted Subsidiaries for such period, to the extent that such gains were taken into account in computing such Consolidated Net Income;

in each case, on a consolidated basis and determined in accordance with GAAP.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary of such Person), determined in accordance with GAAP and without any reduction in respect of preferred stock dividends; *provided,* that:

(1) all gains (and losses) realized in connection with any Asset Sale or the disposition of securities or the early extinguishment of Indebtedness, together with any related provision for taxes on any such gain, will be excluded;

(2) the net income (and loss) of any Person that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;

(3) the net income (but not loss) of any Unrestricted Subsidiary will be excluded, whether or not distributed to such Person or one of its Subsidiaries;

(4) the net income (but not loss) of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that net income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

(5) the cumulative effect of a change in accounting principles will be excluded;

(6) non-cash gains and losses attributable to movement in the mark-to-market valuation of Hedging Obligations as required by GAAP will be excluded; and

(7) any non-cash expense resulting from grants of stock appreciation or similar rights, stock options or restricted stock to officers, directors and employees will be excluded.

"Consolidated Secured Net Leverage Ratio" means, as of any date of determination, the ratio determined on a consolidated basis for Tacora and its Restricted Subsidiaries of (a) the aggregate principal amount of Consolidated Total Indebtedness that is secured by a Lien as of such date (calculated, without duplication, net of the aggregate amount of cash or Cash Equivalents included in the consolidated balance sheet of Tacora and its Restricted Subsidiaries and which is not (i) subject to any Lien (other than Liens in favor of the Notes Collateral Agent) or (ii) noted as "restricted" on such consolidated balance sheet) to (b) Consolidated EBITDA for the most recent four consecutive fiscal quarters for which internal financial statements are available ending on or prior to the date of determination; provided, that Consolidated EBITDA will be calculated in the manner contemplated by, and subject to the adjustments provided in, the definition of the term "Fixed Charge Coverage Ratio."

"Consolidated Tangible Assets" means as of any date the total assets of Tacora and its Restricted Subsidiaries as of the most recent fiscal quarter end for which a consolidated balance sheet of Tacora and its Restricted Subsidiaries is available, minus all current liabilities of Tacora and its Restricted Subsidiaries reflected on such balance sheet and minus total goodwill and other intangible assets of Tacora and its Restricted Subsidiaries reflected on such balance sheet, all calculated on a consolidated basis in accordance with GAAP.

"Consolidated Total Indebtedness" means, as of any date of determination, the aggregate principal amount of Indebtedness for borrowed money and Capital Lease Obligations (other than letters of credit and bankers' acceptances, except to the extent of unreimbursed amounts thereunder, Hedging Obligations entered into in the ordinary course of business and not for speculative purposes and intercompany indebtedness) of Tacora and its Restricted Subsidiaries outstanding on such date.

"Consolidated Total Leverage Ratio" means the ratio determined on a consolidated basis for Tacora and its Restricted Subsidiaries of (a) Consolidated Total Indebtedness to (b) Consolidated EBITDA for the most recent four consecutive fiscal quarters for which internal financial statements are available ending on or prior to the date of determination; *provided*, that Consolidated EBITDA will be calculated in the manner contemplated by, and subject to the adjustments provided in, the definition of the term "Fixed Charge Coverage Ratio."

"continuing" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"Controlling ABL Administrative Agent" means (i) where there is one ABL Administrative Agent, that ABL Administrative Agent, and (ii) where there are two or more ABL Administrative Agents, that ABL Administrative Agents which pursuant to the ABL Intercreditor Agreement is, as between such ABL Administrative Agents, entitled to control any enforcement action in connection with the ABL Facility Documents.

"Credit Facilities" means, one or more debt facilities with banks (or other institutional lenders that provide revolving credit loans in the ordinary course of business) providing for revolving credit loans (including, without limitation, an ABL Facility), in each case, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced in whole or in part from time to time.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"defeasance" has the meaning assigned to that term under "— Legal Defeasance and Covenant Defeasance."

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the earlier of (1) the date on which the Notes mature and (2) the date on which the Notes are no longer outstanding. Notwithstanding the preceding sentence, only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock. Any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require Tacora to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that Tacora may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under "— Certain Covenants — Restricted Payments." The amount of Disqualified Stock deemed to be outstanding at any time for purposes of the Indenture will be the maximum amount that Tacora and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"DTC" means The Depository Trust Company.

"DTC participants" has the meaning assigned to that term under "— Book-Entry, Settlement and Clearance — The Global Notes."

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Equity Offering" means a public or private sale either (1) of Equity Interests of Tacora by Tacora (other than Disqualified Stock and other than to a Subsidiary of Tacora) or (2) of Equity Interests of a direct or indirect parent entity of Tacora (other than to Tacora or a Subsidiary of Tacora) to the extent that the net proceeds therefrom are contributed to the common equity capital of Tacora.

"Event of Default" has the meaning assigned to that term under "— Events of Default and Remedies."

"Excess Cash Flow" means, with respect to any Person for any period, (i) net change in cash for such Person for such period *minus* (ii) net cash (used in) provided by financing activities for such Person for such period (other than any amounts used to reduce the principal amount of the Notes or any Indebtedness that is subordinated to the Notes or any Note Guarantee) (provided, that for any amounts used to reduce the principal amount of Indebtedness (1) such Indebtedness has been incurred in accordance with the Indenture and (2) to the extent such Indebtedness is revolving in nature, such payment shall have been accompanied by a concurrent corresponding permanent reduction in the revolving commitment relating thereto), in each case, as such amounts would be shown on a consolidated statement of cash flows prepared in accordance with IFRS.

"Excess Cash Flow Offer" has the meaning assigned to that term under "— Repurchase at the Option of Holders — Excess Cash Flow."

"Excess Cash Flow Offer Amount" has the meaning assigned to that term under "— Repurchase at the Option of Holders — Excess Cash Flow."

"Excess Proceeds" has the meaning assigned to that term under "— Repurchase at the Option of Holders — Asset Sales."

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

"Excluded Taxes" has the meaning assigned to that term under "— Additional Amounts."

"Excluded Contributions" means the Net Cash Proceeds and Fair Market Value of other property received by Tacora after the Issue Date from:

(1) contributions to its Capital Stock; and

(2) the sale (other than to a Subsidiary or any employees, director, consultant of Affiliate of Tacora or to an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by Tacora or any Restricted Subsidiary, unless such loans have been repaid with cash on or prior to the date of determination) of Capital Stock (other than Disqualified Stock) of the Company,

in each case designated as Excluded Contributions pursuant to an Officer's Certificate, the proceeds of which are excluded from the calculation set forth in clause (C)(2) of the first paragraph of "—Certain Covenants— Limitation on Restricted Payments."

"Existing Indebtedness" means all Indebtedness of Tacora and its Subsidiaries in existence on the Issue Date, until such amounts are repaid.

"Fair Market Value" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by an executive officer of Tacora if the transaction involves aggregate payments or consideration of less than US$15.0 million and by the Board of Directors of Tacora otherwise.

"FATCA" has the meaning assigned to that term under "— Additional Amounts."

"FF&E" means furniture, fixtures and equipment used in the ordinary course of business of Tacora and its Restricted Subsidiaries.

"Fixed Charge Coverage Ratio" means with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise retires or discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (in accordance with Regulation S-X under the Securities Act) to such incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance or other retirement or discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions or dispositions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations or amalgamations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (determined in accordance with Regulation S-X under the Securities Act) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months).

"Fixed Charges" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates; *plus*

(2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of Tacora (other than Disqualified Stock) or to Tacora or a Restricted Subsidiary of Tacora, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed to three decimals, in each case, determined on a consolidated basis in accordance with GAAP.

“GAAP” means, as of any date of determination and for any Person, the International Financing Reporting Standards issued by the International Accounting Standards Board (“IFRS”), as in effect on such date, unless such Person’s most recent audited or quarterly financial statements are not prepared in accordance with IFRS, as applicable, in which case GAAP shall mean generally accepted accounting principles in effect in the United States on such date.

“Global Notes” has the meaning assigned to that term under “— Book-Entry, Settlement and Clearance — The Global Notes.”

“Governmental Authority” means the government of the United States, Canada, or any other nation, or of any political subdivision thereof, whether state, provincial, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantee” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

“Guarantors” means any Subsidiary of Tacora that executes a Note Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

“Hedge Provider” has the meaning assigned to that term under "-- Security -- Jarvis Hedge Facility", and includes any successors and assigns.

“Hedging Obligations” means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

“Hedge Termination Value” means, in respect of any one or more Hedging Obligations, after taking into account the effect of any legally enforceable netting agreement relating to such Hedging Obligations, (a) for any date on or after the date such Hedging Obligations have been closed out and termination value(s) determined in accordance therewith, such termination value(s) and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedging Obligations, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedging Obligations.

“Immaterial Subsidiary” means, as of any date, any Restricted Subsidiary whose total assets, as of that date, are less than 5.0% of Tacora’s total assets and whose total revenues for the most recent 12-month period are less than 5.0% of Tacora’s total revenues for such period, in each case, on a consolidated basis (and as of the Issue Date, the only Immaterial Subsidiary will be Tacora Resources, LLC); *provided*, that a Restricted Subsidiary will not be considered to be an Immaterial Subsidiary if it, directly or indirectly, guarantees or otherwise provides direct credit support for any Indebtedness of Tacora or any Guarantor; *provided*, *further*, that total assets of all Immaterial Subsidiaries, as of that date, may not exceed 10.0% of Tacora’s total assets and total revenues for the most recent 12-month period of all Immaterial Subsidiaries may not exceed 10.0% of Tacora’s total revenues for such period, in each case, on a consolidated basis.

“Indebtedness” means, with respect to any specified Person:

(a) any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments;

(3) in respect of letters of credit (or reimbursement agreements in respect thereof) or bankers’ acceptances;

(4) representing Capital Lease Obligations or Attributable Debt in respect of sale and leaseback transactions;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit, Attributable Debt and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP, except as hereinafter provided; and

(b) any principal amount raised under any transaction entered into after the Issue Date having the economic or commercial effect of a borrowing, including streaming transaction payments, royalty financing payments, customer deposits and advance payments (including pursuant to any factoring arrangements)(the amount of which as determined in accordance with GAAP).

In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. Indebtedness shall be calculated without giving effect to the effects of applicable accounting standards and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under the Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

For the avoidance of doubt, amounts shown on the consolidated balance sheet of Tacora as the current portion of deferred revenue, current portion of future income taxes, income taxes, deferred revenue, site closure and reclamation costs or future income taxes will not be Indebtedness.

"incur" has the meaning assigned to that term under "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock."

"Indenture" means the indenture, to be dated as of the Issue Date, by and among Tacora, the Guarantors party thereto from time to time, the Trustee and the Notes Collateral Agent.

"Indenture Documents" means the collective reference to the Indenture, the Notes (including any Additional Notes) issued pursuant thereto, the Note Guarantees and the Collateral Documents, as amended, supplemented, restated, renewed, refunded, replaced, restructured, repaid, refinanced or otherwise modified, in whole or in part, from time to time.

"Insolvency Event" means:

(1) any dissolution, winding up, total or partial liquidation, adjustment or readjustment of debt, reorganization, recapitalization, judicial reorganization, extrajudicial reorganization, compromise, arrangement with creditors, plan of arrangement, proposal or similar proceedings under any Bankruptcy or Insolvency Laws of or with respect to Tacora or any of the Guarantors or their respective property or liabilities, in each case under any Bankruptcy or Insolvency Laws;

(2) any dissolution, winding up, total or partial liquidation, adjustment or readjustment of debt, reorganization, recapitalization, compromise, arrangement with creditors, plan of arrangement or similar proceedings under the arrangement provisions of any applicable corporate law (in any case which involves the alteration, amendment, conversion, compromise, satisfaction or discharge of debts owing to any or all creditors) of or with respect to Tacora or any of the Guarantors or their respective property or liabilities;

(3) any bankruptcy, insolvency, receivership, petition or assignment in bankruptcy, assignment for the benefit of creditors or any similar case or proceeding is commenced under any Bankruptcy or Insolvency Laws or otherwise of or with respect to Tacora or any of the Guarantors;

(4) any marshalling of assets or liabilities of Tacora or any of the Guarantors under any Bankruptcy or Insolvency Laws;

(5) any bulk sale of assets by Tacora or any of the Guarantors including any sale of all or substantially all of the assets of Tacora or any of the Guarantors, in each case, to the extent not permitted by the terms of the Indenture Documents or ABL Facility Documents, if any;

(6) any proceeding seeking the appointment of any trustee, monitor, receiver, receiver and manager, liquidator, custodian or other insolvency official with similar powers with respect to all or substantially all of the assets of Tacora or any of the Guarantors, or with respect to any of their respective assets, to the extent not permitted under the Indenture Documents or ABL Facility Documents, if any;

(7) any proceedings in relation to any of the foregoing or otherwise involving the compromise of claims of creditors or in which substantially all claims of creditors of Tacora or any Guarantor are determined and any payment or distribution is or may be made on account of such claims, whether any of the foregoing is voluntary or involuntary, partial or complete, and includes any such proceedings initiated or consented to by Tacora or any of the Guarantors, as applicable; or

(8) any other event which, under the laws of any applicable jurisdiction, has an effect equivalent to any of the events referred to in clauses (1) through (7) above.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) S&P, or, if either Moody's or S&P no longer rates the Notes, any equivalent rating by another Rating Agency, in each case, with a stable or better outlook.

"Investments" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If Tacora or any Restricted Subsidiary of Tacora sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of Tacora such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of Tacora, Tacora will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of Tacora's Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under "— Certain Covenants — Restricted Payments." The acquisition by Tacora or any Restricted Subsidiary of Tacora of a Person that holds an Investment in a third Person will be deemed to be an Investment by Tacora or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under "— Certain Covenants — Restricted Payments." Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"Issue Date" means the first date on which the Notes are issued under the Indenture.

"Jarvis Hedge Agreements" means the definitive agreements governing the Jarvis Hedge Facility.

"Jarvis Hedge Facility" has the meaning assigned to that term under "— Security — Jarvis Hedge Facility."

"Jarvis Hedge Obligations" means any Hedging Obligations incurred under the Jarvis Hedge Facility.

"Jarvis Secured Hedge Obligations" means any Jarvis Hedge Obligations secured by a Lien on a pari passu basis with the Liens securing the Notes Obligations.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, hypothec, debenture, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the UCC or the PPSA (or equivalent statutes) of any jurisdiction.

"Material Real Property Asset" means any Real Property located in the United States or Canada (i) owned or operated by Tacora or any Guarantor as of the Issue Date having a fair market value (as determined by Tacora in good faith after taking into account any liabilities with respect thereto that impact such fair market value) in excess of $5,000,000 as of the Issue Date; (ii) acquired by Tacora or any Guarantor after the Issue Date (it being understood and agreed that any fee-owned Real Property owned by a Person who becomes a Guarantor after the Issue Date shall be deemed to have been acquired as of the time such Guarantor became a Guarantor for purposes of this definition) having a fair market value (as determined by Tacora in good faith after taking into account any liabilities with respect thereto that impact such fair market value) in excess of $5,000,000 as of the date of acquisition thereof; or (iii) used or occupied by Tacora in relation to the Scully Mine Project.

"Moody's" means Moody's Investors Service, Inc.

"Mortgages" means individually and collectively, one or more mortgages, debentures, deeds of trust, or deeds to secure debt, executed and delivered by Tacora or any of the Guarantors in favor of the Notes Collateral Agent for its benefit, the benefit of the Trustee and the benefit of holders, in form and substance reasonably acceptable to the Notes Collateral Agent, that encumber the Material Real Property Assets.

"Net Proceeds" means the aggregate cash proceeds and Cash Equivalents received by Tacora or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of (i) the direct costs relating to such Asset Sale, including, without limitation, brokerage commissions, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, (ii) taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, secured by a Lien on the asset or assets that were the subject of such Asset Sale and (iii) any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with GAAP.

"Non-Recourse Debt" means Indebtedness:

(1) as to which neither Tacora nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise; and

(2) as to which the lenders have been notified in writing that they will not have any recourse to the Capital Stock or assets of Tacora or any of its Restricted Subsidiaries (other than the Equity Interests of an Unrestricted Subsidiary).

"Note Guarantee" means the Guarantee by each Guarantor of Tacora's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"Notes Collateral Agent" means Wells Fargo Bank, National Association.

"Notes Priority Accounts" means any Deposit Accounts or Securities Accounts, in each case that are intended to contain Notes Priority Collateral or identifiable proceeds of the Notes Priority Collateral (it being understood that any property in such Deposit Accounts or Securities Accounts which is not Notes Priority Collateral or identifiable proceeds of Notes Priority Collateral shall not be Notes Priority Collateral solely by virtue of being on deposit in any such Deposit Account or Securities Account).

"Notes Priority Collateral" shall mean all Collateral consisting of the following (including for the avoidance of doubt, any such assets that, but for the application of Section 552 of the Bankruptcy Code (or any similar provision of any foreign Debtor Relief Laws) would be Notes Priority Collateral):

1. all Equipment, Fixtures, Real Property, intercompany indebtedness between or among Tacora and the Restricted Subsidiaries or their Affiliates, except to the extent constituting ABL Priority Collateral, and Investment Property (other than any Investment Property described in clauses 3(y) and 8 of the definition of ABL Priority Collateral);

2. except to the extent constituting ABL Priority Collateral, all Instruments, Intellectual Property, Commercial Tort Claims, Documents and General Intangibles;

3. Notes Priority Accounts; provided, however, that to the extent that identifiable proceeds of ABL Priority Collateral are deposited in any such Notes Priority Accounts, such identifiable proceeds shall be treated as ABL Priority Collateral;

4. all other Collateral, other than the ABL Priority Collateral (including ABL Priority Proceeds); and

5. all collateral security and guarantees, products or Proceeds of or with respect to any of the foregoing items referred to in the preceding clauses (1) though (4) constituting Notes Priority Collateral and all cash, Money, cash equivalents, insurance proceeds, Instruments, Securities and Financial Assets received as Proceeds of any of the foregoing items referred to in the preceding clauses (1) through (4) and this clause (5) constituting Notes Priority Collateral, other than the ABL Priority Collateral.

"Notes Priority Liens" has the meaning assigned to that term under "— Security — Other Pari Passu Liens."

"Notes Priority Obligations" has the meaning assigned to that term under "— Security — Other Pari Passu Liens."

"Notes Secured Parties" has the meaning assigned to that term under "— Security — ABL Intercreditor Agreement."

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Pari Passu Indebtedness" means Indebtedness, including any Jarvis Hedge Obligations, of Tacora which ranks equally in right of payment to the Notes or of any Guarantor if such Indebtedness ranks equally in right of payment to the Note Guarantees.

"Pari Passu Intercreditor Agreement" means an intercreditor agreement in substantially the form attached as an exhibit to the Indenture.

"Pari Passu Lien Priority" means, relative to specified Indebtedness, having equal Lien priority on specified Collateral and subject to the Pari Passu Intercreditor Agreement.

"Payment Default" has the meaning assigned to that term under "— Events of Default and Remedies."

"Permitted Business" means:

(1) the acquisition, exploration, development, operation and disposition of mining and mineral processing properties and assets; and

(2) any other business that is the same as, incidental to, or reasonably related, ancillary or complementary to, or a reasonable extension of (as determined in good faith by the Board of Directors of Tacora), the business described in clause (1), or to any of the businesses in which Tacora and its Restricted Subsidiaries are engaged on the Issue Date.

"Permitted Debt" has the meaning assigned to that term under "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock."

"Permitted Holders" means each of Proterra M&M MGCA B.V., OMF Fund II (Be) Ltd., MagGlobal LLC and Titlis Mining AS. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture (or would result in a Change of Control Offer in the absence of the waiver of such requirement by holders of the Notes in accordance with the Indenture) will thereafter constitute additional Permitted Holders.

"Permitted Investments" means:

(1) any Investment in Tacora or in a Restricted Subsidiary of Tacora that is a Guarantor;

(2) any Investment in cash or Cash Equivalents;

(3) any Investment by Tacora or any Restricted Subsidiary of Tacora in a Person, if as a result of such Investment:

   (a) such Person becomes a Restricted Subsidiary of Tacora and a Guarantor; or

   (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Tacora or a Restricted Subsidiary of Tacora that is a Guarantor;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under "— Repurchase at the Option of Holders — Asset Sales;"

(5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of Tacora;

(6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of Tacora or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;

(7) Investments represented by Hedging Obligations;

(8) loans or advances to employees made in the ordinary course of business of Tacora or any Restricted Subsidiary of Tacora in an aggregate principal amount not to exceed US$2.5 million at any one time outstanding;

(9) repurchases of the Notes;

(10) any guarantee of Indebtedness permitted to be incurred by the covenant described above under "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock" other than a guarantee of Indebtedness of an Affiliate of Tacora that is not a Restricted Subsidiary of Tacora;

(11) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided*, that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(12) Investments acquired after the Issue Date as a result of the acquisition by Tacora or any Restricted Subsidiary of Tacora of another Person, including by way of a consolidation, arrangement, merger or amalgamation with or into Tacora or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under "— Certain Covenants — Merger, Amalgamation, Consolidation or Sale of Assets" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(13) any Investment acquired by Tacora in exchange for any other Investment (that was permitted under the Indenture) or accounts receivable held by Tacora or any of its Subsidiaries in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable;

(14) Investments made to effect, or otherwise made in connection with, any Permitted Tax Reorganization; and

(15) other Investments having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding not to exceed the greater of US$25.0 million and 8.5% of Consolidated Tangible Assets.

"Permitted Liens" means:

(1) Liens on the Collateral securing Indebtedness that was permitted by the terms of the Indenture to be incurred pursuant to clause (1) of the definition of "Permitted Debt"; *provided*, that, in each case, the authorized representative of any such Obligations or Indebtedness has become a party to the ABL Intercreditor Agreement, Jarvis Hedge Facility Intercreditor Agreement or Pari Passu Intercreditor Agreement, as applicable;

(2) Liens in favor of Tacora or its Restricted Subsidiaries;

(3) Liens on property (including Capital Stock) existing at the time of acquisition of the property by Tacora or any Subsidiary of Tacora (including by means of consolidation, arrangement, merger or amalgamation by another Person into Tacora or any such Subsidiary or pursuant to which such Person becomes a Subsidiary of Tacora); *provided*, that such Liens were in existence prior to such acquisition and not incurred in contemplation of, such acquisition;

(4) Liens to secure the performance of statutory obligations, insurance, surety or appeal bonds, workers compensation obligations, unemployment insurance laws, performance bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(5) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4) of the definition of Permitted Debt covering only the assets acquired with or financed by such Indebtedness;

(6) Liens existing on the Issue Date;

(7) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided*, that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(8) Liens imposed by law, such as carriers', warehousemen's, landlord's, mechanics' and builders' Liens, in each case, incurred in the ordinary course of business;

(9) survey exceptions, minor encumbrances, minor title deficiencies, rights of way, easements, reservations, licenses and other rights for services, utilities, sewers, electric lines, telegraph and telephone lines, oil and gas pipelines and other similar purposes, zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness, and that do not in the aggregate materially adversely affect the value of the properties encumbered or affected or materially impair their use in the operation of the business of Tacora or any of its Restricted Subsidiaries;

(10) Liens created for the benefit of (or to secure) the Notes issued on the Issue Date and the Note Guarantees related thereto;

(11) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture; *provided*, that:

(a) the new Lien is limited to all or part of the same assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof);

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge; and

(c) in the case of any Lien securing any Permitted Refinancing Indebtedness that renews, refunds, refinances, replaces, defeases or discharges, in whole or in part, any Indebtedness secured by any Lien referred to in clause (1) of the definition of "Permitted Liens" (or any Permitted Refinancing Indebtedness that originally renewed, refunded, refinanced, replaced, defeased or discharged, in whole or in part, any Indebtedness secured by any Lien referred to in clause (1) of the definition of "Permitted Liens"), the authorized representative of any such Indebtedness has become a party to the ABL Intercreditor Agreement;

(12) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(13) filing of UCC or PPSA financing statements as a precautionary measure in connection with operating leases, joint venture agreements, transfers of accounts or transfers of chattel paper;

(14) bankers' Liens, rights of setoff, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens*, certificates of pending litigation and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(16) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods (other than in connection with the types of arrangements described in clause (1)(b) of the definition of "Permitted Debt");

(17) grants of software and other technology licenses in the ordinary course of business;

(18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business (other than in connection with the types of arrangements described in clause (1)(b) of the definition of "Permitted Debt");

(19) Liens in favor of any Governmental Authority securing reclamation obligations or in connection with the provision of any service or product and Liens arising out of or resulting from (a) any right reserved to or vested in any Governmental Authority by the terms of any agreement, lease, license, franchise, grant, permit or claim with or from any such Governmental Authority (including, without limitation, any agreement or grant under which Tacora or any of the Restricted Subsidiaries holds any mineral title or interest) or by any applicable law, statutory provision, regulation or bylaw (whether express or implied) related thereto, or any other limitations, provisos or conditions contained therein; (b) exploration, development and operating permit and bonding requirements imposed by any Governmental Authority in the ordinary course business; and (c) subdivision agreements, development agreements, servicing agreements, utility agreements and other similar agreements with any Governmental Authority or public utility entered into in the ordinary course of business affecting the development, servicing or use of real property;

(20) Liens arising by reason of a judgment or order that does not give rise to an Event of Default so long as such Liens are adequately reserved or bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(21) Liens arising under (a) customary farm-in agreements, farm-out agreements, contracts for the sale, purchase, exchange, transportation, gathering or processing of minerals or ore, (b) declarations, orders and agreements, partnership agreements, operating agreements, working interests, carried working interests, net profit interests, joint interest billing arrangements, participation agreements and (c) licenses, sublicenses and other agreements, in each case entered into in the ordinary course of business (in each case, other than in connection with the types of arrangements described in clause (1)(b) of the definition of "Permitted Debt");

(22) Liens on assets of Tacora or any of its Restricted Subsidiaries (in each case other than assets constituting Collateral) securing Hedging Obligations that are permitted by the terms of the Indenture to be incurred pursuant to clause (8) of the definition of Permitted Debt, the counterparty of which is not a lender under a Credit Facility (or an Affiliate thereof) or at the time of the incurrence thereof was not a lender under a Credit Facility (or an Affiliate thereof);

(23) Liens arising in connection with any Permitted Tax Reorganization;

(24) Liens on the Collateral incurred in the ordinary course of business of Tacora or any Restricted Subsidiary of Tacora with respect to Indebtedness that does not exceed, at any one time outstanding, the greater of US$10.0 million and 3.5% of Consolidated Tangible Assets;

(25) to the extent that the same may constitute a Lien, any reserve or in-trust account arrangement described in paragraph (17) of the "Permitted Debt" definition, provided that any such arrangement adheres to the terms set out in the SFPPN Agreement;

(26) any Lien resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings in the ordinary course of business;

(27) all reservations in the original grant or lease from the Crown of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title which, either alone or in the aggregate, do not materially detract from the value of the property and assets concerned or the use of the affected property and assets; and

(28) Liens (i) on the Shared Collateral (ranking junior in priority to Liens on the Shared Collateral securing the Notes) securing Jarvis Hedge Obligations in excess of US$50.0 million, so long as such Liens are subject to the Jarvis Hedge Facility Intercreditor Agreement and (ii) on the Jarvis Hedge Facility Cash Collateral securing Jarvis Hedge Obligations in excess of US$50.0 million.

"Permitted Refinancing Indebtedness" means any Indebtedness of Tacora or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Indebtedness of Tacora or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided,* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity that is (a) equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged or (b) more than 90 days after the final maturity date of the Notes;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(4) such Indebtedness is incurred either by Tacora or by the Restricted Subsidiary of Tacora that was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged and is guaranteed only by Persons who were obligors on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

"Permitted Tax Reorganization" means any reorganizations and other activities related to tax planning and tax reorganization, so long as, (i) after giving effect thereto, the enforceability of the Notes and the Note Guarantees, taken as a whole, are not materially impaired and (ii) such reorganizations or other activities are otherwise not materially adverse to the holders of the Notes.

"Person" means any individual, corporation, partnership, limited partnership, limited liability partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, unlimited liability company or government or other entity.

"PPSA" means the Personal Property Security Act in effect from time to time in the Province of British Columbia; provided that, at any time, if perfection or the effect of perfection or non-perfection or the priority of the Notes Collateral Agent's security interest in any item or portion of the Collateral is governed by the *Personal Property Security Act* as in effect in a Canadian jurisdiction other than the Province of Ontario, including the *Civil Code of Québec*, the term "PPSA" shall mean the *Personal Property Security Act* or the *Civil Code of Québec* (as applicable) as in effect, at such time, in such other jurisdiction for purposes of the provisions hereof relating to such perfection or the effect of perfection or non-perfection or priority and for purposes of definitions relating to such provisions.

"Rating Agency" means each of S&P and Moody's or, if S&P or Moody's or both shall not make a rating on the Notes publicly available, a nationally recognized statistical rating agency or agencies (as defined pursuant to Section 3(62) of the Exchange Act), as the case may be, selected by Tacora (as certified by a resolution of the Board of Directors) which shall be substituted for S&P or Moody's or both, as the case may be.

''Real Property'' shall mean, collectively, all right, title and interest (including any leasehold or mineral estate) in and to any and all parcels of real property owned or operated by Tacora or any Guarantor, whether by lease, license or other use agreement, including but not limited to, mining leases, surface leases, licence to occupy, and mineral licences, together with, in each case, all improvements and appurtenant fixtures (including all plant and equipment), easements, rights-of-way, and other property and rights incidental to the ownership, lease or operation thereof, including but not limited to, access rights, water rights and extraction rights for minerals.

"Release" has the meaning assigned to that term under "— Security — ABL Intercreditor Agreement."

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Payments" has the meaning assigned to that term under "— Certain Covenants — Restricted Payments."

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"S&P" means S&P Global Ratings.

"Scully Mine Project" means the iron ore mine and related infrastructure operated by Tacora located north of the town of Wabush, Newfoundland and Labrador.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"Security Deadline" means 90 days after the Issue Date.

"Series" means (i) the Notes and (ii) the Jarvis Secured Hedge Obligations.

"SFPPN" means Société ferroviaire et portuaire de Pointe-Noire s.e.c

"SFPPN Agreement" means the arrangements between SFPPN and Tacora in respect of the use and long term access by Tacora of the rail and port facilities located at Pointe-Noire, Quebec and managed by SFPPN, and as of the Issue Date is comprised of the agreement in principle dated May 4, 2018 (as amended by an amending agreement dated August 15, 2018) between such parties, and post-closing will include all definitive agreements entered into by Tacora and SFPPN, including the services and access agreement to be agreed between such parties and any schedules or exhibits related to all such agreements, each as may be amended, confirmed, replaced or restated from time to time.

"Shared Collateral" means, at any time, collateral in which the Notes Collateral Agent (on behalf of the holders of the Notes) and the Hedge Provider hold a valid and perfected security interest at such time.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Issue Date.

"Standstill Period" has the meaning assigned to that term under "— Security — ABL Intercreditor Agreement."

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"Tax" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other liabilities related thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of any of the foregoing). "Taxes" shall be construed to have a corresponding meaning.

"Tax Jurisdiction" has the meaning assigned to that term under "— Additional Amounts."

"Treasury Rate" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to May 15, 2023; *provided*, that if the period from the redemption date to May 15, 2023, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"Trustee" means Wells Fargo Bank, National Association.

"UCC" means the Uniform Commercial Code (or equivalent statute) as in effect from time to time in the State of New York; *provided, however,* that at any time, if by reason of mandatory provisions of law, any or all of the perfection or priority of a collateral agent's security interest in any item or portion of the collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect, at such time, in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of definitions relating to such provisions.

"Unrestricted Subsidiary" means any Subsidiary of Tacora that is designated by the Board of Directors of Tacora as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors (including, initially, Tacora Norway AS and its Subsidiaries), but only if such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described above under "— Certain Covenants — Transactions with Affiliates," is not party to any agreement, contract, arrangement or understanding with Tacora or any Restricted Subsidiary of Tacora unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to Tacora or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Tacora;

(3) is a Person with respect to which neither Tacora nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of Tacora or any of its Restricted Subsidiaries.

"Voting Stock" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

BOOK-ENTRY, DELIVERY AND FORM

The Notes are being offered and sold to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A ("Rule 144A Notes"). The Notes also may be offered and sold to non-U.S. persons in offshore transactions in reliance on Regulation S ("Regulation S Notes"). Except as set forth below, the Notes will be issued in registered, global form in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Notes will be issued at the closing of this offering only against payment in immediately available funds.

The Rule 144A Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the "Rule 144A Global Notes"). Regulation S Notes initially will be represented by one or more temporary Notes in registered, global form without interest coupons (collectively, the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes"). The Rule 144A Global Notes and the Regulation S Global Notes will be deposited upon issuance with the Trustee as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the "Distribution Compliance Period"), beneficial interests in the Regulation S Global Notes may be held only through Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") (as indirect participants in DTC), unless transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below.

During the Distribution Compliance Period, beneficial interests in the Regulation S Global Notes may be transferred only to non-U.S. persons under Regulation S or qualified institutional buyers under Rule 144A. After the Distribution Compliance Period ends, beneficial interests in the Regulation S Global Notes may be exchanged for beneficial interests in the permanent Regulation S Notes upon certification that those interests are owned either by non-U.S. persons or by U.S. persons who purchased those interests pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive Notes in registered certificated form ("Certificated Notes") except in the limited circumstances described below. See "*—Exchange of Global Notes for Certificated Notes*." Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Notes in certificated form.

The Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "*Notice to Investors*." The Regulation S Notes will also bear the legend as described under "*Notice to Investors*." In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream, which may change from time to time).

Depositary Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of DTC and are subject to changes by them. We takes no responsibility for these operations and procedures and urges investors to contact DTC or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised us that, pursuant to procedures established by it:

(1) upon deposit of the Global Notes, DTC will credit the accounts of the Participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and

(2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Rule 144A Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Rule 144A Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants in such system. Investors in the Regulation S Global Notes may hold their interests in such Notes through Euroclear, Clearstream or DTC if they are participants in such systems or indirectly through organizations which are participants in such systems. However, upon issuance, we intend to settle by delivering interests in the Regulation S Global Notes solely through the accounts of Euroclear or Clearstream with DTC. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or "holders" thereof under the indenture for any purpose.

Payments in respect of the principal of, and interest and premium, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, the Issuer and the Trustee will treat the Persons in whose names the Notes, including the Global Notes, are registered as the owners of the Notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Trustee nor any agent of the Issuer or the Trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or

(2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trustee or the Issuer. Neither the Issuer nor the Trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the Notes, and we and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "*Notice to Investors*," transfers between the Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, cross-market transfers between the Participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction. However, if there is an event of default under the Notes, DTC reserves the right to exchange the Global Notes for legended Notes in certificated form, and to distribute such Notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of the Issuer, the Trustee and any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for Certificated Notes if:

(1) DTC (a) notifies us that it is unwilling or unable to continue as depositary for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, we fail to appoint a successor depositary;

(2) we, at their option, notify the Trustee in writing that they elect to cause the issuance of the Certificated Notes; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the Trustee by or on behalf of DTC in accordance with the indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "*Notice to Investors*," unless that legend is not required by applicable law.

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes.

Prior to the expiration of the Distribution Compliance Period, beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in the Rule 144A Global Note only if:

(1) such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A; and

(2) the transferor first delivers to the Trustee a written certificate (in the form provided in the indenture) to the effect that the Notes are being transferred to a Person:

  (a) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A;

  (b) purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and

  (c) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Note may be transferred to a Person who takes delivery in the form of a beneficial interest in the Regulation S Global Note, whether before or after the expiration of the Distribution Compliance Period, only if the transferor delivers to the Trustee a written certificate (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available) and that, if such transfer occurs prior to the expiration of the Distribution Compliance Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected by DTC by means of an instruction originated by the Trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Temporary Regulation S Global Note or the Permanent Regulation S Global Note, as the case may be, and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a Person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S Global Note prior to the expiration of the Distribution Compliance Period.

Same Day Settlement and Payment

We will make payments in respect of the Notes represented by the Global Notes (including principal, premium, if any, interest) by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. We will make all payments of principal, interest and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder's registered address. The Notes represented by the Global Notes are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. We expect that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised us that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain U.S. federal income tax consequences of the acquisition, ownership, and disposition of the Notes to certain U.S. Holders and Non-U.S. Holders (each as defined below). This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated thereunder, administrative pronouncements and judicial decisions, all as of the date hereof and all of which are subject to change or differing interpretation, possibly on a retroactive basis, which may result in U.S. federal income tax consequences different from those set forth below. No ruling from the U.S. Internal Revenue Service (the "IRS"), or opinion of counsel has been or will be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the U.S. federal income tax consequences of the acquisition, ownership or disposition of the Notes.

This discussion applies only to beneficial owners of the Notes that (1) acquire the Notes for cash in this initial offering at their initial "issue price" (generally the first price at which a substantial amount of the Notes are sold for money to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers)), and (2) hold the Notes as "capital assets" within the meaning of section 1221 of the Code (generally, property held for investment). This discussion is general in nature and does not address all aspects of U.S. federal income taxation that might be relevant to particular Holders (as defined below) in light of their individual circumstances (such as the effects of section 451(b) of the Code conforming the timing of certain income accruals to certain financial statements or the federal tax on net investment income) or status, or the U.S. federal income tax consequences applicable to Holders in special tax situations or that may be subject to special tax rules, such as, but not limited to; banks and certain other financial institutions, insurance companies, real estate investment trusts, regulated investment companies, tax-exempt entities, partnerships (or entities or arrangements classified as partnerships for U.S. federal income tax purposes or investors therein), subchapter S corporations or other pass-through entities or investors in such entities, brokers or dealers in securities or currencies, broker-dealers, traders in securities that elect to use a mark-to-market method of accounting, persons liable for U.S. federal alternative minimum tax, U.S. Holders (as defined below) whose functional currency is not the U.S. dollar, certain former citizens or residents of the United States or entities subject to the U.S. anti-inversion rules, U.S. expatriates, persons holding the Notes as part of a hedging, conversion transaction, a straddle or other risk reduction or integrated transaction, individual retirement and other tax-deferred accounts, persons purchasing or selling Notes as part of a wash sale for tax purposes, corporations that accumulate earnings to avoid U.S. federal income tax, non-U.S. trusts and estates that have U.S. beneficiaries, persons subject to base erosion and anti-abuse under section 59A of the Code, U.S. Holders that hold Notes through non-U.S. brokers and other non-U.S. intermediaries, persons deemed to sell the Notes under the constructive sale provisions of the Code, or "controlled foreign corporations" or "passive foreign investment companies" (each within the meaning of the Code). The discussion does not address any non-U.S., U.S. federal non-income, state or local tax consequences of the acquisition, ownership or disposition of the Notes to beneficial owners of the Notes.

As used in this offering memorandum, the term "U.S. Holder" means a beneficial owner of a Note who is, or is treated as, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation) created or organized in or under the laws of the United States, any State within the United States, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (i) it is subject to the supervision of a court within the United States and one or more "United States persons" (as defined in the Code) have the authority to control all substantial decisions of the trust, or (ii) a valid election is in place under applicable Treasury regulations to treat such trust as a United States person.

The term "Non-U.S. Holder" means any beneficial owner of a Note that is neither a U.S. Holder nor a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes. For the purposes of this offering memorandum, U.S. Holders and Non-U.S. Holders are referred to collectively as "Holders."

If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes is a beneficial owner of a Note, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partner and the partnership. Such entities and partners of such entities should consult their tax advisors about the U.S. federal income and other tax consequences of the acquisition, ownership, and disposition of a Note.

This discussion is for general information only and is not tax advice. Holders should consult their tax advisors regarding the application of the U.S. federal income tax laws to their particular situations and the consequences to them of acquiring, owning or disposing of the Notes under U.S. federal non-income, non-U.S., state, or local tax laws and tax treaties, and the possible effects of changes in tax laws.

Certain Contingencies

In certain circumstances (see "*Description of the Notes—Optional Redemption*," and "*Description of the Notes—Repurchase at the Option of Holders*"), we will have the option, or may become obligated, to redeem the Notes prior to maturity or make payments on the Notes in excess of stated interest and principal.

The obligation to make these payments may implicate Treasury regulations relating to "contingent payment debt instruments." However, the contingent payment debt instrument rules should not apply to the Notes if, as of the Issue Date (i) there is only a remote likelihood that any contingency causing such payments will occur, (ii) such payments, in the aggregate, are considered incidental, (iii) there is a single payment schedule that is significantly more likely than not to occur or (iv) the Notes provide for one or more contingent payments but all possible payment schedules under the terms of the Notes result in the same fixed yield.

Although the issue is not free from doubt, we intend to take the position that (i) the possibility of one or more such contingencies should be treated as remote and/or incidental, in the aggregate, within the meaning of the applicable Treasury regulations as of the date hereof and (ii) all possible payment schedules under the terms of the Notes result in the same fixed yield for U.S. federal income tax purposes, and thus such contingencies and payment schedules do not result in the Notes being treated as contingent payment debt instruments under applicable Treasury regulations.

Our treatment of the Notes will be binding on all Holders, other than a Holder that discloses its differing treatment in a statement attached to its timely filed U.S. federal income tax return for the taxable year during which the Note was acquired. Our treatment of the Notes is not binding on the IRS or the courts, which may take a contrary position. If a Note were deemed to be subject to the contingent payment debt instrument rules, the Holder of such Note would be required to accrue interest income on a constant yield basis at an assumed rate based upon a "comparable yield" (as defined in the Treasury regulations) determined at the time of issuance of such Note, with adjustments to such accruals when any payments are made that differ from the payments calculated based on such "comparable yield." Accordingly, a Holder might be required to accrue ordinary interest income at a higher rate than the stated interest rate and to treat any gain recognized on the sale or other disposition of such Note as ordinary income rather than as capital gain. Potential Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof. The remainder of this discussion assumes the Notes will not be treated as contingent payment debt instruments.

U.S. Federal Income Taxation of U.S. Holders

Interest

A U.S. Holder generally must include payments of stated interest on the Notes as ordinary income at the time such interest is received or accrued, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

In addition to interest on the Notes, you will be required to include in income any tax withheld from the interest payments you receive, even if you do not in fact receive this withheld tax. You may be entitled to deduct or credit the amount of any tax withheld from payments on the Notes, subject to certain limitations (including that the election to deduct or credit non-U.S. taxes applies to all of your non-U.S. taxes for a particular tax year). Interest income (including Canadian taxes withheld from the interest payments) on a Note generally will be considered foreign source income and generally should constitute "passive category income." You may be denied a foreign tax credit for non-U.S. taxes imposed with respect to the Notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

Original Issue Discount

The Notes will be issued with original issue discount ("OID") equal to the difference between their issue price and their "stated redemption price at maturity". The stated redemption price at maturity of the Note is the sum of all amounts payable on the Notes, whether denominated as principal or interest (other than "qualified stated interest"). Qualified stated interest generally means stated interest that is unconditionally payable in cash or other property (other than additional debt instruments of the issuer) at least annually at a single fixed rate (or at certain qualifying variable rates).

A U.S. Holder generally will be required to include the OID on such Note in gross income (as ordinary income) in accordance with a constant yield method based on daily compounding, regardless of its regular method of accounting for U.S. federal income tax purposes. As a result, U.S. Holders of New Notes will be required to include OID in income in advance of the receipt of cash attributable to such income. The amount of OID includible in income is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion thereof in which a U.S. Holder holds such Note. A daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID that accrued in such period. The "accrual period" of a Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of: (i) the product of the Note's "adjusted issue price" at the beginning of such accrual period and its yield to maturity, determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over: (ii) the amount of stated interest allocable to such accrual period. The adjusted issue price of a Note at the start of any accrual period is equal to its issue price, increased by the accrued OID for each prior accrual period.

The rules regarding OID are complex and the rules described above may not apply in all cases. Accordingly, prospective beneficial owners should consult their own tax advisors regarding their application.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes

Upon the sale, exchange, redemption, retirement or other taxable disposition of the Notes, a U.S. Holder generally will recognize gain or loss for U.S. federal income tax purposes equal to the difference, if any, between (i) the amount realized upon the sale, exchange, redemption, retirement or other taxable disposition of the Notes (other than amounts attributable to accrued and unpaid interest, which will be treated as interest as described under "*—Interes*t" above and will be taxed as ordinary interest income to the extent such interest has not been previously included in income), and (ii) the U.S. Holder's adjusted tax basis in the Notes. The amount realized by a U.S. Holder is the sum of cash plus the fair market value of all other property received on such sale, exchange, redemption, retirement or other taxable disposition. A U.S. Holder's adjusted tax basis in the Notes generally will be its cost for the Notes reduced (but not below zero) by payments, if any, previously received by such U.S. Holder (other than payments of stated interest) and increased by the amount of any OID previously included in the U.S. Holder's income with respect to the Notes.

Any gain or loss a U.S. Holder recognizes on the sale, exchange, redemption, retirement or other taxable disposition of the Notes generally will be capital gain or loss and will generally be treated as U.S. source gain or loss (unless the applicable provisions in the U.S.-Canadian income tax treaty provide otherwise). Such gain or loss generally will be long-term capital gain or loss if a U.S. Holder has held the Notes for more than 12 consecutive months. For non-corporate taxpayers, long-term capital gains are generally eligible for preferential rates of taxation. The deductibility of capital losses is subject to limitations. A U.S. Holder should consult his, her or its tax advisor regarding the deductibility of capital losses in its particular circumstances.

Specified Foreign Financial Assets

Individual U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of $50,000 on the last day of the taxable year or $75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns ($100,000 on the last day of the taxable year or $150,000 at any time during the taxable year for a married couple filing jointly), currently on IRS Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which may include notes issued in certificated form) that are not held in accounts maintained by financial institutions. U.S. Holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the notes, including the application of the rules to their particular circumstances.

Backup Withholding and Information Reporting

In general, a U.S. Holder that is not an "exempt recipient" (such as a corporation or tax-exempt organization that properly establishes its exemption) will be subject to U.S. federal backup withholding tax at the applicable rate (currently 24%) with respect to payments of interest (including OID) on the Notes and the proceeds of a sale, exchange, redemption, retirement or other taxable disposition of the Notes, unless the U.S. Holder provides its taxpayer identification number to the paying agent and certifies, under penalties of perjury, that it is not subject to backup withholding on an IRS Form W-9 and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder may be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided the required information is furnished to the IRS in a timely manner. In addition, payments on the Notes made to, and the proceeds of a sale or other taxable disposition by, a U.S. Holder that is not an exempt recipient, and the amount of any tax withheld from such payments, generally will be subject to information reporting requirements. U.S. Holders should consult their own tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable.

The U.S. federal income tax consequences set forth above are included for general information only and may not be applicable depending upon a Holder's particular situation. Prospective purchasers of the Notes should consult their tax advisors with respect to the tax consequences to them of the acquisition, ownership and disposition of the Notes, including the tax consequences under state, local, U.S. federal non-income, non-U.S. and other tax laws and tax treaties and the possible effects of changes in U.S. or other tax laws.

NOTICE TO CANADIAN INVESTORS

This offering memorandum constitutes an offering of the Notes in Canada only in the provinces of Ontario, Quebec, Alberta and British Columbia (the "**Offering Provinces**") and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. This offering memorandum is not, and under no circumstances is it to be construed as, a prospectus, an advertisement or a public offering in Canada of the Notes. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offering of the Notes. In addition, no securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this offering memorandum or the merits of the Notes and any representation to the contrary is an offence. This offering memorandum is not, and under no circumstances is it to be construed as, an offer to sell the Notes or a solicitation of an offer to buy the Notes in any jurisdiction where the offer or sale of the Notes is prohibited. This offering memorandum is for the confidential use of only those persons to whom it is delivered by the initial purchasers in connection with the offering of the Notes therein. The initial purchasers reserve the right to reject all or part of any offer to purchase the Notes for any reason and to allocate to any purchaser less than all of the Notes for which it has subscribed.

Distribution and resale restrictions

This offering memorandum is being delivered solely to enable prospective Canadian investors identified by the initial purchasers to evaluate the Issuer and an investment in the Notes. The information contained within this offering memorandum does not constitute an offer in Canada to any other person, or a general offer to the public, or a general solicitation from the public, to subscribe for or purchase the Notes. The distribution of this offering memorandum and the offer and sale of the Notes in each of the Offering Provinces may be restricted by law. Persons into whose possession this offering memorandum comes must inform themselves about and observe any such restrictions. The distribution of this offering memorandum or any information contained herein to any person other than a prospective Canadian investor identified by the initial purchasers, or those persons, if any, retained to advise such prospective Canadian investor in connection with the transactions contemplated herein, is unauthorized. This offering memorandum is for the confidential use of only those persons to whom it is transmitted in connection with this offering, and any disclosure of the information contained within this offering memorandum without the prior written consent of the Issuer or the initial purchasers, as applicable, is prohibited. Each Canadian investor, by accepting delivery of this offering memorandum, will be deemed to have agreed to the foregoing.

The distribution of the Notes in Canada is being made on a "private placement" basis only in the Offering Provinces and is exempt from the requirement that the Issuer prepare and file a prospectus with the relevant securities regulatory authorities in Canada. The Issuer is not required to file, and does not currently intend to file, a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Notes in any province or territory of Canada in connection with this offering. Accordingly, any resale of the Notes in Canada must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with prospectus requirements or exemptions from the prospectus requirements. These resale restrictions may under certain circumstances apply to resales of the Notes outside of Canada. In addition, in order to comply with the dealer registration requirements of Canadian securities laws, any resale of the Notes in Canada must be made either by a person not required to register as a dealer under applicable Canadian securities laws, or through an appropriately registered dealer or in accordance with an exemption from the dealer registration requirements. Canadian purchasers are advised to seek legal advice prior to any resale of the Notes both within and outside of Canada. Canadian investors are further advised that the Notes will not be listed on any stock exchange in Canada and that no public market is expected to exist for the Notes in Canada following this offering.

The Issuer is not, is under no obligation to become and currently has no intention of becoming, a reporting issuer in any province or territory of Canada. Accordingly, the Notes will never be freely tradeable in Canada. Canadian investors are advised to consult with their own legal advisers prior to any resales of the Notes.

Representations of purchasers

Confirmations of the acceptance of offers to purchase any Notes will be sent to purchasers in Canada who have not withdrawn their offers to purchase prior to the issuance of such confirmations. Purchasers of the Notes in the Offering Provinces must qualify to invest in accordance with the requirements of the securities laws in which they reside. Each purchaser of Notes in Canada who receives a purchase confirmation, by the purchaser's receipt thereof, will be deemed to have represented, acknowledged, confirmed and/or agreed, as the case may be, to the Issuer, the initial purchasers and any dealer who sells Notes to such purchaser that as of the date of its subscription and at the time of closing of this offering that:

(1) such purchaser is resident in Canada in one of the Offering Provinces and the purchase by, and sale to, such purchaser, and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred in one of the Offering Provinces;

(2) such purchaser is basing its investment decision solely on the final version of this offering memorandum and not on any other information concerning the Issuer or the offering;

(3) the offer and sale of the Notes in Canada was made exclusively through this offering memorandum and was not made through an advertisement of the Notes in any printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada and such purchaser recognizes that the final form of this offering memorandum supersedes in its entirety the provisions of the preliminary form of this offering memorandum;

(4) such purchaser has reviewed and acknowledges the terms referred to above under the section entitled "Distribution and resale restrictions" and agrees not to resell the Notes except in compliance with resale restrictions under applicable Canadian securities laws and in accordance with their terms and agrees that if it resells the Notes, it will do so in compliance with the applicable securities laws and it will give notice to the subsequent transferee during the restricted period noted under the section entitled "Distribution and resale restrictions" of such restrictions;

(5) such purchaser has reviewed and acknowledges the representations required to be made by each purchaser of the Notes as set forth under the section entitled "Notice to Investors" contained within this offering memorandum and hereby makes such representations;

(6) such purchaser is purchasing the Notes as principal, or is deemed to be purchasing the Notes as principal for purposes of section 2.3 of National Instrument 45-106 *Prospectus Exemptions* (such instrument being titled in Québec Regulation 45-106 respecting prospectus and registration exemptions, together "NI 45-106") or subsection 73.3(2) of the Securities Act (Ontario) (the "Ontario Act" or the "OSA"), as applicable, for its own account and not as agent for the benefit of another person;

(7) such purchaser, or any ultimate purchaser for which the investor is acting as agent, is entitled under applicable Canadian securities laws to purchase the Notes without the benefit of a prospectus qualified under such securities laws, and without limiting the generality of the foregoing:

   a. in the case of a purchaser resident in an Offering Province other than Ontario, such purchaser meets one or more of the criteria to be classified as an "accredited investor" as defined in section 1.1 of NI 45-106 (other than the criteria set out in paragraph (j), (k) or (l) of NI 45-106) and a "permitted client" as defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103");

   b. in the case of a purchaser resident in Ontario, such purchaser meets one or more of the criteria to be classified as an "accredited investor" as defined in subsection 73.3(1) of the Ontario Act (other than the criteria set out in paragraph (j), (k) or (l) of NI 45-106) and a "permitted client" as defined in section 1.1 of NI 31-103;

   c. such purchaser is not a person created or used solely to purchase or hold the Notes as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106;

(8) such purchaser is purchasing the Notes for investment only and not with a view to resale or distribution; (j) where required by applicable securities laws, regulations or rules, such purchaser will execute, deliver and file such reports, undertakings and other documents relating to the purchase of the Notes by the purchaser as may be required by such laws, regulations and rules, or assist the Issuer and the initial purchasers, as applicable, in obtaining and filing such reports, undertakings and other documents;

(9) such purchaser is not an "insider" of the Issuer (within the meaning of Canadian securities laws) and is not a "registrant" (as defined under applicable Canadian securities laws), unless in either case it has specifically provided written advice to the contrary to the Issuer and to the dealers and has identified itself as an "insider" or "registrant," and consents to the public disclosure of any information required to be publicly disclosed by Form 45-106F1—Report of Exempt Distribution; and

(10) none of the funds being used to purchase the Notes are, to the best of such purchaser's knowledge, proceeds obtained or derived, directly or indirectly, as a result of illegal activities.

Personal Information

By purchasing Notes, the investor acknowledges that the Issuer and the initial purchasers and their respective agents and advisers may each collect, use and disclose specified personally identifiable information, including its name, address, telephone number, email address, if provided, and the number and type of securities purchased, the total purchase price paid for such securities, the date of the purchase and specific details of the prospectus exemption relied upon under applicable securities laws to complete such purchase, including how the investor qualifies for such exemption (the "Information") for purposes of meeting legal, regulatory and audit requirements and as otherwise permitted or required by law or regulation and may become available to the public in accordance with applicable laws. The investor consents to the disclosure of that Information. In addition, by purchasing the Notes, each Canadian investor will be deemed to have agreed to provide the Issuer or the initial purchasers from whom such Canadian purchaser purchased the Notes, as applicable, with any and all information about the Canadian purchaser necessary to permit the Issuer or such initial purchasers, as applicable, to properly complete and file Form 45-106F1 as required under NI 45-106. By purchasing Notes, the investor acknowledges that: (A) the Information will be disclosed to the relevant Canadian securities regulatory authority or regulator in each of the Offering Provinces and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the investor consents to the disclosure of the Information; (B) the Information is being collected indirectly by the applicable Canadian securities regulatory authority or regulator under the authority granted to it in securities legislation; (C) the Information is being collected for the purposes of the administration and enforcement of the applicable Canadian securities legislation; and (D) by purchasing the Notes, the investor shall be deemed to have authorized such indirect collection of personal information by the relevant Canadian securities regulatory authority or regulator. The public official who can answer questions about the regulator's indirect collection of personal information is: (i) in Alberta, the FOIP Coordinator, Alberta Securities Commission, Suite 600, 250—5th Street SW, Calgary, Alberta T2P 0R4, Telephone: (403) 297-6454, Toll free in Canada: 1-877-355-0585, Fax: (403) 297-2082; (ii) in British Columbia, FOI Inquiries, British Columbia Securities Commission, P.O. Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, British Columbia V7Y 1L2, Inquiries: (604) 899-6854, Toll free in Canada: 1-800-373-6393, Fax: (604) 899-6581, Email: FOI-privacy@bcsc.bc.ca; (iii) in Ontario, the Inquiries Officer, Ontario Securities Commission, 20 Queen Street West, 22nd Floor, Toronto, Ontario M5H 3S8, Telephone: (416) 593-8314, Toll free in Canada: 1-877-785-1555, Fax: (416) 593-8122, Email: exemptmarketfilings@osc.gov.on.ca and (iv) in Québec, the Secrétaire générale, Autorité des marchés financiers, 800, Square Victoria, 22e étage, C.P. 246, Tour de la Bourse, Montréal, Québec H4Z 1G3, Telephone: (514) 395-0337 or 1-877-525-0337, Fax: (514) 873-6155 (For filing purposes only), Fax: (514) 864-6381 (For privacy requests only), Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers), fonds_dinvestissement@lautorite.qc.ca (For investment fund issuers).

Language of Documents

Upon receipt of this offering memorandum, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente de ces débentures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en langue anglaise seulement.*

Rights of action for damages or rescission

Securities legislation in certain of the Canadian provinces provides certain purchasers of securities pursuant to an offering memorandum (such as this offering memorandum) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment thereto and, in some cases, advertising and sales material used in connection therewith, contains a "misrepresentation," as defined in the applicable securities legislation. A "misrepresentation" is generally defined under applicable provincial securities laws to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation and are subject to limitations and defenses under applicable securities legislation.

The following is a summary of the rights of action for damages or rescission, or both, available to purchasers resident in certain of the Offering Provinces and is subject to the express provisions of the securities laws, regulations, rules and other instruments governing such Offering Provinces and reference is made thereto for the complete text of such provisions. Such provisions may contain limitations and statutory defenses not described here on which the Issuer and other applicable parties may rely. The rights described below are in addition to and without derogation from any other right or remedy which Canadian purchasers may have at law and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defenses contained therein.

Ontario

Section 130.1 of the OSA provides that every purchaser of securities pursuant to an offering memorandum (such as this offering memorandum) shall have a statutory right of action for damages or rescission against the Issuer in the event that the offering memorandum contains a misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the Issuer provided that:

(a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the Issuer;

(b) the Issuer will not be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) the Issuer will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;

(d) in no case shall the amount recoverable exceed the price at which the securities were offered; and

(e) the right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law.

The rights referred to in section 130.1 of the OSA do not apply in respect of an offering memorandum (such as this offering memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

(a) a Canadian financial institution or a Schedule III bank (each as defined in section 1.1 of OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions*);

(b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(c) a subsidiary of any person referred to in paragraphs (a) and (b) above, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Section 138 of the OSA provides that no action shall be commenced to enforce these rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any action, other than an action for rescission, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

Section 132.1 of the OSA provides that a person or company will not be liable for a misrepresentation in forward-looking information if the person or company proves that:

(a) the offering memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

(b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

This offering memorandum is being delivered in reliance on the "accredited investor exemption" from the prospectus requirements contained under subsection 73.3(2) of the OSA.

Enforcement of legal rights

Certain of the Issuer's directors and officers and certain experts named herein, may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon those persons. All or a substantial portion of the assets of the Issuer and those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the Issuer or those persons in Canada or to enforce a judgment obtained in Canadian courts against the Issuer or against those persons outside of Canada.

Taxation and eligibility for investment

No representation or warranty is made as to the tax consequences to a Canadian resident of an investment in the Notes. Canadian residents are advised that an investment in the Notes may give rise to particular tax consequences affecting them. We do not currently anticipate that the Notes will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, deferred profit sharing plans, registered education savings plans or tax-free savings accounts. Prospective Canadian purchasers of Notes are strongly advised to consult their own legal and tax advisors with respect to the tax consequences of an investment in the Notes in their particular circumstances and about the eligibility of the Notes for investment by the purchaser under relevant Canadian legislation.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of material considerations associated with the acquisition and holding of the Notes by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code, or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA ("Similar Laws") and entities and accounts whose underlying assets are considered to include "plan assets" of such plans, accounts and arrangements (each, a "Plan").

Prohibited Transaction Considerations

Section 406 of ERISA and Section 4975 of the Code impose certain restrictions on the following:

(1) "employee benefit plans" (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA;

(2) "plans" that are described in and subject to Section 4975 of the Code, including, without limitation, individual retirement accounts and Keogh plans;

(3) entities and accounts whose underlying assets include "plan assets" within the meaning of U.S. Department of Labor Regulation 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA, by reason of a plan's investment in such entities or accounts (each of (1), (2) and (3) is referred to as an "ERISA Plan"); and

(4) persons who have certain specified relationships to ERISA Plans ("parties in interest" under ERISA and "disqualified persons" under the Code).

ERISA and the Code prohibit various transactions involving the assets of an ERISA Plan and persons referred to as parties in interest under ERISA or disqualified persons under the Code. If the Notes are acquired or held by an ERISA Plan with respect to which we, a Guarantor or the initial purchasers are a party in interest or disqualified person, such acquisition or holding could be deemed to be a direct or indirect prohibited transaction. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code.

Such transactions may, however, be exempt from the otherwise applicable taxes and penalties by reason of one or more statutory, class, individual or administrative exemptions. Such class exemptions may include:

- Prohibited Transaction Class Exemption (PTE) 95-60 which exempts certain transactions involving life insurance company general accounts;
- PTE 96-23 which exempts certain transactions directed by an in-house asset manager;
- PTE 90-1 which exempts certain transactions involving insurance company pooled separate accounts;
- PTE 91-38 which exempts certain transactions involving bank collective investment funds; and
- PTE 84-14 as amended, which exempts certain transactions entered into on behalf of an ERISA Plan by an independent qualified professional asset manager (collectively, the "Investor-Based Exemptions").

There is also a statutory exemption that may be available under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code to a person investing in the Notes for adequate consideration (within the meaning of Section 408(b)(17) of ERISA and Section 4975(f)(10) of the Code) that is a party in interest or disqualified person solely because it is a service provider to an ERISA Plan or because of a relationship to such a service provider or both, provided that neither such person nor any of its affiliates (directly or indirectly) has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of the ERISA Plan involved in the transaction (the "Service Provider Exemption"). However, there can be no assurance that any of these Investor-Based Exemptions or the Service Provider Exemption or any other administrative or statutory exemption will be available with respect to any particular transaction involving the Notes.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code and prohibit certain transactions involving the assets of such Plan and its fiduciaries or other interested parties.

Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

Section 404 of ERISA sets forth standards of care for investment decisions made by a fiduciary of an ERISA Plan that is subject to Title I of ERISA. In deciding whether to invest in the Notes, a fiduciary of an ERISA Plan must take the following into account, among other considerations:

- whether the fiduciary has the authority to make the investment;
- whether the investment is made in accordance with the written documents that govern the ERISA Plan;
- whether the investment constitutes a direct or indirect transaction with a party in interest or disqualified person;
- the composition of the ERISA Plan's portfolio with respect to diversification by type of asset;
- the ERISA Plan's funding objectives and investment policy statement;
- the tax effects of the investment; and
- whether under the general fiduciary standards of investment prudence and diversification an investment in the Notes is appropriate for the ERISA Plan, taking into account the overall investment policy of the ERISA Plan, the composition of the ERISA Plan's investment portfolio and all other appropriate factors.

Prior to making an investment in the Notes, an ERISA Plan investor must determine whether we, any Guarantor or an initial purchasers are a party in interest or disqualified person with respect to such ERISA Plan and, if so, whether such transaction is subject to one or more statutory or administrative exemptions, including those described above. Prospective investors should consult with their legal and other advisors concerning the impact of ERISA and the Code and the potential consequences of an investment in the Notes based on their specific circumstances. Further, each Plan should consider the fact that none of the Issuer, the initial purchasers or any of their respective affiliates will act as a fiduciary to any Plan with respect to the decision to invest in the Notes and is not undertaking to provide any advice or recommendation, including, without limitation, in a fiduciary capacity, with respect to such decision. The decision to acquire the Notes must be made by each prospective Plan investor on an arm's length basis.

Employee benefit plans that are non-U.S. plans covering primarily nonresident aliens (as defined in Section 4(b)(4) of ERISA), governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) are not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or the Code but may be subject to similar provisions under Similar Laws.

By acceptance of the Notes, each person who acquires and holds the Notes (or an interest therein) will be deemed to have represented and warranted that either: (i) no portion of the assets used by such person to acquire and hold such Notes constitutes the assets of any Plan, or (ii) the acquisition and holding of such Notes by such person will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under applicable Similar Laws.

The above is a summary of some of the material ERISA considerations applicable to prospective Plan investors. It is not intended to be a complete discussion, nor is it to be construed as legal advice or a legal opinion. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons acquiring Notes on behalf of, or with the assets of, any Plan, consult with their counsel and tax advisors regarding the potential applicability of ERISA, Section 4575 of the Code and any Similar Laws to the acquisition or holding of the Notes and whether an exemption would be applicable to such acquisition or holding.

MATERIAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Notes, including entitlement to all payments thereunder, as a beneficial owner pursuant to this Offering and who, at all relevant times, for purposes of the application of the *Income Tax Act* (Canada) and the Income Tax Regulations (collectively, the "Tax Act"), (1) is not, and is not deemed to be, resident in Canada; (2) deals at arm's length with the Company and with any transferee resident (or deemed to be resident) in Canada to whom the purchaser disposes of the Notes, (3) does not use or hold the Notes in a business carried on in Canada, and (4) is not a "specified non-resident shareholder" of the Company for purposes of the Tax Act or a non-resident person not dealing at arm's length with a "specified shareholder" (within the meaning of Subsection 18(5) of the Tax Act) of the Company (a "Holder"). Special rules, which are not discussed in this summary, may apply to a non-Canadian holder that is an insurer that carries on an insurance business in Canada and elsewhere. This summary assumes that no interest paid on the Notes will be in respect of a debt or other obligation to pay an amount to a person with whom the Company does not deal at arm's length within the meaning of the Tax Act.

This summary is based on the current provisions of the Tax Act and on counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies or assessing practices whether by legislative, administrative or judicial action, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers of Notes should consult their own tax advisors having regard to their own particular circumstances.

Ownership of Notes

No Canadian withholding tax will apply to interest, principal or premium paid or credited to a Holder by the Company on a Note or to the proceeds received by a Holder on the disposition of a Note including a redemption, payment on maturity, or repurchase.

No other tax on income or gains will be payable by a Holder on interest, principal or premium on a Note or on the proceeds received by a Holder on the disposition of a Note including a redemption, payment on maturity, or repurchase.

NOTICE TO INVESTORS

Because the following restrictions will apply to the Notes, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the Notes.

The Notes have not been and will not be registered under the Securities Act or any other applicable securities laws of any other jurisdiction and may not be offered or sold within the United States to, or for the account or benefit of, U.S. persons except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and other applicable securities laws. Accordingly, the notes are being offered and sold only (a) to persons reasonably believed to be qualified institutional buyers ("QIBs") in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) outside the United States in reliance upon Regulation S to non-U.S. persons, which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust) who will be required to make certain representations to us and others prior to an investment in the Notes. As used herein, the terms "United States" and "U.S. person" have the meanings given to them in Regulation S.

Each purchaser of the Notes, by its acceptance thereof, will be deemed to have acknowledged, represented and warranted to, and agreed with, the initial purchasers and us as follows:

(1) The purchaser is either a:

   (a) a "qualified institutional buyer" within the meaning of Rule 144A and is aware that any sale of the Notes to it will be made in reliance on Rule 144A and such acquisition will be for its own account or for the account of another QIB; or

   (b) a non-U.S. person and is purchasing the Notes in an offshore transaction in accordance with Regulation S and in accordance with the laws applicable to it in the jurisdiction in which such purchase is made.

(2) The purchaser understands and acknowledges that the Notes have not been and will not be registered under the Securities Act or any other applicable securities law, are being offered for resale in transactions not requiring registration under the Securities Act or any other securities law, including resales pursuant to Rule 144A, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act and any other applicable securities law or pursuant to an exemption therefrom and, in each case, in compliance with the conditions for transfer set forth in paragraph (4) below.

(3) It is not an "affiliate" (as defined in Rule 144 under the Securities Act ("Rule 144")) of us or acting on our behalf.

(4) It acknowledges that (a) neither the Issuer nor the initial purchasers, nor any person representing us or the initial purchasers, has made any statement, representation or warranty, express or implied, to it with respect to us or the offering or sale of any of the Notes, other than in this offering memorandum, which has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes (b) and it has had access to such financial and other information concerning us and the Notes (including a copy of the offering memorandum) as it has deemed necessary in connection with its decision to purchase the Notes, including an opportunity to ask questions of and request information from the initial purchasers and us, and such information has been made available to it.

(5) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act. It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes, by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the expiration of the applicable holding period with respect to restricted securities set forth in Rule 144 only (a) to us or any of our subsidiaries, (b) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to which notice is given that the transfer is being made in reliance on Rule 144A, (c) pursuant to offers and sales to non U.S. persons that occur outside the United States in accordance with Regulation S and in accordance with the laws applicable to it in the jurisdiction in which such purchase is made, (d) to an institutional "*accredited investor*" within the meaning of Rule 501(a)(1), (2), (3) and (7) under the Securities Act that is acquiring the Notes for its own account, or for the account of such an accredited investor, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act and in a transaction exempt from the registration requirements of the Securities Act, (e) pursuant to a registration statement that has been declared effective under the Securities Act or (f) pursuant to any other available exemption from the registration requirements of the Securities Act, subject, in each of the foregoing cases, to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and, in each case, in compliance with applicable securities laws of any U.S. state or any other applicable jurisdiction.

Each purchaser will, and each subsequent holder of the Notes is required to, notify any subsequent purchaser of the Notes from it of the resale restrictions set forth in the immediately preceding paragraph. We are not making any representations as to the availability of the exemption provided by Rule 144 for resale of the Notes.

Each purchaser acknowledges that be prior to any proposed transfer of Notes in certificated form or of beneficial interests in a Global Note (in each case other than pursuant to an effective registration statement), the holder of Notes or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the indenture.

Each purchaser acknowledges that each note will contain a legend substantially to the following effect:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN AND ARE NOT EXPECTED TO BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND, ACCORDINGLY, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE AND PROVIDED THAT PRIOR TO SUCH TRANSFER, THE TRUSTEE IS FURNISHED WITH AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT), (4) TO AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, (5) TO THE ISSUER OR ITS SUBSIDIARIES OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.

In the case of the Notes sold pursuant to Regulation S, the Notes will bear an additional legend substantially to the following effect unless otherwise agreed by us and the holder thereof:

BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON, NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON, AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

(6) If it is an acquirer in a transaction that occurs outside the United States within the meaning of Regulation S, it acknowledges that until the expiration of the "40-day distribution compliance period" within the meaning of Rule 903 under the Securities Act, any offer or sale of the Notes shall not be made by it to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the Securities Act, except in compliance with applicable securities laws.

(7) It acknowledges that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that, if any acknowledgements, representations, warranties and agreements deemed to have been made by the purchaser of the Notes are no longer accurate, it shall promptly notify the initial purchasers. If it is acquiring any of the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of each such investor account.

(8) Either (i) the purchaser is not acquiring or holding such Notes or an interest therein with the assets of (A) an "employee benefit plan" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA")) that is subject to Title I of ERISA, (B) a "plan" described in Section 4975 of the Code that is subject to Section 4975 of the Code, (C) any entity or account deemed to hold "plan assets" of any of the foregoing by reason of an employee benefit plan's or plan's investment in such entity or (D) a governmental plan, church plan, or any other plan or arrangement subject to any legal requirements that are similar to such provisions of ERISA or the Code (collectively, "Similar Laws") or (ii) the acquisition and holding of such Notes by the purchaser, or an interest therein, will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any provisions of any applicable Similar Laws.

(9) If it is acquiring Notes or an interest therein with the assets of any ERISA Plan (as defined below), then (i) none of the Issuer, the initial purchasers, nor any of their respective affiliates has acted or will act as the Plan's fiduciary (within the meaning of ERISA or the Code), or has been relied upon for any advice, with respect to the purchaser's decision to acquire the Notes (or any interest therein).

(10) It confirms that neither the Issuer nor any person acting on our behalf has offered to sell the Notes by, and that it has not been made aware of the offering of the Notes by, any form of general solicitation or general advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio.

(11) It acknowledges that the trustee will not be required to accept for registration of transfer any of the Notes acquired by it, except upon presentation of evidence satisfactory to us and the trustee that the restrictions set forth in this notice section have been complied with.

(12) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the purchase agreement, dated May 5, 2021, we have agreed to sell to the initial purchasers, and each of the initial purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of the Notes set forth opposite its names below:

Initial Purchasers	PRINCIPAL AMOUNT
Jefferies LLC	$ 140,000,000
Clarksons Platou Securities AS	$ 35,000,000
Total	$ 175,000,000

If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased or the purchase agreement may be terminated.

The purchase agreement provides that the obligations of the initial purchasers to pay for and accept delivery of the Notes are subject to certain conditions precedent such as the receipt by the initial purchasers of officers' certificates and legal opinions and approval of certain legal matters by its counsel. The purchase agreement provides that the initial purchasers will purchase all of the Notes if any of them are purchased. Under the purchase agreement, we and the Guarantors have agreed to indemnify the initial purchasers and their respective controlling persons jointly and severally against certain liabilities in connection with this offering, including liabilities under the Securities Act, and to contribute to payments that the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers have advised us that they proposes to resell the Notes (a) to persons reasonably believed to be "qualified institutional buyers," or QIBs, within the meaning of Rule 144A under the Securities Act, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. Following the closing of the offering, the indenture will permit transfers of Notes to "accredited investors" (as defined in Regulation D of the Securities Act), among others, subject to compliance with applicable law.

In connection with sales outside the United States, the initial purchasers have acknowledged and agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (other than "distributors" within the meaning of Regulation S) (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering or the date the Notes were originally issued. The initial purchasers will send to each dealer to whom they sells the Notes in reliance on Regulation S during the 40-day distribution compliance period, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until the expiration of the 40-day distribution compliance period referred to above, an offer or sale of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

Clarksons Platou Securities AS is not a broker-dealer registered with the SEC and therefore may not make sales of any securities in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that Clarksons Platou Securities AS intend to effect sales of the securities in the United States, it will do so only through its respective U.S. registered broker-dealer Clarksons Platou Securities, Inc. to the extent permitted by Rule 15a-6 of the Securities Exchange Act of 1934, as amended.

The Notes will initially be offered at the price indicated on the cover page of this offering memorandum. After the initial offering of the Notes, the offering price and other selling terms of the Notes may be changed at any time without notice.

Transfer Restrictions & Liquidity

The offering of the Notes has not been registered under the Securities Act or qualified for sale under the securities laws of any U.S. state or any jurisdiction outside the United States, including under the securities laws of any province or territory of Canada. Accordingly, the Notes will be subject to significant restrictions on resale and transfer as described under "Notice to Investors" and "Notice to Canadian Investors". The Notes will constitute a new class of securities with no established trading market. We do not intend to apply for the Notes to be listed on any securities exchange or to arrange for any of the Notes to be quoted on any automated quotation system. The initial purchasers have advised us that, following the completion of this offering, they currently intend to make a market in the Notes as permitted by applicable laws and regulations. However, the initial purchasers are not obligated to do so, and the initial purchasers may discontinue any market making activities with respect to the Notes at any time in its sole discretion. Accordingly, no assurance can be given that a liquid trading market will develop for the Notes, that you will be able to sell any of the Notes held by you at a particular time or that the prices that you receive when you sell will be favorable. Each purchaser of the Notes, by its purchase of the Notes, will be deemed to have made certain acknowledgements, representations, warranties and agreements as set forth under "Notice to Investors" and "Notice to Canadian Investors".

No Sales of Similar Securities

We have agreed that we will not, without the prior written consent of Jefferies LLC, during the period beginning from the date of this offering memorandum and continuing until the date that is 90 days after the date of this offering memorandum, offer, sell, contract to sell or otherwise dispose of, except as provided hereunder, any securities of the Company that are substantially similar to the Notes.

Stabilization

The initial purchasers have advised us that certain persons participating in the offering may engage in transactions, including stabilizing bids, syndicate covering transactions or the imposition of penalty bids, which may have the effect of stabilizing or maintaining the market price of the Notes at a level above that which might otherwise prevail in the open market. A stabilizing bid is a bid for the purchase of Notes on behalf of the initial purchasers for the purpose of fixing or maintaining the price of the Notes. A syndicate covering transaction is the bid for or the purchase of Notes on behalf of the initial purchasers to reduce a short position incurred by the initial purchasers in connection with the offering. A penalty bid is an arrangement permitting the initial purchasers to reclaim the selling concession otherwise accruing to a syndicate member in connection with the offering if the Notes originally sold by such syndicate member are purchased in a syndicate covering transaction and therefore have not been effectively placed by such syndicate member. Neither we nor the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. The initial purchasers are not obligated to engage in these activities and, if commenced, any of the activities may be discontinued at any time.

Electronic Distribution

An offering memorandum in electronic format may be made available by e-mail or through other online services maintained by the initial purchasers or their respective affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The initial purchasers may agree with us to allocate a specific number of Notes for sale to online brokerage account holders. Any such allocation for online distributions will be made by the initial purchasers on the same basis as other allocations. Other than the offering memorandum in electronic format, the information on the initial purchasers' web site and any information contained in any other web site maintained by the initial purchasers is not part of the offering memorandum, has not been approved and/or endorsed by us or the initial purchasers and should not be relied upon by investors.

Other Activities and Relationships

The initial purchasers and certain of their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The initial purchasers and certain of their respective affiliates have, from time to time, performed, and may in the future perform, various commercial and investment banking and financial advisory services for us and our affiliates, for which they received or may in the future receive customary fees and expenses.

In the ordinary course of their various business activities, the initial purchasers and certain of their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments issued by us and our affiliates. If the initial purchasers or their respective affiliates have a lending relationship with us, they routinely hedge their credit exposure to us consistent with their customary risk management policies. The initial purchasers and their respective affiliates may hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities or the securities of our affiliates, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The initial purchasers and certain of their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Settlement

We expect to deliver the Notes against payment for the Notes on or about the date specified on the cover page of this offering memorandum, which will be the fourth business day following the date of the pricing of the Notes. Since trades in the secondary market generally settle in two business days, purchasers who wish to trade Notes on the date of pricing or the next succeeding business days will be required, by virtue of the fact that the Notes initially will settle T+4, to specify alternative settlement arrangements to prevent a failed settlement. Purchasers of the notes who wish for trade the notes before their delivery should consult their own advisor.

PRIIPs Regulation / Prohibition of Sales to EEA Retail Investors

The Notes are not intended to be offered or sold to and should not be offered or sold to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC, as amended (the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Directive 2003/71/EC (as amended, the "Prospectus Directive"). No key information document required by Regulation (EU) No 1286/2014, as amended (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

United Kingdom

No Notes have been offered or will be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Notes which has been approved by the Financial Conduct Authority, except that the Notes may be offered to the public in the United Kingdom at any time: (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation; (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or (c) in any other circumstances falling within Section 86 of the FSMA, provided that no such offer of the Notes require us or any initial purchaser to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Notes in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Notes to be offered so as to enable an investor to decide to purchase or subscribe for any Notes and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Hong Kong

No securities have been offered or sold, and no securities may be offered or sold, in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("SFO") and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong ("CO") or which do not constitute an offer or invitation to the public for the purpose of the CO or the SFO. No document, invitation or advertisement relating to the securities has been issued or may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

This offering memorandum has not been registered with the Registrar of Companies in Hong Kong. Accordingly, this offering memorandum may not be issued, circulated or distributed in Hong Kong, and the securities may not be offered for subscription to members of the public in Hong Kong. Each person acquiring the Notes will be required, and is deemed by the acquisition of the Notes, to confirm that he is aware of the restriction on offers of the Notes described in this offering memorandum and the relevant offering documents and that he is not acquiring, and has not been offered any Notes in circumstances that contravene any such restrictions.

Japan

The offering has not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 of Japan, as amended), or FIEL, and the initial purchasers will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This offering memorandum has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"); (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (i) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, Notes, debentures and units of Notes and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Switzerland

The Notes may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This offering memorandum has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this offering memorandum nor any other offering or marketing material relating to the offering, the Company or the Notes have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Offering Memorandum will not be filed with, and the offer of Notes will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of Notes has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of securities.

LEGAL MATTERS

The validity of the notes offered by this offering memorandum will be passed upon by Fredrikson & Byron, P.A. with respect to matters of United States law and Stikeman Elliott LLP with respect to matters of Canadian law. Certain legal matters in connection with the offering of the notes will be passed upon for the initial purchasers by Paul Hastings LLP, New York, New York with regards to matters of United States law and Osler, Hoskin & Harcourt LLP with respect to matters of Canadian law.

INDEPENDENT AUDITORS

The consolidated financial statements of Tacora Resources Inc. as of December 31, 2020, and for the year then ended, included in this offering memorandum, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein. The Company changed its auditor to Deloitte and Touche LLP on November 18, 2020. The Company's consolidated financial statements for the years ended December 31, 2019 and 2018, included in this offering memorandum, were audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants of Toronto, Ontario, Canada as set forth in their report on such financial statements.

INDEPENDENT MINING CONSULTANT

G Mining Services Inc. in collaboration with other consultants prepared the Feasibility Study included as Appendix A to this offering memorandum. The mineral resource and reserve estimates presented in this offering memorandum were prepared by Louis-Pierre Gignac, Réjean Sirois and Étienne Bernier. G Mining Services Inc. have given and not withdrawn their consent to the inclusion of their name and all references to them in this offering memorandum.

WHERE YOU CAN FIND MORE INFORMATION

You may request, and we will provide to you at no cost, a copy of the form of the indenture, the form of notes and the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act to permit compliance with Rule 144A in connection with resales of the notes. You may request such materials by writing or telephoning us as follows:

Tacora Resources Inc.
102 NE 3rd Street, Suite 120
Grand Rapids, MN 55744
Attention: Chief Financial Officer

Investors will generally be directed to request from the trustee information meeting the requirements of Rule 144A of the Securities Act.

AVAILABLE INFORMATION

Each purchaser of the Notes from the initial purchasers will be furnished a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to this offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the initial purchasers.

The Issuer is not subject to the periodic reporting and other information requirements of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor does it expect to become subject to such requirements. To permit compliance with the Securities Act in connection with resales of the Notes, for so long as the Notes outstanding are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will furnish, upon the request of any holder or beneficial owner of the Notes, such information as is specified in paragraph (d)(4) of Rule 144A under the Securities Act to such holder or beneficial owner or to a prospective purchaser of such Notes that is a qualified institutional buyer, in order to permit compliance by such holder or beneficial owner with Rule 144A in connection with the resale of such Notes unless, at the time of such request, the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or is included in the list of foreign private issuers that claim exemption from the registration requirements of Section 12(g) of the Exchange Act (and therefore are required to furnish the SEC with certain information pursuant to Rule 12g3-2(b) under the Exchange Act). The Issuer does not intend to furnish the SEC information pursuant to Rule 12g3-2(b) under the Exchange Act.

Upon request, we will provide you with copies of the Indenture and the form of the Global Notes.

Tacora Resources Inc. and subsidiaries

Index to consolidated financial statements

Audited Consolidated Financial Statements

Deloitte.

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Minneapolis, MN 55402-1538
USA

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee of
Tacora Resources Inc.:

We have audited the accompanying consolidated financial statements of Tacora Resources Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

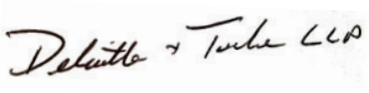
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tacora Resources Inc as of December 31, 2020, and the results of their operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Predecessor Auditors' Opinion on 2019 Consolidated Financial Statements

The consolidated financials of the Company as of and for the year ended December 31, 2019 were audited by other auditors whose report, dated April 30, 2020, expressed an unmodified opinion on those statements.



April 1, 2021

Consolidated balance sheets

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	2020	2019
Current assets			
Cash	5	119,564	44,292
Restricted cash, escrow	5	259	254
Receivables	6	2,351	6,001
Inventories	7	8,045	4,161
Transportation deposits, current portion	12	8,487	6,998
Prepaid expenses and other current assets	8	5,848	10,848
Total current assets		144,554	72,554
Non-current assets			
Property, plant & equipment, net	10, 13	168,322	164,903
Intangible assets subject to amortization	11	26,436	24,389
Transportation deposits	12	5,241	11,221
Security Deposits	12	3,377	3,334
Financial assurance deposit	13	6,392	6,266
Total non-current assets		209,768	210,113
TOTAL ASSETS		354,322	282,667
Current liabilities			
Current maturities of long-term debt	14	25,700	4,399
Current maturities of lease liabilities	14	7,423	6,809
Accounts payable		14,977	4,964
Accrued liabilities		35,885	16,206
Current derivative liability	18	80,952	38,726
Total current liabilities		164,937	71,104
Non-current liabilities			
Long-term debt	14	112,067	121,658
Lease liabilities	14	28,546	35,092
Long-term derivative liability	18	-	16,871
Rehabilitation obligation	13	37,630	31,706
Total Non-Current Liabilities		178,243	205,327
TOTAL LIABILITIES		343,180	276,431
NET ASSETS		11,142	6,236

Consolidated balance sheets

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	2020	2019
Shareholder's equity			
Capital stock	16	225,332	150,232
Accumulated deficit		(214,512)	(144,114)
Equity attributable to owners of the Company		10,820	6,118
Non-controlling interest		322	118
TOTAL EQUITY		11,142	6,236

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

The consolidated financial statements were approved by a directors' resolution on April 1, 2021 and signed on their behalf by:

Thierry Martel
Chief Executive Officer

Joseph A. Broking II
Executive Vice President and Chief Financial Officer

Consolidated statements of loss and comprehensive loss

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	Years Ended Dec 31, 2020	Years Ended Dec 31, 2019
Revenue		299,223	60,049
Cost of Sales	20	223,218	83,379
Depreciation and amortization		16,289	6,715
Gross profit (loss)		59,716	(30,045)
Other expenses			
Selling, general, and administrative expenses	21	3,772	11,325
Sustainability and other community expenses		744	521
Depreciation expense		-	170
Operating income (loss)		55,200	(42,061)
Other income/(expense)			
Other losses		(3,780)	(135)
Write-off of MFC prepaid royalties	17	-	(2,575)
Loss on derivative instruments	18, 19	(90,097)	(54,725)
Unwinding of present value discount: asset retirement obligation		(652)	(617)
Interest expense	14	(31,490)	(17,985)
Interest income		424	1,970
Foreign exchange gain		107	4,068
Total other (expense)		(125,488)	(69,999)
Loss before income taxes		(70,288)	(112,060)
Income Taxes	15	110	440
Net loss and comprehensive loss		(70,398)	(112,500)

Should be read in conjunction with the notes to the consolidated financial statements

Consolidated statement of changes in equity

(expressed in thousands of US Dollars, except where otherwise noted)

	Capital stock	Accumulated deficit	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Balance at Dec 31, 2018	**143,001**	**(31,614)**	**111,387**	**118**	**111,505**
Issuance of common shares	7,231	-	7,231	-	7,231
Net loss	-	(112,500)	(112,500)	-	(112,500)
Balance at Dec 31, 2019	**150,232**	**(144,114)**	**6,118**	**118**	**6,236**
Balance at Dec 31, 2019	**150,232**	**(144,114)**	**6,118**	**118**	**6,236**
Issuance of common shares	77,000	-	77,000	-	77,000
Cost of common share issuance	(1,900)	-	(1,900)	-	(1,900)
Net loss attributable to owners of the parent	-	(70,398)	(70,398)	-	(70,398)
Net income attributable to non-controlling interest, net of tax	-	-	-	204	204
Balance at Dec 31, 2020	**225,332**	**(214,512)**	**10,820**	**322**	**11,142**

Should be read in conjunction with the notes to the consolidated financial statements

Consolidated statement of cash flow

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	Years Ended Dec 31, 2020	Years Ended Dec 31, 2019
Cash Flows from operating activities			
Net loss		(70,398)	(112,500)
Less net income attributable to non-controlling interest		204	-
Items not affecting cash:			
Depreciation	10	15,382	6,885
Amortization of intangible asset	11	907	434
Foreign exchange transaction (gain) loss		(131)	625
Write-off of prepaid royalties	17	-	2,575
Loss from forward contracts	18, 19	90,097	54,726
Change in fair value of long-term borrowings	14	11,287	-
Accretion of debt interest	14	3,462	-
Interest accretion of asset retirement obligation	13	652	617
Loss on disposal of property and equipment	10	1,010	-
Changes in non-cash operating working capital:			
Trade accounts receivable	6	3,650	(6,001)
Inventory	7	(3,884)	(4,161)
Prepaid expenses and other	8	4,196	(5,882)
Accounts payable		10,013	4,825
Accrued expenses		14,323	11,076
Net cash inflow (outflow) from operating activities		80,770	(46,781)
Cash Flows from investing activities			
Purchases of mining property, land, plant & equipment	10, 13	(13,552)	(75,581)
Intangible assets subject to amortization	11	(2,193)	(14,241)
Transportation deposit	12	4,491	(3,032)
Commodity forward contract settlements	18	(59,386)	(8,252)
Financial assurance deposit	13	-	21,356
Net cash (outflow) from investing activities		(70,640)	(79,750)
Cash Flows from financing activities			
Proceeds from issuance of common shares	16	77,000	7,231
Payments for equity issuance costs	16	(1,900)	-
Proceeds from long-term borrowings	14	-	24,716
Principal payments on long-term debt, including vendor financed leases	14	(9,958)	(3,155)
Net cash inflow from financing activities		65,142	28,792
Net increase (decrease) in cash		75,272	(97,739)
Cash			
Beginning		44,292	142,031
Ending		119,564	44,292

Should be read in conjunction with the notes to the consolidated financial statements

Notes to the consolidated financial statements

For the years ended December 31, 2020 and 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Note 1 - Corporate information

Tacora Resources Inc. along with its subsidiaries (collectively, the "Company" or "Tacora") are in the business of identifying, mining and processing iron ore mineral reserves and resources. The utilization of iron ore is Tacora's main strategic objective at this time; however, other revenue streams may be added in the future.

Tacora was formed under the *Business Corporations Act* (British Columbia) on January 12, 2017 and is incorporated in British Columbia, Canada. Tacora's registered office is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8 Canada with its principal place of business located at 102 Northeast 3rd Street, Suite 120, Grand Rapids, MN 55744 United States. The controlling and ultimate parent of Tacora is Proterra M&M MGCA B.V.

On July 18, 2017, Tacora completed the acquisition (the "Acquisition") of substantially all of the assets associated with the Scully Mine located north of the Town of Wabush, Newfoundland and Labrador, Canada (the "Scully Mine"). The acquisition was made pursuant to an asset purchase agreement (the "APA") dated June 2, 2017 among Tacora, MagGlobal LLC, Wabush Iron Co. Limited, Wabush Resources Inc. and Wabush Lake Railway Company Limited pursuant to a court supervised process under the *Companies' Creditors Arrangement Act (Canada)* ("CCAA"). Tacora commenced commercial production at of its key asset, the Scully Mine, a long-life, large-scale open pit operation, in June 2019.

Note 2 – Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements comply with IFRS, including all International Accounting Standards ("IAS") in force and all related interpretations issued by the International Financial Reporting Interpretations Committee.

The accounting policies set out below have been applied consistently to the year presented in these consolidated financial statements, unless otherwise stated.

The accompanying consolidated financial statements and notes of Tacora for the years ended December 31, 2020 and 2019 were authorized for issuance on April 1, 2021.

Basis for preparation

The consolidated financial statements were prepared using the historical cost method. Transactions, balances, and unrealized gains on transactions between Tacora and its subsidiaries have been eliminated when preparing the consolidated financial statements.

The consolidated financial statements are presented in United States dollars ("USD"). All amounts disclosed in the notes to the consolidated financial statements are in USD, unless otherwise noted.

Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Certain amounts included in or affecting these consolidated financial statements and related disclosures must be estimated, requiring management to make certain assumptions with respect to values or conditions which cannot be known with certainty at the time the consolidated financial statements are prepared. Management evaluates these estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods it considers reasonable

(expressed in thousands of US Dollars, except where otherwise noted)

in the particular circumstances. Any effects on Tacora's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Consolidation

The consolidated subsidiaries are all entities over which Tacora has the power to govern financial and operating policies. Tacora controls an entity when it is exposed, or has the right to variable returns from its interest in the entity and is capable of affecting returns through its power over the entity. Where Tacora's participation in subsidiaries is less than 100%, the share attributed to outside shareholders is reflected as non-controlling interest.

Subsidiaries are consolidated in full from the date on which control is transferred to Tacora and up to the date it loses that control.

As at December 31, 2020, the subsidiaries included in the consolidated financial statements of Tacora were as follows:

	Country of incorporation	**Ownership percentage %**	**Functional currency**
Tacora Resources LLC	United States	100%	US Dollars
Knoll Lake Minerals Limited	Canada	58.2%	Canadian Dollars

As part of the acquisition in 2017, Tacora acquired common shares representing a 58.2% interest in Knoll Lake Minerals Limited ("Knoll Lake"). The common shares of Knoll Lake are not considered a core asset to the mining operations of the Scully Mine. The ownership interest in Knoll Lake relates to a legacy asset that was included as one of several ancillary assets acquired as part of the acquisition. Nil consideration was allocated to the common shares of Knoll Lake. For the year ended December 31, 2020 and 2019, Knoll Lake had no operating activities. Knoll Lake is not considered a material subsidiary of Tacora for the periods ended December 31, 2020 and 2019. Cumulative translation adjustments from foreign exchange translation of Knoll Lake's operations as of December 31, 2020 and 2019 are immaterial to the consolidated financial statements.

All intra-group assets and liabilities, revenues, expenses and cash flows relating to intra-group transactions are eliminated.

Revenue Recognition

The Company recognizes revenue from sales of concentrate when control of the concentrate passes to the customer, which occurs upon delivery to the vessel or stockpile. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

For all the sales contracts, the sales price is determined provisionally at the date of sale, with the final pricing determined at a mutually agreed date (generally between 3 to 4 months from the date of the sale), at a quoted market price at that time. All subsequent mark-to-market adjustments in iron prices are recognized as embedded derivative pricing adjustments at fair value from contracts with customers and recorded in sales up to the date of final settlement.

Price changes for revenue awaiting final pricing at the balance sheet date could have a material effect on future revenues. As at December 31, 2020, there was $173.6 million (December 31, 2019: $55.9) in revenues that were awaiting final pricing.

Notes to the consolidated financial statements

For the years ended December 31, 2020 and 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Cash and restricted cash

Cash consists of cash in bank and restricted cash held as collateral.

Inventories

Inventories of iron ore concentrate are measured and valued at the lower of average production cost and net realizable value. Net realizable value is the estimated selling price of the concentrate in the ordinary course of business based on the prevailing selling prices on the reporting date. Production costs that are inventoried include the costs directly related to bringing the inventory to its current condition and location, such as materials, labor and manufacturing overhead costs.

Supplies and spare parts are valued at lower of cost or net realizable value.

Foreign currency translation

Functional and presentation currency

The amounts included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in USD, which is Tacora's presentation currency and the functional currency of its operations.

Foreign currency translation

The financial statements of entities that have a functional currency different from USD are translated into USD as follows:

- assets and liabilities at the closing rate at the date of the balance sheet; and
- income and expenses at the average rate of the reporting period.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the operator's functional currency are recognized in the statement of income.

Asset acquisition

If a transaction does not meet the definition of a "business" under IFRS, the transaction is recorded as an asset acquisition. Net identifiable assets acquired and liabilities assumed are measured at the fair value of the consideration paid, plus any transaction costs, based on their relative fair value at the acquisition. No goodwill and no deferred tax asset or liabilities arising from the assets acquired and liabilities assumed are recognized upon acquisition of the assets.

Intangible assets subject to amortization

Intangible assets are related to port access and are recorded at cost. The assets are amortized on a rate per tonne shipped from the port or over the useful life of the asset on a straight-line basis. The estimated useful life of the intangible assets are estimated to be between nine and twenty-five years.

Intangible assets are subject to impairment tests when events or circumstances indicate that carrying value is not recoverable. Impairment losses are recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. Management determined that there were no indicators of impairment as of December 31, 2020 and 2019.

Notes to the consolidated financial statements

For the years ended December 31, 2020 and 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Financial assets and liabilities

Financial assets and Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortized cost. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding year. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

The Company has classified accounts payable and accrued liabilities, long-term debt and rehabilitation obligation as other financial liabilities.

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

a) Fair value through profit or loss – financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in the statement of income (loss).

b) Amortized cost – financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flow represents solely payments of principal and interest.

The Company has classified cash, restricted cash and receivables as financial assets using amortized cost.

Derivatives

Derivative assets and liabilities, comprising the commodity forward contracts, do not qualify as hedges, or are not designated as hedges and, accordingly, are classified as financial liabilities at fair value through profit or loss.

Derecognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to receive cash flows from the assets expire or when the Company no longer retains substantially all of the risks and rewards of ownership and does not retain control over the financial asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of loss, with the exception of gains and losses on equity instruments designated at fair value through other comprehensive income, which are not reclassified to the consolidated statement of operations upon derecognition.

For financial liabilities, derecognition occurs when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of loss.

Royalties

Tacora is party to a single amended and restated consolidation of mining leases (the "Mining Lease") with a lessor pursuant to which Tacora was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from a mine on a parcel of land located near Wabush, Newfoundland and Labrador on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055; however, the Mining Lease may be cancelled by Tacora generally on six months' written notice.

Notes to the consolidated financial statements

For the years ended December 31, 2020 and 2019
(expressed in thousands of US Dollars, except where otherwise noted)

At the commencement of shipping iron ore products, Tacora is required to pay an earned royalty fee per metric tonne ranging from 4.2% to 7.0% of Net Revenues less certain deductible expenses, in accordance with the calculation as defined in the Mining Lease. To the extent that Tacora has not commenced or ceases the shipping of iron ore products and the sum of the earned royalty fee in a given calendar quarter is less than C$0.8 million, Tacora is required to pay a minimum quarterly royalty of C$0.8 million (of which 20 percent is withheld and remitted to the Province of Newfoundland and Labrador). Any minimum quarterly royalty payments during the calendar years of 2017 and 2018 were recoverable against future earned royalties on sales of iron ore products from the leased land during the 2018 and 2019 calendar years. Any amount which Tacora paid the lessor related to minimum quarterly royalty payments subsequent to 2019, other than in payment of earned royalties, shall be recoverable against earned royalties in the same calendar year.

Exploration and evaluation

Exploration and evaluation expenditures comprises costs that are directly attributable to:

- researching and analyzing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and/or
- compiling pre-feasibility and feasibility studies.

In accordance with IFRS 6 “Exploration for and Evaluation of Mineral Resources”, the criteria for the capitalization of evaluation costs are applied consistently from period to period. Subsequent recovery of the carrying value for evaluation costs depends on successful development, sale or other partnering arrangements of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any related impairment provisions are charged to the statement of profit and loss. No exploration or evaluation costs were capitalized in 2020 or 2019.

Property, plant, and equipment

Once a mining project has been determined to be commercially viable and approval to mine has been granted, expenditure other than that on land, buildings, plant, equipment and capital work in progress is capitalized under “Mining properties and leases”. Mineral reserves may be asserted for an undeveloped mining project before its commercial viability has been fully determined. Evaluation costs may continue to be capitalized during the period between declaration of mineral reserves and approval to mine as further work is undertaken in order to refine the development case to maximize the project’s returns.

Costs of evaluation of a processing plant or material processing equipment prior to approval to develop or construct are capitalized under “Construction in process”, provided that there is a high degree of confidence that the project will be deemed to be commercially viable.

Costs which are necessarily incurred while commissioning new assets, in the period before they are capable of operating in the manner intended by management, are capitalized. Development costs incurred after the commencement of production are capitalized to the extent they are expected to give rise to a future economic benefit. Interest on borrowings related to construction or development projects is capitalized at the rate payable on project-specific debt, if applicable, or at Tacora’s cost of borrowing until the point when substantially all the activities that are necessary to make the asset ready for its intended use are complete.

Property, plant, and equipment is recorded at historical cost, as defined in IAS 16, “Property, Plant and Equipment,” less accumulated depreciation (except for land, which is not depreciated) and accumulated impairment losses. Costs include expenses directly attributable to the asset acquisition. Depreciation is calculated over the estimated useful lives as follows:

Asset type	Useful lives
Vehicles	3 – 5 years
Right of use assets	3 – 10 years
Mining and processing equipment	3 – 20 years
Railcars and rails	5 – 20 years

Assets within operations for which production is not expected to fluctuate significantly from one year to another or which have a physical life shorter than the related mine are depreciated on a straight line basis.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when future economic benefits associated with the item are likely and the cost of the item can be reliably measured. The carrying amount of replaced parts are derecognized and charged to loss on disposal. Repairs and maintenance are recognized in the statement of profit or loss in the year they are incurred. Major improvements are depreciated over the remaining useful life of the related asset.

Property, plant, and equipment is subject to impairment tests when events or circumstances indicate that carrying value is not recoverable. Impairment losses are recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. Management determined that there were no indicators of impairment as of December 31, 2020 and 2019.

Leases

The Company assesses, at the inception of a contract, whether a contract is, or contains, a lease. A lease is a contract in which the right to control the use of an identified asset is granted for an agreed upon period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

Lease liabilities:

Lease liabilities are initially recorded as the present value of the non-cancellable lease payments over the lease term and discounted at the Company's incremental borrowing rate. Lease payments include fixed payments and such variable payments that depend on an index or a rate; less any lease incentives receivable.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of exercising a purchase, extension or termination option. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any difference recorded in the consolidated statement of loss and comprehensive loss.

Right-of-use assets:

The right-of-use assets are measured at cost, which comprises the initial lease liability, lease payments made at or before the lease commencement date, initial direct costs and restoration obligations less lease incentives. The right-of-use assets are subsequently measured at amortized cost. The assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

Right-of-use assets are assessed for impairment in accordance with the requirements of IAS 36, "Impairment of assets".

The Company, on a lease by lease basis, also exercises the option available for contracts comprising lease components as well as non-lease components, not to separate these components. Extension and termination options exist for the Company's property lease of the premises. The Company re-measures the lease liability, when there is a change in the assessment of the inclusion of the extension option in the lease term, resulting from a change in facts and circumstances.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of loss and comprehensive loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise office equipment.

Provisions

Provisions are recognized when Tacora has a present obligation, legal or constructive, as a result of a past event, that is likely required to be settled and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions for legal claims are recognized when Tacora has a present obligation, legal or constructive, as a result of past events, an outflow of economic resources is likely to be required to settle the obligation and the amount can be reasonably estimated.

Environmental rehabilitation

Mining, extraction, and processing activities normally give rise to obligations for environmental rehabilitation. A provision for environmental rehabilitation is recognized at the time of environmental disturbance at the present value of expected rehabilitation work. Rehabilitation work can include decommissioning activities, removal or treatment of waste materials, land rehabilitation, as well as monitoring and compliance with environmental regulations. Tacora's provision is management's best estimate of the present value of the future cash outflows required to settle the liability and is dependent on the requirements of the relevant authorities and management's environmental policies.

Taxation

Tacora is subject to income tax in numerous jurisdictions. Income tax on the statement of profit or loss consists of current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at period-end, adjusted for amendments to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amount recorded for the computation of taxable income except when these differences arise on the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit. These temporary differences result in deferred tax assets and

liabilities, which are included in the consolidated balance sheet. Tacora will recognize deferred tax assets for all deductible temporary differences, tax credits, and unused tax losses, to the extent that it is probable that future taxable profits will be available against which these can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Capital stock

Tacora's issued and outstanding common shares are classified as capital stock under equity. Incremental costs directly attributable to the issuance of new common shares are included in equity as a deduction from the consideration received, net of tax. Contributions for capital stock increases due to the issuance of new common shares are recognized directly as an integral part of capital.

Share-based compensation

The Company offers a stock option plan for certain employees. The stock options shall vest, and may be exercised in whole or in part, only upon a liquidity event as defined in the stock option agreement. The Company does not recognize compensation cost for the stock options until the liquidity event is deemed probable.

Going concern

The consolidated financial statements have been prepared on a going concern basis. Tacora manages its capital to ensure that Tacora will be able to continue in operation as a going concern and acquire, explore, and develop mineral resource properties for the benefit of its stakeholders.

Note 3 - Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, consultation with experts and other methods management considers reasonable in the particular circumstances. Actual results may differ from these estimates.

The accounting policies discussed below are considered by management to be critical to an understanding of Tacora's financial statements as their application places the most significant demands on management's judgment.

Mineral reserves and resources

Estimates of the quantities of proven and probable mineral reserves and measured, indicated and inferred mineral resources form the basis for our life of mine plans, which are used for a number of important business and accounting purposes, including our impairment analysis. Mineral reserves and resources are based on engineering data, estimated future prices, estimated future capital spending and estimated future production rates. We estimate our iron ore mineral reserves and resources based on information compiled by "qualified persons" as defined in accordance with the requirements of the Canadian Securities Administrators' National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*. These life of mine plans also include assumptions about our ability to obtain and renew our mining and operating permits. Tacora expects that, over time, its mineral reserves and resources estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices.

Environmental rehabilitation

Decommissioning and restoration costs are a normal consequence of mining. The majority of these expenditures are incurred at the end of the mine's life. In determining the provision, consideration is given to the future costs to be incurred, the timing of these future costs, and estimated cost of inflation. The cost of decommissioning and restoration is uncertain and can vary in response to many factors including changes to the relevant legal and regulatory requirements. The expected timing of expenditures can change in response to changes in the life of mine. These estimates are reviewed annually and adjusted where necessary to ensure that the most current data is used.

Uncertainty due to COVID-19

In late December 2019, a novel coronavirus ("COVID-19") was identified and subsequently spread worldwide. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic creating an unprecedented global health and economic crisis. The Company will continue to closely monitor the potential impact of COVID-19 on its business. Should the duration, spread or intensity of the COVID-19 pandemic deteriorate in the future, there could be a potentially material and negative impact on the Company's business, notably due to the following: a potential curtailment or total shut down of operations by government; potential loss of contractor manpower at its mining site; the potential of a Company employee falling ill and causing a disruption to the mine site; a potential impact on the ability to procure and transport critical supplies and parts to the sites; and a potential impact on the ability of the Company to transport iron ore to generate revenues. If any of these events were triggered, the result could be a complete shutdown of the Company's mining site for an undetermined period.

To minimize this risk, the following actions have been taken: a policy has been instituted supporting employees to work from home where practical; preliminary screenings at site; any employees or contractors showing potential signs of COVID-19 will be placed into self-isolation; and special arrangements at the sites have been implemented to maximize social distancing. The Company is treating the threat of a COVID-19 outbreak very seriously. Should the COVID-19 cause a prolonged interruption of site operations, this could impact the Company's ability to conduct its operations, have a potentially adverse effect on its business, and/or could result in an impairment of asset values.
As of the date of these statements, there has not been a significant impact on the Company's operations as a result of COVID-19.

Note 4 - Financial risk management

Financial risk management objective

Tacora is exposed to a number of financial risks which are considered within the overall Tacora risk management framework. The key financial risks are foreign exchange risk, commodity price risk, credit risk, liquidity risk and capital management risk, which are each discussed in detail below. The Board of Directors and senior management look to ensure that Tacora has an appropriate capital structure which enables it to manage the risks faced by the organization through the commodities cycle. The general approach to financial risks is to ensure that the business is robust enough to enable exposures to float with the market. Tacora may, however, choose to fix some financial exposures when it is deemed appropriate to do so.

Foreign exchange risk

Notes to the consolidated financial statements

For the years ended December 31, 2020 and 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Tacora's operations and cash flows may be influenced by foreign currencies due to the geographic diversity of Tacora's operations and the locations of its operations. Operating costs may be influenced by the transactions denominated in currencies other than the USD.
In any particular year, currency fluctuations may have a significant impact on Tacora's financial results. A strengthening of the USD against the Canadian dollar has a positive effect on Tacora's underlying earnings. However, a strengthening of the USD also reduces the value of non-USD denominated net assets and consequently total equity.

The impact of a 10% change in the USD against the Canadian dollar as December 31, 2020 would have a $7.5 million impact on earnings.

Commodity price risk

Tacora has agreed to sell all of its production from the Scully Mine to one counterparty, Cargill International Trading Pte Ltd. ("Cargill") with a term expiring December 31, 2024, with an option to extend the term until December 31, 2035 with a rolling options to extend the agreement for the life of the Scully Mine at Cargill's sole discretion. Cargill is selling the Tacora product into the global seaborne iron ore market at prevailing market prices and incurring dry bulk freight costs to deliver the product to its intended destination at prevailing market freight rates. Therefore, Tacora will be exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales. Price decreases in the iron ore commodity market and/or cost increases for dry bulk freight rates could negatively affect net sales and therefore earnings.

In March 2020, Tacora and Cargill agreed to amend certain terms of the Cargill / Tacora: Iron Ore Sale and Purchase Contract that provide, among other things, for the following: (i) the grant to Cargill of rolling options to extend the agreement for the life of the Scully Mine; (ii) clarification that Cargill has rights to sell all of the tons produced from the Scully Mine including any and all expansions; and (iii) certain adjustments to the definition of margin amount (as defined in the agreement) whereby the shipment margin amount in respect of each relevant shipment may be either negative or positive. On each calculation date, all valuations of the shipment margin amount for all shipments for which the final purchase price has not been determined shall be netted to result in a single positive or negative value (the "Margin Amount"). If that value is positive and greater than $7.5 million, then Buyer shall be entitled to hold margin equal to but no greater than that Margin Amount less $5.0 million, and if that value is negative and less than -$5.0 million, then Seller shall be entitled to hold margin equal to but no greater than that Margin Amount. In determining which party makes a payment to the other, any Margin Amount (if any) already held by one party shall be taken into account and netted. The receiving party shall raise a debit note for the relevant amount which shall be settled by the paying party within 5 Working Days. These changes to the definition of Margin Amount shall cease to apply at midnight Singapore time on 31st December 2021. At that time, the definition of Margin Amount shall revert to the following: if that value is positive and greater than $5.0 million, then Buyer shall be entitled to hold margin equal to but no greater than that Margin Amount and if that value is negative and less than -$5.0 million, then Seller shall be entitled to hold margin equal to but no greater than that Margin Amount.

Tacora believes commodity price hedging could provide a long-term benefit to shareholders. Therefore, Tacora may hedge certain commitments in the future with an emphasis on mitigating commodity price risk during the ramp up of the Scully Mine.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Tacora may be exposed to credit risk from its customer receivables and from its financing activities, including deposits with banks and financial institutions, other short-term investments, interest rate and currency derivative contracts and other financial

(expressed in thousands of US Dollars, except where otherwise noted)

instruments.

Liquidity and capital risk management

Tacora's objective when managing capital is to safeguard the business as a going concern while maximizing returns for shareholders. In a cyclical and capital intensive industry, such as the mining industry, maintaining a strong balance sheet and a sound financial risk management framework are desirable to preserve financial flexibility and generate shareholder value through the cycle. In practice, this involves regular reviews by the Board of Directors and senior management. These reviews take into account Tacora's strategic priorities, economic and business conditions and opportunities that are identified to invest across all points of the commodities cycle and focus on shareholder return while also striving to maintain a strong balance sheet.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period to maturity at the consolidated balance sheet date. The amounts below are gross amounts, so they include principal and interest.

	Within 1 Year	1 to 2 Years	2 to 5 Years	Over 5 Years	Total
Accounts payable and accrued liabilities	50,862	-	-	-	50,862
Debt	41,922	45,633	87,763	-	175,318
Lease liabilities	9,420	9,436	22,086	12	40,954
Rehabilitation obligation	-	-	-	37,630	37,630
Total	102,204	55,069	109,849	37,642	304,764

To maintain a strong balance sheet, Tacora considers various financial metrics, overall level of borrowings and their maturity profile, and other leverage ratios such as net debt to EBITDA.

Note 5 - Cash

Tacora maintains its cash in bank accounts which, at times, may exceed insured limits. Tacora has not experienced any losses in such accounts.

Cash consists of the following:

	As at Dec 31, 2020	As at Dec 31, 2019
Cash at bank	119,564	44,292
Restricted cash, escrow	259	254

Restricted cash of $259 thousand is held as collateral for one letter of credit required for environmental reclamation and Tacora's credit card program.

Notes to the consolidated financial statements

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(expressed in thousands of US Dollars, except where otherwise noted)

Note 6 – Accounts Receivable

Accounts receivable consist of the following:

	As at Dec 31, 2020	As at Dec 31, 2019
Trade receivables	2,351	6,001
Balance per consolidated balance sheet	2,351	6,001

Tacora's trade receivables all relate to a single customer. For the years ended December 31, 2020 and 2019, no specific provision was recorded on any of the receivables. The receivables at December 31, 2020 are current and are generally settled within four months.

Note 7 – Inventories

Inventories consist of the following:

	As at Dec 31, 2020	As at Dec 31, 2019
Consumable inventories	5,693	2,786
Finished concentrate inventories	2,352	1,375
Balance per consolidated balance sheet	8,045	4,161

Note 8 – Prepaid expenses and other current assets

Prepaid expenses consist of the following:

	As at Dec 31, 2020	As at Dec 31, 2019
Prepaid future port and transportation services	-	2,031
Other miscellaneous prepaid expenses	1,384	1,274
Sales tax	4,420	7,499
Miscellaneous deposits	44	44
Balance per consolidated balance sheet	5,848	10,848

Notes to the consolidated financial statements

For the years ended December 31, 2020 and 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Note 9 - Related-party balances

Transactions with related parties for the period ended December 31, 2020 and 2019, were as follows:

Compensation of key management personnel

Tacora considers its directors and officers to be key management personnel. Transactions with key management personnel are set forth as follows:

	2020 USD$	2019 USD$
Salaries	1,650	954
Deferred Compensation	37	41
Other benefits	53	97
Total	1,740	1,092

There were no material related party receivables or payables as of December 31, 2020 or 2019, respectively.

Note 10 –Property, plant and equipment

	Mining and Processing Equipment	Railcars and Rails	Vehicles	Right of Use Assets	Assets under construction	Asset Retirement Obligation and Other	Total
As of Dec 31, 2018	26,082	-	105	-	-	26,231	52,418
Additions	25,750	2,032	327	54,680	31,401	4,859	119,049
Disposals	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-
Accumulated depreciation	(2,123)	(51)	(10)	(4,310)	-	(70)	(6,564)
As of Dec 31, 2019	49,709	1,981	422	50,370	31,401	31,020	164,903
Additions	-	-	-	-	15,087	5,272	20,359
Disposals	(1,005)	-	(146)	(362)	-	-	(1,513)
Transfer	24,667	436	-	3,204	(27,945)	-	362
Accumulated depreciation	(7,436)	(122)	(90)	(7,925)	-	(216)	(15,789)
As of Dec 31, 2020	65,935	2,295	186	45,287	18,543	36,076	168,322

Refer to note 14 for information on non-current assets pledged as security.

The Company leases various pieces of mobile equipment all of which are considered right of use assets.

Notes to the consolidated financial statements

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Note 11 – Intangible assets subject to amortization

Port access

In May 2018, the Company executed an agreement with Société ferroviaire et portuaire de Pointe-Noire s.e.c. ("SFPPN") with an effective date of June 1, 2018 and a termination date of December 31, 2044 setting out the terms on which SFPPN will grant the Company guaranteed access to SFPPN's equipment, throughput and storage capacity necessary to transport iron ore to the port infrastructure. Under the SFPPN Agreement, the Company is required to contribute, to certain capital expenditures up to an aggregate amount of C$48.9 million, inclusive of C$10 million which was paid in 2018. Capital expenditures totaling C$16.3 million and C$2.8 million were paid in 2019 and 2020, respectively and C$7.8 million will be payable in 2021 and the balance will be due by the end of 2022. The capital expenditure will allow SFPPN to enhance the current existing infrastructure required for the Company's guaranteed access to SFPPN's facilities, which include railway and Wabush Yard infrastructure. From the date of the completion of the 2018 financing transactions and until the commencement of the Company's railcars shipment to SFPPN in March 2019, the Company was required to make a monthly payment of C$500,000 in consideration of the capacity SFPPN allotted to the Company. Beginning in April 2019, the Company began monthly payments to SFPPN of C$2.5 million which is based on the Company's share of fixed costs, operational costs, profit margins, compensation rate and applicable taxes. The SFPPN Agreement also provides that the 451 railcars owned by SFPPN and located at the Scully Mine will be leased to the Company under a lease and maintenance agreement for nominal consideration, provided that the Company contracts exclusively with SFPPN for the maintenance of such railcars. The Company will have the option to purchase any or all of the railcars at a price of C$2,725 per railcar upon 10 days' prior written notice to SFPPN, which will terminate the required maintenance arrangement with SFPPN. The SFPPN Agreement contains customary default clauses, which include if the Company ceases the operations of the Scully Mine for a continuous period of more than twelve months and does not provide SFPPN with a date for the resumption of operations that is within the following twelve months.

The C$48.9 million that the Company is required to contribute to SFPPN for certain capital expenditures is and will be classified as an intangible asset on the consolidated balance sheet and amortized. There may be other expenditures that the Company is required to make that the Company will classify in this regard.

The C$500,000 per month plus the expenditures for fixed cost is expensed as incurred.

The Company has executed an assignment of contractual rights agreement pursuant to which New Millennium Iron Corp. ("NML") will assign to the Company 6.5 million metric tonnes of NML's port capacity with the Sept-Iles Port Authority (the "Port Authority") in exchange for an upfront payment in the amount of C$4.0 million payable on the closing date of the assignment and an ongoing fee of C$0.10 per tonne of iron ore shipped by the Company through the port facilities pursuant to a contract to be entered into directly with the Port Authority over a 20-year period following the assignment. We recognize the benefit of the prepayment based on tonnes shipped as a reduction of cost of goods sold. In connection with the assignment, the Company has assumed part of NML's "take or pay" obligations related to the assigned 6.5 million metric tonnes of port capacity. The portion of the "take or pay" obligation that was payable to NML prior to the Company shipping ore from the port was added to the upfront payment amount. The upfront payment entitles the Company to a discount of C$0.25 per tonne shipped until the upfront payment is recovered by the Company. The Company, NML and the Port Authority have entered into an agreement whereby the Port Authority consented to the assignment of capacity and agreed to enter into a direct agreement with the Company in respect of the 6.5 million metric tonnes of port capacity assigned by NML to the Company on terms substantially similar to those contained in the existing agreement between NML and the Port Authority. This agreement will provide the Company with direct access to port facilities that are capable of loading cape-size vessels, which are larger and more cost efficient than smaller baby-cape and Panamax alternatives. All port agreements

(expressed in thousands of US Dollars, except where otherwise noted)

between NML, the Port Authority and Tacora in respect of the assigned capacity were fully executed and complete as of December 31, 2018.

Intangible assets consist of the following:

	SFPPN Intangible Asset	New Millennium Iron Corp. Port Access	Total
As of Dec 31, 2018	7,552	3,030	10,582
Additions	12,311	1,930	14,241
Accumulated amortization	(259)	-	(259)
Upfront payment recovery	-	(175)	(175)
As of Dec 31, 2019	19,604	4,785	24,389
Additions	3,278	-	3,278
Accumulated amortization	(907)	-	(907)
Upfront payment recovery	-	(324)	(324)
As of Dec 31, 2020	21,975	4,461	26,436

SFPPN amortization is calculated using straight line over the life of the asset, through December 31, 2044.

New Millennium Iron Corp. port access amortization is calculated based on a rate per tonne shipped.

Note 12 – Deposits

Transportation deposits consist of the following:

	As at Dec 31, 2020	As at Dec 31, 2019
Québec North Shore and Labrador Railway Company, Inc., transportation deposit	13,728	18,219
Less current portion	(8,487)	(6,998)
Non current portion per the consolidated balance sheet	5,241	11,221

On November 3, 2017, the Company entered into a life-of-mine transportation agreement ("QNS&L Rail Agreement") with Québec North Shore and Labrador Railway Company, Inc. ("QNS&L"). The QNS&L Rail Agreement provides that QNS&L will carry iron ore concentrate produced at the Scully Mine on Tacora-supplied railcars between Wabush Lake Junction in Labrador City, Newfoundland and Labrador to the Sept-Iles Junction in Sept-Iles, Québec, a distance of approximately 500 km. Under the terms of the QNS&L Rail Agreement, QNS&L has agreed, among other things, to haul minimum monthly tonnages of iron ore (and any surplus iron ore that QNS&L agrees to haul for the benefit of the Company), ensure available transportation capacity, lead and actively participate in appropriate operations management and coordination procedures between QNS&L and the Company and supply sufficient labour, locomotives, assets and infrastructure as necessary to provide the rail transportation services contemplated. The QNS&L

(expressed in thousands of US Dollars, except where otherwise noted)

Rail Agreement also prescribes various capacity and volume commitments on the part of each of QNS&L and the Company, and sets forth specific maximum and minimum monthly tonnages of iron ore that may be tendered for transportation in any month. In the event that the Company fails to meet the minimum monthly tonnage requirements during a given month, the Company will be required to pay QNS&L, as liquidated damages, an amount equal to the deficit volume multiplied by the base rate applicable during that month, and which increases over time, other than where the failure to meet such minimum tonnage is as a result of a force majeure event; and provided further that, in the event that the Company suspends production at the Scully Mine for a period of more than one calendar year, the obligation to pay any such liquidated damages will be suspended until the resumption of production.

The QNS&L Rail Agreement required the Company to provide advance payments to QNS&L totaling C$20.0 million, of which C$3.0 million was paid on November 10, 2017 and C$17.0 million was paid on November 14, 2018. These advance payments are required by QNS&L to secure the locomotive equipment and infrastructure capacity to meet the Company's anticipated haulage volumes on the QNS&L rail line. The Company will recover the advance payments from QNS&L by means of a special credit per wet metric tonne hauled.

Security deposits consist of the following:

	As at Dec 31, 2020	As at Dec 31, 2019
Western Labrador Railway, Cash collateral in an amount equal to three months	339	339
Komatsu Financial, 5% of total purchase price of equipment financed until paid in full	2,282	2,239
Caterpillar Financial, 10% of total purchase price of equipment financed until 24 months of consecutive mining operations	756	756
Balance per consolidated balance sheet	3,377	3,334

Note 13 – Environmental rehabilitation

Pursuant to a Mine Rehabilitation and Closure Financial Assurance Fund Agreement between the Province of Newfoundland and Labrador and Tacora dated July 17, 2017, Tacora was required to deliver an initial cash payment to the Newfoundland Exchequer Account in respect of a Financial Assurance Fund in the amount of C$36.8 million concurrently with the closing of the transactions under the APA. The funds are held in trust for the special purposes set out by the *Mining Act* (Newfoundland) and held in a special purpose account. Prior to start-up activities of the Scully Mine, an additional cash payment in the amount of C$4.9 million was required to be remitted to this special purpose account by Tacora.

In 2019, Tacora executed a surety bond in the amount of C$41.7 million which meets the entire financial assurance requirement contained in Tacora's mining permits with Newfoundland and Labrador. Newfoundland and Labrador accepted the surety bond and Tacora was reimbursed by the province for the cash financial assurance payment held in escrow in the amount of C$36.8 million. A deposit of $6.3 million was required to secure the surety bond.

In addition, Tacora had provided two letters of credit in favour of the Government of Canada (Ministry of Fisheries and Oceans) for an aggregate of $0.2 million in respect of environmental reclamation matters.

Notes to the consolidated financial statements

For the years ended December 31, 2020 and 2019
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Environmental liabilities are initially recognized at the present value of estimated costs to be incurred to extinguish the liability. The timing of the actual rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset. Tacora's environmental rehabilitation provision of $37.6 million was measured at the expected value of future cash flows, discounted to the present value using a current a risk-free pre-tax discount rate of 1.21%.

	As at Dec 31, 2020	As at Dec 31, 2019
Opening balance	31,706	26,231
Additions/changes in estimates	-	3,840
Interest accretion	652	617
Change in inflation/discount rates	5,272	1,018
Balance per consolidated balance sheet	37,630	31,706

Note 14 – Debt

The carrying value, terms and conditions of Tacora's debt at December 31, 2020 and December 31, 2019 are as follows:

	As at Dec 31, 2020	As at Dec 31, 2019
Unsecured interest free note to be paid quarterly based on tons shipped from the mine to the port, maturity date is based upon when the note is paid in full, debt is recorded at fair value, $0.69 will be paid for each ton shipped which will be allocated between principal and interest	4,882	5,149
Infrastructure 1 Loan secured by substantially all the Company's assets at a 13.4% annual rate to be paid monthly in the amount of $500 thousand until December 31, 2020 when that payment increases to $1.0 million for sixty months, on the maturity date of November 15, 2023 the Company shall repay the remaining balance anticipated to be $38.6 million	55,377	52,537
Infrastructure 2 Loan secured by substantially all the Company's assets at a 12.3% annual rate which had an additional draw in May 2019, of $20 million, financing to be paid monthly in the amount of $280 thousand until December 31, 2020 when that payment increases to $560 thousand for sixty months, on the maturity date of November 15, 2023 the Company shall repay the remaining balance anticipated to be $41.8 million	49,498	39,997
Term Loan secured by substantially all the Company's assets at a 11% annual rate, interest rate which shall be calculated and paid monthly, commencing in November 2019 the Company shall begin making monthly principal payments of $125 thousand until November 2020 when the principal payment increases to $200 thousand for thirty-six months, on the maturity date of November 15, 2023 the Company shall repay the remaining balance anticipated to be $17.3 million	28,010	28,374
	137,767	126,057
Less current maturities of long term debt	25,700	4,399
Long term debt	112,067	121,658

Notes to the consolidated financial statements

For the years ended December 31, 2020 and 2019
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	As at Dec 31, 2020	As at Dec 31, 2019
Financing secured by equipment financed, under an interest free note to be paid in monthly installments of $3 thousand beginning February 2019 until maturity in January 2023	61	103
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $215 thousand beginning June 2019 until maturity in May 2025	9,972	11,887
Financing secured by equipment financed, with a 7.09% annual interest rate paid quarterly in the amount of $70 thousand beginning July 2019 until maturity in April 2024	808	1,021
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $126 thousand beginning July 2019 until maturity in June 2025	5,933	7,049
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $128 thousand beginning August 2019 until maturity in July 2025	6,137	7,263
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $58 thousand beginning September 2019 until maturity in August 2025	2,830	3,340
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $116 thousand beginning October 2019 until maturity in September 2025	5,748	6,763
Financing secured by equipment financed, with a 7.09% annual interest rate paid quarterly in the amount of $299 thousand beginning October 2019 until maturity in July 2024	3,692	4,596
Financing secured by equipment financed, with a 7.09% annual interest rate paid quarterly in the amount of $7 thousand beginning December 2019 until maturity in September 2024	92	113
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $12 thousand beginning February 2020 until maturity in January 2026	635	-
Financing secured by equipment financed, with a 5.5% annual interest rate paid quarterly in the amount of $23 thousand beginning December 2020 until maturity in September 2023	236	-
Down payment costs amortized over the life of the debt	(175)	(234)
	35,969	41,901
Less current maturities of lease liabilities	7,423	6,809
Long term lease liabilities	28,546	35,092

Covenants

The term loan and the infrastructure loans contain the following covenants as of December 31, 2020:

1) The Borrower shall, at all times, have cash and/or cash equivalents of not less than $34.5 million (the "Minimum Cash Balance") to be reduced by, if the Government of Newfoundland requires the Borrower to provide the Financial Assurance Deposit (as opposed to a bond or other form of security), any cash collateral provided as same.
2) Minimum Reserve Base Ratio. As at the end of each fiscal year (including the fiscal year in which the Closing Date occurs), the Reserve Base Ratio shall not be less than 10.00:1:00.

(expressed in thousands of US Dollars, except where otherwise noted)

As of December 31, 2020, Tacora is in compliance with all financial covenants.

The term loan and the infrastructure loans were amended on December 11, 2020. The loss associated with the amendment of the loans was $10.2 million due to the revaluation of the debt balance.

As part of the amendments, the following covenants will be calculated beginning with the first fiscal quarter in 2021.

1) Senior Debt to EBITDA Ratio. The Senior Debt to EBITDA Ratio shall not exceed:
   (i) 4.00:1.00 as at the end of each fiscal quarter ending March 31, 2021; and
   (ii) 3.00:1.00 as at the end of each fiscal quarter falling on or after June 30, 2021.

2) Minimum Debt Service Coverage Ratio. The Debt Service Coverage Ratio shall not be less than
   (i) 0.75:1.00 as at the end of each fiscal quarter falling on March 31, 2021; and
   (ii) 1.00:1.00 as at the end of each fiscal quarter falling on June 30, 2021, September 30, 2021, December 31, 2021 and March 31, 2022; and
   (iii) 1.50:1.00 as at the end of each fiscal quarter falling on and after June 30, 2022.

Additionally, both the Term Loan and Infrastructure Loans contain other covenants that limit or restrict Tacora's ability to make capital expenditures; incur indebtedness; permit liens on property; enter into transactions with affiliates; make restricted payments or investments; enter into mergers, acquisitions or consolidations; conduct asset sales; pay dividends or distributions and enter into other specific transactions or activities.

The Term Loan and Infrastructure Loans are secured by substantially all the Company's assets.

Note 15 – Taxation

Tacora is subject to income tax in numerous jurisdictions. Income tax on the statement of profit or loss consists of current and deferred tax. No deferred tax asset has been recognized on the net deductible temporary difference given no history of profits.

The following table reconciles the expected income tax (expense)/recovery at the statutory income tax rate of 30% which is the combined federal and NL tax rate (2019: 30%) to the amounts recognized in the consolidated statements of income:

	Year Ended	
	2020	2019
Net income reflected in consolidated statements of income	(69,746)	(112,060)
Expected income tax (expense) recovery	(20,924)	(33,618)
Permanent differences	(82)	(9)
Adjustments related to prior year balances	-	-
Unrecognized deferred tax assets	19,963	34,939
Foreign exchange	1,143	(1,188)
Other	10	316
Income Tax Expense	110	440

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The following table summarizes deductible temporary differences for which no deferred tax asset has been recognized:

	Year Ended	
	2020	2019
Hedges	80,952	55,597
Fixed assets, intangibles and other	6,042	12,811
Loss on debt modification	11,287	-
Non-capital loss carry forwards	122,227	77,925
Total unrecognized deductible temporary differences	220,508	146,333

As of December 31, 2020 the company has total non-capital losses of $122.2 million (2019 - $77.9 million). Deferred tax asset was not recognized on such losses, which if not utilized will expire between 2037 and 2040.

Note 16 – Equity

	Shares Authorized	Shares Issued	2019
Ordinary Shares:			
Common - no par value	165,231,138	165,231,138	150,232
Restricted Shares:			
Class A	3,300,000	2,739,000	0.273
Class B	3,300,000	2,739,000	0.272
Balance as of Dec 31, 2019	171,831,138	170,709,138	150,232

	Shares Authorized	Shares Issued	2020
Ordinary Shares:			
Common - no par value	214,622,085	214,622,085	225,331
Restricted Shares:			
Class A	3,300,000	2,739,000	0.273
Class B	3,300,000	1,080,750	0.273
Balance as of Dec 31, 2020	221,222,085	218,441,835	225,332

Restricted Shares

Tacora currently has 2,739,000 Class A Non-Voting Shares and 1,080,750 Class B Non-Voting Shares outstanding. In connection with and prior to closing on a liquidity event as defined in the shareholders agreement, the following capital changes will be implemented:

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- All of the 2,739,000 Class A Non-Voting Shares will be converted into Common Shares on a one-for-one basis;

- All of the 1,080,750 Class B Non-Voting Shares will be (i) subject to the achievement of a defined valuation, converted into Common Shares on a one-for-one basis or (ii) redeemed for nominal consideration by the Company;

Ordinary Shares

A cash call was declared on March 6, 2020 for $5.0 million with a price of $1.00 per share. The cash call was completed April 30, 2020 and 5.0 million shares of common stock were issued as of that date.

A cash call was declared on March 6, 2020 for $10.0 million with a price of $1.00 per share. The cash call was completed May 18, 2020 and 10.0 million shares of common stock were issued as of that date.

On December 11, 2020, 34.4 million shares of common stock were issued for $62.0 million.

Stock Options

The Company offers a stock option plan for certain employees.

	Number of Stock Options	Weighted-Average Exercise Price
Granted	561,000	1.00
Exercised	-	-
Cancelled	(130,000)	-
Options exercisable as of Dec 31, 2019	431,000	1.00
Granted	1,395,000	1.00
Exercised	-	-
Cancelled	-	-
Options exercisable as of Dec 31, 2020	1,826,000	1.00

The stock options shall vest, and may be exercised in whole or in part, only upon a liquidity event as defined in the stock option agreement. The Company does not recognize compensation cost for the stock options until the liquidity is deemed probable. No amounts have been recognized in 2020 or 2019.

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Note 17 – Commitments and contingencies

At December 31, Tacora's commitments were comprised of the following payments:

	2020 USD$	2019 USD$
Payments due in one year	37,936	31,687
Payments due in one to five years	10,210	10,008
Payments due later than five years [1]	92,749	83,236

(1) Includes Tacora's environmental rehabilitation provision (Note 11)

Mining leases and royalties

Tacora is party to the Mining Lease pursuant to which Tacora was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from a mine on a parcel of land located near Wabush, Newfoundland and Labrador on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055; however, the Mining Lease may be cancelled by Tacora generally on six months' written notice.

At the commencement of shipping iron ore products, Tacora is required to pay an earned royalty fee per metric tonne ranging from 4.2% to 7.0% of Net Revenues less certain deductible expenses, in accordance with the calculation as defined in the Mining Lease. To the extent that Tacora has not commenced or ceases the shipping of iron ore products and the sum of the earned royalty fee in a given calendar quarter is less than C$0.8 million, Tacora is required to pay a minimum quarterly royalty of C$0.8 million (of which 20 percent is withheld and remitted to the Province of Newfoundland and Labrador).
Any minimum quarterly royalty payments during the calendar years of 2017 and 2018 could be recovered against future earned royalties on sales of iron ore products from the leased land during the 2018 and 2019 calendar years. Any amount which Tacora shall pay the lessor related to minimum quarterly royalty payments subsequent to 2019, other than in payment of earned royalties, shall be recoverable against earned royalties in the same calendar year. The prepaid royalties balance of $2.6 million accumulated throughout 2017, 2018 and 2019 that could not be carried forward beyond 2019, were written off as of December 31, 2019. There were no prepaid royalties at December 31, 2019.

Royalties paid in the years ended December 31, 2020 and 2019 were approximately $14.0 million and $2.4 million, respectively. Accrued royalties in the amount of $10.2 million were recorded in other accrued expenses at December 31, 2020. Accrued royalties due to our minimum quarterly payments in the amount of $0.6 million were recorded in other accrued expenses at December 31, 2019.

Transportation services

Tacora is committed to purchasing transportation services that will require minimum annual payments of approximately $35.4 million. In the event Tacora suspends production and shipments of iron ore at the Scully mine for any reason for a period longer than one year, the obligation to pay minimum annual payments is suspended.

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Note 18 – Derivative liability

Tacora will be exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales. The Company does not generally believe commodity price hedging would provide a long-term benefit to shareholders, however, from time to time or as required by debt agreements, Tacora may use cash-settled commodity forward contracts to hedge the market risk associated with the sales of iron ore. These derivatives may be used with respect to a portion of the Company's iron ore sales. Independent of any hedging activities, price decreases in the iron ore market or price increases in dry bulk freight costs could negatively affect revenue and therefore earnings.

Iron ore derivatives are marked to market and recognized as an asset or liability at fair value, with changes in fair value reflected in net income unless the Company qualifies for, and elects hedge accounting. If the Company qualifies for and elects hedge accounting, the effective gains and losses for iron ore derivatives designated as cash flow hedges of forecasted sales of iron ore are recognized in accumulated other comprehensive income, a component of Shareholder's Equity on the Balance Sheet and reclassified into revenue in the same period as the earnings recognition of the associated underlying transaction. Gains and losses on these designated derivatives arising from either hedge ineffectiveness or related to components excluded from the assessment of effectiveness are recognized in current income as they occur. In 2018, and as required by our senior secured debt agreements, the Company had entered into iron ore commodity forward contracts. The Company has not elected hedge accounting for any of the commodity forward contracts for the years ended December 31, 2020 and 2019. In December 2020, the Company completed a buy-back of 150,000 hedges with settlement dates in January, February and March 2021 in addition to entering into new commodity forward contracts with settlement dates between February 2021 and December 2021.

The following presents a summary of information pertaining to the commodity forward contracts (in metric tonnes):

	Calls USD$	Puts USD$	Swaps USD$	Call Volume (dmt)	Put Volume (dmt)	Swap Volume (dmt)
Settlement dates between Jan 1, 2020 and Dec 31, 2020	56.50	50.00	-	528,000	880,000	-
Settlement dates between Jan 1, 2020 and Dec 31, 2020	59.00	50.00	-	528,000	880,000	-
Settlement dates between Jan 1, 2020 and Dec 31, 2020	56.50	50.00	-	264,000	440,000	-
Settlement dates between Jan 1, 2021 and July 31, 2021	56.50	50.00		219,975	496,000	
Settlement dates between Jan 1, 2021 and July 31, 2021	59.00	50.00		237,600	496,000	
Settlement dates between Jan 1, 2021 and July 31, 2021	56.50	50.00	-	136,425	248,000	-
Settlement dates between Feb 1, 2021 and Mar 31, 2021	-	-	144.45	-	-	308,000
Settlement dates between Apr 1, 2021 and Jul 31, 2021	-	-	134.45	-	-	344,000
Settlement dates between Aug 1, 2021 and Dec 31, 2021	-	-	109.45	-	-	1,000,000

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Based on the maturity dates of the contracts noted above, the derivative liability has been classified as current and long-term.

	Years Ended December 31,	
	2020	2019
Current derivative liability	80,952	38,726
Long-term derivative liability	-	16,871
Total derivative liability	**80,952**	**55,597**

Note 19 – Financial instruments

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. Details of each level are discussed below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit and liquidity risk

The Company's credit risk is primarily attributable to trade receivables from a single customer. The maximum exposure of credit risk is best represented by the carrying amount of financial instruments. The Company considers credit risk negligible due to customer payments being received within three days of receipt of the invoice.

The Company's cash and restricted cash are held with an established Tier-1 Canadian financial institution, and consequently management believes that the credit risk with respect to this financial instrument is low and that the Company has no significant concentration of credit risk arising from operations.

The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis; there are no significant payables that are outstanding past their due dates.

The Company undergoes an in-depth budgeting process each year which is supplemented by a continuous detailed cash forecasting process. If necessary, the Company may seek financing for capital projects or general working capital purposes.

The amounts of cash and cash equivalents, trade and other receivables, trade accounts payables, accrued liabilities and leases approximate their fair value due to their short maturity. Derivative liabilities are measured at fair value with changes recognized through profit and loss.

Notes to the consolidated financial statements

For the years ended December 31, 2020 and 2019
(expressed in thousands of US Dollars, except where otherwise noted)

The following fair value tables present information about the fair value of Tacora's assets and liabilities measured on a recurring basis as of the dates indicated:

	December 31, 2020				
	Level 1	Level 2	Level 3	Total	Carrying Amount
Derivative liability	—	80,952	—	80,952	80,952
Notes payable	—	—	4,882	4,882	4,882

	December 31, 2019				
	Level 1	Level 2	Level 3	Total	Carrying Amount
Derivative liability	—	55,597	—	55,597	55,597
Notes payable	—	—	5,149	5,149	5,149

During the period ended December 31, 2020 and December 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

Note 20– Cost of sales

	Year Ended	
	2020	2019
Mining	41,697	19,397
Processing	70,395	26,486
Logistics	76,808	28,748
General and Administration	10,768	4,491
Royalties	23,550	4,257
Total expenses by function	223,218	83,379

Note 21– Selling general and administrative expenses

	Year Ended	
	2020	2019
Salaried wages and benefits	1,687	2,902
Professional fees	903	749
Insurance	518	23
Travel	239	1,347
Contract services	231	52
Other	194	428
Port and rail charges	-	6,613
Costs allocated to CAPEX	-	(789)
Total expenses by function	3,772	11,325

Note 22– Subsequent events

On January 13, 2021, pursuant to a share purchase agreement between the seller, Sydvaranger AS and the purchaser, Tacora Resources Inc., the Company completed the acquisition of 100% of the share capital of Sydvaranger Mining AS (the "Sydvaranger Mine" or "Sydvaranger"). The Sydvaranger Mine is a long lived,

Notes to the consolidated financial statements

For the years ended December 31, 2020 and 2019
(expressed in thousands of US Dollars, except where otherwise noted)

large scale iron ore open pit, mineral processing plant and port with its concentrator and port facilities in the town of Kirkenes, Norway and the mines are 8 kilometers to the south near the town of Bjørnevatn, Norway. As a result of the acquisition, Tacora has the option to restart the Sydvaranger Mine which is shovel ready and fully permitted in a tier 1 jurisdiction. Sydvaranger is currently under a care and maintenance program.

As consideration for the acquisition of Sydvaranger AS, Sydvaranger Mining AS, a wholly owned subsidiary of the Company, assumed a royalty agreement between the recipient, OMF Fund II H ("Orion Mine Finance" or "Orion") and the Payor, Sydvaranger Mining AS, with a purchase price of $26.2 million, issued 7.2 million common shares in Tacora Resources Inc. to Orion and 13.9 million common shares in Tacora Resources Inc. to Sydvaranger AS.

Due to the recent closing of the acquisition, the complete valuation and initial purchase price accounting for the business combination is not available as at the date of release of these financial statements. As a result, the Company has not provided amounts recognized as at the acquisition date for certain major classes of assets acquired and liabilities assumed.

Independent auditor's report

To the Directors of Tacora Resources Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Tacora Resources Inc. and its subsidiaries (together, the Company) as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated balance sheet as at December 31, 2019;
- the consolidated statements of loss and comprehensive loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary

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to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
April 30, 2020

Consolidated balance sheet

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	2019	2018
Current assets			
Cash	5	44,292	142,031
Restricted cash, escrow	5	254	242
Receivables	6	6,001	-
Inventories	7	4,161	-
Transportation deposits, current portion	12	6,998	3,332
Prepaid expenses and other current assets	8	10,848	10,875
Total current assets		72,554	156,480
Non-current assets			
Property, plant & equipment, net	10, 13	164,903	52,418
Intangible assets subject to amortization	11	24,389	10,582
Transportation deposits	12	11,221	11,855
Security Deposits	12	3,334	-
Deferred financing costs, net		-	882
Financial assurance deposit	13	6,266	26,938
Total non-current assets		210,113	102,675
TOTAL ASSETS		282,667	259,155
Current liabilities			
Current maturities of long-term debt	14	4,399	-
Current maturities of leased liabilities	14	6,809	-
Accounts payable		4,964	3,968
Accrued liabilities		16,206	1,682
Current derivative liability	18	38,726	2,732
Total current liabilities		71,104	8,382
Non-current liabilities			
Long-term debt, less current maturities	14	121,658	102,562
Leased liabilities, less current maturities	14	35,092	-
Long-term derivative liability	18	16,871	10,475
Rehabilitation obligation	13	31,706	26,231
Total Non-Current Liabilities		205,327	139,268
TOTAL LIABILITIES		276,431	147,650
NET ASSETS		6,236	111,505

Consolidated balance sheet

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	2019	2018
Shareholder's equity			
Capital stock	16	150,232	143,001
Accumulated deficit		(144,114)	(31,614)
Non-controlling interest		118	118
TOTAL SHAREHOLDERS EQUITY		6,236	111,505

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

The financial statements were approved by a directors' resolution on April 30, 2020 and signed on their behalf by:

David J Durrett
Chief Executive Officer

Joseph A. Broking II
Executive Vice President and Chief Financial Officer

Consolidated statements of loss and comprehensive loss

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	Years Ended Dec 31, 2019	Years Ended Dec 31, 2018 (Restated, Note 22)
Revenue		60,049	-
Cost of Sales	20	83,379	-
Depreciation		6,715	-
Gross profit (loss)		(30,045)	-
Other expenses			
Selling, general, and administrative expenses	21	11,325	8,196
Sustainability and other community expenses	21	521	279
Depreciation expense	10	170	277
Operating income (loss)		(42,061)	(8,752)
Other income/(expense)			
Other (losses) / gains		(135)	121
Write-off of prepaid royalties	17	(2,575)	
Loss on derivative instruments	18, 19	(54,725)	(13,207)
Unwinding of present value discount : ARO		(617)	-
Interest expense	14	(17,985)	(1,631)
Interest income		1,970	-
Foreign exchange gain / (loss)		4,068	(5,332)
Total other (expense) / income		(69,999)	(20,049)
Loss before income taxes		(112,060)	(28,801)
Income Taxes	15	440	14
Net loss and comprehensive loss		(112,500)	(28,815)

Should be read in conjunction with the notes to the condensed consolidated financial statements

Consolidated statement of changes in equity

(expressed in thousands of US Dollars, except where otherwise noted)

	Capital stock	Contributed surplus	Non-controlling interest	Accumulated deficit	Total
Balances at Dec 31, 2017	**51,001**	**-**	**118**	**(2,799)**	**48,320**
Net loss and comprehensive loss	-	-	-	(28,815)	(28,815)
Issuance of common shares	92,000	-	-	-	92,000
Balances at Dec 31, 2018	**143,001**	**-**	**118**	**(31,614)**	**111,505**
Balance at Dec 31, 2018	**143,001**	**-**	**118**	**(31,614)**	**111,505**
Issuance of common shares	7,231	-	-	-	7,231
Net loss and comprehensive loss	-	-	-	(112,500)	(112,500)
Balance at Dec 31, 2019	**150,232**	**-**	**118**	**(144,114)**	**6,236**

Should be read in conjunction with the notes to the condensed consolidated financial statements

Consolidated statement of cash flow

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	Years Ended Dec 31, 2019	Years Ended Dec 31, 2018 (restated, note 21)
Cash Flows from operating activities			
Net loss		(112,500)	(28,815)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	10	6,885	157
Amortization of intangible asset	11	434	-
Foreign exchange translation loss		625	2,158
Write-off of prepaid royalties	17	2,575	-
Loss from forward contracts	18, 19	54,726	13,207
Interest accretion of asset retirement obligation	13	617	
Gain on disposal of property and equipment	10	-	12
Changes in operating assets and liabilities:			
Trade accounts receivable	6	(6,001)	-
Inventory	7	(4,161)	-
Prepaid expenses and other	8	(5,882)	(6,063)
Accounts payable		4,825	(114)
Accrued expenses		11,076	133
Net cash (outflow) from operating activities		(46,781)	(19,325)
Cash Flows from investing activities			
Purchases of mining properties, land, plant & equipment	10, 13	(75,581)	(13,513)
Purchase of intangible assets subject to amortization	11	(14,241)	(10,582)
Transportation deposit	12	(3,032)	(12,845)
Commodity forward contract settlements	18	(8,252)	-
Financial assurance deposit	13	21,356	-
Net cash (outflow) from investing activities		(79,750)	(36,940)
Cash Flows from financing activities			
Proceeds from issuance of common shares	16	7,231	92,000
Proceeds from long-term borrowings	14	24,716	96,674
Principal payments on long-term debt, including vendor financed leases	14	(3,155)	-
Net cash inflow from financing activities		28,792	188,674
Net increase (decrease) in cash		(97,739)	132,409
Cash			
Beginning		142,031	9,622
Ending		44,292	142,031

Should be read in conjunction with the notes to the condensed consolidated financial statements

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Note 1 - Corporate information

Tacora Resources Inc. along with its subsidiaries (collectively, the "Company" or "Tacora") are in the business of identifying, mining and processing iron ore mineral reserves and resources. The utilization of iron ore is Tacora's main strategic objective at this time; however, other revenue streams may be added in the future.

Tacora was formed under the *Business Corporations Act* (British Columbia) on January 12, 2017 and is incorporated in British Columbia, Canada. Tacora's registered office is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8 Canada with its principal place of business located at 102 Northeast 3rd Street, Suite 120, Grand Rapids, MN 55744 United States. The controlling and ultimate parent of Tacora is Proterra M&M MGCA B.V.

On July 18, 2017, Tacora completed the acquisition (the "Acquisition") of substantially all of the assets associated with the Scully Mine located north of the Town of Wabush, Newfoundland and Labrador, Canada (the "Scully Mine"). The acquisition was made pursuant to an asset purchase agreement (the "APA") dated June 2, 2017 among Tacora, MagGlobal LLC, Wabush Iron Co. Limited, Wabush Resources Inc. and Wabush Lake Railway Company Limited pursuant to a court supervised process under the *Companies' Creditors Arrangement Act (Canada)* ("CCAA"). Tacora commenced commercial production of the Scully Mine as of June 30, 2019.

Note 2 – Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements comply with IFRS, including all International Accounting Standards ("IAS") in force and all related interpretations issued by the International Financial Reporting Interpretations Committee.

The accounting policies set out below have been applied consistently to the year presented in these consolidated financial statements, unless otherwise stated.

The accompanying consolidated financial statements and notes of Tacora for the year ended December 31, 2019 were authorized for issuance on April 30, 2020.

Basis for preparation

The consolidated financial statements were prepared using the historical cost method. Transactions, balances, and unrealized gains on transactions between Tacora and its subsidiaries have been eliminated when preparing the consolidated financial statements.

The consolidated financial statements are presented in United States dollars ("USD") unless otherwise stated.

Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Certain amounts included in or affecting these consolidated financial statements and related disclosures must be estimated, requiring management to make certain assumptions with respect to values or conditions which cannot be known with certainty at the time the financial statements are prepared. Management evaluates these estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods it considers reasonable in the

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

particular circumstances. Any effects on Tacora's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Consolidation

The consolidated subsidiaries are all entities over which Tacora has the power to govern financial and operating policies. Tacora controls an entity when it is exposed, or has the right to variable returns from its interest in the entity and is capable of affecting returns through its power over the entity. Where Tacora's participation in subsidiaries is less than 100%, the share attributed to outside shareholders is reflected as non-controlling interest.

Subsidiaries are consolidated in full from the date on which control is transferred to Tacora and up to the date it loses that control.

As at December 31, 2019, the subsidiaries included in the consolidated financial statements of Tacora were as follows:

	Country of incorporation	**Ownership percentage %**	**Functional currency**
Tacora Resources LLC	United States	100%	US Dollars
Knoll Lake Minerals Limited	Canada	58.2%	Canadian Dollars

As part of the acquisition in 2017, Tacora acquired common shares representing a 58.2% interest in Knoll Lake Minerals Limited ("Knoll Lake"). The common shares of Knoll Lake are not considered a core asset to the mining operations of the Scully Mine. The ownership interest in Knoll Lake relates to a legacy asset that was included as one of several ancillary assets acquired as part of the acquisition. Nil consideration was allocated to the common shares of Knoll Lake. For the year ended December 31, 2019 and 2018, Knoll Lake had no operating activities. Knoll Lake is not considered a material subsidiary of Tacora for the periods ended December 31, 2019 and 2018. Cumulative translation adjustments from foreign exchange translation of Knoll Lake's operations as of December 31, 2019 and 2018 are immaterial to the consolidated financial statements.

All intra-group assets and liabilities, revenues, expenses and cash flows relating to intra-group transactions are eliminated.

Revenue Recognition

The Company recognizes revenue from sales of concentrate when control of the concentrate passes to the customer, which occurs upon delivery to the vessel or stockpile. Revenue is recognized, at fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured, net of sale taxes.

For all the sales contracts, the sales price is determined provisionally at the date of sale, with the final pricing determined at a mutually agreed date (generally between 2 to 3 months from the date of the sale), at a quoted market price at that time. All subsequent mark-to-market adjustments are recorded in sales revenue up to the date of final settlement.

Price changes for shipments awaiting final pricing at year-end could have a material effect on future revenues. As at December 31, 2019, there was $55.9 million (December 31, 2018: nil) in revenues that were awaiting final pricing.

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Cash and restricted cash

Cash consists of cash in bank and restricted cash held as collateral.

Inventories

Inventories of iron ore concentrate are measured and valued at the lower of average production cost and net realizable value. Net realizable value is the estimated selling price of the concentrate in the ordinary course of business based on the prevailing selling prices on the reporting date. Production costs that are inventoried include the costs directly related to bringing the inventory to its current condition and location, such as materials, labor and manufacturing overhead costs.

Supplies are valued at lower of cost or net realizable value.

Foreign currency translation

Functional and presentation currency

The amounts included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in USD, which is Tacora's presentation currency and the functional currency of its operations.

Foreign currency translation

The financial statements of entities that have a functional currency different from USD are translated into USD as follows:

- assets and liabilities at the closing rate at the date of the balance sheet; and
- income and expenses at the average rate of the reporting period.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the operator's functional currency are recognized in the statement of income.

Asset acquisition

If a transaction does not meet the definition of a "business" under IFRS, the transaction is recorded as an asset acquisition. Net identifiable assets acquired and liabilities assumed are measured at the fair value of the consideration paid, plus any transaction costs, based on their relative fair value at the acquisition. No goodwill and no deferred tax asset or liabilities arising from the assets acquired and liabilities assumed are recognized upon acquisition of the assets.

Intangible assets subject to amortization

Intangible assets are related to port access and are recorded at cost. The assets are amortized on a rate per tonne shipped from the port or over the useful life of the asset on a straight-line basis. The estimated useful life of the intangible assets are estimated to be between nine and twenty-five years.

Intangible assets are subject to impairment tests when events or circumstances indicate that carrying value is not recoverable. Impairment losses are recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. Management determined that there were no indicators of impairment as of December 31, 2019 and 2018.

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Financial assets and liabilities

Financial assets and Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding year. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

The Company has classified accounts payable and accrued liabilities, long-term debt, leased liabilities and rehabilitation obligation as other financial liabilities.

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

a) Fair value through profit or loss – financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in the statement of income (loss).

b) Amortized cost – financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flow represents solely payments of principal and interest.

The Company has classified cash, restricted cash and receivables as financial assets using amortized cost.

Derivatives

Derivative assets and liabilities, comprising the commodity forward contracts, do not qualify as hedges, or are not designated as hedges and, accordingly, are classified as FVTPL.

Derecognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to receive cash flows from the assets expire or when the Company no longer retains substantially all of the risks and rewards of ownership and does not retain control over the financial asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of operations, with the exception of gains and losses on equity instruments designated at FVOCI, which are not reclassified to the consolidated statement of operations upon derecognition.

For financial liabilities, derecognition occurs when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of operations.

Royalties

Tacora is party to a single amended and restated consolidation of mining leases (the "Mining Lease") with a lessor pursuant to which Tacora was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from a mine on a parcel of land

located near Wabush, Newfoundland and Labrador on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055; however, the Mining Lease may be cancelled by Tacora generally on six months' written notice.

At the commencement of shipping iron ore products, Tacora is required to pay an earned royalty fee per metric tonne ranging from 4.2% to 7.0% of Net Revenues less certain deductible expenses, in accordance with the calculation as defined in the Mining Lease. To the extent that Tacora has not commenced or ceases the shipping of iron ore products and the sum of the earned royalty fee in a given calendar quarter is less than $0.8 million Canadian dollars, Tacora is required to pay a minimum quarterly royalty of $0.8 million Canadian dollars (of which 20 percent is withheld and remitted to the Province of Newfoundland and Labrador). Any minimum quarterly royalty payments during the calendar years of 2017 and 2018 can be recovered against future earned royalties on sales of iron ore products from the leased land during the 2018 and 2019 calendar years. Any amount which Tacora shall pay the lessor related to minimum quarterly royalty payments subsequent to 2019, other than in payment of earned royalties, shall be recoverable against earned royalties in the same calendar year.

Exploration and evaluation

Exploration and evaluation expenditures comprises costs that are directly attributable to:

- researching and analyzing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and/or
- compiling pre-feasibility and feasibility studies.

In accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources", the criteria for the capitalization of evaluation costs are applied consistently from period to period. Subsequent recovery of the carrying value for evaluation costs depends on successful development, sale or other partnering arrangements of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any related impairment provisions are charged to the statement of profit and loss. No exploration or evaluation costs were capitalized in 2018 or 2019.

Property, plant, and equipment

Once a mining project has been determined to be commercially viable and approval to mine has been granted, expenditure other than that on land, buildings, plant, equipment and capital work in progress is capitalized under "Mining properties and leases". Mineral reserves may be asserted for an undeveloped mining project before its commercial viability has been fully determined. Evaluation costs may continue to be capitalized during the period between declaration of mineral reserves and approval to mine as further work is undertaken in order to refine the development case to maximize the project's returns.

Costs of evaluation of a processing plant or material processing equipment prior to approval to develop or construct are capitalized under "Construction in process", provided that there is a high degree of confidence that the project will be deemed to be commercially viable.

Costs which are necessarily incurred while commissioning new assets, in the period before they are capable of operating in the manner intended by management, are capitalized. Development costs incurred after the commencement of production are capitalized to the extent they are expected to give rise to a future economic benefit. Interest on borrowings related to construction or development projects is capitalized at the rate payable on project-specific debt, if applicable, or at Tacora's cost of borrowing until the point when substantially all the activities that are necessary to make the asset ready for its intended use are complete.

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Property, plant, and equipment is recorded at historical cost, as defined in IAS 16, less accumulated depreciation (except for land, which is not depreciated) and accumulated impairment losses. Costs include expenses directly attributable to the asset acquisition. Depreciation is calculated over the estimated useful lives as follows:

Asset type	Useful lives
Vehicles	3 – 5 years
Right of use assets	3 – 10 years
Mining and processing equipment	5 – 20 years
Railcars and rails	5 – 20 years

Assets within operations for which production is not expected to fluctuate significantly from one year to another or which have a physical life shorter than the related mine are depreciated on a straight line basis.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when future economic benefits associated with the item are likely and the cost of the item can be reliably measured. The carrying amount of replaced parts are derecognized and charged to loss on disposal. Repairs and maintenance are recognized in the statement of profit or loss in the year they are incurred. Major improvements are depreciated over the remaining useful life of the related asset.

Property, plant, and equipment is subject to impairment tests when events or circumstances indicate that carrying value is not recoverable. Impairment losses are recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. Management determined that there were no indicators of impairment as of December 31, 2019 and 2018.

Provisions

Provisions are recognized when Tacora has a present obligation, legal or constructive, as a result of a past event, that is likely required to be settled and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions for legal claims are recognized when Tacora has a present obligation, legal or constructive, as a result of past events, an outflow of economic resources is likely to be required to settle the obligation and the amount can be reasonably estimated.

Environmental rehabilitation

Mining, extraction, and processing activities normally give rise to obligations for environmental rehabilitation. A provision for environmental rehabilitation is recognized at the time of environmental disturbance at the present value of expected rehabilitation work. Rehabilitation work can include decommissioning activities, removal or treatment of waste materials, land rehabilitation, as well as monitoring and compliance with environmental regulations. Tacora's provision is management's best estimate of the present value of the future cash outflows required to settle the liability and is dependent on the requirements of the relevant authorities and management's environmental policies.

Taxation

Tacora is subject to income tax in numerous jurisdictions. Income tax on the statement of profit or loss consists of current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at period-end, adjusted for amendments to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amount recorded for the computation of taxable income except when these differences arise on the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit. These temporary differences result in deferred tax assets and liabilities, which are included in the balance sheet. Tacora will recognize deferred tax assets for all deductible temporary differences, tax credits, and unused tax losses, to the extent that it is probable that future taxable profits will be available against which these can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Capital stock

Tacora's issued and outstanding common shares are classified as capital stock under equity. Incremental costs directly attributable to the issuance of new common shares are included in equity as a deduction from the consideration received, net of tax. Contributions for capital stock increases due to the issuance of new common shares are recognized directly as an integral part of capital.

Share-based compensation

The Company offers a stock option plan for certain employees. The stock options shall vest, and may be exercised in whole or in part, only upon a liquidity event as defined in the stock option agreement. The Company does not recognize compensation cost for the stock options until the liquidity is deemed probable.

Going concern

The consolidated financial statements have been prepared on a going concern basis. Tacora manages its capital to ensure that Tacora will be able to continue in operation as a going concern and acquire, explore, and develop mineral resource properties for the benefit of its stakeholders.

New accounting pronouncements adopted in 2019

IFRS 16 – Leases

The Company implemented the new standard, IFRS 16, 'Leases', as of January 1, 2019 which replaces the previous lease standard, IAS 17, 'Leases'.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases but can elect to exclude those with a term of less than twelve months and for which the underlying asset is of low value.

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

The details of the Company's leasing activities and the new significant accounting policy for leases are set out below.

The Company leases its office premises.

Effective January 1, 2019, the Company assesses, at the inception of a contract, whether a contract is, or contains, a lease. A lease is a contract in which the right to control the use of an identified asset is granted for an agreed upon period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

Lease liabilities:

Lease liabilities are initially recorded as the present value of the non-cancellable lease payments over the lease term and discounted at the Company's incremental borrowing rate. Lease payments include fixed payments and such variable payments that depend on an index or a rate; less any lease incentives receivable.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of exercising a purchase, extension or termination option. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any difference recorded in the consolidated statement of loss and comprehensive loss.

Right-of-use assets:

The right-of-use assets are measured at cost, which comprises the initial lease liability, lease payments made at or before the lease commencement date, initial direct costs and restoration obligations less lease incentives. The right-of-use assets are subsequently measured at amortized cost. The assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

Right-of-use assets are assessed for impairment in accordance with the requirements of IAS 36, 'Impairment of assets'.

The Company, on a lease by lease basis, also exercises the option available for contracts comprising lease components as well as non-lease components, not to separate these components. Extension and termination options exist for the Company's property lease of the premises. The Company re-measures the lease liability, when there is a change in the assessment of the inclusion of the extension option in the lease term, resulting from a change in facts and circumstances.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of loss and comprehensive loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise office equipment.

On January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach, and therefore the comparative information has not been restated. The change in accounting policy and the impact of its implementation of this standard on the Company's consolidated financial statements are described below.

(expressed in thousands of US Dollars, except where otherwise noted)

Practical expedients

The Company has elected to make use of the following practical expedients:

- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the accounting for operating leases with underlying value of assets being less than $5,000 USD as low dollar value leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- election, by class of underlying asset, not to separate non-lease components from lease components.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made by applying IAS 17 and IFRIC 4, 'Determining whether an Arrangement contains a Lease'.

Impact on adoption of IFRS 16

On adoption of IFRS 16, the Company determined that it did not have any leases resulting in the recognition of a right-of-use asset and lease liability

The following reconciliation to the opening balance for the lease liability as at January 1, 2019 is based upon the operating lease obligations as at December 31, 2018:

	January 1, 2019
Operating lease commitment as of December 31, 2018	277
Recognition exemption for:	
Leases of low value assets	(277)
Lease liability recognized at January 1, 2019	-

Note 3 - Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, consultation with experts and other methods management considers reasonable in the particular circumstances. Actual results may differ from these estimates.

The accounting policies discussed below are considered by management to be critical to an understanding of Tacora's financial statements as their application places the most significant demands on management's judgment.

Mineral reserves and resources

Estimates of the quantities of proven and probable mineral reserves and measured, indicated and inferred mineral resources form the basis for our life of mine plans, which are used for a number of important business and accounting purposes, including our impairment analysis. Mineral reserves and resources are based on engineering data, estimated future prices, estimated future capital spending and estimated future production rates. We estimate our iron ore mineral reserves and resources based on information compiled by "qualified persons" as defined in accordance with the requirements of the Canadian Securities Administrators' National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*. These life of mine plans also include assumptions about our ability to obtain and renew our mining and operating permits. Tacora expects that, over time, its mineral reserves and resources estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices.

Environmental rehabilitation

Decommissioning and restoration costs are a normal consequence of mining. The majority of these expenditures are incurred at the end of the mine's life. In determining the provision, consideration is given to the future costs to be incurred, the timing of these future costs, and estimated cost of inflation. The cost of decommissioning and restoration is uncertain and can vary in response to many factors including changes to the relevant legal and regulatory requirements. The expected timing of expenditures can change in response to changes in the life of mine. These estimates are reviewed annually and adjusted where necessary to ensure that the most current data is used.

Functional currency

Given the currently significant role of the United States dollar in Tacora's affairs, the United States dollar is the currency in which financial results are presented both internally and externally. It is also the currency for financing Tacora's current operations. Borrowings and cash are predominantly denominated in United States dollars.

Note 4 - Financial risk management

Financial risk management objective

Tacora is exposed to a number of financial risks which are considered within the overall Tacora risk management framework. The key financial risks are foreign exchange risk, commodity price risk, credit risk, liquidity risk and capital management risk, which are each discussed in detail below. The Board of Directors and senior management look to ensure that Tacora has an appropriate capital structure which enables it to manage the risks faced by the organization through the commodities cycle. The general approach to financial risks is to ensure that the business is robust enough to enable exposures to float with the market. Tacora may, however, choose to fix some financial exposures when it is deemed appropriate to do so.

Foreign exchange risk

Tacora's operations and cash flows may be influenced by foreign currencies due to the geographic diversity of Tacora's operations and the locations of its operations. Operating costs may be influenced by the transactions denominated in currencies other than the USD.

In any particular year, currency fluctuations may have a significant impact on Tacora's financial results. A strengthening of the USD against the Canadian dollar has a positive effect on Tacora's underlying

earnings. However, a strengthening of the USD also reduces the value of non-USD denominated net assets and consequently total equity.

The impact of a 10% change in the USD against the Canadian dollar as December 31, 2019 would have a $3.2 million impact on earnings.

Commodity price risk

Tacora has agreed to sell all of its production to one counterparty, Cargill International Trading Pte Ltd. ("Cargill") with a term expiring December 31, 2024, with an option to extend the term until December 31, 2035 at Cargill's sole discretion. Cargill is selling the Tacora product into the global seaborne iron ore market at prevailing market prices and incurring dry bulk freight costs to deliver the product to its intended destination at prevailing market freight rates. Therefore, Tacora will be exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales. Price decreases in the iron ore commodity market and/or cost increases for dry bulk freight rates could negatively affect net sales and therefore earnings.

Tacora believes commodity price hedging could provide a long-term benefit to shareholders. Therefore, Tacora may hedge certain commitments in the future with an emphasis on mitigating commodity price risk during the ramp up of the Scully Mine.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. In the future, Tacora may be exposed to credit risk from its customer receivables and from its financing activities, including deposits with banks and financial institutions, other short-term investments, interest rate and currency derivative contracts and other financial instruments.

Liquidity and capital risk management

Tacora's objective when managing capital is to safeguard the business as a going concern while maximizing returns for shareholders. In a cyclical and capital intensive industry, such as the mining industry, maintaining a strong balance sheet and a sound financial risk management framework are desirable to preserve financial flexibility and generate shareholder value through the cycle. In practice, this involves regular reviews by the Board of Directors and senior management. These reviews take into account Tacora's strategic priorities, economic and business conditions and opportunities that are identified to invest across all points of the commodities cycle and focus on shareholder return while also striving to maintain a strong balance sheet.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period to maturity at the consolidated balance sheet date. The amounts below are gross amounts, so they include principal and interest.

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

	Within 1 Year	1 to 2 Years	2 to 5 Years	Over 5 Years	Total
Accounts payable and accrued liabilities	21,170	-	-	-	21,170
Debt	15,302	24,092	86,790	77,459	203,643
Leases	9,201	9,201	26,715	4,251	49,368
Rehabilitation obligation	-	-	-	53,446	53,446
Total	45,673	33,293	113,505	135,156	327,627

To maintain a strong balance sheet, Tacora considers various financial metrics including net gearing ratio, the overall level of borrowings and their maturity profile, liquidity levels, total capital, cash flow, EBITDA and other leverage ratios such as net debt to EBITDA.

Note 5 - Cash

Tacora maintains its cash in bank accounts which, at times, may exceed insured limits. Tacora has not experienced any losses in such accounts.

Cash consists of the following:

	As at Dec 31, 2019	As at Dec 31, 2018
Cash at bank	44,292	142,031
Restricted cash, escrow	254	242
Balance per balance sheet	44,546	142,273

Restricted cash of $254 thousand is held as collateral for two letters of credit required for environmental reclamation and Tacora's credit card program.

Note 6 – Accounts Receivable

Accounts receivable consist of the following:

	As at Dec 31, 2019	As at Dec 31, 2018
Trade receivables	6,001	-
Balance per balance sheet	6,001	-

Tacora's trade receivables all relate to a single customer. For the year ended December 31, 2019, no specific provision was recorded on any of the receivables. The receivables at December 31 are current and are generally settled within three months.

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Note 7 – Inventories

Inventories consist of the following:

	As at Dec 31, 2019	As at Dec 31, 2018
Consumable inventories	2,786	-
Finished concentrate inventories	1,375	-
Balance per balance sheet	4,161	-

Note 8 – Prepaid expenses and other current assets

Prepaid expenses consist of the following:

	As at Dec 31, 2019	As at Dec 31, 2018
Prepaid future port and transportation services	2,031	453
Prepaid royalties	-	4,425
Other miscellaneous prepaid expenses	1,274	650
Refundable HST/GST	7,499	625
Miscellaneous deposits	44	4,722
Balance per balance sheet	10,848	10,875

Note 9 - Related-party balances

Transactions with related parties for the period ended December 31, 2019 and 2018, were as follows:

Compensation of key management personnel

Tacora considers its directors and officers to be key management personnel. Transactions with key management personnel are set forth as follows:

	2019	2018
Salaries	954	903
Deferred Compensation	41	33
Other benefits	97	86
Total	1,092	1,022

There were no material related party receivables or payables as of December 31, 2019 or 2018, respectively.

Note 10 –Properties, plant and equipment

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

	Mining and Processing Equipment	Railcars and Rails	Vehicles	Right of Use Assets	Assets under construction	Asset Retirement Obligation and Other	Total
As of Dec 31, 2017	10,282	-	140	-	-	26,231	36,653
Additions	15,894	-	40	-	-	-	15,934
Disposals	-	-	(12)	-	-	-	(12)
Transfer	-	-	-	-	-	-	-
Accumulated depreciation	(94)	-	(63)	-	-	-	(157)
As of Dec 31, 2018	26,082	-	105	-	-	26,231	52,418
Additions	25,750	2,032	327	54,680	31,401	4,859	119,049
Disposals	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-
Accumulated depreciation	(2,123)	(51)	(10)	(4,310)	-	(70)	(6,564)
As of Dec 31, 2019	49,709	1,981	422	50,370	31,401	31,020	164,903
Net book value	49,709	1,981	422	50,370	31,401	31,020	164,903

As of December 31, 2019, Tacora is committed to purchase approximately $5.1 million of plant, equipment and services.

Refer to note 14 for information on non-current assets pledged as security.

The Company leases various pieces of mobile equipment all of which are considered right of use assets.

Note 11 – Intangible assets subject to amortization

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

	Dec 31, 2019	Dec 31, 2018
SFPPN intangible asset placed in service Aug 31, 2019, with a 25 year 4 month life, amortization calculated using straight line over the life of the asset	19,654	7,552
Accumulated amortization	(259)	-
SFPPN intangible asset placed in service Dec 31, 2019, with a 25 year life, amortization calculated using straight line over the life of the asset	209	-
Accumulated amortization	-	-
New Millennium Iron Corp. port access intangible asset amortization based on rate per tonne shipped	4,960	3,030
Accumulated amortization	(175)	-
Intangible assets subject to amortization	24,389	10,582

Port access

In May 2018, the Company executed an agreement with SFPPN with an effective date of June 1, 2018 and a termination date of December 31, 2044 setting out the terms on which SFPPN will grant the Company guaranteed access to SFPPN's equipment, throughput and storage capacity necessary to transport iron ore to the port infrastructure. Under the SFPPN Agreement, the Company is required to contribute, to certain capital expenditures up to an aggregate amount of C$48.9 million, inclusive of C$10 million which was paid in 2018. Capital expenditures totaling C$16.3 million were paid in 2019, C$2.8 million will be payable in 2020 and the balance will be due by the end of 2021. The capital expenditure will allow SFPPN to enhance the current existing infrastructure required for the Company's guaranteed access to SFPPN's facilities, which include railway and Wabush Yard infrastructure. From the date of the completion of the 2018 financing transactions and until the commencement of the Company's railcars shipment to SFPPN in March 2019, the Company was required to make a monthly payment of C$500,000 in consideration of the capacity SFPPN allotted to the Company. Beginning in April 2019, the Company began monthly payments to SFPPN of C$2.5 million which is based on the Company's share of fixed costs, operational costs, profit margins, compensation rate and applicable taxes. The SFPPN Agreement also provides that the 440 railcars owned by SFPPN and located at the Scully Mine will be leased to the Company under a lease and maintenance agreement for nominal consideration, provided that the Company contracts exclusively with SFPPN for the maintenance of such railcars. The Company will have the option to purchase any or all of the railcars at a price of C$2,725 per railcar upon 10 days' prior written notice to SFPPN, which will terminate the required maintenance arrangement with SFPPN. The SFPPN Agreement contains customary default clauses, which include if the Company ceases the operations of the Scully Mine for a continuous period of more than twelve months and does not provide SFPPN with a date for the resumption of operations that is within the following twelve months.

The C$48.9 million that the Company is required to contribute to SFPPN for certain capital expenditures is and will be classified as an intangible asset on the Balance Sheet and amortized. There may be other expenditures that the Company is required to make that the Company will classify in this regard.

The C$500,000 per month plus the expenditures for fixed cost will be expensed as incurred.

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

The Company has executed an assignment of contractual rights agreement pursuant to which New Millennium Iron Corp. ("NML") will assign to the Company 6.5 million metric tonnes of NML's port capacity with the Sept-Iles Port Authority (the "Port Authority") in exchange for an upfront payment in the amount of $4.0 million Canadian dollars payable on the closing date of the assignment and an ongoing fee of $0.10 Canadian dollars per tonne of iron ore shipped by the Company through the port facilities pursuant to a contract to be entered into directly with the Port Authority over a 20-year period following the assignment. In connection with the assignment, the Company has assumed part of NML's "take or pay" obligations related to the assigned 6.5 million metric tonnes of port capacity. The Company, NML and the Port Authority have entered into an agreement whereby the Port Authority consented to the assignment of capacity and agreed to enter into a direct agreement with the Company in respect of the 6.5 million metric tonnes of port capacity assigned by NML to the Company on terms substantially similar to those contained in the existing agreement between NML and the Port Authority. This agreement will provide the Company with direct access to port facilities that are capable of loading cape-size vessels, which are larger and more cost efficient than smaller baby-cape and Panamax alternatives. All port agreements between NML, the Port Authority and Tacora in respect of the assigned capacity were fully executed and complete as of December 31, 2018.

Note 12 – Deposits

Transportation deposits consist of the following:

	As at Dec 31, 2019	As at Dec 31, 2018
Québec North Shore and Labrador Railway Company, Inc., transportation deposit	18,219	15,187
Less current portion	(6,998)	(3,332)
Balance per balance sheet	11,221	11,855

On November 3, 2017, the Company entered into a life-of-mine transportation agreement ("QNS&L Rail Agreement") with Québec North Shore and Labrador Railway Company, Inc. ("QNS&L"). The QNS&L Rail Agreement provides that QNS&L will carry iron ore concentrate produced at the Scully Mine on Tacora-supplied railcars between Wabush Lake Junction in Labrador City, Newfoundland and Labrador to the Sept-Iles Junction in Sept-Iles, Québec, a distance of approximately 500 km. Under the terms of the QNS&L Rail Agreement, QNS&L has agreed, among other things, to haul minimum monthly tonnages of iron ore (and any surplus iron ore that QNS&L agrees to haul for the benefit of the Company), ensure available transportation capacity, lead and actively participate in appropriate operations management and coordination procedures between QNS&L and the Company and supply sufficient labour, locomotives, assets and infrastructure as necessary to provide the rail transportation services contemplated. The QNS&L Rail Agreement also prescribes various capacity and volume commitments on the part of each of QNS&L and the Company, and sets forth specific maximum and minimum monthly tonnages of iron ore that may be tendered for transportation in any month. In the event that the Company fails to meet the minimum monthly tonnage requirements during a given month, the Company will be required to pay QNS&L, as liquidated damages, an amount equal to the deficit volume multiplied by the base rate applicable during that month, and which increases over time, other than where the failure to meet such minimum tonnage is as a result of a force majeure event; and provided further that, in the event that the Company suspends production at the Scully Mine for a period of more than one calendar year, the obligation to pay any such liquidated damages will be suspended until the resumption of production.

The QNS&L Rail Agreement required the Company to provide advance payments to QNS&L totaling $20.0 million Canadian dollars, of which $3.0 million Canadian dollars was paid on November 10, 2017 and $17.0

(expressed in thousands of US Dollars, except where otherwise noted)

million Canadian dollars was paid on November 14, 2018. These advance payments are required by QNS&L to secure the locomotive equipment and infrastructure capacity to meet the Company's anticipated haulage volumes on the QNS&L rail line. The Company will recover the advance payments from QNS&L by means of a special credit per wet metric tonne hauled.

Security deposits consist of the following:

	As at Dec 31, 2019	As at Dec 31, 2018
Western Labrador Railway, Cash collateral in an amount equal to three months of services	339	-
Komatsu Financial, 5% of total purchase price of equipment financed until paid in full	2,239	-
Caterpillar Financial, 10% of total purchase price of equipment financed until 24 months of consecutive mining operations	756	-
Balance per balance sheet	3,334	-

Note 13 – Environmental rehabilitation

Pursuant to a Mine Rehabilitation and Closure Financial Assurance Fund Agreement between the Province of Newfoundland and Labrador and Tacora dated July 17, 2017, Tacora was required to deliver an initial cash payment to the Newfoundland Exchequer Account in respect of a Financial Assurance Fund in the amount of C$36.8 million concurrently with the closing of the transactions under the APA. The funds are held in trust for the special purposes set out by the *Mining Act* (Newfoundland) and held in a special purpose account. Prior to start-up activities of the Scully Mine, an additional cash payment in the amount of C$4.9 million was required to be remitted to this special purpose account by Tacora.

In 2019, Tacora executed a surety bond in the amount of C$41.7 million which meets the entire financial assurance requirement contained in Tacora's mining permits with Newfoundland and Labrador. Newfoundland and Labrador accepted the surety bond and Tacora was reimbursed by the province for the cash financial assurance payment held in escrow in the amount of C$36.8 million. A deposit of $6.3 million was required to secure the surety bond.

In addition, Tacora had provided two letters of credit in favour of the Government of Canada (Ministry of Fisheries and Oceans) for an aggregate of $0.2 million in respect of environmental reclamation matters.

Environmental liabilities are initially recognized at the present value of estimated costs to be incurred to extinguish the liability. The timing of the actual rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset. Tacora's environmental rehabilitation provision of C$41.7 million was measured at the expected value of future cash flows, discounted to the present value using a current a risk-free pre-tax discount rate of 2.0%.

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Note 14 – Debt

The carrying value, terms and conditions of Tacora's debt at December 31, 2019 and December 31, 2018 are as follows:

	As at Dec 31, 2019	As at Dec 31, 2018
Unsecured interest free note to be paid quarterly based on tons shipped from the mine to the port, maturity date is based upon when the note is paid in full, debt is recorded at fair value, $0.66 will be paid for each ton shipped which will be allocated between principal and interest	5,149	5,005
Infrastructure 1 Loan secured by substantially all the Company's assets at a 13.4% annual rate to be paid monthly in the amount of $500 thousand until December 31, 2020 when that payment increases to $1.0 million for sixty months, on the maturity date of November 15, 2025 the Company shall repay the remaining balance anticipated to be $23.6 million	52,537	48,908
Infrastructure 2 Loan secured by substantially all the Company's assets at a 12.3% annual rate which had an additional draw in May 2019, of $20 million, financing to be paid monthly in the amount of $280 thousand until December 31, 2020 when that payment increases to $560 thousand for sixty months, on the maturity date of November 15, 2025 the Company shall repay the remaining balance anticipated to be $38.2 million	39,997	19,532
Term Loan secured by substantially all the Company's assets at a 11% annual rate, interest rate which shall be calculated and paid monthly, commencing in November 2019 the Company shall begin making monthly principal payments of $125 thousand until November 2020 when the principal payment increases to $200 thousand for thirty six months, on the maturity date of November 15, 2025 the Company shall repay the remaining balance anticipated to be $21.4 million	28,374	29,117
	126,057	102,562
Less current maturities of long term debt	4,399	-
Long term debt	121,658	102,562

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

	As at Dec 31, 2019	As at Dec 31, 2018
Leased liabilities:		
Financing secured by equipment financed, under an interest free note to be paid in monthly installments of $3 thousand beginning February 2019 until maturity in January 2023.....	103	
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $215 thousand beginning June 2019 until maturity in May 2025.....	11,887	-
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $126 thousand beginning July 2019 until maturity in June 2025.....	7,049	-
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $128 thousand beginning August 2019 until maturity in July 2025.....	7,263	-
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $58 thousand beginning September 2019 until maturity in August 2025.....	3,340	-
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $116 thousand beginning October 2019 until maturity in September 2025...	6,763	-
Financing secured by equipment financed, with a 7.09% annual interest rate paid quarterly in the amount of $70 thousand beginning July 2019 until maturity in April 2024.....	1,021	-
Financing secured by equipment financed, with a 7.09% annual interest rate paid quarterly in the amount of $299 thousand beginning October 2019 until maturity in July 2024.....	4,596	-
Financing secured by equipment financed, with a 7.09% annual interest rate paid quarterly in the amount of $7 thousand beginning December 2019 until maturity in September 2024....	113	-
Down payment costs amortized over the life of the debt.....	(234)	-
	41,901	-
Less current maturities of leased liabilities	6,809	-
Long term leased liabilities	35,092	-

Covenants

The term loan and the infrastructure loans contain the following covenants:

1) The Borrower shall, at all times, have cash and/or cash equivalents of not less than $12.5 million (the "Minimum Cash Balance") to be increased by the application of (i) any net proceeds received from property insurance proceeds, equity financing proceeds and permitted debt proceeds (if not used towards prepaying the Credit Facilities as agreed to by the Lender in its sole discretion), and (ii) any cash collateral which is released if the financial assurance deposit is replaced with a bond or other form of security, less any cash collateral provided to obtain such bond or other form of security (provided that there shall be no increases of this nature under subparagraphs (i) and (ii) above beyond the end of the first fiscal quarter of 2020).

2) Senior Debt to EBITDA Ratio. The Senior Debt to EBITDA Ratio shall not exceed:
   (i) 4.00:1.00 as at the end of each fiscal quarter ending December 31, 2020 and March 31, 2021; and
   (ii) 3.00:1.00 as at the end of each fiscal quarter falling on or after June 30, 2021.

3) Minimum Debt Service Coverage Ratio. The Debt Service Coverage Ratio shall not be less than
   (i) 0.75:1.00 as at the end of each fiscal quarter falling on December 31, 2020 and March 31, 2021; and
   (ii) 1.00:1.00 as at the end of each fiscal quarter falling on June 30, 2021, September 30, 2021, December 31, 2021 and March 31, 2022; and

(expressed in thousands of US Dollars, except where otherwise noted)

(iii) 1.50:1.00 as at the end of each fiscal quarter falling on and after June 30, 2022.

4) Minimum Reserve Base Ratio. As at the end of each fiscal year (including the fiscal year in which the Closing Date occurs), the Reserve Base Ratio shall not be less than 10.00:1:00.

Additionally, both the Term Loan and Infrastructure Loans contain other covenants that limit or restrict Tacora's ability to make capital expenditures; incur indebtedness; permit liens on property; enter into transactions with affiliates; make restricted payments or investments; enter into mergers, acquisitions or consolidations; conduct asset sales; pay dividends or distributions and enter into other specific transactions or activities.

The Term Loan and Infrastructure Loans are secured by substantially all the Company's assets.

As of December 31, 2019, Tacora is in compliance with all covenants.

Note 15 – Taxation

Tacora is subject to income tax in numerous jurisdictions. Income tax on the statement of profit or loss consists of current and deferred tax. No deferred tax asset has been recognized on the net deductible temporary difference given no history of profits.

The following table reconciles the expected income tax expense at the statutory income tax rate of 30% which is the combined federal and NL tax rate (2018: 30%) to the amounts recognized in the consolidated statements of loss:

	Year Ended	
	2019	2018
Net loss reflected in consolidated statements of loss	(112,060)	(28,801)
	-	-
Expected income tax expense	(33,618)	(8,640)
Permanent differences	(9)	(5)
Unrecognized deferred tax assets	34,939	7,161
Foreign exchange	(1,188)	1,600
Other	316	(102)
Income Tax Expense	440	14

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

The following table summarizes deductible temporary differences for which no deferred tax asset has been recognized:

	Year Ended	
	2019	2018
Hedges	55,597	13,207
Fixed Assets & Intangibles	12,811	811
Non-capital loss carry forwards	77,925	8,841
Total unrecognized deductible temporary differences	146,333	22,859

As of December 31, 2019 the company has total non-capital losses of $77.9M (2018 - $8.8M). Deferred tax asset was not recognized on such losses, which if not utilized will expire between 2037 and 2039.

Note 16 – Equity

	Shares Authorized	Shares Issued	2018 USD$
Ordinary Shares:			
Common - no par value	158,000,000	158,000,000	143,000
Restricted Shares:			
Class A	3,300,000	2,739,000	0.273
Class B	3,300,000	2,739,000	0.273
Balance as of Dec 31, 2018	164,600,000	163,478,000	143,001

	Shares Authorized	Shares Issued	2019 USD$
Ordinary Shares:			
Common - no par value	165,231,138	165,231,138	150,232
Restricted Shares:			
Class A	3,300,000	2,739,000	0.273
Class B	3,300,000	2,739,000	0.272
Balance as of Dec 31, 2019	171,831,138	170,709,138	150,232

Restricted Shares

During 2017, certain Tacora employees purchased 5,478,000 restricted shares at a fair value price of $0.0001 per share.

Tacora currently has 2,739,000 Class A Non-Voting Shares and 2,739,000 Class B Non-Voting Shares outstanding. In connection with and prior to closing on a liquidity event as defined in the shareholders agreement, the following capital changes

(expressed in thousands of US Dollars, except where otherwise noted)

will be implemented:

- All of the 2,739,000 Class A Non-Voting Shares will be converted into Common Shares on a one-for-one basis;

- All of the 2,739,000 Class B Non-Voting Shares will be (i) subject to the achievement of a defined valuation, converted into Common Shares on a one-for-one basis or (ii) redeemed for nominal consideration by the Company;

Ordinary Shares

On December 27, 2019, 7.2 million shares of common stock were issued for $7.2 million.

Stock Options

The Company offers a stock option plan for certain employees. A total of 561,000 new options were issued at a price of $1.00 per share to employees of Tacora during the year ended December 31, 2019 out of which 130,000 were cancelled.

The stock options shall vest, and may be exercised in whole or in part, only upon a liquidity event as defined in the stock option agreement. The Company does not recognize compensation cost for the stock options until the liquidity is deemed probable. No amounts have been recognized in 2019 or 2018.

Note 17 – Commitments and contingencies

At December 31, Tacora's commitments were comprised of the following payments:

	2019 USD$	2018 USD$
Payments due in one year	31,687	2,382
Payments due in one to five years	10,008	9,529
Payments due later than five years [1]	83,236	26,231

(1) Includes Tacora's environmental rehabilitation provision (Note 13)

Mining leases and royalties

Tacora is party to the Mining Lease pursuant to which Tacora was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from a mine on a parcel of land located near Wabush, Newfoundland and Labrador on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055; however, the Mining Lease may be cancelled by Tacora generally on six months' written notice.

At the commencement of shipping iron ore products, Tacora is required to pay an earned royalty fee per metric tonne ranging from 4.2% to 7.0% of Net Revenues less certain deductible expenses, in accordance with the calculation as defined in the Mining Lease. To the extent that Tacora has not commenced or ceases the shipping of iron ore products and the sum of the earned royalty fee in a given calendar quarter is less than $0.8 million Canadian dollars, Tacora is required to pay a minimum quarterly royalty of $0.8

(expressed in thousands of US Dollars, except where otherwise noted)

million Canadian dollars (of which 20 percent is withheld and remitted to the Province of Newfoundland and Labrador).

Any minimum quarterly royalty payments during the calendar years of 2017 and 2018 could be recovered against future earned royalties on sales of iron ore products from the leased land during the 2018 and 2019 calendar years. Any amount which Tacora shall pay the lessor related to minimum quarterly royalty payments subsequent to 2019, other than in payment of earned royalties, shall be recoverable against earned royalties in the same calendar year. The prepaid royalties balance of $2.6 million accumulated throughout 2017, 2018 and 2019 that could not be carried forward beyond 2019, were written off as of December 31, 2019. There were no prepaid royalties at December 31, 2019.

Minimum royalties paid in the year ended December 31, 2019 were $2.4 million dollars. Accrued royalties due to our minimum quarterly payments in the amount of $0.6 million were recorded in other accrued expenses at December 31, 2019.

Transportation services

Tacora is committed to purchasing transportation services that will require minimum annual payments of approximately $29.0 million. In the event Tacora suspends production and shipments of iron ore at the Scully mine for any reason for a period longer than one year, the obligation to pay minimum annual payments is suspended.

Operating leases

Tacora has $34,608 of non-cancellable lease payments for the next year related to their office facilities. Payments recognized as an expense are as follows:

	2019 USD$	2018 USD$
Rental expense	69	67
For the twelve months ended December 31	69	67

Note 18 – Derivative liability

Tacora will be exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales. The Company does not generally believe commodity price hedging would provide a long-term benefit to shareholders, however, from time to time or as required by debt agreements, Tacora may use cash-settled commodity forward contracts to hedge the market risk associated with the sales of iron ore. These derivatives may be used with respect to a portion of the Company's iron ore sales. Independent of any hedging activities, price decreases in the iron ore market or price increases in dry bulk freight costs could negatively affect revenue and therefore earnings.

Iron ore derivatives are marked to market and recognized as an asset or liability at fair value, with changes in fair value reflected in net income unless the Company qualifies for, and elects hedge accounting. If the Company qualifies for and elects hedge accounting, the effective gains and losses for iron ore derivatives designated as cash flow hedges of forecasted sales of iron ore are recognized in accumulated other comprehensive income, a component of Shareholder's Equity on the Balance Sheet and reclassified into revenue in the same period as the earnings recognition of the associated underlying transaction. Gains and losses on these designated derivatives arising from either hedge ineffectiveness or related to components excluded from the assessment of effectiveness are recognized in current income as

(expressed in thousands of US Dollars, except where otherwise noted)

they occur. In 2018, and as required by our senior secured debt agreements, the Company had entered into iron ore commodity forward contracts.

The following presents a summary of information pertaining to the commodity forward contracts (in metric tonnes):

	Calls USD$	Puts USD$	Call Volume (dmt)	Put Volume (dmt)
Settlement dates between Aug 1, 2019 and Dec 31, 2019	56.50	50.00	156,000	260,000
Settlement dates between Aug 1, 2019 and Dec 31, 2019	59.00	50.00	156,000	260,000
Settlement dates between Aug 1, 2019 and Dec 31, 2019	56.50	50.00	78,000	130,000
Settlement dates between Jan 1, 2020 and Dec 31, 2020	56.50	50.00	528,000	880,000
Settlement dates between Jan 1, 2020 and Dec 31, 2020	59.00	50.00	528,000	880,000
Settlement dates between Jan 1, 2020 and Dec 31, 2020	56.50	50.00	264,000	440,000
Settlement dates between Jan 1, 2021 and Jul 31, 2021	56.50	50.00	297,600	496,000
Settlement dates between Jan 1, 2021 and Jul 31, 2021	59.00	50.00	297,600	496,000
Settlement dates between Jan 1, 2021 and Jul 31, 2021	56.50	50.00	148,800	248,000

Based on the maturity dates of the contracts noted above, the derivative liability has been classified as current and long-term.

	Years Ended December 31, 2019	2018
Current derivative liability	38,726	2,732
Long-term derivative liability	16,871	10,475
Total derivative liability	**55,597**	**13,207**

Note 19 – Financial instruments

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. Details of each level are discussed below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

The Company's credit risk is primarily attributable to trade and other amounts receivable, which consist of receivables from one customer in addition to goods and services tax due from the Federal Government of Canada. The maximum exposure of credit risk is best represented by the carrying amount of financial instruments. The Company considers credit risk negligible due to customer payments being received within three days of receipt of the invoice.

The Company's cash and restricted cash are held with an established Tier-1 Canadian financial institution, and consequently management believes that the credit risk with respect to this financial instrument is low and that the Company has no significant concentration of credit risk arising from operations.

Liquidity risk

The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis; there are no significant payables that are outstanding past their due dates. As at December 31, 2019, the Company had a net working capital of $1.5 million (December 31, 2018 - $150.9 million), including cash of $44.6 million (December 31, 2018 - $142.3 million).

The Company undergoes an in-depth budgeting process each year which is supplemented by a continuous detailed cash forecasting process. If necessary, the Company may seek financing for capital projects or general working capital purposes.

The amounts of cash and cash equivalents, trade and other receivables, trade accounts payables, accrued liabilities and leases approximate their fair value due to their short maturity. Derivative liabilities are measured at fair value with changes recognized through profit and loss.

The following fair value tables present information about the fair value of Tacora's assets and liabilities measured on a recurring basis as of the dates indicated:

	December 31, 2019				
	Level 1	Level 2	Level 3	Total	Carrying Amount
Derivative liability	—	55,597	—	55,597	55,597
Notes payable	—	—	5,149	5,149	5,149

	December 31, 2018				
	Level 1	Level 2	Level 3	Total	Carrying Amount
Derivative liability	—	13,207	—	13,207	13,207
Notes payable	—	—	5,005	5,005	5,005

During the period ended December 31, 2019 and December 31, 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Note 20– Cost of sales

	Year Ended	
	2019	2018
Mining	19,397	-
Processing	26,486	-
Logistics	28,748	-
Mine general and administration	4,491	-
Royalties	4,257	-
Total expenses by function	83,379	-

Note 21– Selling general and administrative expenses

	Year Ended	
	2019	2018
IPO Costs	-	2,619
Wages and employee benefit expenses	2,902	2,184
Port charges [1]	6,613	1,856
Professional fees and services	749	1,627
Electricity	9	590
Travel expenses	1,347	463
Insurance	23	367
Environmental	-	303
Community fund payments	521	278
Security services	-	225
Other	471	699
Depreciation and amortization	170	157
Costs allocated to CAPEX	(789)	(2,616)
Total expenses by function	12,016	8,752

1 Carrying costs related to port and rail expenses incurred during construction start-up are included in costs of goods sold upon start-up of the mine.

Note 22 - Prior period adjustment

In the previously issued financial statements for the year ended December 31, 2018, the Company's commodity forward contracts were treated as a hedge for accounting purposes and, accordingly, the unrealized loss on the contracts at year-end was recorded as a component of other comprehensive loss. During the year management determined that the commodity forward contracts did not qualify for hedge accounting. As a result, management recorded an adjustment to its previously issued financial statements to reclassify the unrealized loss related to the Company's commodity forward contracts, in the amount of $13,207, to Net loss for the year ended December 31, 2018. Consequently, Net loss for the year-ended December 31, 2018, originally reported as $15,608, was decreased to $28,815 and Other comprehensive loss for the year-ended December 31, 2018, originally reported as $13,207, was revised to $nil. There is no impact to the originally reported amount of total Loss and comprehensive loss for the year ended December 31, 2018. There is also no impact to the statement of financial position, changes in equity and cash flows for the year ended December 31, 2018.

Notes to the consolidated financial statements

For the year ended December 31, 2019
(expressed in thousands of US Dollars, except where otherwise noted)

Note 23– Subsequent events

Due to the global outbreak of the novel coronavirus disease ("COVID-19"), the Company's risk profile has increased significantly, notably due to the following: a potential curtailment or total shut down of operations by government; potential loss of contractor manpower at its mining site; the potential of a Company employee falling ill and causing a disruption to the mine site; a potential impact on the ability to procure and transport critical supplies and parts to the sites; and a potential impact on the ability of the Company to transport iron ore to generate revenues. If any of these events were triggered, the result could be a complete shutdown of the Company's mining site for an undetermined period. To minimize this risk, the following actions have been taken: a policy has been instituted supporting employees to work from home where practical; preliminary screenings at site; any employees or contractors showing potential signs of COVID-19 will be placed into self-isolation; and special arrangements at the sites have been implemented to maximize social distancing. The Company is treating the threat of a COVID-19 outbreak very seriously. A care-and-maintenance plan has been prepared and would be executed in the event of an outbreak at the site. Should the COVID-19 cause a prolonged interruption of site operations, this could impact the Company's ability to conduct its operations, have a potentially adverse effect on its business, and/or could result in an impairment of asset values.

a) Key personnel changes

In February 2020, as part of the transition from project developer to full scale operations and with the initial phase of the Company's start-up now substantially complete, the Board of Directors concluded a review of the executive management team and effectuated the following management changes:

David Durrett, a Director and significant Shareholder of the Company, assumed the role of interim Chief Executive Officer.

John Sanderson, formerly a consultant for the Company, assumed the role of Executive Vice President and Chief Operating Officer and reports to Mr. Durrett.

Matthew Lehtinen, former Chief Commercial Officer left Tacora to pursue other career opportunities.

Larry Lehtinen, former Executive Chairman and Chief Executive Officer stepped away from those roles and assumed the role of non-executive Director on the Board of the Company.

b) Amendment to Cargill agreement

In March 2020, Tacora and Cargill agreed to amend certain terms of the Cargill / Tacora: Iron Ore Sale and Purchase Contract that provide, among other things, for the following: (i) the grant to Cargill of rolling options to extend the Agreement for the life of the Scully mine; (ii) clarification that Cargill has rights to sell all of the tons produced from the Scully mine including any and all expansions; and (iii) certain adjustments to the definition of Margin Amount (as defined in the Agreement) whereby the Shipment Margin Amount in respect of each Relevant Shipment may be either negative or positive. On each Calculation Date, all valuations of the Shipment Margin Amount for all Shipments for which the final Purchase Price has not been determined shall be netted to result in a single positive or negative value (the ***"Margin Amount"***). If that value is positive and greater than $7.5 million, then Buyer shall be entitled to hold margin equal to but no greater than that Margin Amount less $5.0 million, and if that value is negative and less than -$5.0 million, then Seller shall be entitled to hold margin equal to but no greater than that Margin Amount. In determining which party makes a payment to the other, any Margin Amount (if any) already held by one party shall be taken into account and netted. The receiving party shall raise a debit note for the relevant amount which shall be settled by the paying party within 5 Working Days. These changes to the definition of Margin Amount shall cease to apply at midnight Singapore time on 31st December 2021. At that time, the definition of Margin Amount shall revert to the following: if that value is positive and greater than $5.0 million, then Buyer shall be entitled to hold margin equal to but no greater

than that Margin Amount and if that value is negative and less than -$5.0 million, then Seller shall be entitled to hold margin equal to but no greater than that Margin Amount.

c) Issuance of shares

On April 30, 2020, 5.0 million shares of common stock were issued for $5.0 million.

EXHIBIT "K"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

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NEWS RELEASE

FOR IMMEDIATE RELEASE

Tacora Resources Inc. Announces the Purchase of the Scully Mine, an Agreement with the USW on a New Collective Bargaining Agreement and the Execution of a Long Term Offtake Agreement with Cargill

GRAND RAPIDS, MN, July 19, 2017 – Tacora Resources Inc. ("Tacora") announced today that it closed the acquisition of substantially all of the assets associated with the Scully Mine located in Wabush, Newfoundland and Labrador, Canada. The acquisition is pursuant to an asset purchase agreement (the "APA") that Tacora executed on June 2, 2017 with Wabush Iron Co. Limited, Wabush Resources Inc. and Wabush Lake Railway Company Limited under the *Companies' Creditors Arrangement Act (Canada)* ("CCAA") court supervised process.

In its efforts to restart the Scully Mine, Tacora has worked closely with various stakeholders including the Government of Newfoundland and Labrador and the United Steelworkers ("USW") to bring mining jobs to Labrador West. The new Collective Bargaining Agreement ("CBA") with the USW covers the restart of the Scully Mine and is effective today upon the closing of the APA.

In addition, Tacora is pleased to announce that it has entered into a five year iron ore sales agreement with Cargill whereby Cargill will purchase from Tacora 100% of the high grade iron ore concentrate produced by Tacora through 2022.

Concerning the important CBA reached with the USW, Matt Lehtinen, President of Tacora, commented, "We have formed a great working relationship with the USW. We worked closely with them to structure a new CBA in an effort to bring back mining jobs to Labrador West. This region has a rich tradition in iron ore mining and with the continued support of all stakeholders, the people of Labrador West can look forward to seeing Scully's valued iron reserves come back into production." Marty Warren, USW's District 6 Director, commented, "The workers and families of Wabush deserve to have the Scully Mine open and providing good jobs. The United Steelworkers hopes and trusts that the Tacora Resources' purchase will be a step forward in providing much needed jobs to this community."

Graham Letto, MHA for Labrador West commented, "I have worked closely with the Department of Natural Resources, and the Department of Municipal Affairs and Environment in efforts to find a new owner for the Wabush Mines facility. I am very pleased that Tacora has made significant progress in reaching an agreement to purchase the assets of the Scully Mine and I will continue to provide my support to their efforts to re-open the mine and provide employment to the people of Wabush and Labrador West."

"We are grateful for the support Tacora has received from a wide array of stakeholders in the Scully Mine including: our financial partners at Proterra Investment Partners; the leadership and staff of the Government of

Newfoundland and Labrador; the leadership at the USW; and our valued customer Cargill. The dedication and support by these stakeholders has been vital in reaching these important milestones in our mission to restart the Scully Mine." said Larry Lehtinen, Executive Chairman and CEO of Tacora.

Tacora:
Tacora Resources Inc. is an iron ore mining and development company focused on the acquisition and revitalization of iron ore assets. Additional information about the company is available at: www.tacoraresources.com.

About Cargill
Cargill provides food, agriculture, financial and industrial products and services to the world. Together with farmers, customers, governments and communities, we help people thrive by applying our insights and 151 years of experience. We have more than 150,000 employees in 70 countries who are committed to feeding the world in a responsible way, reducing environmental impact and improving the communities where we live and work. Cargill is active in global ferrous markets, offering tailored physical supply and financial solutions in iron ore and steel. For more information, visit Cargill.com and our News Center.

Forward-Looking Statements

This press release contains statements that are forward-looking in nature and relate to our expectations, beliefs and intentions. All statements other than statements of historical fact are statements that could be deemed to be forward-looking. Although Tacora believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements involve known and unknown risks, uncertainties and other factors and are not guarantees of future performance and actual results may accordingly differ materially from those in forward looking statements, and these statements are subject to risks, uncertainties and assumptions that could cause outcomes to differ from our expectations. The forward-looking information set forth herein reflects Tacora's expectations as at the date of this press release and is subject to change after such date. Tacora disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

###

EXHIBIT "L"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
Commercial Division

File: No: 500-11-048114-157

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

WABUSH IRON CO. LIMITED, WABUSH RESOURCES INC. & WABUSH LAKE RAILWAY COMPANY LIMITED

Petitioners

- and -

TACORA RESOURCES INC., MAGGLOBAL LLC, THE REGISTRAR OF DEEDS FOR THE PROVINCE OF NEWFOUNDLAND AND LABRADOR, THE MINERAL CLAIMS RECORDER FOR THE PROVINCE OF NEWFOUNDLAND AND LABRADOR, THE REGISTRAR OF MOTOR VEHICLES FOR THE PROVINCE OF NEWFOUNDLAND AND LABRADOR, and THE DIRECTOR OF COMMERCIAL REGISTRATIONS FOR THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

Mises-en-cause

- and -

FTI CONSULTING CANADA INC.

Monitor

AFFIDAVIT OF LARRY LEHTINEN
(Sworn June 19, 2017)

I, LARRY LEHTINEN, of the City of Grand Rapids, in the State of Minnesota, MAKE OATH AND SAY:

1. I am the Chief Executive Officer of Tacora Resources Inc. (the "**Purchaser**") and MagGlobal LLC (the "**Parent**").

2. Unless otherwise stated herein, all facts set forth in this affidavit (the "**Affidavit**") are based upon: (a) my personal knowledge; (b) my experience as Chief Executive Officer of the Purchaser and the Parent; and (c) information provided to me by employees and authorized representatives and professionals of the Purchaser and the Parent, which I verily believe to be true. I am authorized to swear this Affidavit on behalf of the Purchaser and the Parent.

3. I swear this Affidavit in support of a motion (the "**Assignment Motion**") that I understand has been brought by Wabush Iron Co. Limited, Wabush Resources Inc. and Wabush Lake Railway Company Limited (collectively, the "**Vendors**") requesting entry of an order (the "**Assignment Order**") authorizing the assignment of certain contracts listed on Schedule "A" to the Assignment Order (the "**Assigned Contracts**") to the Purchaser pursuant to that certain Asset Purchase Agreement dated June 2, 2017 between the Vendors, the Purchaser and the Parent (the "**APA**"), the Assignment Order and section 11.3 of the *Companies' Creditors Arrangement Act* (Canada). Specifically, this Affidavit is submitted in order to demonstrate that the Purchaser would be able to perform the obligations under the Assigned Contracts should this Court approve the Assignment Motion and enter the Assignment Order.

4. The Purchaser is a special purpose acquisition vehicle that was incorporated under the laws of the Province of British Columbia for the purpose of consummating the transaction contemplated by the APA. The Parent is a limited liability corporation incorporated under the laws of the State of Delaware and is a processing technology company focused on serving the global iron ore industry. The Parent is privately owned and controlled by me and members of my family and is the sole holder of the Purchaser's voting common shares.

5. The Parent has a commitment for an equity subscription from Black River Capital Partners Fund (Metals and Mining A) LP and Black River Capital Partners Fund (Metals and Mining B) LP, two private investment funds controlled by Proterra Investment Partners LP (collectively, "**Proterra**"). Proterra is an alternative investment manager focused on private equity investments in the natural resource sectors of agriculture, food, and metals and mining, with offices in Minneapolis, London, Mumbai, Singapore, Shanghai, and Sydney.

6. Under the equity commitment, the funds controlled by Proterra would invest in common shares of the Purchaser in an amount that, together with concurrent subscriptions/contributions

by the Parent, would fully fund the Purchase Price, Cure Costs and Replacement Financial Assurance (each as defined under the APA). In addition, the Purchaser will utilize the funds invested by Proterra pursuant to the equity commitment for working capital purposes post-closing. The Purchaser expects that it will have adequate liquidity to satisfy its contractual obligations following closing.

7. The principals of the Parent and Proterra have significant experience in the mining industry. The Parent was created to serve global markets with the innovative magnetic separation technology originally used to capture weakly magnetic iron ore particles from waste materials left behind from historical iron mining operations. The principals of the Purchaser (Matthew Lehtinen, Joe Broking and I) have in excess of 50 years of combined experience and expertise in the global iron ore industry, including among other things, commodities marketing, financing, permitting, procurement and construction, as well as plant engineering, mineralogy, mining, plant optimization, direct iron reduction, project development, finance, marketing and executive management. This extensive experience, combined with the financial capacity described above, will enable the Purchaser to perform its obligations under the various agreements to be acquired under the APA transactions. In addition, the Purchaser has completed extensive due diligence with respect to the operations at the Scully Mine (as defined in the APA) and has a business plan for restarting operations at the Scully Mine.

8. The Purchaser is willing, able and motivated to honour and perform its obligations under the Assigned Contracts to be assigned to the Purchaser pursuant to the APA and the Assignment Order and would perform its obligations under the Assigned Contracts.

SWORN BEFORE ME at the City of Grand Rapids, State of Minnesota, on June 19, 2017.

Notary Public

LARRY LEHTINEN

JANNIFER LYNN JOHNSON
NOTARY PUBLIC - MINNESOTA
My Commission Expires
January 31, 2019

EXHIBIT "M"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Newfoundland Labrador

Government of Newfoundland and Labrador
Department of Natural Resources

April 4, 2018

[redacted]

Dear [redacted]

Re: Your request for access to information under Part II of the *Access to Information and Protection of Privacy Act* (File # NR-39-2018)

On March 5, 2018, the Department of Natural Resources received your request for access to the following records/information:

> **Any briefing notes relating to Tacora Resources and the Wabush Mines project since July 1, 2017. Please note I am looking for the completed not draft versions of notes.**

I am pleased to inform you that a decision has been made by the Department of Natural Resources, confirmed by the Deputy Minister, to provide access to some of the requested record. The records are attached.

I note that we have applied redactions to the least amount of information as possible and are relying upon sections 29(1)(a), 35(1)(d), and 35(1)(g)for these redactions. Please see below for a description of these sections:

29. (1) (a)The head of a public body may refuse to disclose to an applicant information that would reveal advice, proposals, recommendations, analyses or policy options developed by or for a public body or minister;

35. (1) (d)The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to result in the premature disclosure of a proposal or project or in significant loss or gain to a third party;

35. (1) (g)The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which

could reasonably be expected to prejudice the financial or economic interest of the government of the province or a public body;

As set out in section 42 of the Act you may ask the Information and Privacy Commissioner to review the department's decision to provide access to the requested information. A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. Your request should identify your concerns with the department's response and why you are requesting a review.

The request for review may be addressed to the Information and Privacy Commissioner is as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P.O. Box 13004, Stn. A
St. John's, NL. A1B 3V8

Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

Pursuant to section 52 of the Act, you may also appeal directly to the Supreme Court Trial Division within 15 business days after receiving the department's decision.

Please be advised that responsive records will be published following a 72 hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Completed Access to Information Requests website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.

If you have any questions, please feel free to contact me by telephone at 729-0463 or rhynes@gov.nl.ca.

Sincerely,

R Hynes

Rod Hynes
ATIPP Coordinator

Decision / Direction Note
Department of Natural Resources

Title: Cliffs Natural Resources Inc. – Financial Assurance Replacement Pursuant To The Wabush Scully Mine Project sale to Tacora Resources Inc.

Decision / Direction Required:

- It is recommended that the Deputy Minister sign the attached letter to Chubb Insurance Company of Canada (Chubb) directing Chubb to cancel their Mine Rehabilitation and Closure Performance Bond #105973786 in the amount of $24,862,347.50.

- It is recommended that the Deputy Minister sign the attached letter to Travelers Insurance Company of Canada (Travelers) directing Travelers to cancel their Mine Rehabilitation and Closure Performance Bond #8304-21-24 in the amount of $24,862,347.50.

Background and Current Status:

- Cliffs has established financial assurance in the amount of $49,724,695.00 in the form of surety bonds from each of Chubb and Travelers for the principal of $24,462,347.50 each.

- On July 18, 2017, the sale was completed through the Companies Creditors Arrangement Act process of all of Cliffs' interests in the Wabush Scully Mine Project to Tacora Resources Inc. (Tacora).

- Tacora has submitted, and the Minister has accepted a revised Rehabilitation and Closure Plan for the Wabush Scully Mine Project with an estimated cost of $36,750,000.00.

- Tacora has provided replacement financial assurance of $36,750,000.00 in the form of a cash deposit.

- Tacora is compliant with the *Mining Act*.

Analysis:

- The Department is holding $49,724,695.00 in excess financial assurance in the form of two bonds submitted by Cliffs prior to the sale of Cliffs' interest in the Wabush Scully Mine Project. The province no longer has a claim on these bonds; and, therefore, it is required to have each of these bonds cancelled.

- This Decision Note and the attached letters have been reviewed by the Departmental Solicitor.

Alternatives:

- Not applicable.

Prepared/Approved by: D. Tite/A. Smith/P. Canning
Deputy Minister Approval:

July 20, 2017

Meeting Note
Department of Natural Resources
Tacora Resources and Premier Ball
Tuesday, January 23, 2018 at 8:00 a.m.
Premier's Boardroom

Attendees: Larry Lehtinen, Chief Executive Officer, Tacora Resources
Matt Lehtinen, President and Chief Operating Officer, Tacora Resources
Mike Twite, Environment and Gov't Affairs Manager, Tacora Resources
Premier Ball
Minister Coady

Staff as required

Purpose of Meeting:

- Tacora is seeking certainty in permitting timelines as it may affect their plans for financing.

Background:

- Wabush Mines, previously owned by US-based Cliffs Natural Resources (Cliffs), began producing in 1965. Concentrates produced at the mill were delivered via railway to a pelletizing plant at Point Noire, Quebec (closed in June 2013) and shipped to markets. The mine provided 495 jobs in 2013.

- Cliffs sub-leased the mineral rights from MFC Bancorp.

- The mine was idled in February 2014; and, on October 30, 2014, Government was notified that the mine was permanently closed.

- Cliffs' fully owned Canadian subsidiaries, including the Wabush Mines property, were under creditor protection per the federal *Companies' Creditors Arrangement Act* ("CCAA"). The mine was sold to Tacora Resources through the CCAA process.

- With the purchase, Tacora has assumed sub-lease with MFC Bancorp and rehabilitation responsibility from the former mine owner. A condition of the sale was agreement with government on financial assurance.

- On July 13, 2017, the Minister accepted a rehabilitation and closure plan for the Wabush Scully Mine Project with associated financial assurance of $36.75 million. Tacora has provided financial assurance of $36.75 million in the form of a cash deposit. Financial assurance must be increased to $41.74 million prior to starting operations.

- On July 19, 2017, Tacora announced that it closed the acquisition of assets associated with the Scully Mine.

- Tacora is an iron ore mining and development company focused on the acquisition and revitalization of iron ore assets. The company is based out of Grand Rapids, Minnesota and its parent company is MagGlobal LLC, (MG). Tacora is controlled by Proterra (68.6%) a

private investment firm, via Proterra's US$42 million equity investment in Tacora's purchase of Wabush Mines.

- Tacora's intention is to reactivate the Scully Mine and mill for a minimum of 15 years at an expected annual production rate of 6.25 million tonnes of concentrate. Employment is projected to be 183 person years in 2018. Tacora has indicated that their 2018 capital expenditure towards restarting the mine will be $249 million.

- Tacora has entered into a long term (five-year) offtake agreement with Cargill, an international metals supply chain company, for 100 percent of its concentrate product. Iron ore concentrate will be sold as feed for sinter plants and pelletizing plants.

S.29(1)(a)

- Since its most recent peak at US$94.75 per tonne on February 21, 2017, the price of iron ore dropped to a low of US$53.95 on June 13, 2017, and as of January 18, 2018, has recovered to US$74.30. [redacted]

S.35(1)(d)

S.35(1)(g)

- Tacora's Wabush Scully Mine Reactivation was released from environmental assessment on November 22, 2017. Conditions associated with the release include completion of a Benefits Plan, a Gender Equity and Diversity Plan, and an Environmental Protection Plan.

- Tacora has stated that the main permits required for them to proceed with financing include:
  - Approval of development plan and rehabilitation and closure plan under the *Mining Act*;
  - Certificate of Approval to Operate under the *Environmental Protection Act*; and,
  - Water Use Authorizations for dewatering and for operation under the *Water Resources Act*.

- The 60 day consultation period for Mining Act and Environmental Protection Act permits ends on January 20, 2018. Government has a duty to process and consider any comments of the Indigenous organizations. Government can issue the approvals at the end of the consultation period if no comments are received, however additional time would be required should indigenous groups provide comments.

- The Water Use Authorizations were issued following a 30 day consultation period.

Agenda item #1 (Permitting)

- Tacora is seeking certainty in permitting timelines as it may affect their plans for financing.

Analysis

- Tacora has completed their feasibility study of the Wabush Mines reactivation. They have indicated that the results were consistent with their due diligence performed prior to purchasing the property and that there were no negative surprises.

- Tacora has engaged a bank to underwrite their capital raise, a portion to be raised through debt and a portion through equity. They have indicated that now is a good time to take their project to the market, but this may change with time.

- Tacora has been providing regular updates to Indigenous Affairs on their consultation efforts with the five indigenous groups. Tacora has indicated that consultations are going well. They

have offered financial support to the groups for technical assistance that might be needed but have not had any response to this offer.

- Tacora has indicated that their biggest risk in being able to access capital is a delay in obtaining the permits. They have requested time estimates for when they may receive their permits.

- In a call on January 10, government officials indicated that Tacora's time constraints are appreciated and committed to providing best efforts towards meeting Tacora's timelines but could not commit to a specific date as a final determination on the technical aspects of all their applications is not yet complete and we do not know what, if any, comments the indigenous groups may have.

- NR has received comments on the development plan and rehabilitation and closure plan from the Naskapi Nation of Kawawachikamach. These comments are being reviewed and an appropriate response is being prepared in consultation with Indigenous Affairs.

- MAE has received correspondence from the Naskapi Nation of Kawawachikamach that they have no concerns with the Certificate of Approval.

- As of January 18, 2018, neither NR nor MAE has received comments from any of the other indigenous groups.

- NR has completed its technical review of the development plan and rehabilitation and closure plan and, once indigenous consultations are completed, is ready to recommend that both be approved by the Minister.

- MAE's review of the application for a Certificate of Approval to Operate is near completion with the few outstanding technical items near finalization.

Potential Speaking Points

- The province is supportive of Tacora's project and looks forward to the successful conclusion of the capital raise and the beginning of the process of bringing Wabush Mines back into operation.

- The province is aware of Tacora's time sensitivity and can commit to best efforts towards a timely issuance of approvals if permitting requirements are met by the company and once Government's duties to process and consider the comments of the Indigenous organizations have been met.

Proposed Actions

- NR and the Major Projects and Initiatives Unit will continue to maintain open lines of communication with Tacora as the permitting process unfolds.

Prepared/Approved by: A. Smith / P. Canning
Ministerial Approval: Received from Hon. Siobhan Coady

January 18, 2018

Biographies

Larry Lehtinen
Chief Executive Officer
Tacora Resources

Mr. Lehtinen has more than forty years of experience in the areas of ferrous metallurgy, plant engineering, geology, mining, plant optimization, direct iron reduction, iron-making, project development, construction, finance, marketing and executive management. Mr. Lehtinen is a technology pioneer having written over twenty patent applications.

Mr. Lehtinen's prior experiences include work as Chief Executive Officer of Magnetation, Vice President at Steel Dynamics, Vice President at Cleveland Cliffs (Cliffs Natural Resources) and Vice President at Inland Steel. Mr. Lehtinen has a Master's in Business Administration from the University of Minnesota and Bachelors in Minerals Engineering from the University of Minnesota.

Matt Lehtinen
President
Chief Operating Officer

Matt Lehtinen has more than fourteen years of combined experience in the areas of mineral processing, process control, operations, finance, marketing and executive management. In his previous role at Magnetation, Mr. Lehtinen helped raise and deploy $1.0 billion in capital to build three iron ore mine and concentrate facilities and a pellet plant with over 500 employees in only three years.

Mr. Lehtinen's prior experiences include work as Chief Operating Officer of Magnetation, Automation Sales Manager at Felins USA, Inc. and as an Automation Sales Engineer at Rockwell Automation. Mr. Lehtinen has a Master's in Business Administration from Marquette University and Bachelors in Electrical and Computer Engineering from Purdue University with minors in Business and Spanish.

Mike Twite
Manager
Environmental, Land, and Governmental Affairs

Mike Twite has more than 20 years of experience in all aspects of environmental permitting, regulatory compliance, land management, contract negotiations and government affairs. In his previous role as Environmental Manager at Magnetation, Mr. Twite led the environmental permitting for three iron ore mine and concentrate facilities and a pellet plant.

Mr. Twite's prior experiences include work as President of Headwaters Environmental Inc., Environmental Manager at Potlatch Corp., and other various leadership positions within International Paper Corp. Mr. Twite has a Bachelor's degree in Mechanical Engineering from the University of Minnesota and is retired with the rank of Captain after twenty-four years in the US Navy.

EXHIBIT "N"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Newfoundland Labrador

Government of Newfoundland and Labrador
Department of Natural Resources

October 15, 2019

[redacted]

Re: Your request for access to information under Part II of the *Access to Information and Protection of Privacy Act* (File # NR-184-2019)

On September 17, 2019, the Department of Natural Resources received your request for access to the following records/information:

> **Any briefing materials, Q&A documents, Key Messages, etc prepared in the last year relating to Tacora Resources**

We are providing access to the most information possible but have made redactions in accordance with Sections 29(1)(a), 35(1)(d)(f)(g) and 39(1)(a)(ii),(b)(c)(ii) of ATIPPA, 2015 as follows:

29. (1)(a) The head of a public body may refuse to disclose to an applicant information that would reveal advice, proposals, recommendations, analyses or policy options developed by or for a public body or minister;

35. (1)(d) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to result in the premature disclosure of a proposal or project or in significant loss or gain to a third party.

35. (1)(f) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which positions, plans, procedures, criteria or instructions developed for the purpose of contractual or other negotiations by or on behalf of the government of the province or a public body, or considerations which relate to those negotiations;

35. (1)(g) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to prejudice the financial or economic interest of the

government of the province or a public body.

39. (1) The head of a public body shall refuse to disclose to an applicant information
(a) that would reveal
(ii) commercial, financial, labour relations, scientific or technical information of a third party;
(b) that is supplied, implicitly or explicitly, in confidence; and
(c) the disclosure of 'which could reasonably be expected to
(ii) result in similar information no longer being supplied to the public body when it is in the public interest that similar information continue to be supplied,

As set out in section 42 of the Act you may ask the Information and Privacy Commissioner to review the department's decision to provide access to the requested information. A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. Your request should identify your concerns with the department's response and why you are requesting a review.

The request for review may be addressed to the Information and Privacy Commissioner is as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P.O. Box 13004, Stn. A
St. John's, NL. A1B 3V8

Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

Pursuant to section 52 of the Act, you may also appeal directly to the Supreme Court Trial Division within 15 business days after receiving the department's decision.

Please be advised that responsive records will be published following a 72 hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Completed Access to Information Requests website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.

For further details about how an access to information request is processed, please refer to the Access to Information Policy and Procedures Manual at http://www.atipp.gov.nl.ca/info/index.html.

If you have any questions, please feel free to contact me at 709-729-0463 or rhynes@gov.nl.ca.

Sincerely,

Rod Hynes

Rod Hynes
ATIPP Coordinator

Information Note
Department of Natural Resources

Title: Newfoundland and Labrador Mining Industry Overview

Issue: To provide a status update on the Newfoundland and Labrador Mining Industry

Background and Current Status:

- The gross value of mineral shipments for Newfoundland and Labrador (NL) in 2017 was estimated to be $3.6 billion. The gross value is forecast to be $3.0 billion in 2018. The decrease can be primarily attributed to a reduction in the value of iron ore shipments.

- The NL Mining Industry generated an estimated 5,145 person years of employment in 2017 and expects to generate 5,527 person years of employment in 2018. The increase can be primarily attributed to an expected increase in construction employment related to the proceeding Voisey's Bay Underground Mine Expansion Project.

- Producing mines in the province are highlighted in the table below:

Operator	Commodity	Location
Vale Newfoundland and Labrador Limited	Nickel/Copper/Cobalt	Voisey's Bay
	Finished Nickel/Copper/Cobalt	Long Harbour
Iron Ore Company of Canada	Iron Ore	Labrador City
Tata Steel Minerals Canada Ltd.	Iron Ore	Elross Lake/Menihek
Anaconda Mining Inc.	Gold	Pine Cove
Rambler Metals and Mining Canada Limited	Copper/Gold/Silver	Baie Verte
Atlantic Minerals Limited	Limestone/Dolomite	Lower Cove
Hi – Point Industries (1991) Ltd.	Peat	Bishop's Falls
Trinity Resources Ltd.	Pyrophyllite	Manuels
Canada Fluorspar (NL) Inc.	Fluorspar	St. Lawrence
Galen Gypsum Limited	Gypsum	Coal Brook
Red Moon Resources Inc.	Gypsum	St. George's

- As part of the Phase 3, The Way Forward: Building for Our Future, NR, in collaboration with the mining industry and community stakeholders, is developing a strategic framework for growing the provincial mining industry. Engagement sessions have been completed with specific stakeholders including Mining Industry NL, NL Prospectors Association, and other government departments. Broader consultation sessions will be completed by the first week of October and will be held in Labrador City, Happy Valley-Goose Bay, St. John's, Springdale and Marystown. NR is targeting a release of the Mineral Strategy, pending completion of aboriginal consultations, at the annual Mineral Resources Review being held November 1, 2018.

- On June 11, 2018, Vale announced that it will be proceeding with the Voisey's Bay Mine Expansion Project. The project represents close to $2 billion in capital expenditures by Vale and will provide 16,000 person years of employment during the five years of construction, peaking at 4,800 person years in 2020. First ore is expected by April 2021.

- Tacora Resources Inc. has acquired the former Wabush Scully mine in Wabush, Labrador. In a Preliminary Economic Assessment (May 2018) the Company estimated a capital

2

expenditure of $210 million to reactivate the mine. Tacora has been released from environmental assessment and is currently attempting to raise capital.

- The Wabush 3 project, owned by the Iron Ore Company of Canada, was delayed due to a nine week work stoppage which ended on May 28, 2018. IOC plans to officially open Wabush 3 on September 25, 2018.

- Howse Minerals Limited, a subsidiary of Tata Steel Minerals Canada, has been given Mining Act approval for the Howse project in the Menihek area of Labrador.

- Red Moon Resources Inc. had its first shipment from the Ace Gypsum Deposit near St. George's in August 2018. The mine will employ 15 people on a seasonal basis with an initial production level of 100,000 – 250,000 tonnes per year ramping up to 300,000 – 450,000 tonnes per year. The life of the mine is expected to be 10 years.

- Alderon Iron Ore Corp. continues to advance the Kami project located in Labrador West. The Company expects to release a new Feasibility Study in Q4 2018.

- Projects in the advanced stages of exploration in the province are listed in the table below:

Operator	Commodity	Location
Marathon Gold Corporation	Gold	Valentine Lake
Maritime Resources Corp.	Gold	King's Point
Search Minerals Ltd.	Rare Earth Elements	Port Hope Simpson
Matador Canada	Gold	Cape Ray
Buchans Minerals / Minco PLC	Zinc-Lead-Copper-Silver-Gold	Buchans

S.29.1.a
S.35.1.d
S.35.1.g

Analysis:

- Over the past year, iron ore prices have fallen since peaking at US$79.90 per tonne at the end of February 2018. As of September 17, 2018, the price of iron ore is US$69.25 per tonne and the average price over the past month is US$66.82 per tonne. [redacted]

S.29.1.a
S.35.1.d
S.35.1.g

- There exists increased demand for high quality iron ore in China as the country is dedicated to reducing its emission levels. [redacted]

S.29.1.a
S.35.1.d
S.35.1.g

- Nickel prices have increased slightly over the past year peaking at US$15,750 per tonne in June 2018. As of September 17, 2018, the price of nickel is US$12,235 per tonne and the monthly average is US$12,863 per tonne. [redacted]

S.29.1.a
S.35.1.d
S.35.1.g

- Copper prices have declined over the past year and as of September 17, 2018 sit at US$2.66 per pound. [redacted]

Prepared/approved by: G. Taylor / A. Smith
Ministerial Approval:

September 17, 2018

Decision/Direction Note
Department of Natural Resources

Title: Mill Licence for Tacora Resources Inc.'s Scully Mine Reactivation

Decision / Direction Required:

- It is recommended that the Minister sign the attached Mill Licence (ML-TRI-01) for Tacora Resources Inc.

Background and Current Status:

- Wabush Mines, previously owned by US-based Cliffs Natural Resources (Cliffs), began producing in 1965. The mine was idled in February 2014; and, on October 30, 2014, Government was notified that the mine was permanently closed.

- Cliffs' fully owned Canadian subsidiaries, including the Wabush Mines property, were under creditor protection per the federal *Companies' Creditors Arrangement Act* ("CCAA"). The mine was sold to Tacora Resources through the CCAA process.

- Tacora is an iron ore mining and development company focused on the acquisition and revitalization of iron ore assets. The company is based out of Grand Rapids, Minnesota and its parent company is MagGlobal LLC, (MG). Tacora is controlled by Proterra (68.6%) a private investment firm, via Proterra's US$42 million equity investment in Tacora's purchase of Wabush Mines.

- With the purchase of Wabush Mines, Tacora has assumed sub-lease of the mineral rights from MFC Bancorp and the rehabilitation responsibility from the former mine owner. A condition of the sale was agreement with government on financial assurance.

- On July 13, 2017, the Minister accepted a rehabilitation and closure plan for the Wabush Scully Mine Project dated June 9, 2017 with associated financial assurance of $36.75 million. The plan was accepted conditional on undertaking aboriginal consultations prior to carrying out the accepted rehabilitation and closure plan.

- Tacora has provided financial assurance of $36.75 million [redacted] S.35.1.d
  Financial assurance must be increased to $41.74 million prior to starting operations. S.35.1.g

- On July 19, 2017, Tacora announced that it closed the acquisition of assets associated with the Scully Mine.

- Tacora has entered into a long term (five-year) offtake agreement with Cargill, an international metals supply chain company, for 100 percent of its concentrate product. The iron ore concentrate will be sold as feed for sinter plants and pelletizing plants.

- Tacora's "Wabush Scully Mine Reactivation" was released from the environmental assessment process on November 22, 2017. Conditions associated with the release include completion of a Benefits Plan, a Gender Equity and Diversity Plan, and an Environmental Protection Plan.

- Tacora has completed the feasibility study for the Tacora Mine reactivation (former Wabush Mines Scully mine and concentrator). The positive result is consistent with their due diligence performed prior to purchasing the property and that there were no negative surprises.

- Tacora provided a development plan dated November 21, 2017 and the accepted rehabilitation and closure plan dated June 9, 2017 to the appropriate indigenous groups for consultation in accordance with consultation guidelines issued by Indigenous Affairs.

- On January 23, 2018, Tacora's development plan was approved and the rehabilitation and closure plan, following completion of indigenous consultations that were not done in 2017, was accepted. S.29.1.a

- Tacora's had planned to reactivate the Tacora Mine in 2018 and gradually ramp up annual production to a rate of 6.25 million tonnes of concentrate by 2021. Approximately 550,000 tonnes of concentrate were planned for 2018. [redacted] S.39.1.a.ii S.39.1.b S.39.1.c.ii

- Tacora will require approximately $205 million in pre-production capital expenditures to restart the project. The major capital expenditures include a fleet of mine and support equipment, repairs / upgrades to the concentrator and the installation of the manganese separation units. Tacora will attempt to raise the required capital in Q1 2018.

- Direct employment is projected to be 183 person years in 2018 and will increase to 260 person years by 2021.

- An application for a mill licence was received on February 19, 2018. [redacted] S.29.1.a S.35.1.g

- Tacora is in compliance with the *Mining Act*.

Analysis:

- The application for the Mill Licence was reviewed by Mineral Development and is acceptable.

- Section 5 of the *Mining Act* requires the Minister to issue a Mill Licence to a lessee upon application. The issuing of a Mill Licence is a routine matter.

- [redacted]

- Consultations took place with only the Naskapi Nation of Kawawachikamach responding to indicate that they had no comments. Indigenous Affairs has confirmed that, following notification to the other indigenous organizations that the timeframe for comment has ended, the mill licence may be issued. Such notification was sent on October 18, 2018.

Alternatives:

- The Mining Act states that a mill licence shall be issued on application by a lessee.

Prepared/Approved by: A. Smith / P. Canning
Ministerial Approval: Received from Hon. 19/10/2018

October 18, 2018

Information Note
Department of Natural Resources

Title: Newfoundland and Labrador Mining Industry Overview

Issue: To provide a status update on the Newfoundland and Labrador Mining Industry

Background and Current Status:

Key Messages

- NL has a wide variety of mineral commodities currently being produced including: iron ore (Labrador Trough), nickel, copper and cobalt (Voisey's Bay); gold (Baie Verte Peninsula); fluorspar (St. Lawrence); limestone and dolomite (Port aux Port); and gypsum (St. George's Bay).

- Newfoundland and Labrador possesses world class deposits for iron ore, nickel and base metals which have attracted investment by leading international mining companies, including Rio Tinto, Tata Steel, Vale and HBIS.

- Newfoundland and Labrador is committed to improving the competitiveness of the province in order to attract mineral exploration and development investment. The province is partnering with industry and community stakeholders to develop a sustainable and competitive framework for continued exploration and mining growth.

- There is a long and successful history of iron ore mining in Labrador which has, and continues to benefit from:
    - availability of Hydro-electric power at very competitive rates;
    - a safe and mining friendly jurisdiction;
    - access to a skilled and committed workforce; and
    - a robust regulatory framework which ensures sustainability in the region.

- There is value in use of iron ore from the Labrador Trough given their high grade and purity which will help to reduce emissions and meet environmental regulations.

Chinese Investment

- In 2010 Alderon concluded a business deal with Altius Minerals to explore and develop the Kami Iron Ore deposit located near Wabush, Labrador West.

- In March 2013, HBIS Group Co. Ltd. (formerly Hebei Iron & Steel Group) contributed C$119.9 million in exchange for a 25% interest in the Kami Limited Partnership which was established to own the Kami Project. Alderon has the remaining 75% interest.

- Alderon has three strategic partners in the Kami Project including the HBIS Group, Glencore and Liberty Metals and Mining Holdings.
    - HBIS Group, China's second largest steelmaker, has invested $162.2 million (including the $119.9 million referenced above) in the project and will purchase 60 percent of annual production.
    - Glencore, a large globally diversified natural resource company, has an offtake agreement to purchase the remaining 40 percent of annual production.
    - Liberty Metals and Mining Holdings (LMM) had invested $49.2 million in equity.

- In March 2018 Altius acquired all of LMM's common shares in Alderon. Following disposition of the common shares, LMM holds a $22 million secured convertible note and warrants. Assuming conversion of the convertible note and warrants, LMM beneficially holds approximately 9.86% of the outstanding Shares.

- As of July 16, 2018, Altius Minerals Corporation owns approximately 39% of Alderon Iron Ore Corp.'s issued and outstanding common shares.

- Beaver Brook Antimony Mine (BBAM), near Glenwood, is owned by China Minmetals Non-Ferrous Metals. Operations were suspended at the antimony mine in January 2013. The operation has been placed on care and maintenance with nine full-time employees working to ensure the site remains in good condition and that the underground workings are kept dewatered.

- BBAM has recently indicated that local management would be seeking support to restart operations with a decision expected in the near term. (Business confidential)

General

- The gross value of mineral shipments for Newfoundland and Labrador in 2017 was estimated to be $3.6 billion. The gross value is forecast to be $3.0 billion in 2018. The decrease can be primarily attributed to a reduction in the value of iron ore shipments.

- The Newfoundland and Labrador mining industry generated an estimated 5,145 person years of employment in 2017 and expects to generate 5,527 person years of employment in 2018. The increase can be primarily attributed to an expected increase in construction employment related to the Voisey's Bay Underground Mine Expansion Project.

- Producing mines in the province are highlighted in the table below:

Operator	Commodity	Location
Vale Newfoundland and Labrador Limited	Nickel/Copper/Cobalt	Voisey's Bay
	Finished Nickel/Copper/Cobalt	Long Harbour
Iron Ore Company of Canada	Iron Ore	Labrador City
Tata Steel Minerals Canada Ltd.	Iron Ore	Elross Lake/Menihek
Anaconda Mining Inc.	Gold	Pine Cove
Rambler Metals and Mining Canada Limited	Copper/Gold/Silver	Baie Verte
Atlantic Minerals Limited	Limestone/Dolomite	Lower Cove
Hi – Point Industries (1991) Ltd.	Peat	Bishop's Falls
Trinity Resources Ltd.	Pyrophyllite	Manuels
Canada Fluorspar (NL) Inc.	Fluorspar	St. Lawrence
Galen Gypsum Limited	Gypsum	Coal Brook
Red Moon Resources Inc.	Gypsum	St. George's

- As part of the Phase 3, The Way Forward: Building for Our Future, NR, in collaboration with the mining industry and community stakeholders, is developing a strategic framework for growing the provincial mining industry. Engagement sessions have been completed with specific stakeholders including Mining Industry NL, NL Prospectors Association, and other

government departments. NR is targeting a release of the Mineral Strategy, pending completion of aboriginal consultations, at the annual Mineral Resources Review being held November 1, 2018.

- On June 2018, Vale announced that it will be proceeding with the Voisey's Bay Mine Expansion Project. The project represents close to $2 billion in capital expenditures by Vale and will provide 16,000 person years of direct, indirect and induced employment during the five years of construction, peaking at 4,800 person years in 2020. First ore is expected by April 2021.

- Tacora Resources Inc. has acquired the former Wabush Scully mine in Wabush, Labrador. In a Preliminary Economic Assessment (May 2018) the Company estimated a capital expenditure of $210 million to reactivate the mine. Tacora has been released from environmental assessment and is currently raising capital.

- The Iron Ore Company of Canada officially opened the Wabush 3 (Moss Pit) project on September 25, 2018.

- Howse Minerals Limited, a subsidiary of Tata Steel Minerals Canada, has been given Mining Act approval for the Howse project in the Menihek area of Labrador. Tata Steel Minerals Canada will complete construction of their $700 million processing plant by the end of 2018.

- Red Moon Resources Inc. had its first shipment from the Ace Gypsum Deposit near St. George's in August 2018. The mine will employ 15 people on a seasonal basis with an initial production level of 100,000 – 250,000 tonnes per year ramping up to 300,000 – 450,000 tonnes per year. The life of the mine is expected to be 10 years.

- Alderon Iron Ore Corp. continues to advance the Kami project located in Labrador West. The Company expects to release a new Feasibility Study in Q4 2018.

- Projects in the advanced stages of exploration in the province are listed in the table below:

Operator	Commodity	Location
Marathon Gold Corporation	Gold	Valentine Lake
Maritime Resources Corp.	Gold	King's Point
Search Minerals Ltd.	Rare Earth Elements	Port Hope Simpson
Matador Canada	Gold	Cape Ray
Buchans Minerals / Minco PLC	Zinc-Lead-Copper-Silver-Gold	Buchans

Analysis:

- As of October 24, 2018, the price of iron ore is US$75.90 per tonne and the average price over the past month is US$70.92 per tonne. [redacted] S.29.1.a S.35.1.d S.35.1.g

- There exists increased demand for high quality iron ore in China as the country is dedicated to reducing its emission levels. As a result, the high grade and low levels of impurities in iron ore from the Labrador trough has attracted a significant premium over market prices.

S.29.1.a
S.35.1.d
S.35.1.g

- Nickel prices have increased slightly over the past year peaking at US$15,750 per tonne in June 2018. As of October 24, 2018, the price of nickel is US$12,295 per tonne and the monthly average is US$12,535 per tonne. [redacted]

S.29.1.a
S.35.1.d
S.35.1.g

- Copper prices have declined over the past year and as of October 24, 2018 sit at US$2.82 per pound. [redacted]

Prepared/approved by: G. Taylor / A. Smith / P. Canning / J. Cowan
Ministerial Approval:

October 25, 2018

31/10/18

Information Note
Department of Natural Resources

Title: 2019 Labrador Industrial Customer Rates

Issue: To provide a summary of Newfoundland and Labrador Hydro's (NLH) 2019 Labrador Industrial Rate Report (the Report) submission to the Minister of Natural Resources (NR) outlining 2019 electricity rates for Labrador Industrial customers (LIC) and to highlight issues related to the Iron Ore Company of Canada (IOC).

Background and Current Status:

- In December 2012, the Government of NL introduced a new electricity rate policy for LIC to ensure a transparent and fair rate for all Labrador industrial customers and to assist in keeping the cost of electricity in the region competitive with other Canadian jurisdictions while considering the market value of electricity. Prior to this there was no published industrial electricity rate in Labrador. The policy requires that NLH submit an annual report to the Minister of NR prior to publishing new LIC rate for the following year.
- The LIC rate policy requires NLH to provide a low-cost *Development Block* of power equal to the historical demand in the region, supplemented by market-priced power to meet industrial growth. The rates for the Development Block are adjusted annually based on average consumer price index and forecast transmission losses.
- Currently, IOC is the only industrial customer in Labrador, however Tacora Resources Inc. is in the process of restarting Wabush Mines (expected to open in mid-2019) and Alderon may also become a customer at some point in the future.
- On December 10, 2018 NLH submitted its 2019 Industrial Rate report to Natural Resources, setting new electricity rates for LIC effective January 1, 2019. The report describes the rate design, rate changes and projected customer impacts with a comparative analysis to other Canadian jurisdictions.
- The 2019 rate for the Development Block energy is 2.369 ¢/KWh. Customer load requirements beyond this block will be charged at Market Block rate of 4.160 ¢/KWh. This translates to an average rate for Labrador Industrial Customers of 2.697 ¢/kWh, an increase of approximately 5% over the 2018 rate of 2.57 ¢/kWh. The following table provides comparison of the rates for LIC as well as energy and billings for IOC from 2015 to 2019:

Particular	*2015*	*2016*	*2017*	*2018*	*2019 (f)*
Demand Charge ($/kW)	1.68	1.68	1.68	1.61	1.61
Development Block Energy Rate (¢/kWh)	2.243	2.272	2.277	2.306	2.369
Market Block Energy Rate (¢/kWh)	4.552	3.897	3.822	3.270	4.160
Forecast Firm Energy Rate (¢/kWh)	2.243	2.272	2.277	2.306	2.434
Average Unit Cost (¢/kWh)	2.542	2.550	2.580	2.570	2.697
Total Energy - IOC (GWh)	1,703	1,753	1,746	1,440	1,741
Power on Order - IOC (MW)	243	247	245	250	222
Total Billings - IOC ($ million)	43.2	44.9	44.7	37.5	46.7

NOTES:

Reflects actual billings year to date November 30, 2018 and forecast December 2018. Actuals reflect reduced demand and energy billings as a result of 2018 strike.

- NLH notes that the Labrador Industrial load will exceed the Development Block and cross into the Market Block in 2019 due to the opening of Wabush mines by Tacora, and continue to extend further into the Market Block. NLH states that approximately 96% of the energy is projected to be billed at the Development Block rate and 4% on the Market Block rate.
- The Development Block is sold at the minimum price required to pay NLH's costs to purchase the energy from Churchill Falls Labrador Corporation (CFLCo). This price is set at a level which allows for the financing of CFLCo's long term maintenance and asset renewal plan.
- NLH notes that out of the 239 MW (2095 GWh) of Development Block available to existing and future Labrador Industrial Customers, the net amount to be delivered to customers in 2019 is 1965 GWh (which translates to approximately 224 MW), reflecting 6.2% system losses.

Analysis:

[redacted]

S.29.1.a
S.35.1.d
S.35.1.f
S.35.1.g

3

S.29.1.a
S.35.1.d
S.35.1.f
S.35.1.g

Action Being Taken:

- NR will review NLH's proposal with a view to correcting any inefficiencies or weaknesses in the Labrador Industrial Rate Policy.
- NR will continue to monitor issues pertinent to Labrador Industrial Customers.

Prepared by/Reviewed by: Y. Khan / R. Bates / C. Snook / J. Cowan
Ministerial Approval: NOT APPROVED

December 20, 2018

Decision/Direction Note
Department of Natural Resources

Title: Financial Assurance for Tacora Resources' Wabush Scully Mine

Decision / Direction Required:

- It is recommended that the Minister authorize the refund of Tacora Resources Inc.'s financial assurance paid in cash in July 2017 by signing the attached letter.

Background and Current Status:

- Tacora Resources Inc. (Tacora) purchased the Wabush Scully Mine from Cliff's Resources in July 2017.

- On January 23, 2018, the Minister accepted Tacora's "Rehabilitation and Closure Plan, Scully Mine Reactivation", dated June 9, 2017 and amended on July 7, 2017, with associated financial assurance of $36.75 million and financial assurance increasing to $41.74 million prior to the mine restarting.

- The additional $4.99 million in financial assurance is related to the deposition of waste rock on existing waste rock piles and disturbance of rehabilitated tailings areas. It has been agreed with Tacora that this additional financial assurance must be in place prior to the start of either of hauling waste rock or deposition of tailings.

S.35.1.d
S.35.1.g

- Pursuant to the Mine Rehabilitation and Closure Financial Assurance Fund Agreement between the Province and Tacora, signed July 17, 2017, Tacora provided financial assurance in the amount of $36,750,000.00 [redacted] Tacora further agreed to increase their financial assurance by $4,990,000.00 on activation and operation of the Wabush Scully Mine.

S.35.1.d
S.35.1.g

- Tacora has provided replacement financial assurance [redacted] in the amount of $41,740,000.00.

Analysis:

- The financial assurance currently required from Tacora is $36,750,000.00, to be increased to $41,740,000.00 prior to operations starting.

S.35.1.d
S.35.1.g

- Tacora has provided financial assurance [redacted] in the amount of $41,740,000.00 to increase the financial assurance in place and to replace the cash previously posted by Tacora.

- The bond is a form of acceptable financial assurance per Section 10.(3)(c) of the Mining Act. The terms of the bond are compliant with the department's standard bond agreement.

- Tacora is owed a refund of $36,750,000.00.

- [redacted]

Prepared/Approved by: D. Tite / A. Smith / P. Canning
Ministerial Approval:

April 4, 2019

April 13 2019

Information Note
Department of Natural Resources

Title: Newfoundland and Labrador Mining Industry Overview

Issue: Overview of the status of the mining industry in Newfoundland and Labrador for the 2019 Energy and Mines Ministers' Conference

Background and Current Status:

- NL has a wide variety of mineral commodities currently being produced such as iron ore (Labrador Trough), nickel, copper and cobalt (Voisey's Bay); gold (Baie Verte Peninsula); fluorspar (St. Lawrence).

- The gross value of mineral shipments for Newfoundland and Labrador in 2018 was $2.87 billion with a forecasted value of $3.97 billion for 2019.

- The NL mining industry average employment was 5,726 person years in 2018 with a forecasted value of 6,332 person years in 2019. Mining construction employment included in these values for 2018 and 2019 are 962 and 1,231 respectively, the increase is mainly attributed to Voisey's Bay Underground Mine Expansion.

- Iron, nickel, and copper contribute 90% of the value of shipments from the province with gold, cobalt, silver, industrial minerals, stone, sand and gravel contributing the remainder.

- Producing mines in the province are summarized in the table below:

Operator	Commodity	Location
Vale Newfoundland and Labrador Limited	Nickel/Copper/Cobalt	Voisey's Bay
	Finished Nickel/Copper/Cobalt	Long Harbour
Iron Ore Company of Canada	Iron Ore	Labrador City
Tata Steel Minerals Canada Ltd.	Iron Ore	Elross Lake/Menihek
Tacora Resources Inc.	Iron Ore	Wabush
Anaconda Mining Inc.	Gold	Pine Cove
Rambler Metals and Mining Canada Limited	Copper/Gold/Silver	Baie Verte
Atlantic Minerals Limited	Limestone/Dolomite	Lower Cove
Canada Fluorspar(NL) Inc.	Fluorspar	St. Lawrence
Hi – Point Industries (1991) Ltd.	Peat	Bishop's Falls
Trinity Resources Ltd.	Pyrophyllite	Manuels
Beaver Brook Antimony Mines	Antimony	Glenwood
Galen Gypsum Limited	Gypsum	Coal Brook
Red Moon Resources Inc.	Gypsum	Flat Bay

- Construction at Vale Newfoundland and Labrador's Voisey's Bay Mine Expansion resumed in June 2018. The project represents close to $2 billion in capital expenditures by Vale. There will be 16,000 direct and indirect person years of employment during the five years of construction, peaking at 4,800 person years in 2020. First ore production from underground is expected by April 2021 with an extended mine life of 15 years.

- The Iron Ore Company of Canada, began production at Wabush 3 pit, renamed the Moss Pit, on September 25, 2018. This $79 million investment will increase ore output by about five million tonnes per year and extend the life of the mine by 12 years.

- Tacora Resources Inc., an iron ore mining and development company based out of Grand Rapids, Minnesota, secured financing for the former Wabush Scully mine, renamed Tacora Mine, in Wabush, Labrador in November 2018. Tacora's first shipment of ore arrived at Point Noire on July 1, 2019. The Reactivation of the Tacora Mine will create up to 260 jobs during operations.

- Canada Fluorspar made its first shipment of 4,700 tonnes of acid-grade fluorspar in August, 2018. Project capital costs are $250 million. Average yearly employment will be 225 person years.

- Beaver Brook Antimony mine has reached commercial production after being in care and maintenance for several years. Mining began on March 26, 2019 with mill start up commencing on April 22, 2019. Production is ahead of schedule and the stibnite concentrate is a very high grade ore in the vicinity of 60-65 per cent. First shipment of concentrate took place on June 19, 2019.

- Tata Steel Minerals Canada Limited has fully commissioned its $700 million wet processing facility and is ramping the plant up to full capacity of 700 tonnes per hour of concentrate production.

- Alderon Iron Ore Corp. continues to advance their Kami project located in Labrador West. In September 2018, Alderon released a Feasibility Study which demonstrates an average annual production of 7.84 Million tonnes over a 23 year mine life. The project has a capital cost of US$982.41 million and Alderon is now focusing on financing.

- Search Minerals Inc. has filed The Foxtrot Rare Earth Element Mine for provincial (December, 2017) and federal (January, 2018) environmental assessment. An environmental assessment committee has been assigned and Search is required to submit an environmental impact statement for which guidelines have been provided.

- Projects in advanced stages of exploration in the Province:

Operator	Commodity	Location
Marathon Gold Corporation	Gold	Valentine Lake
Maritime Resources Corp.	Gold	King's Point
Search Minerals Inc.	Rare Earth Elements	Port Hope Simpson
Matador Mining Ltd.	Gold	Cape Ray
Buchans Resources Limited	Zinc-Lead-Copper-Silver-Gold-Barite	Buchans
NorZinc Ltd.	Zinc-Lead-Copper-Silver-Gold	South Tally Pond /Lemarchant

Analysis:

- On January 25, 2019, the Brumadinho dam disaster at Vale's Feijao iron ore mine in Brazil took place. Spot iron ore prices rose from US$75 per tonne to US$95 per tonne in the weeks following. The price further increased with the news that Vale would not be back in production for a period of time.

- As of July 2, the price was US$124.20 per tonne and the average price for the month of June was US$110.14 per tonne. [redacted]

S.29.1.a S.35.1.d S.35.1.g

S.29.1.a
S.35.1.d
S.35.1.g

[redacted] Iron ore from the Labrador Trough generally receive premiums for higher grade and low contaminant concentrate and pellets.

- High quality ore is in demand from China due to their efforts to reduce emissions. [redacted]

S.29.1.a
S.35.1.d
S.35.1.g

- Nickel prices have fluctuated over the past year peaking at US$15,255 per tonne in June 2018 and bottomed out late January at US$10,440 per tonne. Prices rose again until March when they reached US$13,610 and have declined since then. The average price for the month of June was US$11,989 per tonne. [redacted] Nickel prices are closely related to demand from stainless steel producers who account for about two-thirds of total demand.

S.29.1.a
S.35.1.d
S.35.1.g

- Copper prices were just over US$3.00 per pound this time last year, they have remained steady ranging from US$2.50 to US$2.97 per pound indicating that the demand has been sluggish. Current price is US$2.68 per pound as of July 2 and the average price for the month of June 2- July 2 was is $2.67. [redacted]

- In April, 2019 Search Minerals Inc. has been granted a patent (US Patent 10,273,562, Issued April 30, 2019) for acid leaching of rare earth minerals using the Search Minerals Direct Extraction Process. The company is also undergoing its Pilot Plant Optimization program is at the facilities of SGS Canada whereby parameters of its demonstration plant will be set.

Prepared/approved by: B. Lawlor / T. Walters / A. Smith
Ministerial Approval:

July 10, 2019

KEY MESSAGES

Natural Resources
Scully Mine Announcement
November 27, 2018

Summary:
Tacora Resources Inc. has announced the restart of Scully Mine in Wabush.

Anticipated Question:
Why is the restart of the Scully Mine significant to the people of the province?

Key Messages:
- We welcome Tacora Resources Inc. to Labrador West as it restarts Scully Mine.
- Approximately 260 positions are directly associated with site operations which will produce some six million tonnes of concentrate annually when fully ramped up.
- Restarting Scully Mine demonstrates that by working together, we are able unlock our natural resource wealth and create safe high paying jobs and supply opportunities.

Secondary Messages:
- As a province, we have initiated Mining the Future 2030 – a plan for growth in the Newfoundland and Labrador mining industry and the way forward on mineral development.
- The re-start of Scully Mine demonstrates the many benefits mining brings to the province as we work to achieve our Mining the Future goals.

Prepared by: Media Relations Manager, Natural Resources
Approved by: ADM, Mines Branch, Natural Resources

EXHIBIT "O"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

U.S. MARKETS

JANUARY 25, 2016 / 8:42 PM / UPDATED 7 YEARS AGO

Cargill subsidiary Black River spins off private equity firm

By Karl Plume

CHICAGO (Reuters) - Cargill Inc [CARG.UL] subsidiary Black River Asset Management LLC announced on Monday the spinoff of a private equity firm focused on food, agriculture, mining and metals investments primarily in developing countries.

With more than $2.1 billion in assets under management, Minnesota-based Proterra Investment Partners is one of three independent companies emerging from Black River after Cargill announced its subsidiary's breakup in September.

Cargill is in a restructuring aimed at transforming the 150-year-old company into one more responsive to commodities market swings. Losses stemming from the liquidation of hedge funds managed by Black River dragged down Cargill profit in the company's most recent quarter.

Employee-owned Proterra said it would retain all of its fund commitments and limited partners, including Cargill.

Proterra has $782 million in investments in three food-focused funds, $1.2 billion in three agriculture-related funds and $165 million in a metals and mining fund, the company said.

The firm has investments in regions of Asia, Australia, sub-Saharan Africa and in South America, said Ned Dau, Proterra's chief marketing officer and head of investor relations.

“We think all of those areas provide opportunities,” he said in an interview on Monday. Dau added that Proterra’s investments included farmland development and management, shipping infrastructure and companies focused on production and processing of foods like meat and dairy.

Dau declined to elaborate on the fund’s investment strategy.

Headquartered in Minneapolis, Proterra has offices in London, Shanghai, Sydney, Singapore and New Delhi. The company employs 49 staff in those cities as well as Sao Paulo and Buenos Aires.

Reporting by Karl Plume; Editing by Peter Cooney

Our Standards: The Thomson Reuters Trust Principles.

EXHIBIT "P"
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Ned Dau · 3rd

Head of Fundraising - Marathon Capital Partners

Minneapolis, Minnesota, United States · Contact info

142 connections

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About

Experience.
Chief Marketing Officer and Head of Investor Relations of Proterra Investment Partners.
Prior to Proterra, worked for Black River Asset Management, a division of Cargill, serving as Managing Director, Head of PE Marketing and Investor Relations. During that time was involved with the establishment of the private equity platform including capital formation, structuring and business development. Prior to joining Black River, was an equity portfolio manager and analyst of institutional portfolios for STI Capital Management (SunTrust) in Orlando, FL; American Express Financial Advisors in Minneapolis, MN; and The Principal Group in Des Moines, IA.

Activity

141 followers

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Education

Drake University
Master of Business Administration - MBA
1994

Briar Cliff University
Bachelor of Arts - BA, Business Administration
1985 - 1989

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Business Development

1 endorsement

Investor Relations

500

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Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
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BUSINESS

Former Cargill private equity firm spun off, renamed Proterra

By SHRUTI DATE SINGH / BLOOMBERG NEWS |

PUBLISHED: January 25, 2016 at 1:20 p.m. | UPDATED: January 25, 2016 at 11:11 p.m.

A private-equity firm that was part of agricultural commodities

Cargill headquarters in Wayzata.

producer and trader Cargill Inc. has been spun off and renamed Proterra Investment Partners.

Proterra was previously part of Cargill's Black River Asset Management subsidiary. Proterra manages more than $2.1 billion of committed capital, and Wayzata-based Cargill will continue to be an investor, Proterra said Monday in a statement. The firm has three strategies: agriculture, food, and metals and mining.

Last year, Cargill announced the breakup and spinoff of investment arm Black River Asset Management after 12 years. The formation of Proterra comes after a year of portfolio "reshaping" at the 150-year-old Cargill intended to boost returns.

In the past few months, the company completed the sale of its U.S. pork business to Brazil's JBS and agreed to sell its crop insurance unit. It also bought a salmon-feed producer and Archer-Daniels-Midland Co.'s chocolate business. Last week, it announced plans to close its London shipping office and consolidate some of its operations in Geneva as the freight market slumps to the lowest in three decades.

Shruti Date Singh / Bloomberg News

EXHIBIT "R"
referred to in the Affidavit of
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Sworn March 26, 2024

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NEWS RELEASE

FOR IMMEDIATE RELEASE

Tacora Resources Inc. Announces Completion of Scully Mine Restart Financing

GRAND RAPIDS, MN, November 27, 2018 – Tacora Resources Inc. ("Tacora") today announced that it closed on US$212 million in private equity and senior secured debt financing which, together with existing commitments for up to US$64 million in mining equipment debt financing, fully funds the restart of the Scully Mine located in Wabush, Newfoundland and Labrador, Canada.

Tacora purchased substantially all the assets associated with the Scully Mine on July 17, 2017. In the subsequent months, Tacora completed a feasibility study that confirmed the viability of Tacora's restart plans for the mine, secured life of mine access to rail transportation services and ship loading infrastructure, including access to a deep water port with Société ferroviaire et portuaire de Ponte-Noire ("SFPPN") and the Port of Sept-Iles, and concluded various regulatory matters with the Government of Newfoundland and Labrador, including consultations with local indigenous peoples.

"We are extremely pleased to have the Scully Mine restart fully financed and to move forward with hiring the workforce and implementing the various commercial contracts and capital projects to bring the Scully Mine back to life. We are grateful to all the stakeholders involved in the Scully Mine restart. Special thanks go out to: the political leaders of Newfoundland and Labrador and Quebec; the leaders at the United Steelworkers union; our valued partners at SFPPN and the Port of Sept Isle; our long term strategic equity investors, Proterra Investment Partners, Aequor, Cargill and MagGlobal." said Larry Lehtinen, Executive Chairman and CEO of Tacora.

As part of the financing Cargill has made an equity investment and extended its long-term off-take agreement. Lee Kirk, Managing Director of Cargill's Metals business commented, "By extending this agreement through 2033, Cargill is better positioned to provide our customers around the world with greater access to high quality iron ore. This investment is closely aligned

with our strategic ambitions. As committed partners to the ferrous industry, we will continue to assess future investments and partnership opportunities that capture long-term value for our customers."

"We are pleased that Tacora is proceeding with its plan to reopen the mine and we are optimistic about the community benefits that will come with bringing back jobs to Labrador West," said Marty Warren, United Steelworkers Director for Ontario and Atlantic Canada. "We look forward to working with Tacora under the terms of the collective agreement that we negotiated to provide good union jobs that will benefit families and the communities," Warren said.

The Honourable Dwight Ball, Premier of Newfoundland and Labrador said, "Our government understands the tremendous potential for mineral resource development in our province, and we welcome long-term investments that maximize the value of our resources while securing bright futures for Newfoundlanders and Labradorians. Labrador West has long been known for its valuable iron ore deposits and for the tremendously hard working and skilled people who know how to mine it. As Tacora begins operations here, they become part of local communities and a regional economy that are thriving, just as we envisioned in our Mining the Future 2030 plan."

Graham Letto, Minister for Municipal Affairs and Environment and MHA for Labrador West commented, "I am very pleased that Tacora has reached this significant milestone in their efforts to restart the Scully Mine. I greatly appreciate the commitment that Tacora has exhibited throughout this difficult progress and thank them for their persistence. The restart of this operation is tremendous for the people of Labrador West."

Yvonne Jones, MP for Labrador and Parliamentary Secretary for Intergovernmental and Northern Affairs and Internal Trade, Canada said, "We are excited to welcome Tacora as the newest mining development in Labrador. They are committed to the region and its people. Their vision for the Wabush project is shared by the community and will derive jobs and opportunities for Labradorians. Labrador West continues to lead mining development in NL and continues to be the largest export region for iron ore in Canada."

Siobhan Coady, Minister of Natural Resources added, "It is great news for Labrador West and indeed the entire province that Scully Mine in Wabush is restarting. It means good, long-term jobs returning to this vital mining region. As a province, we have initiated Mining the Future 2030 – a plan for growth in the Newfoundland and Labrador mining industry and the way forward on mineral development. The re-start of Scully Mine demonstrates the many benefits mining brings to the province as we work to achieve our Mining the Future goals. We welcome Tacora to the

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mike.twite@tacoraresources.com

region and we hope for a long, safe and prosperous future for the company, its workers and communities."

Innu Nation's Grand Chief Gregory Rich said, "On behalf of the Innu of Labrador, I congratulate Tacora on achieving this important step. Innu Nation looks forward to cooperative implementation with Tacora of our Impacts and Benefits Agreement ("IBA") and to continued cooperation on environmental protection measures. This IBA will provide both employment and business contracting opportunities to Innu Nation's members and our partners."

Tacora:
Tacora Resources Inc. is an iron ore mining and mineral processing company focused on the acquisition, development and exploitation of iron ore reserves and assets. Additional information about the company is available at www.tacoraresources.com.

Forward-Looking Statements
This press release contains statements that are forward-looking in nature and relate to our expectations, beliefs and intentions. All statements other than statements of historical fact are statements that could be deemed to be forward-looking. Although Tacora believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements involve known and unknown risks, uncertainties and other factors and are not guarantees of future performance and actual results may accordingly differ materially from those in forward looking statements, and these statements are subject to risks, uncertainties and assumptions that could cause outcomes to differ from our expectations. The forward-looking information set forth herein reflects Tacora's expectations as at the date of this press release and is subject to change after such date. Tacora disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

###

EXHIBIT "S"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Tacora Resources Inc.

Consolidated Financial Statements
For the years ended December 31, 2021 and 2020

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee of
Tacora Resources Inc.:

Opinion

We have audited the consolidated financial statements of Tacora Resources Inc. and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income and comprehensive income, changes in equity, and cash flows for the years then ended, the related notes to the consolidated financial statements, and supplemental schedules (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern at least, but not limited to, twelve months from the end of the reporting period, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

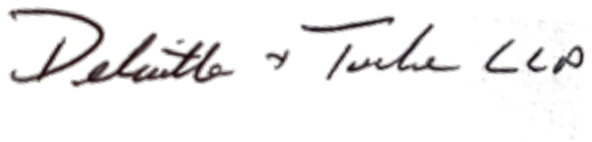
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



April 7, 2022

Consolidated balance sheets

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	Dec 31, 2021	Dec 31, 2020
Current assets			
Cash	5	34,883	119,823
Receivables	6	10,530	2,351
Inventories	7	19,029	8,045
Transportation deposits, current portion	12	7,740	8,487
Prepaid expenses and other current assets	8	4,641	5,848
Total current assets		76,823	144,554
Non-current assets			
Property, plant & equipment, net	10, 13	290,386	168,322
Intangible assets subject to amortization	11	37,809	26,436
Transportation deposits	12	901	5,241
Security Deposits	12	3,414	3,377
Financial assurance deposit	13	6,410	6,392
Total non-current assets		338,920	209,768
TOTAL ASSETS		415,743	354,322
Current liabilities			
Current maturities of long-term debt	14	2,950	25,700
Current maturities of lease liabilities	14	9,859	7,423
Accounts payable		11,718	14,977
Accrued liabilities	15	41,402	35,885
Derivative liability	19	-	80,952
Total current liabilities		65,929	164,937
Non-current liabilities			
Long-term debt	14	166,581	112,067
Lease liabilities	14	38,365	28,546
Long-term royalties payable	23	23,088	-
Deferred tax liability	16	5,355	-
Rehabilitation obligation	13	35,197	37,630
Total non-current liabilities		268,586	178,243
TOTAL LIABILITIES		334,515	343,180
NET ASSETS		81,228	11,142

Consolidated balance sheets

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	Dec 31, 2021	Dec 31, 2020
Shareholder's equity			
Capital stock	17	263,350	225,332
Accumulated deficit		(182,391)	(214,512)
Equity attributable to owners of the Company		80,959	10,820
Non-controlling interest		269	322
TOTAL EQUITY		81,228	11,142

Should be read in conjunction with the notes to the consolidated financial statements

The consolidated financial statements were approved by a directors' resolution on April 7, 2022 and signed on their behalf by:

Joseph A. Broking II
President and Chief Executive Officer

Consolidated statements of income and comprehensive income

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	Years Ended Dec 31, 2021	Years Ended Dec 31, 2020
Revenue		446,051	299,223
Cost of sales	21	327,817	239,507
Gross profit		118,234	59,716
Other expenses			
Selling, general, and administrative expenses	22	5,818	3,772
Sustainability and other community expenses		840	744
Operating income		111,576	55,200
Other income (expense)			
Other expense		(4,334)	(3,084)
Loss on debt extinguishment	14	(15,247)	-
Loss on derivative instruments	19, 20	(42,829)	(90,097)
Unwinding of present value discount: asset retirement obligation	13	(615)	(652)
Interest expense	14	(18,047)	(31,490)
Interest income		246	424
NALCO Tax		(560)	(492)
Foreign exchange gain		21	107
Total other (expense)		(81,365)	(125,284)
Income (loss) before income taxes		30,211	(70,084)
Current income tax (expense)	16	(542)	(110)
Deferred income tax recovery	16	2,554	-
Net income (loss) and comprehensive income (loss)		32,223	(70,194)
Net income and comprehensive income attributable to non-controlling interest, net of tax		102	204
Net income (loss) and comprehensive income (loss) attributable to Tacora Resources, Inc.		32,121	(70,398)

Should be read in conjunction with the notes to the consolidated financial statements

Consolidated statement of changes in equity

(expressed in thousands of US Dollars, except where otherwise noted)

	Capital stock	Accumulated deficit	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Balance at Dec 31, 2019	**150,232**	**(144,114)**	**6,118**	**118**	**6,236**
Issuance of common shares	77,000	-	77,000	-	77,000
Cost of common share issuance	(1,900)	-	(1,900)	-	(1,900)
Net loss attributable to owners of the parent	-	(70,398)	(70,398)	-	(70,398)
Net income attributable to non-controlling interest, net of tax	-	-	-	204	204
Balance at Dec 31, 2020	**225,332**	**(214,512)**	**10,820**	**322**	**11,142**
Balance at Dec 31, 2020	**225,332**	**(214,512)**	**10,820**	**322**	**11,142**
Issuance of common shares	38,000	-	38,000	-	38,000
Credit to cost of common share issuance	18	-	18	-	18
Net income attributable to owners of the parent	-	32,121	32,121	-	32,121
Net income attributable to non-controlling interest, net of tax	-	-	-	102	102
Distributions to non-controlling interest	-	-	-	(155)	(155)
Balance at Dec 31, 2021	**263,350**	**(182,391)**	**80,959**	**269**	**81,228**

Should be read in conjunction with the notes to the consolidated financial statements

Consolidated statement of cash flow

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	Years Ended Dec 31, 2021	Dec 31, 2020
Cash Flows from operating activities			
Net income (loss)		32,121	(70,398)
Less net income attributable to non-controlling interest		102	204
Adjustments to reconcile to net income:			
Depreciation	10	21,236	15,382
Amortization of intangible asset	11	1,193	907
Foreign exchange transaction (gain) loss		(19)	(131)
Change in fair value of derivative liability	19, 20	42,219	90,097
Prepayment penalty on long-term borrowings	14	15,247	-
Change in fair value of long-term borrowings	14	294	11,287
Accretion of debt interest	14	-	3,462
Unwinding of present value discount: asset retirement obligation	13	615	652
Change in deferred tax losses	16	(2,554)	
Loss on disposal of property and equipment	10	1,270	1,010
Changes in non-cash operating working capital:			
Trade accounts receivable	6	(7,909)	3,650
Other receivables	6	(270)	-
Inventory	7	(10,984)	(3,884)
Prepaid expenses and other	8	1,169	4,196
Accounts payable		(8,809)	10,013
Accrued liabilities	15	14,958	14,323
Net cash inflow from operating activities		99,879	80,770
Cash Flows from investing activities			
Purchases of mining property, land, plant & equipment	10, 13	(53,370)	(13,552)
Acquisition of intangible assets subject to amortization	11	(12,568)	(2,193)
Transportation deposit	12	5,089	4,491
Change in restricted cash, escrow	5	260	-
Cash acquired from Sydvaranger acquisition	23	741	-
Commodity forward contract settlements	19	(132,612)	(59,386)
Net cash outflow from investing activities		(192,460)	(70,640)
Cash Flows from financing activities			
Proceeds from issuance of common shares	17	-	77,000
Credits (payments) for equity issuance costs	17	18	(1,900)
Proceeds from long-term borrowings	14	166,581	-
Prepayment penalty on long-term borrowings	14	(15,247)	-
Knoll Lake distributions to non-controlling interest		(155)	-
Principal payments on long-term debt, including vendor financed leases	14	(143,297)	(9,958)
Net cash inflow from financing activities		7,900	65,142
Net (decrease) increase in cash		(84,681)	75,272
Cash			
Beginning		119,564	44,292
Ending		34,883	119,564
Supplemental disclosures			
Cash paid for interest		15,522	31,200
Property and equipment acquired through accounts payable		5,551	-
Assets acquired through vendor financed leases		12,921	987

Should be read in conjunction with the notes to the consolidated financial statements

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

Note 1 - Corporate information

Tacora Resources Inc. along with its subsidiaries (collectively, the "Company" or "Tacora") are in the business of identifying, mining and processing iron ore mineral reserves and resources.

Tacora was formed under the *Business Corporations Act* (British Columbia) on January 12, 2017 and is incorporated in British Columbia, Canada. Tacora's registered office is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8 Canada with its principal place of business located at 3400 De L'Eclipse, Suite 630, Brossard, QC J4Z 0P3 Canada. The controlling and ultimate parent of Tacora is Proterra M&M MGCA B.V.

On July 18, 2017, Tacora completed the acquisition (the "Acquisition") of substantially all of the assets associated with the Scully Mine located north of the Town of Wabush, Newfoundland and Labrador, Canada (the "Scully Mine"). The acquisition was made pursuant to an asset purchase agreement (the "APA") dated June 2, 2017 among Tacora, MagGlobal LLC, Wabush Iron Co. Limited, Wabush Resources Inc. and Wabush Lake Railway Company Limited pursuant to a court supervised process under the *Companies' Creditors Arrangement Act (Canada)* ("CCAA"). Tacora commenced commercial production at of its key asset, the Scully Mine, a long-life, large-scale open pit operation, in June 2019.

On January 13, 2021, pursuant to a share purchase agreement between the seller, Sydvaranger AS and the purchaser, Tacora Resources Inc., the Company completed the acquisition of 100% of the share capital of Sydvaranger Mining AS (the "Sydvaranger Mine" or "Sydvaranger"). The Sydvaranger Mine is a long lived, large scale iron ore open pit, mineral processing plant and port with its concentrator and port facilities in the town of Kirkenes, Norway and the mines are 8 kilometers to the south near the town of Bjørnevatn, Norway. As a result of the acquisition, Tacora has the option to restart the Sydvaranger Mine which is shovel ready and fully permitted in a tier 1 jurisdiction. Sydvaranger is currently under a care and maintenance program.

Note 2 – Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements comply with IFRS, including all International Accounting Standards ("IAS") in force and all related interpretations issued by the International Financial Reporting Interpretations Committee.

The accounting policies set out below have been applied consistently to the year presented in these consolidated financial statements, unless otherwise stated.

The accompanying consolidated financial statements and notes of Tacora for the years ended December 31, 2021 and 2020 were authorized for issuance on April 7, 2022.

Basis for preparation

The consolidated financial statements were prepared using the historical cost method except for the revaluation of certain financial assets and financial liabilities which have been measured at fair value. Transactions, balances, and unrealized gains on transactions between Tacora and its subsidiaries have been eliminated when preparing the consolidated financial statements.

The consolidated financial statements are presented in United States dollars ("USD"). All amounts disclosed in the notes to the consolidated financial statements are in USD, unless otherwise noted.

Use of estimates

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Certain amounts included in or affecting these consolidated financial statements and related disclosures must be estimated, requiring management to make certain assumptions with respect to values or conditions which cannot be known with certainty at the time the consolidated financial statements are prepared. Management evaluates these estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods it considers reasonable in the particular circumstances. Any effects on Tacora's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Consolidation

The consolidated subsidiaries are all entities over which Tacora has the power to govern financial and operating policies. Tacora controls an entity when it is exposed, or has the right to variable returns from its interest in the entity and is capable of affecting returns through its power over the entity. Where Tacora's participation in subsidiaries is less than 100%, the share attributed to outside shareholders is reflected as non-controlling interest.

Subsidiaries are consolidated in full from the date on which control is transferred to Tacora and up to the date it loses that control.

As at December 31, 2021, the subsidiaries included in the consolidated financial statements of Tacora were as follows:

	Country of incorporation	**Ownership percentage %**	**Functional currency**
Tacora Resources LLC	United States	100%	US Dollars
Knoll Lake Minerals Limited	Canada	58.2%	Canadian Dollars
Tacora Norway AS	Norway	100%	Norwegian Krone
Sydvaranger Mining AS	Norway	100%	Norwegian Krone
Sydvaranger Eiendom AS	Norway	100%	Norwegian Krone
Sydvaranger Materiell AS	Norway	100%	Norwegian Krone
Sydvaranger Drift AS	Norway	100%	Norwegian Krone
Sydvaranger Malmtransport AS	Norway	100%	Norwegian Krone
Bjornevatn Naeringspark AS	Norway	100%	Norwegian Krone

As part of the acquisition in 2017, Tacora acquired common shares representing a 58.2% interest in Knoll Lake Minerals Limited ("Knoll Lake"). The common shares of Knoll Lake are not considered a core asset to the mining operations of the Scully Mine. The ownership interest in Knoll Lake relates to a legacy asset that was included as one of several ancillary assets acquired as part of the acquisition. Nil consideration was allocated to the common shares of Knoll Lake. For the year ended December 31, 2021 and 2020, Knoll Lake had no operating activities. Knoll Lake is not considered a material subsidiary of Tacora for the periods ended December 31, 2021 and 2020. Cumulative translation adjustments from foreign exchange translation of Knoll Lake's operations as of December 31, 2021 and 2020 are immaterial to the consolidated financial statements.

All intra-group assets and liabilities, revenues, expenses and cash flows relating to intra-group transactions are eliminated.

Revenue Recognition

The Company recognizes revenue from sales of concentrate when control of the concentrate passes to the customer, which occurs upon delivery to the stockpile. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

For all the sales contracts, the sales price is determined provisionally at the date of sale, with the final pricing determined at a mutually agreed date (generally between 3 to 4 months from the date of the sale), at a quoted market price at that time. All subsequent mark-to-market adjustments in iron prices are recognized as embedded derivative pricing adjustments at fair value from contracts with customers and recorded in sales up to the date of final settlement.

Price changes for revenue awaiting final pricing at the balance sheet date could have a material effect on future revenues. As at December 31, 2021, there was $111.4 million (December 31, 2020: $173.6) in revenues that were awaiting final pricing.

Cash and restricted cash

Cash consists of cash in bank and restricted cash held as collateral.

Inventories

Inventories of iron ore concentrate are measured and valued at the lower of average production cost and net realizable value. Net realizable value is the estimated selling price of the concentrate in the ordinary course of business based on the prevailing selling prices on the reporting date. Production costs that are inventoried include the costs directly related to bringing the inventory to its current condition and location, such as materials, labor and manufacturing overhead costs.

Supplies and spare parts are valued at lower of cost or net realizable value.

Foreign currency translation

Functional and presentation currency

The amounts included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in USD, which is Tacora's presentation currency and the functional currency of its operations.

Foreign currency translation

The financial statements of entities that have a functional currency different from USD are translated into USD as follows:

- assets and liabilities at the closing rate at the date of the balance sheet; and
- income and expenses at the average rate of the reporting period.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the operator's functional currency are recognized in the statement of income.

Business Combinations

Assets acquired and liabilities assumed as part of a business combination are generally recorded at their fair value at the date of acquisition. The excess of purchase price over the fair value of assets acquired and

liabilities assumed is recorded as goodwill. Determining fair value of identifiable assets, particularly intangibles, personal and real property, and liabilities acquired also requires management to make estimates, which are based on all available information and in some cases assumptions with respect to the timing and amount of future revenues and expenses associated with an asset. Accounting for business acquisitions requires management to make judgments as to whether a purchase transaction is a multiple element contract, meaning that it includes other transaction components such as a settlement of a preexisting relationship. This judgment and determination affects the amount of consideration paid that is allocable to assets and liabilities acquired in the business purchase transaction.

Asset acquisition

If a transaction does not meet the definition of a "business" under IFRS, the transaction is recorded as an asset acquisition. Net identifiable assets acquired and liabilities assumed are measured at the fair value of the consideration paid, plus any transaction costs, based on their relative fair value at the acquisition. No goodwill and no deferred tax asset or liabilities arising from the assets acquired and liabilities assumed are recognized upon acquisition of the assets.

Intangible assets subject to amortization

Intangible assets are related to port access and are recorded at cost. The assets are amortized on a rate per tonne shipped from the port or over the useful life of the asset on a straight-line basis. The estimated useful life of the intangible assets are estimated to be between nine and twenty-five years.

Intangible assets are subject to impairment tests when events or circumstances indicate that carrying value is not recoverable. Impairment losses are recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. Management determined that there were no indicators of impairment as of December 31, 2021 and 2020.

Financial assets and liabilities

Financial assets and financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortized cost. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding year. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

The Company has classified accounts payable, accrued liabilities and long-term debt as other financial liabilities.

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

a) Fair value through profit or loss – financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in the statement of income (loss).

b) Amortized cost – financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flow represents solely payments of principal and interest.

The Company has classified cash, and restricted cash as financial assets using amortized cost.

Derivatives

Derivative assets and liabilities, comprising the commodity forward contracts, do not qualify as hedges, or are not designated as hedges and, accordingly, are classified as financial assets or liabilities at fair value through profit or loss.

Derecognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to receive cash flows from the assets expire or when the Company no longer retains substantially all of the risks and rewards of ownership and does not retain control over the financial asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of loss, with the exception of gains and losses on equity instruments designated at fair value through other comprehensive income, which are not reclassified to the consolidated statement of operations upon derecognition.

For financial liabilities, derecognition occurs when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of loss.

Royalties

Tacora is party to a single amended and restated consolidation of mining leases (the "Mining Lease") with a lessor pursuant to which Tacora was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from a mine on a parcel of land located near Wabush, Newfoundland and Labrador on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055; however, the Mining Lease may be cancelled by Tacora generally on six months' written notice.

At the commencement of shipping iron ore products, Tacora is required to pay an earned royalty fee per metric tonne ranging from 4.2% to 7.0% of Net Revenues less certain deductible expenses, in accordance with the calculation as defined in the Mining Lease. To the extent that Tacora has not commenced or ceases the shipping of iron ore products and the sum of the earned royalty fee in a given calendar quarter is less than C$0.8 million, Tacora is required to pay a minimum quarterly royalty of C$0.8 million (of which 20 percent is withheld and remitted to the Province of Newfoundland and Labrador). Any minimum quarterly royalty payments during the calendar years of 2017 and 2018 were recoverable against future earned royalties on sales of iron ore products from the leased land during the 2018 and 2019 calendar years. Any amount which Tacora paid the lessor related to minimum quarterly royalty payments subsequent to 2019, other than in payment of earned royalties, shall be recoverable against earned royalties in the same calendar year.

Exploration and evaluation

Exploration and evaluation expenditures comprises costs that are directly attributable to:

- researching and analyzing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and/or
- compiling pre-feasibility and feasibility studies.

In accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources", the criteria for the capitalization of evaluation costs are applied consistently from period to period. Subsequent recovery of the carrying value for evaluation costs depends on successful development, sale or other partnering arrangements of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any related impairment provisions are charged to the statement of profit and loss. No exploration or evaluation costs were capitalized in 2021 or 2020.

Basin development costs

Costs incurred to prepare mine basins, before production begins, are capitalized. These capitalized costs are amortized on a cost basis by dividing the total development costs by the estimated recoverable quantities of minerals. The resulting cost is multiplied by the quantities extracted each year to determine the annual depletion expense. The productive phase is deemed to have begun when saleable material is extracted (produced) from the basin, regardless of level of production. Costs incurred during the production phase are recognized in cost of sales.

Property, plant, and equipment

Once a mining project has been determined to be commercially viable and approval to mine has been granted, expenditure other than that on land, buildings, plant, equipment and capital work in progress is capitalized under "Mining properties and leases". Mineral reserves may be asserted for an undeveloped mining project before its commercial viability has been fully determined. Evaluation costs may continue to be capitalized during the period between declaration of mineral reserves and approval to mine as further work is undertaken in order to refine the development case to maximize the project's returns. Costs of evaluation of a processing plant or material processing equipment prior to approval to develop or construct are capitalized under "Construction in process", provided that there is a high degree of confidence that the project will be deemed to be commercially viable.

Costs which are necessarily incurred while commissioning new assets, in the period before they are capable of operating in the manner intended by management, are capitalized. Development costs incurred after the commencement of production are capitalized to the extent they are expected to give rise to a future economic benefit. Interest on borrowings related to construction or development projects is capitalized at the rate payable on project-specific debt, if applicable, or at Tacora's cost of borrowing until the point when substantially all the activities that are necessary to make the asset ready for its intended use are complete.

Property, plant, and equipment is recorded at historical cost, as defined in IAS 16, "Property, Plant and Equipment," less accumulated depreciation (except for land, which is not depreciated) and accumulated impairment losses. Costs include expenses directly attributable to the asset acquisition. Depreciation is calculated over the estimated useful lives as follows:

Asset type	Useful lives
Vehicles	3 – 5 years
Right of use assets	3 – 10 years
Mining and processing equipment	3 – 20 years
Railcars and rails	5 – 20 years

Assets within operations for which production is not expected to fluctuate significantly from one year to another or which have a physical life shorter than the related mine are depreciated on a straight line basis.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when future economic benefits associated with the item are likely and the cost of the item can be reliably measured. The carrying amount of replaced parts are derecognized and charged to loss on disposal. Repairs and maintenance are recognized in the statement of profit or loss in the year they are incurred. Major improvements are depreciated over the remaining useful life of the related asset.

Property, plant, and equipment is subject to impairment tests when events or circumstances indicate that carrying value is not recoverable. Impairment losses are recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. Management determined that there were no indicators of impairment as of December 31, 2021 and 2020.

Leases

The Company assesses, at the inception of a contract, whether a contract is, or contains, a lease. A lease is a contract in which the right to control the use of an identified asset is granted for an agreed upon period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

Lease liabilities:

Lease liabilities are initially recorded as the present value of the non-cancellable lease payments over the lease term and discounted at the Company's incremental borrowing rate. Lease payments include fixed payments and such variable payments that depend on an index or a rate; less any lease incentives receivable.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of exercising a purchase, extension or termination option. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any difference recorded in the consolidated statement of loss and comprehensive loss.

Right-of-use assets:

The right-of-use assets are measured at cost, which comprises the initial lease liability, lease payments made at or before the lease commencement date, initial direct costs and restoration obligations less lease incentives. The right-of-use assets are subsequently measured at amortized cost. The assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

Right-of-use assets are assessed for impairment in accordance with the requirements of IAS 36, "Impairment of assets".

The Company, on a lease by lease basis, also exercises the option available for contracts comprising lease components as well as non-lease components, not to separate these components. Extension and termination options exist for the Company's property lease of the premises. The Company re-measures the lease liability, when there is a change in the assessment of the inclusion of the extension option in the lease term, resulting from a change in facts and circumstances.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of loss and comprehensive loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise office equipment.

Provisions

Provisions are recognized when Tacora has a present obligation, legal or constructive, as a result of a past event, that is likely required to be settled and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the

present obligation, its carrying amount is the present value of those cash flows.

Provisions for legal claims are recognized when Tacora has a present obligation, legal or constructive, as a result of past events, an outflow of economic resources is likely to be required to settle the obligation and the amount can be reasonably estimated.

Environmental rehabilitation

Mining, extraction, and processing activities normally give rise to obligations for environmental rehabilitation. A provision for environmental rehabilitation is recognized at the time of environmental disturbance at the present value of expected rehabilitation work. Rehabilitation work can include decommissioning activities, removal or treatment of waste materials, land rehabilitation, as well as monitoring and compliance with environmental regulations. Tacora's provision is management's best estimate of the present value of the future cash outflows required to settle the liability and is dependent on the requirements of the relevant authorities and management's environmental policies.

Taxation

Tacora is subject to income tax in numerous jurisdictions. Income tax on the statement of profit or loss consists of current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at period-end, adjusted for amendments to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amount recorded for the computation of taxable income except when these differences arise on the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit. These temporary differences result in deferred tax assets and liabilities, which are included in the consolidated balance sheet. Tacora will recognize deferred tax assets for all deductible temporary differences, tax credits, and unused tax losses, to the extent that it is probable that future taxable profits will be available against which these can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Capital stock

Tacora's issued and outstanding common shares are classified as capital stock under equity. Incremental costs directly attributable to the issuance of new common shares are included in equity as a deduction from the consideration received, net of tax. Contributions for capital stock increases due to the issuance of new common shares are recognized directly as an integral part of capital.

Share-based compensation

The Company offers a stock option plan for certain employees. The stock options shall vest, and may be exercised in whole or in part, only upon a liquidity event as defined in the stock option agreement. The Company does not recognize compensation cost for the stock options until the liquidity event is deemed probable.

Going concern

The consolidated financial statements have been prepared on a going concern basis. Tacora manages its capital to ensure that Tacora will be able to continue in operation as a going concern and acquire, explore, and develop mineral resource properties for the benefit of its stakeholders.

Note 3 - Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, consultation with experts and other methods management considers reasonable in the particular circumstances. Actual results may differ from these estimates.

The accounting policies discussed below are considered by management to be critical to an understanding of Tacora's financial statements as their application places the most significant demands on management's judgment.

Business combinations

Assets acquired and liabilities assumed as part of a business combination are generally recorded at their fair value at the date of acquisition. The excess of purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Determining fair value of identifiable assets, particularly intangibles, and liabilities acquired also requires management to make estimates, which are based on all available information and in some cases assumptions with respect to the timing and amount of future revenues and expenses associated with an asset. Accounting for business acquisitions requires management to make judgments as to whether a purchase transaction is a multiple element contract, meaning that it includes other transaction components such as a settlement of a preexisting relationship. This judgment and determination affects the amount of consideration paid that is allocable to assets and liabilities acquired in the business purchase transaction.

Mineral reserves and resources

Estimates of the quantities of proven and probable mineral reserves and measured, indicated and inferred mineral resources form the basis for our life of mine plans, which are used for a number of important business and accounting purposes, including our impairment analysis. Mineral reserves and resources are based on engineering data, estimated future prices, estimated future capital spending and estimated future production rates. We estimate our iron ore mineral reserves and resources based on information compiled by "qualified persons" as defined in accordance with the requirements of the Canadian Securities Administrators' National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*. These life of mine plans also include assumptions about our ability to obtain and renew our mining and operating permits. Tacora expects that, over time, its mineral reserves and resources estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices.

Environmental rehabilitation

Decommissioning and restoration costs are a normal consequence of mining. The majority of these expenditures are incurred at the end of the mine's life. In determining the provision, consideration is given to the future costs to be incurred, the timing of these future costs, and estimated cost of inflation. The cost of decommissioning and restoration is uncertain and can vary in response to many factors including changes to the relevant legal and regulatory requirements. The expected timing of expenditures can change in response to changes in the life of mine. These estimates are reviewed annually and adjusted where necessary to ensure that the most current data is used.

Uncertainty due to COVID-19

In late December 2019, a novel coronavirus ("COVID-19") was identified and subsequently spread worldwide. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic creating an unprecedented global health and economic crisis.

During the fourth quarter of 2021, the COVID-19 Omicron variant was reported to the World Health Organization. The Omicron variant rapidly increased the proportion of COVID-19 cases globally. The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures required in the future to attempt to reduce the spread of COVID-19.

The Company has closely monitored the potential impact of COVID-19 on its business. Should the duration, spread or intensity of the COVID-19 pandemic deteriorate in the future, there could be a potentially material and negative impact on the Company's business, notably due to the following: a potential curtailment or total shut down of operations by government; potential loss of contractor manpower at its mining site; the potential of a Company employee falling ill and causing a disruption to the mine site; a potential impact on the ability to procure and transport critical supplies and parts to the sites; and a potential impact on the ability of the Company to transport iron ore to generate revenues. If any of these events were triggered, the result could be a complete shutdown of the Company's mining site for an undetermined period.

To minimize this risk, the following actions have been taken: a policy has been instituted supporting employees to work from home where practical; preliminary screenings at site; any employees or contractors showing potential signs of COVID-19 will be placed into self-isolation; and special arrangements at the sites have been implemented to maximize social distancing. The Company is treating the threat of a COVID-19 outbreak very seriously. Should the COVID-19 cause a prolonged interruption of site operations, this could impact the Company's ability to conduct its operations, have a potentially adverse effect on its business, and/or could result in an impairment of asset values.

As of the date of these statements, there has not been a significant impact on the Company's operations as a result of COVID-19.

Note 4 - Financial risk management

Financial risk management objective

Tacora is exposed to a number of financial risks which are considered within the overall Tacora risk management framework. The key financial risks are commodity price risk, credit risk, liquidity risk and capital management risk, which are each discussed in detail below. The Board of Directors and senior management look to ensure that Tacora has an appropriate capital structure which enables it to manage the risks faced by the organization through the commodities cycle. The general approach to financial risks is to ensure that the business is robust enough to enable exposures to float with the market. Tacora may, however, choose to fix some financial exposures when it is deemed appropriate to do so.

Commodity price risk

Tacora has agreed to sell all of its production from the Scully Mine to one counterparty, Cargill International Trading Pte Ltd. ("Cargill") with a term expiring December 31, 2024, with an option to extend the term until December 31, 2035 with a rolling options to extend the agreement for the life of the Scully Mine at Cargill's sole discretion. Cargill is selling the Tacora product into the global seaborne iron ore market at prevailing market prices and incurring dry bulk freight costs to deliver the product to its intended destination at prevailing market freight rates. Therefore, Tacora will be exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales. Price decreases in the iron ore

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commodity market and/or cost increases for dry bulk freight rates could negatively affect net sales and therefore earnings.

In March 2020, Tacora and Cargill agreed to amend certain terms of the Cargill / Tacora: Iron Ore Sale and Purchase Contract that provide, among other things, for the following: (i) the grant to Cargill of rolling options to extend the agreement for the life of the Scully Mine; (ii) clarification that Cargill has rights to sell all of the tons produced from the Scully Mine including any and all expansions; and (iii) certain adjustments to the definition of margin amount (as defined in the agreement) whereby the shipment margin amount in respect of each relevant shipment may be either negative or positive. On each calculation date, all valuations of the shipment margin amount for all shipments for which the final purchase price has not been determined shall be netted to result in a single positive or negative value (the "Margin Amount"). If that value is positive and greater than $7.5 million, then Buyer shall be entitled to hold margin equal to but no greater than that Margin Amount less $5.0 million, and if that value is negative and less than -$5.0 million, then Seller shall be entitled to hold margin equal to but no greater than that Margin Amount. In determining which party makes a payment to the other, any Margin Amount (if any) already held by one party shall be taken into account and netted. The receiving party shall raise a debit note for the relevant amount which shall be settled by the paying party within 5 Working Days. These changes to the definition of Margin Amount shall cease to apply at midnight Singapore time on 31st December 2021. At that time, the definition of Margin Amount shall revert to the following: if that value is positive and greater than $5.0 million, then Buyer shall be entitled to hold margin equal to but no greater than that Margin Amount and if that value is negative and less than -$5.0 million, then Seller shall be entitled to hold margin equal to but no greater than that Margin Amount.

Tacora believes commodity price hedging could provide a long-term benefit to shareholders. Therefore, Tacora may hedge certain commitments in the future with an emphasis on mitigating commodity price risk during the ramp up of the Scully Mine.

In October 2021, Tacora entered into monthly average index P62 fixed price contracts with Cargill that provided for the following key terms:

	Strike Price USD$	Volume (dmt)
Settlement dates between Jan 1, 2022 and Jun 30, 2022	123.00	1,200,000
Settlement dates between Jul 1, 2022 and Sept 30, 2022	99.20	150,000
Settlement dates between Jul 1, 2022 and Sept 30, 2022	105.40	150,000

Given the expectation that Tacora will physically settle these contracts, this arrangement will be treated as part of our own use and therefore are not treating the fixed nature of this pricing as a derivative under IFRS 9. As a result, the impacts of the agreement with Cargill will be recorded in revenue.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Tacora may be exposed to credit risk from its customer receivables and from its financing activities, including deposits with banks and financial institutions, other short-term investments, interest rate and currency derivative contracts and other financial instruments.

Liquidity and capital risk management

Tacora's objective when managing capital is to safeguard the business as a going concern while maximizing returns for shareholders. In a cyclical and capital intensive industry, such as the mining industry, maintaining a strong balance sheet and a sound financial risk management framework are desirable to preserve financial flexibility and generate shareholder value through the cycle. In practice,

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this involves regular reviews by the Board of Directors and senior management. These reviews take into account Tacora's strategic priorities, economic and business conditions and opportunities that are identified to invest across all points of the commodities cycle and focus on shareholder return while also striving to maintain a strong balance sheet.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period to maturity at the consolidated balance sheet date. The amounts below are gross amounts, so they include principal and interest.

	Within 1 Year	1 to 2 Years	2 to 5 Years	Over 5 Years	Total
Accounts payable and accrued liabilities	53,120	-	-	-	53,120
Debt	17,304	14,521	209,216	-	241,041
Lease liabilities	15,143	15,488	32,879	2,084	65,594
Rehabilitation obligation	-	-	-	35,197	35,197
Total	85,567	30,009	242,095	37,281	394,952

To maintain a strong balance sheet, Tacora considers various financial metrics, overall level of borrowings and their maturity profile, and other leverage ratios such as net debt to EBITDA.

Note 5 - Cash

Tacora maintains its cash in bank accounts which, at times, may exceed insured limits. Tacora has not experienced any losses in such accounts.

Cash consists of the following:

	As at Dec 31, 2021	As at Dec 31, 2020
Cash at bank	34,761	119,564
Restricted cash, escrow	122	259
Total	34,883	119,823

Restricted cash of $122 as of December 31, 2021 and $259 as of December 31, 2020 is held as collateral for one letter of credit required for environmental reclamation and Tacora's credit card program.

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

Note 6 – Accounts Receivable

Accounts receivable consist of the following:

	As at Dec 31, 2021	As at Dec 31, 2020
Trade receivables	10,260	2,351
Other receivables	270	-
Balance per consolidated balance sheet	10,530	2,351

Tacora's trade receivables all relate to a single customer. For the years ended December 31, 2021 and the year ended December 31, 2020, no specific provision was recorded on any of the receivables. The receivables at the end of both periods were current and are generally paid in a timely manner.

Note 7 – Inventories

Inventories consist of the following:

	As at Dec 31, 2021	As at Dec 31, 2020
Consumable inventories	15,026	5,693
Work-in-process inventories	2,250	-
Finished concentrate inventories	1,753	2,352
Balance per consolidated balance sheet	19,029	8,045

For the years ended December 31, 2021 and the year ended December 31, 2020, no specific adjustment was recorded for any of the inventory.

Note 8 – Prepaid expenses and other current assets

Prepaid expenses consist of the following:

	As at Dec 31, 2021	As at Dec 31, 2020
Prepaid sales tax	1,312	4,420
Other miscellaneous prepaid expenses	3,087	1,228
Prepaid insurance	198	156
Miscellaneous deposits	44	44
Balance per consolidated balance sheet	4,641	5,848

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

Note 9 - Related-party balances

Transactions with related parties for the years ended December 31, 2021 and 2020, were as follows:

Compensation of key management personnel

Tacora considers its directors and officers to be key management personnel. Payroll related expenses incurred related to key management personnel are set forth as follows:

	Year Ended	
	2021	2020
Salaries	1,523	1,650
Deferred compensation	36	37
Other benefits	44	53
Total	1,603	1,740

There were no material related party receivables or payables for the years ended December 31, 2021 and the year ended December 31, 2020, respectively.

Note 10 –Property, plant and equipment

A summary of property, plant and equipment is as follows:

	Mining and Processing Equipment	Basin Development	Right of Use Assets	Assets Under Construction	Asset Retirement Cost	Total
As of Dec 31, 2019	52,112	-	50,370	31,401	31,020	164,903
Additions	-	-	-	15,087	-	15,087
Disposals	(1,151)	-	(362)	-	-	(1,513)
Transfer	25,103	-	3,204	(27,945)	-	362
Changes to environmental rehabilitation provision (Note 10)	-	-	-	-	5,272	5,272
Accumulated depreciation	(7,648)	-	(7,925)	-	(216)	(15,789)
As of Dec 31, 2020	68,416	-	45,287	18,543	36,076	168,322
Additions	-	-	-	147,520	-	147,520
Disposals	(1,307)	-	(390)	(569)	-	(2,266)
Transfer	26,600	17,383	15,564	(59,547)	-	-
Changes to environmental rehabilitation provision (Note 10)	-	-	-	-	(3,049)	(3,049)
Accumulated depreciation	(7,851)	(1,065)	(9,534)	-	(1,691)	(20,141)
As of Dec 31, 2021	85,858	16,318	50,927	105,947	31,336	290,386

Basis development costs were incurred to prepare mine basins before production began and were capitalized. These capitalized costs are being amortized on a cost basis by dividing the total development costs by the estimated recoverable quantities of minerals.

Refer to note 14 for information on non-current assets pledged as security.

The Company leases various pieces of mobile equipment, all of which are considered right of use assets.

Note 11 – Intangible assets subject to amortization

Port access

In May 2018, the Company executed an agreement with Société ferroviaire et portuaire de Pointe-Noire s.e.c. ("SFPPN") with an effective date of June 1, 2018 and a termination date of December 31, 2044 setting out the terms on which SFPPN will grant the Company guaranteed access to SFPPN's equipment, throughput and storage capacity necessary to transport iron ore to the port infrastructure. Under the SFPPN Agreement, the Company is required to contribute, to certain capital expenditures up to an aggregate amount of C$48.9 million, inclusive of C$10 million which was paid in 2018. Capital expenditures totaling C$16.3 million and C$2.8 million were paid in 2019 and 2020, respectively and C$7.8 million was paid in 2021 and the balance will be due by the end of 2022. The capital expenditures will allow SFPPN to enhance the current existing infrastructure required for the Company's guaranteed access to SFPPN's facilities, which include railway and Wabush Yard infrastructure. The SFPPN Agreement contains customary default clauses, which include if the Company ceases the operations of the Scully Mine for a continuous period of more than twelve months and does not provide SFPPN with a date for the resumption of operations that is within the following twelve months.

The C$48.9 million that the Company is required to contribute to SFPPN for certain capital expenditures is and will be classified as an intangible asset on the consolidated balance sheet and amortized. There may be other expenditures that the Company is required to make that the Company will classify in this regard. Amortization of these costs are recorded through cost of sales.

The Company has executed an assignment of contractual rights agreement pursuant to which New Millennium Iron Corp. ("NML") will assign to the Company 6.5 million metric tonnes of NML's port capacity with the Sept-Iles Port Authority (the "Port Authority") in exchange for an upfront payment in the amount of C$4.0 million payable on the closing date of the assignment and an ongoing fee of C$0.10 per tonne of iron ore shipped by the Company through the port facilities pursuant to a contract to be entered into directly with the Port Authority over a 20-year period following the assignment. The Company recognizes the benefit of the prepayment based on tonnes shipped as a reduction of cost of goods sold. In connection with the assignment, the Company has assumed part of NML's "take or pay" obligations related to the assigned 6.5 million metric tonnes of port capacity. The portion of the "take or pay" obligation that was payable to NML prior to the Company shipping ore from the port was added to the upfront payment amount. The upfront payment entitles the Company to a discount of C$0.25 per tonne shipped until the upfront payment is recovered by the Company. The Company, NML and the Port Authority have entered into an agreement whereby the Port Authority consented to the assignment of capacity and agreed to enter into a direct agreement with the Company in respect of the 6.5 million metric tonnes of port capacity assigned by NML to the Company on terms substantially similar to those contained in the existing agreement between NML and the Port Authority. This agreement will provide the Company with direct access to port facilities that are capable of loading cape-size vessels, which are larger and more cost efficient than smaller baby-cape and Panamax alternatives. All port agreements between NML, the Port Authority and Tacora in respect of the assigned capacity were fully executed and complete as of December 31, 2018.

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

Intangible assets consist of the following:

	SFPPN Intangible Asset	New Millennium Iron Corp. Port Access	Total
As of Dec 31, 2019	19,604	4,785	24,389
Additions	3,278	-	3,278
Accumulated amortization	(907)	-	(907)
Upfront payment recovery	-	(324)	(324)
As of Dec 31, 2020	21,975	4,461	26,436
Additions	12,777	-	12,777
Accumulated amortization	(1,192)	-	(1,192)
Upfront payment recovery	-	(212)	(212)
As of Dec 31, 2021	33,560	4,249	37,809

The gross carrying amount of intangible assets as of December 31, 2021 was $40.2 million with accumulated amortization of $2.4 million compared to the gross carrying amount of $27.6 with accumulated amortization of $1.2 million as of December 31, 2020.

SFPPN amortization is calculated using straight line over the life of the asset, through December 31, 2044.

New Millennium Iron Corp. port access up-front payment recovery is calculated based on a rate per tonne shipped.

Note 12 – Deposits

Transportation deposits consist of the following:

	As at Dec 31, 2021	As at Dec 31, 2020
Québec North Shore and Labrador Railway Company, Inc., transportation deposit	8,641	13,728
Less current portion	(7,740)	(8,487)
Long-term balance per consolidated balance sheet	901	5,241

On November 3, 2017, the Company entered into a life-of-mine transportation agreement ("QNS&L Rail Agreement") with Québec North Shore and Labrador Railway Company, Inc. ("QNS&L"). The QNS&L Rail Agreement provides that QNS&L will carry iron ore concentrate produced at the Scully Mine on Tacora-supplied railcars between Wabush Lake Junction in Labrador City, Newfoundland and Labrador to the Sept-Iles Junction in Sept-Iles, Québec, a distance of approximately 500 km. Under the terms of the QNS&L Rail Agreement, QNS&L has agreed, among other things, to haul minimum monthly tonnages of iron ore (and any surplus iron ore that QNS&L agrees to haul for the benefit of the Company), ensure available transportation capacity, lead and actively participate in appropriate operations management and coordination procedures between QNS&L and the Company and supply sufficient labour, locomotives,

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assets and infrastructure as necessary to provide the rail transportation services contemplated. The QNS&L Rail Agreement also prescribes various capacity and volume commitments on the part of each of QNS&L and the Company, and sets forth specific maximum and minimum monthly tonnages of iron ore that may be tendered for transportation in any month. In the event that the Company fails to meet the minimum monthly tonnage requirements during a given month, the Company will be required to pay QNS&L, as liquidated damages, an amount equal to the deficit volume multiplied by the base rate applicable during that month, and which increases over time, other than where the failure to meet such minimum tonnage is as a result of a force majeure event; and provided further that, in the event that the Company suspends production at the Scully Mine for a period of more than one calendar year, the obligation to pay any such liquidated damages will be suspended until the resumption of production.

The QNS&L Rail Agreement required the Company to provide advance payments to QNS&L totaling C$20.0 million, of which C$3.0 million was paid on November 10, 2017 and C$17.0 million was paid on November 14, 2018. These advance payments are required by QNS&L to secure the locomotive equipment and infrastructure capacity to meet the Company's anticipated haulage volumes on the QNS&L rail line. The Company will recover the advance payments from QNS&L by means of a special credit per wet metric tonne hauled.

Security deposits consist of the following:

	As at Dec 31, 2021	As at Dec 31, 2020
Western Labrador Railway, Cash collateral in an amount equal to three months	339	339
Komatsu Financial, 5% of total purchase price of equipment financed until paid in full	2,282	2,282
Caterpillar Financial, 10% of total purchase price of equipment financed until 24 months of consecutive mining operations	756	756
9356-0563 Quebec Inc, Prepaid rent applicable to the minimum rent of the 13th, 14th, 25th, 26th, and 37th months of a 5 year office lease in Montreal, Quebec	37	-
Balance per consolidated balance sheet	3,414	3,377

Note 13 – Environmental rehabilitation

Pursuant to a Mine Rehabilitation and Closure Financial Assurance Fund Agreement between the Province of Newfoundland and Labrador and Tacora dated July 17, 2017, Tacora was required to deliver an initial cash payment to the Newfoundland Exchequer Account in respect of a Financial Assurance Fund in the amount of C$36.8 million concurrently with the closing of the transactions under the APA. The funds are held in trust for the special purposes set out by the *Mining Act* (Newfoundland) and held in a special purpose account. Prior to start-up activities of the Scully Mine, an additional cash payment in the amount of C$4.9 million was required to be remitted to this special purpose account by Tacora.

In 2019, Tacora executed a surety bond in the amount of C$41.7 million which meets the entire financial assurance requirement contained in Tacora's mining permits with Newfoundland and Labrador. Newfoundland and Labrador accepted the surety bond and Tacora was reimbursed by the province for the cash financial assurance payment held in escrow in the amount of C$36.8 million. A deposit of $6.4

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million was required to secure the surety bond.

In addition, Tacora had provided two letters of credit in favour of the Government of Canada (Ministry of Fisheries and Oceans) for an aggregate of $0.2 million in respect of environmental reclamation matters. During 2021, one letter of credit was closed and the total amount of the remaining letter of credit was reduced to $0.05 million. Environmental liabilities are initially recognized at the present value of estimated costs to be incurred to extinguish the liability. The timing of the actual rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset. As of December 31, 2021, Tacora's environmental rehabilitation provision of $35.2 million was measured at the expected value of future cash flows, discounted to the present value using a current a risk-free pre-tax discount rate of 1.68%.

The carrying value of the environmental rehabilitation obligation is as follows:

	As at Dec 31, 2021	As at Dec 31, 2020
Opening balance	37,630	31,706
Interest accretion	615	652
Change in inflation/discount rates	(3,048)	5,272
Balance per consolidated balance sheet	35,197	37,630

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

Note 14 – Debt

The carrying value, terms and conditions of Tacora's debt at December 31, 2021 and 2020 are as follows:

	As at Dec 31, 2021	As at Dec 31, 2020
Unsecured interest free note to be paid quarterly based on tons shipped from the mine to the port, maturity date is based upon when the note is paid in full, debt is recorded at fair value, $0.69 will be paid for each ton shipped which will be allocated between principal and interest	2,950	4,882
Senior secured notes secured by substantially all of the Company's Canadian assets at a 8.25% annual rate, interest due in semi-annual installments to May 15, 2026, principal payment due May 15, 2026	166,581	-
Infrastructure 1 Loan secured by substantially all the Company's assets at a 13.4% annual rate to be paid monthly in the amount of $500 until December 31, 2020 when that payment increases to $1.0 million for sixty months, on the maturity date of November 15, 2023 the Company shall repay the remaining balance anticipated to be $38.6 million	-	55,377
Infrastructure 2 Loan secured by substantially all the Company's assets at a 12.3% annual rate which had an additional draw in May 2019, of $20 million, financing to be paid monthly in the amount of $280 until December 31, 2020 when that payment increases to $560 for sixty months, on the maturity date of November 15, 2023 the Company shall repay the remaining balance anticipated to be $41.8 million	-	49,498
Term Loan secured by substantially all the Company's assets at a 11% annual rate, interest rate which shall be calculated and paid monthly, commencing in November 2019 the Company shall begin making monthly principal payments of $125 until November 2020 when the principal payment increases to $200 for thirty-six months, on the maturity date of November 15, 2023 the Company shall repay the remaining balance anticipated to be $17.3 million	-	28,010
	169,531	137,767
Less current maturities of long term debt	2,950	25,700
Long term debt	166,581	112,067

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

	As at Dec 31, 2021	As at Dec 31, 2020
Financing secured by equipment financed, under an interest free note to be paid in monthly installments of $2 beginning February 2019 until maturity in January 2023	30	61
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $215 beginning June 2019 until maturity in May 2025	7,938	9,972
Financing secured by equipment financed, with a 7.09% annual interest rate paid quarterly in the amount of $70 beginning July 2019 until maturity in April 2024	578	808
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $126 beginning July 2019 until maturity in June 2025	4,749	5,933
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $128 beginning August 2019 until maturity in July 2025	4,942	6,137
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $58 beginning September 2019 until maturity in August 2025	2,287	2,830
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $116 beginning October 2019 until maturity in September 2025	4,669	5,748
Financing secured by equipment financed, with a 7.09% annual interest rate paid quarterly in the amount of $299 beginning October 2019 until maturity in July 2024	2,725	3,692
Financing secured by equipment financed, with a 7.09% annual interest rate paid quarterly in the amount of $7 beginning December 2019 until maturity in September 2024	70	92
Financing secured by equipment financed, with a 5.99% annual interest rate paid monthly in the amount of $12 beginning February 2020 until maturity in January 2026	525	635
Financing secured by equipment financed, with a 5.5% annual interest rate paid quarterly in the amount of $23 beginning December 2020 until maturity in September 2023	154	236
Financing secured by equipment financed, with a 5.49% annual interest rate paid monthly in the amount of $18 beginning May 2021 until maturity in April 2027	973	-
Financing secured by equipment financed, with a 5.49% annual interest rate paid monthly in the amount of $43 beginning June 2021 until maturity in May 2027	2,389	-
Financing secured by equipment financed, with a 5.49% annual interest rate paid monthly in the amount of $28 beginning July 2021 until maturity in June 2027	1,590	-
Financing secured by equipment financed, with a 5.49% annual interest rate paid monthly in the amount of $62 beginning September 2021 until maturity in August 2027	3,587	-
Financing secured by equipment financed, with a 5.49% annual interest rate paid monthly in the amount of $61 beginning October 2021 until maturity in September 2027	3,624	-
Down payment costs amortized over the life of the debt	(126)	(175)
Sydvaranger terminal lease agreement	7,520	-
	48,224	35,969
Less current maturities of lease liabilities	9,859	7,423
Long term lease liabilities	38,365	28,546

(expressed in thousands of US Dollars, except where otherwise noted)

On May 11, 2021, Tacora issued $175 million aggregate principal amount of 8.250% Senior Secured Notes due May 15, 2026 ("2026 Notes"). Tacora received net proceeds of approximately $169.5 million after fees of approximately $5.5 million related to underwriting and third-party expenses. Approximately $128.2 million of the net proceeds from the issuance of the 2026 Notes were used to repay our Infrastructure 1 Loan, Infrastructure 2 Loan, Term Loan principal balance in addition to a prepayment penalty of approximately $15.3 million. Subsequent to the issuance date, Tacora has paid approximately $2.9 million in fees for additional third-party expenses related to the closing of the 2026 Notes. The balance of the net proceeds was used for working capital and other corporate purposes. Interest on the 2026 Notes will be payable semi-annually in arrears on May 15th and November 15th of each year beginning on November 15, 2021, and will mature on May 15, 2026, unless earlier redeemed or repurchased.

On or after May 15, 2023, Tacora may on any one or more occasions redeem all or a part of the 2026 Notes, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2026 Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on May 15 of the years indicated below, subject to the rights of holders of the 2026 Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2023	104.125%
2024	102.063%
2025 and thereafter	100.000%

At any time prior to May 15, 2023, Tacora may, on any one or more occasions, redeem up to 40% of the aggregate principal amount of the 2026 Notes issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 108.250% of the principal amount of the 2026 Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the date of redemption (subject to the rights of holders of the 2026 Notes on the relevant record date to receive interest on the relevant interest payment date), with an amount not greater than the net cash proceeds of an equity offering by Tacora; *provided,* that:

(1) at least 60% of the aggregate principal amount of the 2026 Notes originally issued under the Indenture (excluding 2026 Notes held by Tacora and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of the closing of such equity offering.

At any time prior to May 15, 2023, Tacora may on any one or more occasions redeem all or a part of the 2026 Notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the 2026 Notes redeemed, plus the applicable premium as of, and accrued and unpaid interest, if any, to, but not including, the date of redemption (subject to the rights of holders of 2026 Notes on the relevant record date to receive interest due on the relevant interest payment date).

The indenture governing the 2026 Notes restricts Tacora's ability to create certain liens, to enter into sale leaseback transactions and to consolidate, merge, transfer or sell all, or substantially all assets. It also contains provisions requiring that Tacora make an offer to purchase the 2026 Notes from holders upon a change of control under certain specified circumstances, as well as other customary provisions.

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

Note 15 – Accrued liabilities

Accrued liabilities consist of the following:

	As at Dec 31, 2021	As at Dec 31, 2020
Sales tax payable	-	5,398
Royalties payable	6,196	10,202
Interest payable	2,856	141
Payroll accruals	3,015	2,758
Realized hedging accrual	-	5,454
Fixed price agreement collateral received (note 19)	11,631	-
Accounts payable accruals	17,479	11,530
Miscellaneous accrued liabilities	225	402
Balance per consolidated balance sheet	41,402	35,885

Note 16 - Taxation

Tacora is subject to income tax in numerous jurisdictions. Income tax on the statement of profit or loss consists of current and deferred tax. No deferred tax asset has been recognized on the net deductible temporary difference given no history of profits.

The following table reconciles the expected income tax (recovery) / expense at the statutory income tax rate of 30% which is the combined federal and NL tax rate (2020: 30%) to the amounts recognized in the consolidated statements of income:

	Year Ended	
	2021	2020
Net income reflected in consolidated statements of income	30,211	(69,746)
Expected income tax expense (recovery)	9,063	(20,924)
Permanent differences	482	(82)
Adjustments related to prior year balances	1,004	-
Unrecognized deferred tax assets	(9,777)	19,963
Foreign exchange	(679)	1,143
Other	(2,105)	10
Income tax (recovery) expense	(2,012)	110

(expressed in thousands of US Dollars, except where otherwise noted)

The following table summarizes deductible temporary differences for which no deferred tax asset has been recognized:

	Year Ended	
	2021	2020
Hedges	-	80,952
Fixed assets, intangibles and other	(32,971)	6,042
Loss on debt modification	-	11,287
Non-capital loss carry forwards	231,854	122,227
Total unrecognized deductible temporary differences	198,883	220,508

Deferred tax losses of $2.5 million were recognized in 2021 (2020 – nil).

As of December 31, 2021 the company has total non-capital losses of $231.9 million (2020 - $122.2 million). Deferred tax asset was not recognized on such losses, which if not utilized will expire between 2037 and 2040.

Note 17 – Equity

	Shares Authorized	Shares Issued	Total ($)
Ordinary Shares:			
Common - no par value	214,622,085	214,622,085	225,331
Restricted Shares:			
Class A	3,300,000	2,739,000	0.273
Class B	3,300,000	1,080,750	0.273
Balance as of Dec 31, 2020	221,222,085	218,441,835	225,332

	Shares Authorized	Shares Issued	Total ($)
Ordinary Shares:			
Common - no par value	235,700,480	235,700,408	263,350
Restricted Shares:			
Class A	3,300,000	2,739,000	0.273
Class B	3,300,000	1,080,750	0.273
Balance as of Dec 31, 2021	242,300,480	239,520,158	263,350

Restricted Shares

Tacora currently has 2,739,000 Class A Non-Voting Shares and 1,080,750 Class B Non-Voting Shares outstanding. In connection with and prior to closing on a liquidity event as defined in the shareholders agreement, the following capital changes will be implemented:

- All of the 2,739,000 Class A Non-Voting Shares will be converted into Common Shares on a one-for-one basis;

(expressed in thousands of US Dollars, except where otherwise noted)

- All of the 1,080,750 Class B Non-Voting Shares will be (i) subject to the achievement of a defined valuation, converted into Common Shares on a one-for-one basis or (ii) redeemed for nominal consideration by the Company;

Ordinary Shares

On January 12, 2021, 21.1 million shares of common stock were issued for $38 million as described in Note 23 – Acquisition of Sydvaranger Mining AS.

Stock Options

The Company offers a stock option plan for certain employees.

	Number of Stock Options	Weighted-Average Exercise Price
Options exercisable as of Dec 31, 2019	431,000	1.00
Granted	1,395,000	1.00
Exercised	-	-
Cancelled	-	-
Options exercisable as of Dec 31, 2020	1,826,000	1.00
Granted	2,040,000	1.80
Exercised	-	-
Cancelled	(1,640,500)	-
Options exercisable as of Dec 31, 2021	2,225,500	1.55

The stock options shall vest, and may be exercised in whole or in part, only upon a liquidity event as defined in the stock option agreement. The Company does not recognize compensation cost for the stock options until the liquidity is deemed probable. No amounts have been recognized as of December 31, 2021 or December 31, 2020.

Note 18 – Commitments and contingencies

At December 31, Tacora's commitments were comprised of the following payments:

	2021	2020
Payments due in one year	49,075	37,936
Payments due in one to five years	10,238	10,210
Payments due later than five years [1]	90,471	92,749

(1) Includes Tacora's environmental rehabilitation provision (Note 13)

Mining leases and royalties

Tacora is party to the Mining Lease pursuant to which Tacora was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from a mine on a parcel of land located near Wabush, Newfoundland and Labrador on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055; however, the Mining Lease may be cancelled by Tacora generally on six months' written notice.

At the commencement of shipping iron ore products, Tacora is required to pay an earned royalty fee per metric tonne ranging from 4.2% to 7.0% of Net Revenues less certain deductible expenses, in accordance with the calculation as defined in the Mining Lease. To the extent that Tacora has not commenced or ceases the shipping of iron ore products and the sum of the earned royalty fee in a given calendar quarter is less than C$0.8 million, Tacora is required to pay a minimum quarterly royalty of C$0.8 million (of which 20 percent is withheld and remitted to the Province of Newfoundland and Labrador). There were no prepaid royalties at December 31, 2021.

Royalties paid in the years ended December 31, 2021 and 2020 were approximately $36.1 million and $14.0 million, respectively. Accrued royalties in the amount of $6.2 million and $10.2 million were recorded in other accrued expenses at December 31, 2021 and 2020, respectively.

Transportation services

Tacora is committed to purchasing transportation services that will require minimum annual payments of approximately $46.5 million. In the event Tacora suspends production and shipments of iron ore at the Scully mine for any reason for a period longer than one year, the obligation to pay minimum annual payments is suspended.

Note 19 – Derivative liability

Tacora will be exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales and believes commodity price hedging could provide a long-term benefit to shareholders. Therefore, Tacora may hedge certain commitments in the future with an emphasis on mitigating commodity price risk during the ramp up of the Scully Mine. The Company may use cash-settled commodity forward contracts to hedge the market risk associated with the sales of iron ore. These derivatives may be used with respect to a portion of the Company's iron ore sales. Independent of any hedging activities, price decreases in the iron ore market or price increases in dry bulk freight costs could negatively affect revenue and therefore earnings.

Iron ore derivatives are marked to market and recognized as an asset or liability at fair value, with changes in fair value reflected in net income unless the Company qualifies for, and elects hedge accounting. If the Company qualifies for and elects hedge accounting, the effective gains and losses for iron ore derivatives designated as cash flow hedges of forecasted sales of iron ore are recognized in accumulated other comprehensive income, a component of Shareholder's Equity on the Balance Sheet and reclassified into revenue in the same period as the earnings recognition of the associated underlying transaction. Gains and losses on these designated derivatives arising from either hedge ineffectiveness or related to components excluded from the assessment of effectiveness are recognized in current income as they occur. In 2018, and as required by our senior secured debt agreements, the Company had entered into iron ore commodity forward contracts. The Company has not elected hedge accounting for any of the commodity forward contracts for the years ended December 31, 2021 and 2020. In December 2020, the Company completed a buy-back of 150,000 tonnes hedged with settlement dates in January, February and March 2021 in addition to entering into new commodity forward contracts with settlement dates between February 2021 and December 2021.

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

The following presents a summary of information pertaining to the commodity forward contracts (in metric tonnes):

	Calls USD$	Puts USD$	Swaps USD$	Call Volume (dmt)	Put Volume (dmt)	Swap Volume (dmt)
Settlement dates between Jan 1, 2020 and Dec 31, 2020	56.50	50.00	-	528,000	880,000	-
Settlement dates between Jan 1, 2020 and Dec 31, 2020	59.00	50.00	-	528,000	880,000	-
Settlement dates between Jan 1, 2020 and Dec 31, 2020	56.50	50.00	-	264,000	440,000	-
Settlement dates between Jan 1, 2021 and July 31, 2021	56.50	50.00	-	219,975	496,000	-
Settlement dates between Jan 1, 2021 and July 31, 2021	59.00	50.00	-	237,600	496,000	-
Settlement dates between Jan 1, 2021 and July 31, 2021	56.50	50.00	-	136,425	248,000	-
Settlement dates between Feb 1, 2021 and Mar 31, 2021	-	-	144.45	-	-	308,000
Settlement dates between Apr 1, 2021 and Jul 31, 2021	-	-	134.45	-	-	344,000
Settlement dates between Aug 1, 2021 and Dec 31, 2021	-	-	109.45	-	-	1,000,000

As of December 31, 2021, all commodity forward contracts have been settled.

Jarvis Hedge Facility

On May 11, 2021, Tacora and SAF Jarvis 2 LP (the "Hedge Provider") established a new credit arrangement in the form of a commodity derivatives facility (the "Jarvis Hedge Facility") to support the existing commodity derivatives contracts of Tacora (as assigned by SAF Jarvis 1 LP to the Hedge Provider) which are scheduled to mature from time to time on or before December 31, 2021, and potential new commodity derivatives contracts.

Pursuant to the Jarvis Hedge Facility, Tacora granted the Hedge Provider a security interest in the shared collateral between the holders of the 2026 Notes and the Hedge Provider and thereby reduced the amount of cash collateral required to be posted by the Company directly to the Hedge Provider on a first-priority basis.

On May 11, 2021, Tacora and the Hedge Provider entered into customary International Swaps and Derivatives Association ("ISDA") agreements to reflect the terms of the Jarvis Hedge Facility and related documentation.

The Jarvis Hedge Facility and any ISDA agreements governing hedge transactions shall include customary termination rights including a cross-default termination right in respect of other indebtedness of Tacora, including the 2026 Notes.

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

Tacora entered into monthly average index P62 fixed price contracts with Cargill that provided for the following key terms:

	Strike Price USD$	Volume (dmt)
Settlement dates between Jan 1, 2022 and Jun 30, 2022	123.00	1,200,000
Settlement dates between Jul 1, 2022 and Sept 30, 2022	99.20	150,000
Settlement dates between Jul 1, 2022 and Sept 30, 2022	105.40	150,000

Given the expectation that Tacora will physically settle these contracts, this arrangement will be treated as part of our own use and therefore are not treating the fixed nature of this pricing as a derivative under IFRS 9. As a result, the impacts of the agreement with Cargill will be recorded in revenue.

Note 20 – Financial instruments

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. Details of each level are discussed below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit and liquidity risk

The Company's credit risk is primarily attributable to trade receivables from a single customer. The maximum exposure of credit risk is best represented by the carrying amount of financial instruments. The Company considers credit risk negligible due to customer payments being received within three days of receipt of the invoice.

The Company's cash and restricted cash are held with an established Tier-1 Canadian financial institution, and consequently management believes that the credit risk with respect to this financial instrument is low and that the Company has no significant concentration of credit risk arising from operations.

The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis; there are no significant payables that are outstanding past their due dates.

The Company undergoes an in-depth budgeting process each year which is supplemented by a continuous detailed cash forecasting process. If necessary, the Company may seek financing for capital projects or general working capital purposes.

The amounts of cash and cash equivalents, trade and other receivables, trade accounts payables, accrued liabilities and leases approximate their fair value due to their short maturity. Derivative liabilities are measured at fair value with changes recognized through profit and loss.

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

The following fair value tables present information about the fair value of Tacora's assets and liabilities measured on a recurring basis as of the dates indicated:

	Dec 31, 2021				
	Level 1	Level 2	Level 3	Total	Carrying Amount
Accounts receivable	—	10,530	—	10,530	10,530
Notes payable	—	—	2,950	2,950	2,950
Lease liabilities	—	—	7,520	7,520	7,520
Royalties payable	—	—	23,088	23,088	23,088

	Dec 31, 2020				
	Level 1	Level 2	Level 3	Total	Carrying Amount
Accounts receivable	—	2,351	—	2,351	2,351
Derivative liability	—	80,952	—	80,952	80,952
Notes payable	—	—	4,882	4,882	4,882

During the years ended December 31, 2021 and 2020, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Note 21 – Cost of sales

	Year Ended	
	2021	2020
Mining	60,789	41,697
Processing	91,046	70,395
Logistics	107,244	76,808
General and administration	14,201	10,768
Royalties	32,146	23,550
Depreciation and amortization	22,391	16,289
Total expenses by function	327,817	239,507

Note 22 – Selling general and administrative expenses

	Year Ended	
	2021	2020
Salaried wages and benefits	3,029	1,687
Professional fees	1,221	903
Insurance	688	518
Contract services	358	231
Other	349	135
Travel	136	239
Depreciation	37	59
Total expenses by function	5,818	3,772

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

Note 23 – Acquisition of Sydvaranger Mining AS

On January 13, 2021, pursuant to a share purchase agreement between the seller, Sydvaranger AS and the purchaser, Tacora Resources Inc., the Company completed the acquisition of 100% of the share capital of Sydvaranger Mining AS (the "Sydvaranger Mine" or "Sydvaranger"). The Sydvaranger Mine is a long lived, large scale iron ore open pit, mineral processing plant and port with its concentrator and port facilities in the town of Kirkenes, Norway and the mines are 8 kilometers to the south near the town of Bjørnevatn, Norway. As a result of the acquisition, Tacora has the option to restart the Sydvaranger Mine which is shovel ready and fully permitted in a tier 1 jurisdiction. Sydvaranger is currently under a care and maintenance program.

The fair value of the total purchase consideration and purchase price allocation was determined as follows:

	Jan 13, 2021
Equity consideration issued (Sydvaranger)	25,000
Equity consideration issued (Orion)	13,000
Royalty agreement	19,134
Interest-bearing debt assumed	430
Total purchase consideration	57,564
Fair value of mineral reserves	17,082
Fair value of property, plant and equipment	49,107
Deferred tax liability	(7,909)
Fair value of other net liabilities acquired	(716)
Total purchase allocation	57,564

Note 24– Subsequent events

On February 16, 2022, Tacora issued an additional $50 million aggregate principal amount of 8.250% Senior Secured Notes due 2026 ("2026 Notes"). Tacora received net proceeds of approximately $46.4 million after fees of approximately $3.6 million related to underwriting and third-party expenses. The net proceeds will be used for working capital and other corporate purposes.

In March 2022, Tacora entered into additional monthly average index P62 fixed price contracts with Cargill that provided for the following key terms:

	Strike Price USD$	Volume (dmt)
Settlement dates between Jul 1, 2022 and Sept 30, 2022	157.00	300,000
Settlement dates between Oct 1, 2022 and Dec 31, 2022	150.75	300,000

In March 2022, Tacora entered an agreement with Atlantic Canada Opportunities Agency ("ACOA") for repayable assistance under the Regional Economic Growth through Innovation Program – Jobs and Growth Fund to support the expansion of our Manganese Reduction Circuit project from six to eight lines in the amount of C$3,300,000. The assistance will be repaid over ten years starting in July 2023 and will not incur interest charges.

Supplemental Consolidating Balance Sheet Information
As of December 31, 2021

(expressed in thousands of US Dollars, except where otherwise noted)

	Restricted Subsidiaries	Unrestricted Subsidiaries	Consolidated Total
Current assets			
Cash	34,057	826	34,883
Receivables	10,260	270	10,530
Inventories	18,997	32	19,029
Transportation deposits, current portion	7,740	-	7,740
Prepaid expenses and other current assets	4,505	136	4,641
Total current assets	75,559	1,264	76,823
Non-current assets			
Property, plant & equipment, net	204,071	86,315	290,386
Intangible assets subject to amortization	37,809	-	37,809
Transportation deposits	901	-	901
Security Deposits	3,414	-	3,414
Financial assurance deposit	6,410	-	6,410
Notes Receivable - Tacora Norway	48,387	-	48,387
Total non-current assets	300,992	86,315	387,307
TOTAL ASSETS	376,551	87,579	464,130
Current liabilities			
Current maturities of long-term debt	2,950	-	2,950
Current maturities of lease liabilities	9,859	-	9,859
Accounts payable	11,326	392	11,718
Accrued liabilities	41,119	283	41,402
Total current liabilities	65,254	675	65,929
Non-current liabilities			
Long-term debt	166,581	-	166,581
Lease liabilities	30,845	7,520	38,365
Rehabilitation obligation	35,197	-	35,197
Deferred tax liability	-	5,355	5,355
Long-term royalties payable	-	23,088	23,088
Notes Payable - Tacora Resources Inc	-	48,387	48,387
Total Non-Current Liabilities	232,623	84,350	316,973
TOTAL LIABILITIES	297,877	85,025	382,902
NET ASSETS	78,674	2,554	81,228

Supplemental Consolidating Balance Sheet Information
As of December 31, 2021

(expressed in thousands of US Dollars, except where otherwise noted)

	Restricted Subsidiaries	Unrestricted Subsidiaries	Consolidated Total
Shareholder's equity			
Capital stock	263,350	-	263,350
Accumulated deficit [1]	(184,945)	2,554	(182,391)
Equity attributable to owners of the Company	78,405	2,554	80,959
Non-controlling interest	269	-	269
TOTAL EQUITY	78,674	2,554	81,228

[1] Deferred income tax recovery recognized by the unrestricted subsidiary in 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)

Annual MD&A

The following management's discussion and analysis of financial condition and results of operations ("MD&A") is prepared as of the date of the Tacora audited consolidated financial statements (Financial Statements") and is intended to assist readers in understanding the financial performance and financial condition of Tacora. This MD&A provides information concerning Tacora's financial condition at December 31, 2021 and results of operations for the 52-week period ending December 31, 2021 ("Fiscal 2021").

All of the financial information contained within the MD&A is expressed in thousands of United States dollars, except where otherwise noted. The following abbreviations are used throughout this document: USD or US$ (United States dollar), CAD or C$ (Canadian dollar), Mt (metric tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), Mtpa (million tonnes per annum), Btpa (billion tonnes per annum) and M (million).

This MD&A should be read in conjunction with the Financial Statements, including the related notes thereto.

Cautionary note regarding forward-looking information

Some of the information in this MD&A contains forward-looking information, such as statements regarding the Company's future plans and objectives that are subject to various risks and uncertainties. This information is based on management's reasonable assumptions and beliefs in light of the information currently available to it and is provided as of the date of this MD&A and the Company cannot assure investors that such information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such information as a result of various factors. Factors that could cause actual performance to differ from our current expectations include changes to the market price of iron ore, difficulties in implementing our plans to increase iron ore production, interruptions of our production or in necessary infrastructure, and other market and business factors. The results for the periods presented are not indicative of the results that may be expected for any future periods. The Company does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. We caution that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect our results. Investors are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information.

Company overview

The Company is in the business of identifying, mining and processing iron ore mineral reserves and resources. The mining of iron ore at the Scully Mine is the Company's main business at this time; however, other revenue streams may be added in the future. The Company's future performance is largely tied to the continued operation of the Scully Mine, other prospective business opportunities, the overall market for iron ore, and operating through the COVID-19 pandemic.

On July 18, 2017, the Company completed the acquisition of the Scully Mine, an iron ore mine and processing facility located north of the Town of Wabush in Newfoundland and Labrador, Canada, together with the Wabush Lake Railway. Tacora completed the acquisition of the assets of the Scully Mine and the Wabush Lake Railway pursuant to the asset purchase agreement ("APA") pursuant to a process under the Companies' Creditors Arrangement Act (Canada). Under the APA, Tacora paid a total cash purchase price of $1.6 million plus cash cure costs in an amount of $8.2 million, for an aggregate purchase price of $9.8 million. For further information about the acquisition, see Note 1 to the Company's audited consolidated financial statements for Fiscal 2021.

Following the completion of a Feasibility Study (NI 43-101) for the Scully Mine in December 2017, as prepared by G Mining Services, Inc. (“GMS”) and Ausenco, the Company focused on opportunities to finance the restart of the Scully Mine. On November 27, 2018, Tacora announced it had closed on $212 million in private equity and senior secured debt financing, which together with up to $64 million in mining equipment debt financing, fully funded the restart of the Scully Mine. In addition, during the course of the 2018 fiscal year, the Company amended the Cargill Offtake Agreement and finalized certain port access agreements and rail/transportation agreements in anticipation of the successful restart of the Scully Mine.

As the Company progressed into the 2019 fiscal year, it restarted mining operations and commercial production at the Scully Mine. On May 25, 2019, ore was delivered to the crusher and the first mill was successfully started up on May 28, 2019. During June 2019, the Company successfully commissioned its concentrator and produced its first wet concentrate, undertook its first mine blast and celebrated its first loaded train. On August 30, 2019, the Company announced that its first seaborne vessel shipment of iron ore concentrate produced at the Scully Mine departed the Port of Sept-Iles, Quebec, with a payload of 69,770 wmt of premium concentrate bound for a customer in Europe. Throughout the remainder of the 2019 fiscal year, the Company continued the process of ramping up commercial production (including bringing all six mills into operation).

The Company’s short-term strategy is to improve the Scully Mine and achieve name plate production capacity of six Mtpa of high-grade iron ore concentrate in the second half of 2022, on a run rate basis. As the Scully Mine begins to generate positive cash flow from operations, Tacora expects to focus on strengthening its balance sheet and pursuing growth opportunities. Tacora also has a significant opportunity to expand capacity at the Scully Mine and further optimize operations, particularly as the current mill layout provides potential to double capacity and improve anticipated iron recovery from approximately 66% to greater than 75%. Tacora expects to invest $35 million in sustaining and improvement projects in 2022.

On January 13, 2021, the Company completed the acquisition of 100% of the share capital of Sydvaranger Mining AS (the “Sydvaranger Mine” or “Sydvaranger”). The Sydvaranger Mine is a long-life, large-scale iron ore open pit, mineral processing plant and port. The concentrator and port facilities are located in the town of Kirkenes, Norway and the mines are 8 kilometers to the south near the town of Bjørnevatn, Norway. As a result of the acquisition, Tacora has the option to restart the Sydvaranger Mine which is shovel ready and fully permitted in a tier 1 jurisdiction. Sydvaranger is currently under a care and maintenance program. A third-party Feasibility Study for the Sydvaranger Mine issued in October 2019 provided an overview of an Environmental and Social Impact Assessment being conducted on the mine by Ramboll in accordance with the International Finance Corporation Performance Standards and Sectoral Environmental, Health & Safety Guidelines. Ramboll’s assessment identified no risks that were critical or could not be managed operationally.

On October 22, 2021, Mr. Joe Broking was appointed to the positions of Director, President and Chief Executive Officer of Tacora Resources Inc. Mr. Broking has worked in senior executive positions at Tacora since formation, including most recently as Executive Vice President and Chief Financial Officer of the Company.

In addition to these notable accomplishments, Tacora has been able to successfully navigate through the COVID-19 pandemic while preserving the health and safety of both our workforce and our Company for the long term. The COVID-19 pandemic caused its fair share of challenges, as disruptions in the supply of critical spare parts, consumables and contract labor contributed to a slower than expected ramp up of operations at the Scully Mine. However, Tacora was able to implement the requisite COVID-19 protocols and thanks to our dedicated workforce has continued to operate throughout the pandemic.

Overview of steel and iron ore markets

The Association for Mineral Exploration (“AME”) estimates that global crude steel production for 2021 was 1,982Mt, up 5.2%, as steel output was disturbed by the ongoing impact of COVID-19. China, the world’s largest producer of crude steel, produced an estimated 946Mt of crude steel in 2021, which represents approximately 48% of worldwide production.

Steel demand is supported by the many strong stimulus projects globally as governments sought to undo the damage caused by widespread lockdowns. China's steel demand has cooled during the fourth quarter, due to the slowing momentum in the real estate sector and the Chinese government cap on steel production is expected to be achieved. AME expects China's steel demand in 2021 and 2022 to remain unchanged and increase 1.5%, respectively.

AME estimates finished steel demand for 2021 was 1,845Mt. This equates to an increase of 4.3% over 2020, with demand expected to remain strong as a result of continued stimulus spending. Other growth areas are Europe's automotive industry which is estimated to have increased by 9% in 2021 and to grow 12.1% in 2022. Europe has significant decarbonisation targets which directly impact its automotive industry. In the long term, growth remains strong in India and the Southeast Asian region. Growth in China is slowing, however, due to its large population, it still contributes enormously to global steel demand. Significant government infrastructure and property development will also support demand, along with the desirability for individuals to seek higher living standards via urbanisation.

Iron ore demand in 2021 is estimated to have grown by over 2.6% to reach 2,357Mt as global steel production increased strongly on the back of widespread government stimulus measures. Over the medium term, iron ore demand will grow at a Compound Annual Growth Rate ("CAGR") of 0.9% to reach 2,438Mt by 2025.

Iron ore demand growth over the medium term will be driven by emerging countries. India's demand is forecast to grow at a CAGR of 7.3% to 236Mt by 2025, while Vietnamese demand is forecast to grow at a CAGR of 9% to 35.5Mt. The pace of India's ramp-up in crude steel production will have a large impact on iron ore demand growth, with the country's steel production set to be dominated by blast furnace/basic oxygen furnace and direct reduced iron technology, both of which require iron ore as the main ferrous feed.

Key drivers for iron ore demand in the long term include the emerging economies of India, Vietnam and the Philippines. Indian iron ore demand is driven by government policies intended to lift Indian crude steel production from 153Mt in 2025 to 255Mtpa by 2030. Steelmaking capacity development in India will focus on blast furnace/basic oxygen furnace steelmaking and direct reduction iron, which are the major sources of iron ore demand. India is already a global pioneer in the construction of integrated steel mills that utilise co-located blast furnace/direct reduced iron/basic oxygen furnace/electric arc furnace infrastructure, which provides benefits across the entire production chain.

After shrinking for the first time in five years in 2020 to 2,180Mt, global iron ore supply is estimated to have surged by over 7.5% in 2021 to reach 2,343Mt.

AME estimates the iron ore price (62% Fe North China CFR) will average US$125/t in 2022 and will normalize from their current elevated levels to average $72/t by 2024 and will rise to a long-term average of $84/t by 2040 as a result of growing global populations and increased industrialization.

Since mid-2016, the market has seen a general widening of the pricing spread between 62% Fe fines and 65% Fe fines, driven by increased demand for high value-in-use ferrous products. High grade fines and pellets allow for reduced coking coal consumption and are required for the "greener" electric arc furnace steelmaking process. If the premium were based on iron content alone, it would be approximately 4.8%. However, the spread peaked at the end of 2018 at over 31%, lowering to 16% by end of 2021. In the long-term, the spread is expected to increase above current levels to 24% by 2024 on the back of a continued push for high quality iron products by steel makers.

We compete with small and large traditional iron ore mining companies in Canada, Australia and Brazil. However, because we produce a high-quality product with high iron levels and low impurity levels, we achieve favorable value-in-use pricing relative to commodity and sub-commodity grade producers. Value-in-use is a term used to describe the adjustments made against a benchmark price to account for differences in ore quality.

The costs incurred at a steel mill are influenced, to an extent, by differing ore chemistries. The premium and discount applied to the benchmark price for a specific ore is calculated from the difference in iron content to the benchmark and the impurity levels relative to trigger grades (e.g., silica levels over 5.5%). Key impurities considered are silica, alumina, phosphorus and sulphur. A high iron content feed with low impurities is typically preferred by steelmakers, as higher Fe reduces transport costs on a Fe unit basis and increases the iron content yield. Silica levels above 5.5% are considered high and can raise the blast furnace slag volumes and the fuel rate (and, in turn, the coke consumption rate).

Due to changing environmental regulations globally and the need to reduce CO2 emissions, coupled with the limited supply of high-grade iron ore, we believe the favorable value in use adjustment or premium achieved for our iron ore product sales is sustainable and may increase in the future.

Key financial drivers

Iron ore price

The price of iron ore concentrate is the most significant factor determining the Company's financial results. As such, cash flow from operations and the Company's development may, in the future, be significantly adversely affected by a decline in the price of iron ore. The iron ore concentrate price fluctuates daily and is affected by a number of industry and macroeconomic factors beyond the control of the Company.

Due to the high-quality nature of our iron ore concentrate, which is high in iron averaging 65.7% and low in impurities such as silica averaging 2.4% in 2021, the Company's iron ore sales attract a premium over the IODEX 62% Fe CFR China Index ("P62") widely used as the reference price in the industry. As such, the Company quotes and sells its products on the high-grade IODEX 65% Fe CFR China Index ("P65"). The premium captured by the P65 index is attributable to steel mills recognizing that higher iron ore grades offer a benefit in the form of efficiency or output optimization while also significantly decreasing CO2 emissions per tonne of steel produced.

Tacora's iron ore sales contracts are structured on a provisional pricing basis, with the final sales price determined using the iron ore price indices on or after the vessel's arrival to the port of discharge. The Company recognizes revenues from iron ore sales when unit train shipments from the Scully Mine are delivered and unloaded at the port. The estimated gross consideration in relation to the provisionally priced shipments is accounted for using the average P62 iron ore price at the time the unit train is unloaded, plus 60% of the estimated P65 premium over the P62 price at the time the unit train is unloaded. Once the vessel arrives at its destination, the impact of the iron ore price movements, compared to the marked to market price over the quotational period is accounted for as a provisional pricing adjustment to revenue. As of December 31, 2021, Tacora had $111.4 million in revenues awaiting final pricing, with the final price to be determined in the following reporting periods. Comparatively, as of December 31, 2020, Tacora had $173.6 million in revenues awaiting final pricing.

Tacora believes commodity price hedging could provide a long-term benefit to shareholders. During the fourth quarter 2021, Tacora entered into monthly average index P62 fixed price contracts with Cargill to help mitigate commodity price risk during the ramp up of the Scully Mine. A total of 1.5 million tonnes were fixed with settlement dates between January 1, 2022 and September 30, 2022.

Ocean freight is an important component of the Company's pricing formula and is subtracted from the gross consideration as Tacora's concentrate is shipped into the seaborne iron ore market. The common reference route for dry bulk material from the Americas to Asia is the Tubarao to Qindao route which encompasses 11,000 miles. The freight cost per tonne associated with this route is captured in the C3 Baltic Capesize Index ("C3"), which is considered the reference ocean freight cost for iron ore shipped from the Americas to the Far East. There is no index for the route between the port of Sept-Iles, Canada and China. The route from Sept-Iles to the Far East totals approximately 14,000 miles and is subject to different weather conditions during the winter season, therefore the freight cost per tonne associated with this voyage is generally higher than the C3 price.

Production volume

Maintaining a high level of total material mined, plant throughput and iron recovery, as well as managing costs is critical in keeping our production costs low and determining our financial results. We invest heavily in maintaining our equipment and training our employees to ensure that the mine and plant remain fully operational.

During the twelve-month period ended December 31, 2021, 25.6 million tonnes of material was mined, compared to 22.2 million tonnes of material mined the prior year. The increase is mainly due to the acquisition of two additional haul trucks and the increased utilization of trucks and dig units, 4% and 9% respectively. In order to attain name-plate iron ore concentrate production of 6Mtpa, the Company estimates it will need to achieve at least 32.0 million tonnes of total material mined on an annual basis.

The plant processed 10.8 million tonnes of ore during the twelve-month period ended December 31, 2021, compared to 10.5 million tonnes of ore in the prior year. The plant achieved an average mill operating time of approximately 62% for the year ended December 31, 2021 compared to approximately 64% in the comparable prior year period. We calculate mill operating time by subtracting the number of hours of mill downtime from the number of total hours in the year and dividing by the number of total hours in the year. The increase in ore processed is mainly due to the ability to achieve higher throughput rates in the mills. In order to attain name-plate iron ore concentrate production of 6Mtpa, the Company estimates it will need to achieve an overall mill operating time of at least 88% which will allow it to process 17.5 million tonnes of ore on an annual basis.

The Scully Mine achieved an average iron recovery of 51% during the twelve-month period ended December 31, 2021 compared to an average iron recovery of 54% during the prior year. The decrease in iron recovery is driven by higher feed grade that did not transfer to an increase in weight recovery because of increased fine iron which isn't recovered well by our current flowsheet. Additionally, the final concentrate grade was higher in 2021 compared to 2020 which resulted in more rejection of iron to achieve a higher quality product.

Based on the foregoing, the Scully Mine produced 3.2 million tonnes of 65.7% Fe high-grade iron ore concentrate during the twelve-month period ended December 31, 2021 compared to 3.0 million tonnes of 65.5% high-grade iron ore concentrate during the prior year.

Currency

The USD is the Company's reporting and functional currency, excluding Knoll Lake whose functional currency is Canadian dollars and Sydvaranger whose functional currency is Norwegian Krone, which are translated to USD in the consolidated financials statements of the Company. Our costs of goods sold at the Scully Mine are mainly incurred in Canadian dollars. Consequently, the Company's operating results and cash flows are influenced by changes in the exchange rate for the Canadian dollar against the U.S. dollar. Therefore, the Company is exposed to foreign currency fluctuations as its mining, mineral processing, rail and port operating expenses are mainly incurred in Canadian dollars. Currently, the Company has no currency hedging contracts in place and therefore has exposure to foreign exchange rate fluctuations. The strengthening of the U.S. dollar would positively impact the Company's net income and cash flow while the strengthening of the Canadian dollar would reduce its operating margin and cash flow.

Apart from these key drivers and the risk factors noted under "Risks", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Key income statement measures

Revenue

Revenue is driven by the amount of product delivered to customers, global iron ore spot prices, certain customer specific discounts and premiums and a variety of other factors, such as commodity prices, freight costs and the iron and moisture content of our finished products.

Cost of sales

Our cost of sales includes production cost such as labor, maintenance, petroleum-based products and utilities, as well as royalties, depreciation and amortization. Our royalty agreement requires us to pay a royalty fee based on the revenue we earn, which is payable quarterly. We believe our cost of labor will grow in line with the expansion of our operations and productive capacity. All of our production labor expenses are governed by collective bargaining agreements. We are, however, susceptible to fluctuations in the electricity, bunker c and diesel costs, which are used to operate our production facilities and mining equipment.

Operating expenses

Our operating expenses consist primarily of selling, general and administrative expenses, which we believe will remain stable as a percentage of revenue as we expand our operations and production capacity in the years to come.

Results of operations

Year ended December 31, 2021 compared to year ended December 31, 2020

	Years Ended Dec 31,		Increase	Percent
($ in millions, except shipments)	**2021**	**2020**	**(Decrease)**	**Change**
Revenue	$ 446.1	$ 299.2	$ 146.9	49.1%
Cost of sales	327.8	239.5	88.3	36.9%
Gross profit	118.3	59.7	58.6	98.2%
Operating expenses	6.7	4.5	2.2	48.9%
Operating income	111.6	55.2	56.4	102.2%
Non-operating loss	(79.5)	(125.6)	46.1	36.7%
Net income (loss)	$ 32.1	$ (70.4)	$ 102.5	145.6%
Third party shipments (tonnes)	3,132,342	2,950,889	181,453	6.1%

Revenue

Realized price for the year ended December 31, 2021 compared to year ended December 31, 2020

	Years Ended Dec 31,		Increase	Percent
($ per dmt sold)	**2021**	**2020**	**(Decrease)**	**Change**
Average index P62	$ 160.1	$ 108.8	$ 51.3	47.2%
Fixed sales/timing	(0.1)	(6.7)	6.6	98.5%
Premium over P62	15.4	7.9	7.5	94.9%
Gross realized price	175.4	110.0	65.4	59.5%
Freight and other costs	(31.4)	(19.6)	(11.8)	(60.2%)
Provisional pricing adjustments	2.9	11.7	(8.8)	(75.2%)
Other	(4.5)	(0.7)	(3.8)	(542.9%)
Net realized price	$ 142.4	$ 101.4	$ 41.0	40.4%

For the year ended December 31, 2021, our revenue was approximately $446.1 million, an increase of $146.9 million, or 49.1%, from our revenue of $299.2 million for the year ended December 31, 2020. The

increase in our revenue was attributable to the continued ramp up of production which resulted in an increase of 0.2 million tonnes shipped. The increased revenue resulting from such shipments was also impacted by a 40.4% increase in the net realized price applicable to concentrate pricing for the year ended December 31, 2021 compared to 2020.

Cost of sales

Cost of sales for the year ended December 31, 2021 compared to year ended December 31, 2020

	Years Ended Dec 31,		Increase	Percent
($ in millions)	**2021**	**2020**	**(Decrease)**	**Change**
Mining	$ 60.8	$ 41.7	$ 19.1	45.8%
Processing	91.0	70.4	20.6	29.3%
Logistics	107.2	76.8	30.4	39.6%
General and administration	14.2	10.8	3.4	31.5%
Royalties	32.2	23.5	8.7	37.0%
Cash cost of sales	305.4	223.2	82.2	36.8%
Depreciation and amortization	22.4	16.3	6.1	37.4%
Cost of sales	$ 327.8	$ 239.5	$ 88.3	36.9%

For the year ended December 31, 2021, our cost of sales were approximately $327.8 million, an increase of $88.3 million, or 36.9%, compared to our cost of sales of $239.5 million for the year ended December 31, 2020. The continued ramp-up of the plant resulted in increased shipments of concentrate resulting in higher cost of sales.

Mining costs increased by $19.1 million primarily due to increased spending on equipment maintenance and contract labor. Processing costs increased by $20.6 million due to short-term investments to increase the reliability of the assets and fixed costs necessary to produce at a 6mtpa run rate. These short-term investments are expected to go away and the fixed costs are expected to remain consistent leading to lower costs per tonne as production increases.

Logistics costs increased by $30.4 million partially due to an increase in the pricing premium included in the logistics costs. A portion of our rail costs are linked to the P62 index which on average increased $51.3 per tonne as compared to the prior year. Our royalty is based on revenue and due to the increase in revenue in the current year, as mentioned above, we saw an increased royalties expense of $8.7 million.

We believe our cost of sales will continue to increase, but we also expect our cost of sales per dmt sold will continue to decrease as we ramp up shipments from the Scully Mine.

Further, we believe our cost of labor at the Scully Mine will grow in line with the expansion of our operations and production capacity. Our production labor expenses are governed by a collective bargaining agreement. We expect that utilities, including electricity, bunker c and diesel fuel costs may increase over the next five years. To counter these potential increases, we assess process improvements on a continuous basis as well as monitor price forecasts for commodities to evaluate opportunities to hedge our exposure regarding commodity price risk.

Gross profit

For the year ended December 31, 2021, our gross profit was approximately $118.3 million, an increase of $58.6 million, or 98.2%, from our gross profit of $59.7 million for the year ended December 31, 2020. The increase in our gross profit for the year ended December 31, 2021 was primarily due to the continued ramp-up of the plant resulting in increased shipments of concentrate as well as an increase in realized pricing and revenue as mentioned above. We also believe that cost of sales will increase at a rate slower than

revenue for the reasons also discussed above, and therefore we expect gross profit margin will continue to improve going forward.

Operating expenses

For the year ended December 31, 2021, our operating expenses were approximately $6.7 million, an increase of $2.2 million, or 48.9%, over our operating expenses of $4.5 million for the year ended December 31, 2020. The increase in operating expenses is primarily attributable to additional headcount costs as we ramp-up the Scully Mine. We believe selling, general and administrative expenses as a percent of revenue will decrease as we ramp up our production capacity.

Operating income

Our operating income for the year ended December 31, 2021 was approximately $111.6 million, an increase of $56.4 million, or 102.2%, from our operating income of $55.2 million for the year ended December 31, 2020. This increase is primarily a function of the increase in our gross profit as discussed above.

Non-operating loss

For the year ended December 31, 2021, our non-operating loss was approximately $79.5 million, a decrease of $46.1 million, or 36.7%, from our non-operating loss of $125.6 million for the year ended December 31, 2020. The decrease in our non-operating loss for the year ended December 31, 2021 primarily resulted from a decrease in our loss on derivative instruments of $47.3 million compared to the prior year. We also had a decrease in our interest expense of $13.4 million compared to the prior year due to the refinancing of our senior secured debt with a favorable bond issuance. This was offset by a one-time loss on debt extinguishment cost of $15.2 million.

Net income (loss)

For the year ended December 31, 2021, our net income was approximately $32.1 million, an increase of $102.5 million, or 145.6%, from our net loss of $70.4 million for the year ended December 31, 2020. The increase in our net income for the year ended December 31, 2021 is primarily attributable to the increase in gross profit margin resulting from the increase in revenue as well as a decrease in non-operating loss due to lower net losses on our commodity forward contract and partially offset by higher debt costs, as discussed above.

Non-IFRS financial measures

The Company has identified certain measures that it believes will assist understanding of the financial performance of the business. As the measures are not defined under IFRS, they may not be directly comparable with other companies' similar measures. The non-IFRS measures are not intended to be a substitute for, or superior to, any IFRS measures of performance but management has included them as these are considered to be important measures used within the business for assessing performance. These measures are explained further below.

Working capital

This MD&A refers to "working capital", which is not a recognized measure under IFRS. This non-IFRS liquidity measure does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to a similar measure presented by other issuers. "working capital" is defined by the Company as current assets less current liabilities. Management uses this measure internally to better assess performance trends. Management understands that a number of investors and others who follow the Company's business assess performance in this way. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The Company's working capital is as follows:

($ in millions)	As of Dec 31, 2021	As of Dec 31, 2020
Current assets		
Cash	$ 34.9	$ 119.9
Receivables	10.5	2.3
Inventories	19.0	8.0
Transportation deposits, current portion	7.7	8.5
Prepaid expenses and other current assets	4.7	5.9
	76.8	144.6
Current liabilities		
Current maturities of long-term debt	2.9	25.7
Current maturities of leased liabilities	9.9	7.4
Accounts payable	11.7	15.0
Accrued liabilities	41.4	35.9
Current derivative liability	0.0	81.0
	65.9	165.0
Working capital/(deficiency)	**$ 10.9**	**$ (20.4)**

As of December 31, 2021, the Company had working capital of $10.9 million compared to a working deficiency of $20.4 million as of December 31, 2020.

The Company's current assets as of December 31, 2021 decreased by $67.8 million since December 31, 2020. The decrease was mainly due to cash outflows of $132.6 million for the settlement of realized commodity forward contracts.

The Company's current liabilities as of December 31, 2021 decreased by $99.1 million since December 31, 2020. The decrease was mainly due to the decrease in current derivative liabilities of $81.0 million and a decrease in current maturities of long-term debt of $22.8 million.

FOB Cash Costs Pointe Noire

FOB Cash Costs Pointe Noire is a supplemental financial measure that is not prepared in accordance with IFRS. We define FOB Cash Costs Pointe Noire as cost of sales less royalties, depreciation and amortization divided by tonnes sold.

	Years Ended Dec 31,		Increase	Percent
($ per dmt sold)	**2021**	**2020**	**(Decrease)**	**Change**
Mining	$ 20.0	$ 14.1	$ 5.9	41.8%
Processing	29.2	23.9	5.3	22.2%
Logistics	33.7	26.0	7.7	29.6%
General and administration	4.3	3.7	0.6	16.2%
FOB Cash Costs Pointe Noire	87.2	67.7	19.5	28.8%
Royalties	10.3	8.0	2.3	28.8%
Depreciation and amortization	7.1	5.5	1.6	29.1%
Cost of sales	$ 104.6	$ 81.2	$ 23.4	28.8%

The Scully Mine shipped an aggregate amount of approximately 3.1 million tonnes of concentrate at a blended average FOB Cash Costs Pointe Noire of $87.2 per tonne for the year ended December 31, 2021, compared to 3.0 million tonnes of concentrate at a blended average of $67.7 per tonne for the year ended December 31, 2020.

Mining costs increased by $5.9 per dmt primarily due to increased spending on equipment maintenance and contract labor. Processing costs increased by $5.3 per dmt due to short-term investments to increase the reliability of the assets and fixed costs necessary to produce at a 6mtpa run rate. These short-term investments are expected to go away and the fixed costs are expected to remain consistent leading to lower costs per tonne as production increases.

Logistics costs increased by $7.7 per dmt partially due to an increase in the pricing premium included in the logistics costs. A portion of our rail costs are linked to the P62 index which on average increased $51.3 per tonne as compared to the prior year. Our royalty is based on revenue and due to the increased revenue in the current year we saw increased royalties expense of $2.3 per dmt.

Once the Scully Mine is fully ramped-up, we estimate our FOB Cash Costs Pointe Noire will be approximately $42 per tonne on a blended average basis subject to the P62 iron ore price which impacts the cost of logistics.

We believe our calculation of FOB Cash Costs Pointe Noire is useful to management and investors for analyzing and benchmarking performance and it facilitates comparison of our results among our peer iron ore mining operations. Our projections related to FOB Cash Costs Pointe Noire are based on assumptions related to various factors, including, but not limited to, commodity prices and production costs. These costs are subject to change and such changes may affect our projections of FOB Cash Costs Pointe Noire. In addition, the assumptions and estimates underlying our future FOB Cash Costs Pointe Noire are inherently uncertain and, although we consider them to be reasonable as of the date of this MD&A, they are subject to regulatory, business and economic risks and uncertainties that could cause actual results to differ materially from our estimated future FOB Cash Costs Pointe Noire contained herein. The timing of events and the magnitude of their impact might differ from those assumed in preparing our future FOB Cash Costs Pointe Noire estimates, and this may have a material negative effect on our financial performance and on our ability to meet our financial obligations. Our estimated future FOB Cash Costs Pointe Noire contained herein may not be indicative of our future financial performance and our results may differ materially from those presented herein. Inclusion of our estimated future FOB Cash Costs Pointe Noire should not be regarded as a representation by any person that such future FOB Cash Costs Pointe Noire will be achieved.

EBITDA and Adjusted EBITDA

EBITDA is defined as net income before interest expense (net), income taxes, depreciation and amortization, unrealized mark-to-market on derivative instruments and foreign currency exchange gains. Adjusted EBITDA is further adjusted to exclude realized gains or losses on derivative instruments, unwinding of present value discount on asset retirement obligations, NALCO Tax expense, interest income and other infrequent or unusual transactions and is used by management to measure operating performance of the business. EBITDA and Adjusted EBITDA are supplemental measures of our performance and our ability to service debt that are not required by or presented in accordance with IFRS. EBITDA and Adjusted EBITDA are not measurements of our financial performance under IFRS and should not be considered as alternatives to net income or other performance measures derived in accordance with IFRS, or as alternatives to cash flow from operating activities as measures of our liquidity. In addition, our measurements of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Management believes that the presentation of EBITDA and Adjusted EBITDA included in this MD&A provide useful information to investors regarding our results of operations because they assist in analyzing and benchmarking the performance and value of our business.

EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider such measures either in isolation or as substitutes for analyzing our results as reported under IFRS. Some of these limitations are:

- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA and Adjusted EBITDA do not reflect our interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- EBITDA and Adjusted EBITDA do not reflect our tax expenses, or the cash requirements to pay our taxes;
- EBITDA and Adjusted EBITDA do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements; and
- Other companies in our industry may calculate EBITDA and Adjusted EBITDA differently, limiting their usefulness as comparative measures.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as discretionary cash available to us to reinvest in the growth of our business or as a measure of cash that will be available to use to meet our obligations.

The following table is a reconciliation of our net income to EBITDA and Adjusted EBITDA:

	Years Ended Dec 31,	
($ in thousands)	**2021**	**2020**
Net income (loss)	$ 32,121	$ (70,398)
Unrealized mark-to-market on derivative instruments	(80,952)	25,355
Consolidated net income	$ (48,831)	$ (45,043)
Interest expense	18,047	31,490
Income tax (recovery) expense	(2,012)	110
Depreciation and amortization	22,428	16,289
Foreign exchange loss	(21)	(107)
EBITDA	$ (10,389)	$ 2,739
Other expense	20,298	3,940
Interest income	(246)	(424)
Realized loss on derivative instruments	123,781	64,742
NALCO Tax	560	492
Adjusted EBITDA	$ 134,004	$ 71,489

Cash flows

The following discussion summarizes the significant activities impacting our cash flows during the years ended December 31, 2021 and 2020.

Cash flows from operating activities

Cash flows generated by operating activities was $99.9 million for the year ended December 31, 2021 compared to cash flows generated by operating activities of $80.8 million for the same period in 2020.

The increase in cash generated by operating activities was primarily due to an increase in net income of $102.5 million partially offset by a reduction in change in fair value of derivative liability of $47.9 million for the year ended December 31, 2021 compared to the same period in 2020. Net cash used by operating assets and liabilities was $11.9 million for the year ended December 31, 2021 compared with net cash generated by operating assets and liabilities of $28.3 million for the same period in 2020.

Cash flows from investing activities

Net cash used by investing activities increased to $192.5 million for the year ended December 31, 2021 compared to $70.6 million for the same period in 2020. Capital expenditures for the acquisition of property, plant and equipment were $53.4 million for the year ended December 31, 2021 due to investments in capital improvements for the Scully Mine of $42.7 million and capitalized project costs for the Sydvaranger Mine of $10.6 million. Net cash used for commodity forward contract settlements were $132.6 million during the year ended December 31, 2021 compared to $59.4 million for the same period in 2020 due to an increase in average iron ore prices in 2021. Net cash used for commodity forward contracts were driven by the requirement to hedge in December 2018, which was a provision within our senior secured debt.

Cash flows from financing activities

Net cash provided by financing activities during the year ended December 31, 2021 was $7.9 million compared to $65.1 million for the year ended December 31, 2020. Cash flows provided by financing activities during the year ended December 31, 2021 included $166.6 million of proceeds from long-term borrowings as a result of our issuance of senior notes in May 2021 offset by principal payments on long-term debt and prepayment penalty on long-term borrowings of $158.5 million.

Financing arrangements

Senior secured debt

On July 18, 2017, Tacora closed on an unsecured interest free note payable in the amount of $9.8 million Canadian dollars. The proceeds of the note were provided to the Province of Newfoundland and Labrador for the purpose of funding the requisite amount of financial assurance required as part of a rehabilitation and closure plan approved by the Province of Newfoundland and Labrador. Tacora will repay the loan through quarterly payments equal to $0.69 per metric tonne of iron ore concentrate shipped from the Scully Mine. The note will terminate on the date upon which the entirety of the loan amount has been repaid and no interest will accrue on the loan. The fair value of the debt upon initial recognition was measured at $6.0 million. The debt is subsequently re-measured at amortized cost.

On May 11, 2021, Tacora issued $175 million aggregate principal amount of 8.250% Senior Secured Notes due May 15, 2026 (“2026 Notes”). Tacora received net proceeds of approximately $169.5 million after fees of approximately $5.5 million related to underwriting and third-party expenses. Approximately $128.2 million of the net proceeds from the issuance of the 2026 Notes were used to repay the Term Loan, Infra Loan 1 and Infra Loan 2 in addition to a prepayment penalty of approximately $15.3 million. Subsequent to the issuance date, we have paid approximately $2.9 million in fees for additional third-party expenses related to the closing of the 2026 Notes. The balance of the net proceeds was or will be used for working capital and other corporate purposes. Interest on the 2026 Notes will be payable semi-annually in arrears on May 15th and November 15th of each year beginning on November 15, 2021, and will mature on May 15, 2026, unless earlier redeemed or repurchased.

On or after May 15, 2023, Tacora may on any one or more occasions redeem all or a part of the 2026 Notes, upon not less than 30 nor more than 60 days’ notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2026 Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on May 15 of the years indicated below, subject to the rights of holders of the 2026 Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2023	104.125%
2023	102.063%
2025 and thereafter	100.000%

At any time prior to May 15, 2023, Tacora may, on any one or more occasions, redeem up to 40% of the aggregate principal amount of the 2026 Notes issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 108.250% of the principal amount of the 2026 Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the date of redemption (subject to the rights of holders of the 2026 Notes on the relevant record date to receive interest on the relevant interest payment date), with an amount not greater than the net cash proceeds of an equity offering by Tacora; provided, that:

(1) at least 60% of the aggregate principal amount of the 2026 Notes originally issued under the Indenture (excluding 2026 Notes held by Tacora and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of the closing of such equity offering.

At any time prior to May 15, 2023, Tacora may on any one or more occasions redeem all or a part of the 2026 Notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the 2026 Notes redeemed, plus the applicable premium as of, and accrued and unpaid interest, if any, to, but not including, the date of redemption (subject to the rights of holders of 2026 Notes on the relevant record date to receive interest due on the relevant interest payment date).

The indenture governing the 2026 Notes restricts our ability to create certain liens, to enter into sale leaseback transactions and to consolidate, merge, transfer or sell all, or substantially all of our assets. It also contains provisions requiring that Tacora make an offer to purchase the 2026 Notes from holders upon a change of control under certain specified circumstances, as well as other customary provisions.

Contractual obligations and commitments

In the ordinary course of business, we enter into agreements under which we are obligated to make legally enforceable future payments. These agreements include those related to borrowing money, leasing equipment and purchasing goods and services.

The table below summarizes our contractual obligations and commitments as of December 31, 2021:

($ in millions)	Within 1 Year	1 to 2 Years	2 to 5 Years	Over 5 Years
Accounts payable and accrued liabilities	53,120	-	-	-
Debt	17,304	14,521	209,216	-
Lease liabilities	15,143	15,488	32,879	2,084
Rehabilitation obligation	-	-	-	35,197
Total	85,567	30,009	242,095	37,281

In addition, we have entered into other material agreements, the payments of which are not included in the table above. These include:

Transportation agreement

On November 3, 2017, the Company entered into a life-of-mine transportation agreement ("QNS&L Rail Agreement") with Québec North Shore and Labrador Railway Company, Inc. ("QNS&L"). The QNS&L Rail Agreement provides that QNS&L will carry iron ore concentrate produced at the Scully Mine on

Tacora-supplied railcars between Wabush Lake Junction in Labrador City, Newfoundland and Labrador to the Sept-Iles Junction in Sept-Iles, Québec, a distance of approximately 500 km. Under the terms of the QNS&L Rail Agreement, QNS&L has agreed, among other things, to haul minimum monthly tonnages of iron ore (and any surplus iron ore that QNS&L agrees to haul for the benefit of the Company), ensure available transportation capacity, lead and actively participate in appropriate operations management and coordination procedures between QNS&L and the Company and supply sufficient labour, locomotives, assets and infrastructure as necessary to provide the rail transportation services contemplated. The QNS&L Rail Agreement also prescribes various capacity and volume commitments on the part of each of QNS&L and the Company and sets forth specific maximum and minimum monthly tonnages of iron ore that may be tendered for transportation in any month. In the event that the Company fails to meet the minimum monthly tonnage requirements during a given month, the Company will be required to pay QNS&L, as liquidated damages, an amount equal to the deficit volume multiplied by the base rate applicable during that month and which increases over time, other than where the failure to meet such minimum tonnage is as a result of a force majeure event; and provided further that, in the event that the Company suspends production at the Scully Mine for a period of more than one calendar year, the obligation to pay any such liquidated damages will be suspended until the resumption of production.

The QNS&L Rail Agreement required the Company to provide advance payments to QNS&L totaling C$20.0 million, of which C$3.0 million was paid on November 10, 2017 and C$17.0 million was paid on November 14, 2018. These advance payments are required by QNS&L to secure the locomotive equipment and infrastructure capacity to meet the Company's anticipated haulage volumes on the QNS&L rail line. The Company is recovering the advance payments from QNS&L by means of a special credit per wet metric tonne hauled.

Port access

In May 2018, the Company executed an agreement with Société ferroviaire et portuaire de Pointe-Noire s.e.c. ("SFPPN") with an effective date of June 1, 2018 and a termination date of December 31, 2044 setting out the terms on which SFPPN will grant the Company guaranteed access to SFPPN's equipment, throughput and storage capacity necessary to transport iron ore to the port infrastructure. Under the SFPPN Agreement, the Company is required to contribute, to certain capital expenditures up to an aggregate amount of C$48.9 million, inclusive of C$10 million that was paid in 2018. Capital expenditures totaling C$16.3 million and C$2.8 million were paid in 2019 and 2020, respectively and C$7.8 million was paid in 2021 and the balance will be due by the end of 2022. The capital expenditure will allow SFPPN to enhance the current existing infrastructure required for the Company's guaranteed access to SFPPN's facilities, which include railway and Wabush Yard infrastructure. From the date of the completion of the 2018 financing transactions and until the commencement of the Company's railcars shipment to SFPPN in March 2019, the Company was required to make a monthly payment of C$500,000 in consideration of the capacity SFPPN allotted to the Company. Beginning in April 2019, the Company began monthly payments to SFPPN of C$2.5 million which is based on the Company's share of fixed costs, operational costs, profit margins, compensation rate and applicable taxes. The SFPPN Agreement also provides that the 451 railcars owned by SFPPN and located at the Scully Mine will be leased to the Company under a lease and maintenance agreement for nominal consideration, provided that the Company contracts exclusively with SFPPN for the maintenance of such railcars. The Company will have the option to purchase any or all of the railcars at a price of C$2,725 per railcar upon 10 days' prior written notice to SFPPN, which will terminate the required maintenance arrangement with SFPPN. The SFPPN Agreement contains customary default clauses, which include if the Company ceases the operations of the Scully Mine for a continuous period of more than twelve months and does not provide SFPPN with a date for the resumption of operations that is within the following twelve months.

The C$48.9 million that the Company is required to contribute to SFPPN for certain capital expenditures is and will be classified as an intangible asset on the consolidated balance sheet and amortized. There

may be other expenditures that the Company is required to make that the Company will classify in this regard.

The Company has executed an assignment of contractual rights agreement pursuant to which New Millennium Iron Corp. (“NML”) will assign to the Company 6.5 million metric tonnes of NML’s port capacity with the Sept-Iles Port Authority (the “Port Authority”) in exchange for an upfront payment in the amount of C$4.0 million payable on the closing date of the assignment and an ongoing fee of C$0.10 per tonne of iron ore shipped by the Company through the port facilities pursuant to a contract to be entered into directly with the Port Authority over a 20-year period following the assignment. We recognize the benefit of the prepayment based on tonnes shipped as a reduction of cost of goods sold. In connection with the assignment, the Company has assumed part of NML’s ‘‘take or pay” obligations related to the assigned 6.5 million metric tonnes of port capacity. The portion of the “take or pay” obligation that was payable to NML prior to the Company shipping ore from the port was added to the upfront payment amount. The upfront payment entitles the Company to a discount of C$0.25 per tonne shipped until the upfront payment is recovered by the Company. The Company, NML and the Port Authority have entered into an agreement whereby the Port Authority consented to the assignment of capacity and agreed to enter into a direct agreement with the Company in respect of the 6.5 million metric tonnes of port capacity assigned by NML to the Company on terms substantially similar to those contained in the existing agreement between NML and the Port Authority. This agreement will provide the Company with direct access to port facilities that are capable of loading cape-size vessels, which are larger and more cost efficient than smaller baby-cape and Panamax alternatives. All port agreements between NML, the Port Authority and Tacora in respect of the assigned capacity were fully executed and complete as of December 31, 2018.

Mining lease

Tacora is party to the Mining Lease pursuant to which Tacora was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from a mine on a parcel of land located near Wabush, Newfoundland and Labrador on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055; however, the Mining Lease may be cancelled by Tacora generally on six months’ written notice.

At the commencement of shipping iron ore products, Tacora is required to pay an earned royalty fee per metric tonne ranging from 4.2% to 7.0% of Net Revenues less certain deductible expenses, in accordance with the calculation as defined in the Mining Lease. To the extent that Tacora has not commenced or ceases the shipping of iron ore products and the sum of the earned royalty fee in a given calendar quarter is less than C$0.8 million, Tacora is required to pay a minimum quarterly royalty of C$0.8 million (of which 20 percent is withheld and remitted to the Province of Newfoundland and Labrador). Any amount which Tacora shall pay the lessor related to minimum quarterly royalty payments, other than in payment of earned royalties, shall be recoverable against earned royalties in the same calendar year.

Royalties paid in the years ended December 31, 2021 and 2020 were approximately $36.1 million and $14.0 million, respectively. Accrued royalties in the amount of $6.2 million and $10.2 million were recorded in other accrued expenses at December 31, 2021 and December 31, 2020, respectively.

See Note 18 to the Company’s audited consolidated financial statements for Fiscal 2021 for further information regarding the Company’s commitments and contingencies.

Liquidity and capital resources

As of December 31, 2021, our cash and cash equivalents totaled $34.9 million. Our total cash balance represents a 70.9% decrease from the balance as of December 31, 2020. This decrease was driven

primarily by $53.4 million spent on capital expenditures and commodity forward contract settlements of $132.6 million in 2021.

As of December 31, 2021, the outstanding principal amount of our long-term debt was approximately $169.5 million.

Based on the current level of operations, we believe that cash flow from operations will be adequate to meet our liquidity needs for the immediate and foreseeable future. However, our future liquidity and ability to fund capital expenditures, working capital and debt requirements depend upon our future financial performance, which is subject to many economic, commercial, financial and other factors that are beyond our control. We expect the price of iron ore to remain high in 2022; however if additional liquidity is needed, we may need to raise additional capital, which we may not be able to do on reasonable terms or at all. We may also need to refinance or amend the covenants concerning all or a portion of our existing debt. If we are unable to secure additional capital or, if needed, refinance or amend the covenants concerning our debt on acceptable terms or at all, then we may have insufficient liquidity to carry on our operations and meet our obligations in the future.

Off balance sheet arrangements

We currently are not a party to any material off balance sheet arrangements.

Industry data, forecasts and units of measure

This report contains industry data and forecasts that we obtained from industry publications and surveys, public filings and internal company sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the “Risk Factors” section of this MD&A. We cannot guarantee the accuracy or completeness of such information contained in this MD&A.

Unless otherwise specifically noted, we use SI units (metric), specifically dry tonnes, dmt or DMT, when referring to tonnage. This is a departure from conventional iron ore units which use a relatively unique basis for tonnage identified as a LT or long ton. As such, comparison of unit costs and production figures may not be comparable with those of other competing iron ore producers. Additionally, the contractual requirements for some of our off-take agreements are denominated in wet metric tonnes. For consistency of presentation, in our discussion of these contractual requirements, we have expressed them as DMT based on an assumed 1.6% moisture factor in our concentrate.

Risks

Commodity price risk

Tacora has agreed to sell all of its production of iron ore concentrate to one counterparty, Cargill International Trading Pte Ltd. (“Cargill”) pursuant to an offtake agreement with a term expiring December 31, 2024, with rolling options to extend the term for the life of the Scully Mine at Cargill’s sole discretion. Cargill is selling the Tacora product into the global seaborne iron ore market at prevailing market prices (priced in United States dollars) and incurring dry bulk freight costs to deliver the product to its intended destination at prevailing market freight rates. Accordingly, Tacora will be exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales. Price decreases in the iron ore commodity market and/or cost increases for dry bulk freight rates could negatively affect revenue and therefore earnings.

In March 2020, Tacora and Cargill agreed to amend certain terms of the Cargill / Tacora: Iron Ore Sale and Purchase Contract that provide, among other things, for the following: (i) the grant to Cargill of rolling options to extend the agreement for the life of the Scully Mine; (ii) clarification that Cargill has rights to sell all of the tonnes produced from the Scully Mine including any and all expansions; and (iii) certain adjustments to the definition of margin amount (as defined in the agreement) whereby the shipment margin amount in respect of each relevant shipment may be either negative or positive. On each calculation date, all valuations of the shipment margin amount for all shipments for which the final purchase price has not been determined shall be netted to result in a single positive or negative value (the "Margin Amount"). If that value is positive and greater than $7.5 million, then Buyer shall be entitled to hold margin equal to but no greater than that Margin Amount less $5.0 million, and if that value is negative and less than -$5.0 million, then Seller shall be entitled to hold margin equal to but no greater than that Margin Amount. In determining which party makes a payment to the other, any Margin Amount (if any) already held by one party shall be taken into account and netted. The receiving party shall raise a debit note for the relevant amount which shall be settled by the paying party within 5 Working Days.

Tacora believes commodity price hedging could provide a long-term benefit to shareholders. Therefore, Tacora may hedge certain commitments in the future with an emphasis on mitigating commodity price risk during the ramp up of the Scully Mine.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. In the future, Tacora may be exposed to credit risk from its customer receivables and from its financing activities, including deposits with banks and financial institutions, financial assurance deposit, other short-term investments, interest rate and currency derivative contracts and other financial instruments.

Liquidity and capital risk management

Tacora's primary objective when managing capital is to safeguard the business as a going concern while maximizing returns for shareholders. In a cyclical and capital-intensive industry, such as the mining industry, maintaining a strong balance sheet and a sound financial risk management framework are desirable to preserve financial flexibility and generate shareholder value through the cycle. In practice, this involves regular reviews by the board of directors and senior management of Tacora. These reviews take into account Tacora's strategic priorities, economic and business conditions and opportunities that are identified to invest across all points of the commodities cycle and focus on shareholder return while also striving to maintain a strong balance sheet.

To maintain a strong balance sheet, Tacora considers various financial metrics including net gearing ratio, the overall level of borrowings and their maturity profile, liquidity levels, total capital, cash flow, earnings before interest, depreciation and amortization costs (EBITDA) and other leverage ratios such as net debt to EBITDA.

Related party transactions

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company's key management for Fiscal 2021 were its Chief Executive Officer, Executive Vice President and Chief Financial Officer. The remuneration for the Company's key management during Fiscal 2021 was $1.6 million consisting of $1.5 million in salaries and $0.1 million in deferred compensation and other benefits.

Outstanding share data

The Company may authorise an unlimited number of common shares, without par value ("Common Shares") and an unlimited number of Class A Non-Voting Shares and Class B Non-Voting shares. As of the date of this MD&A, the Company had authorised 235,700,480 Common Shares, 3,300,000 Class A Non-Voting Shares and 3,300,000 Class B Non-Voting Shares and as of December 31, 2021 had 235,700,408 Common Shares, 2,739,000 Class A Non-Voting Shares, and 1,080,750, Class B Non-Voting Shares issued and outstanding. As of December 31, 2021, the Company had 2,225,500 employee stock options outstanding.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, consultation with experts and other methods management considers reasonable in the particular circumstances. Actual results may differ from these estimates.

The accounting policies discussed below are considered by management to be critical to an understanding of Tacora's financial statements as their application places the most significant demands on management's judgment.

Mineral reserves and resources

Estimates of the quantities of proven and probable mineral reserves and measured, indicated and inferred mineral resources form the basis for our life of mine plans, which are used for a number of important business and accounting purposes, including our impairment analysis. Mineral reserves and resources are based on engineering data, estimated future prices, estimated future capital spending and estimated future production rates. We estimate our iron ore mineral reserves and resources based on information compiled by "qualified persons" as defined in accordance with the requirements of NI 43-101. These life of mine plans also include assumptions about our ability to obtain and renew our mining and operating permits. Tacora expects that, over time, its mineral reserves and resources estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices.

Scully Mine

We use our mineral reserve estimates, combined with our estimated annual production levels, to determine the mine closure dates utilized in recording the fair value liability for asset retirement obligations for the Scully Mine, and assess whether there are any indicators of potential impairment of our long lived assets.

The Mineral Reserve for the Scully Mine is estimated with an effective date of January 1, 2021 at 478.9 Mt at an average grade of 34.9% Fe and 2.62% Mn as summarized in the table below. The Mineral Reserve estimate was prepared by GMS. The resource block model was also generated by GMS.

As determined by GMS, the mine design and Mineral Reserve estimate have been completed to a level appropriate for feasibility studies and the Mineral Reserve estimate stated herein is consistent with the CIM definitions and is suitable for public reporting. As such, the Mineral Reserves are based on Measured and Indicated Mineral Resources ("M&I"), and do not include any Inferred Mineral Resources. The Inferred Mineral Resources contained within the mine design are treated as waste. The M&I are inclusive of the Mineral Resources modified to calculate the Mineral Reserves.

Classification	Crude Ore Tonnage (dry)	Fe	Mn	Concentrate Tonnage	Fe Conc.	Mn Conc.	SiO_2 Conc.	Total Weight Recovery	Total Fe Recovery
	k dmt	%	%	k dmt	%	%	%	%	%
Proven	136,508	34.97	2.35	45,478	65.60	1.53	3.22	33.32	62.49
Probable	341,439	34.85	2.72	113,577	65.60	1.63	3.06	33.26	62.62
Total P&P	478,943	34.89	2.62	159,425	65.60	1.61	3.11	33.29	62.59

Notes:

(1) The Mineral Reserves were estimated using the CIM Standards for Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 10th, 2014.
(2) Mineral Reserves based on December 2020 depletion surface merged with an updated Lidar dated September 2017.
(3) Mineral Reserves are estimated at a minimum of 20% Lab weight recovery for all sub-units except sub-unit 52 which is 30%. In addition, sub-unit 34 must have a ratio of weight recovery to iron of at least 1.
(4) Mineral Reserves are estimated using a long-term iron price reference price (Platt's 62)% of USD 70/dmt and an exchange rate of 1.25 CAD/USD. An Fe concentrate price adjustment of USD 12/dmt was added as an iron grade premium net of a USD 5/dmt marketing charge.
(5) Bulk density of ore is variable but averages 3.20 t/m3.
(6) The average strip ratio is 0.82:1.
(7) The Mineral Reserve includes a 5.2% mining dilution and a 97% ore recovery.
(8) The number of metric tonnes was rounded to the nearest thousand. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in NI 43-101.

Depletion

The table below summarizes the actual production tonnages mined and concentrate produced at the Scully Mine through December 31, 2021.

Time Period	Crude Ore Tonnage (dry)	Fe	Mn	Conc. Tonnage	Fe Conc.	Mn Conc.	SiO_2 Conc.	Total Weight Recovery	Total Fe Recovery
	k dmt	%	%	k dmt	%	%	%	%	%
Start-up through December 31, 2019	3,491	34.98	3.18	936	65.70	1.72	2.71	26.80	50.33
Year ended December 31, 2020	10,469	34.73	3.42	3,009	65.51	1.93	2.66	28.74	54.21
Year ended December 31, 2021	10,758	37.80	3.30	3,182	65.70	1.80	2.39	29.60	51.40

Sydvaranger Mine

The Mineral Reserve for the Sydvaranger Mine is estimated at 171.4 Mt at an average grade of 28.1% FeMag and 0.06% MIS as summarized in the table below. The Mineral Reserve estimate was prepared by AMC Consultants (UK) Limited ("AMC"). The resource block model was generated by Baker Geological Services Ltd.

As determined by AMC, the mine design and Mineral Reserve estimate have been completed to a level appropriate for feasibility studies and the Mineral Reserve estimate stated herein is consistent with the CIM definitions. As such, the Mineral Reserves are based on Measured and Indicated Mineral Resources ("M&I"), and do not include any Inferred Mineral Resources. The Inferred Mineral Resources contained within the mine design are treated as waste. The M&I are inclusive of the Mineral Resources modified to calculate the Mineral Reserves.

Classification	Crude Ore Tonnage (dry)	Fe	MIS	Concentrate Tonnage	Fe Conc.	MIS Conc.	SiO_2 Conc.	Total Weight Recovery	Total Fe Recovery
	k dmt	%	%	k dmt	%	%	%	%	%
Proven	23,400	30.3	0.01	45,478	65.60	1.53	3.22	33.32	62.49
Probable	148,000	27.80	0.07	113,577	65.60	1.63	3.06	33.26	62.62
Total P&P	171,400	28.1	0.06	159,425	65.60	1.61	3.11	33.29	62.59

Notes:
(1) Mineral Reserves have been estimated in accordance with the CIM Definition Standards.
(2) Mineral Reserves are based on a cut-off grade of 7% FeMAG.
(3) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.
(4) There is 11.6 Mt of material with an MIS grade >0.2% which has been included in the Reserves Estimate.
(5) Mineral Reserves are estimated at an average long-term iron concentrate price of USD67/t concentrate, at a grade of 68% FeMAG.
(6) Mineral Reserves are reported effective 1 October 2019.
(8) Rounding of some figures might lead to minor discrepancies in totals.

Environmental rehabilitation

Decommissioning and restoration costs are a normal consequence of mining. The majority of these expenditures are incurred at the end of the mine's life. In determining the provision, consideration is given to the future costs to be incurred, the timing of these future costs, and estimated cost of inflation. The cost of decommissioning and restoration is uncertain and can vary in response to many factors including changes to the relevant legal and regulatory requirements. The expected timing of expenditures can change in response to changes in the life of mine. These estimates are reviewed annually and adjusted where necessary to ensure that the most current data is used.

Significant accounting policies

The Company's significant accounting policies used to prepare the Company's financial statements as of and for the period ended December 31, 2021 are included in Note 2 of the audited consolidated financial statements included elsewhere in this MD&A.

Subsequent events

On February 16, 2022, Tacora issued an additional $50 million aggregate principal amount of 8.250% Senior Secured Notes due 2026 (“2026 Notes”). Tacora received net proceeds of approximately $46.4 million after fees of approximately $3.6 million related to underwriting and third-party expenses. The net proceeds will be used for working capital and other corporate purposes.

In March 2022, Tacora entered into additional monthly average index P62 fixed price contracts with Cargill that provided for the following key terms:

	Strike Price USD$	Volume (dmt)
Settlement dates between Jul 1, 2022 and Sept 30, 2022	$ 157.00	300,000
Settlement dates between Oct 1, 2022 and Dec 31, 2022	$ 150.75	300,000

In March 2022, Tacora entered an agreement with Atlantic Canada Opportunities Agency (“ACOA”) for repayable assistance under the Regional Economic Growth through Innovation Program – Jobs and Growth Fund to support the expansion of our Manganese Reduction Circuit project from six to eight lines in the amount of C$3,300,000. The assistance will be repaid over ten years starting in July 2023 and will not incur interest charges.

EXHIBIT "T"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

(https://www.proterrapartners.com/)

ABOUT

Proterra Investment Partners is an alternative investment manager focused on private equity investments in the natural resource sectors of agriculture, food, and metals and mining. Proterra has offices in Minneapolis, London, Sao Paulo, Singapore, Shanghai, and Sydney.

Proterra launched as a standalone investment advisor and private equity fund manager for the Black River Asset Management private equity funds (the “Funds”) on January 1, 2016. The Funds spun out from Black River Asset Management, a wholly-owned, independently managed subsidiary of Cargill, Inc. Proterra’s investment strategies are influenced by the senior leadership team’s longstanding tenure with Cargill – a global leader in providing food, agriculture, financial, and industrial products and services.

PILLARS OF OUR APPROACH

INTEGRITY

At Proterra Investment Partners, our commitment to ethical conduct inspires our culture, our partnerships with investors and portfolio companies, and our dedication to building enduring and thriving businesses.

LEADERSHIP

Our senior leadership team has worked together for nearly a decade, combining investment skills and experience across asset classes.

PROFICIENCY

We believe Proterra's global presence and emphasis on local partnerships are a competitive advantage. Because of their in-country presence, our regional investment teams are able to provide insight into emerging economies, allowing us to rapidly identify new opportunities and trends.

TRANSPARENCY

We are committed to providing the information that institutional investors require for managing their portfolios. This commitment is supported by an experienced team of professionals providing risk management, law, compliance, finance, and investor relations.

PARTNERSHIP

We view our relationships with limited partners, portfolio companies, staff, and stakeholders as collaborative partnerships. We strive to achieve mutual growth and success through a strong focus on alignment of interests.

Proterra Investment Partners is a private equity firm focused on natural resource investing.

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EXHIBIT "U"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Recently retired Cargill CFO David Dines Joins Proterra Investment Partners

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Proterra Investment Partners →
15 Oct, 2021, 11:46 ET

MINNEAPOLIS, Oct. 15, 2021 /PRNewswire/ -- Proterra Investment Partners today announced that David Dines will be joining the firm as a Strategic Advisor. Mr. Dines is joining Proterra after retiring from Cargill in September following a long, varied and successful career, culminating as Cargill's Chief Financial Officer.

Mr. Dines has over 30 years of experience in agribusiness. He was named Chief Financial Officer of Cargill in December of 2018 and while CFO was responsible for economic strategy and forecasting, financial performance, capital deployment, and reporting of enterprise financials. He also oversaw the Treasury, Audit, Tax, FP&A and Accounting and Finance functions within the company, chaired Cargill's Financial Risk Committee and was also a member of both Cargill's Process, Data, and Technology Committee and Commodity Risk Committee. Prior Cargill experience included founder and President of Cargill Risk Management; leading Cargill Metals & Shipping; and leading the Cargill Energy, Transportation & Metals and Financial Services platforms. Working globally across the food, agricultural, financial and industrial sectors, Cargill is over 155 years old with 155,000 employees in 70 countries, and with revenues in excess of $130 billion is among the largest privately held companies in the world.

"We are thrilled to have David join the firm. His considerable experience, knowledge, and network will be incredibly valuable to our team as we navigate substantial growth across multiple strategies. David will be a member of the Investment Committee, Board member for portfolio companies, and sounding board and resource for strategic ideas," said Proterra Managing Partner Rich Gammill.

Mr. Dines commented, "I am very much looking forward to joining the Proterra team who I know well and respect for being industry leaders. I am excited to be part of where they want to take the business."

About Proterra:
Proterra Investment Partners is an alternative investment manager focused on private capital investments in the natural resources sectors of agriculture, food, and metals and mining with over $4 billion in assets under management. Proterra has offices in Minneapolis, London, Sao Paulo, Singapore, Shanghai, and Sydney.

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EXHIBIT "V"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

TACORA RESOURCES

Presentation to Bondholders
March 3, 2023

Disclaimer

GENERAL

In this presentation, all amounts are in United States Dollars, unless otherwise indicated. Any graphs, tables or other information in this presentation demonstrating the historical performance of Tacora Resources Inc. ("Tacora" or the "Company") or of any other entity are intended only to illustrate past performance and are not necessarily indicative of future performance of the Company or such entities.

Securities of the Company have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States (as such term is defined in Regulation S under the U.S. Securities Act). No prospectus has been filed in a province or territory of Canada qualifying securities of the Company pursuant to applicable Canadian securities laws, and the Company has no current intention to file any such prospectus or otherwise become a reporting issuer in any Canadian jurisdiction. This presentation does not constitute an offer to sell or solicitation of an offer to buy any of the securities in the United States, or in any other jurisdiction.

FORWARD-LOOKING INFORMATION

This presentation contains "forward-looking information" within the meaning of the U.S. Private Securities Litigation Reform Act and applicable Canadian securities laws. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our business, financial position, results of operations, business strategy, growth plans and strategies, budgets, operations, financial results, taxes, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities is forward-looking information. In certain cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking information contained in this presentation and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors and assumptions that we currently believe are appropriate and reasonable in the circumstances. Such factors and assumptions include, but are not limited to: our ability to build our market share; our ability to retain key personnel; our ability to raise new capital, our ability to restructure our existing capital, our ability to continue as a going concern, our ability to implement and execute on the Management Business Plan, including the Company's three-pronged action plan, future prices of iron ore and other metals; our future production costs; our future performance under our long-term contracts; the accuracy of the mine production schedule in the feasibility study conducted in December 2017, as prepared by G Mining Services, Inc. and Ausenco, for the Scully mine located in Wabush, NL (the "Scully Mine") (the "Feasibility Study"); the accuracy of the economic analysis in the Feasibility Study; favourability of operating conditions, including the ability to operate in a safe, efficient and effective manner; the receipt of governmental and other third party approvals, licences and permits on favourable terms; obtaining required renewals for existing approvals, licences and permits and obtaining all other required approvals, licences and permits on favourable terms; sustained labour stability; stability in financial and capital goods markets; availability of equipment and the condition of existing equipment being as described in the Feasibility Study; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry and the global economy; and changes in laws, rules, regulations, and global standards. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include but are not limited to: risks relating to re-financing existing capital and the availability of new capital on acceptable terms, risks relating to our ability to operate our assets and finance our operations; risks related to changes in the market price of iron ore concentrate; risks related to the costs of ocean freight; uncertainty or weaknesses in global economic conditions and reduced economic growth in China; risks related to reduced global demand for steel or interruptions in steel production; risks related to the ramp-up of the Scully Mine; actual production, capital and operating costs may be different than those anticipated; reliance on the Cargill Offtake Agreement for 100% of expected iron ore sales; reliance on third party transportation; risks related to reliance on key infrastructure; and risks related to indebtedness.

Although we have attempted to identify important risk factors that could cause actual results or future events to differ materially from those contained in forward-looking information in this presentation, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information in this presentation. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this presentation represents our expectations as of the date of this presentation or the date indicated, regardless of the time of delivery of the presentation. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

Certain of the information in this presentation, particularly under the caption "Updated Management Business Plan" and the financial forecasts that are based thereon, reflects information initially presented to certain of Tacora's bondholders in early March 2023, which was based on analyses, assumptions, estimates and opinions that have not been updated since that time. To the extent any such analyses, assumptions, estimates or opinions change, are superseded by subsequent developments or prove not to be correct (including for the reasons discussed above), the related information in this presentation may become moot or unreliable.

All of the forward-looking information contained in this presentation is expressly qualified by the foregoing cautionary statements.

FEASIBILITY STUDY METRICS

Certain metrics used in this presentation are non-GAAP measures and are derived from the Feasibility Study and may not have standardized meanings or be comparable to similar metrics used by other companies. These metrics are defined in the context where they are used in this presentation and include "Adjusted EBITDA", "all-in sustaining cost", "cash costs" and "cash flows".

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Executive Summary

- **Tacora Resources Inc. ("Tacora" or the "Company") has developed an updated 10-year business plan (the "Management Business Plan"), supported by the Scully life of mine feasibility study, to focus efforts on the long-term success and viability of its business**
- **The Management Business Plan will focus on achieving the following:**
    1. Implementing an immediate turnaround and stabilization of the operations by driving a workforce cultural shift – achieve run-rate production of 4.1mtpa in H1 2023
    2. Operating the fines bypass system (Screen Plant) above 80% effective utilization – achieve run-rate production of 5.1mtpa by end 2023
    3. Operating at an overall equipment effective utilization in excess of 90% – achieve run-rate production at nameplate capacity of 6.0mtpa by end of 2025
    4. Developing long term growth options for the Scully Mine – post 2026
- **The implementation of the Management Business Plan is predicated on executing the following actions:**
    1. Established a turnaround and stabilization cross-functional task force led by dedicated Tacora employees and supplemented by a team of technical experts from Cargill and a team of technical consultants from Partners in Performance ("PiP"), an operational consulting firm
    2. A hiring plan to add two general managers to facilitate a leadership transition from the current Chief Operating Officer, a project leadership team to oversee the capital investment program and expansion of our internal engineering team
    3. Estimated incremental maintenance capital expenditure plan of ~$200 million over a 10-year period to be invested across key assets at the plant to ensure sustainable operations at the nameplate capacity of 6.0mtpa
    4. A successful restart of the Screen Plant in Q2 2023
- **The financial implementation of the Management Business Plan is predicated on restructuring the Company's capital structure and raising ~$100 million in new capital to:**
    1. Repay the Cargill Advance Payments Facility (the "Cargill Facility" or "APF") amount of $35 million[(1)] due on May 1st
    2. Pay interest of $9.2 million on the senior secured notes due on May 15th (June 15 with the 30-day notice period)
    3. Fund incremental capital expenditures, P62 floor price protections in H2 2023 and as needed thereafter and provide a liquidity cushion
- **Tacora has engaged Greenhill & Co. ("Greenhill") to initiate a capital raise, engage in discussions with the Ad Hoc Group of 8.25% Senior Secured Notes investors (the "AHG") regarding capital structure alternatives and evaluate other strategic alternatives**

(1) Assumes full draw of $35 million. Current balance is $30mm. Last tranche expected to be available starting March 2023 upon satisfaction of certain condition precedents

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Q4 2022 Update

Commentary

A Revenue of $66.5mm compared to $65.4mm for the prior quarter, a 1.8% increase driven by:

- Net realized price increase of $7 per tonne compared to Q3, with 38 thousand fewer tonnes sold

B Adjusted EBITDA of ($10.1mm) versus $(11.8mm) in the prior quarter

- Higher mining cost and higher milling & processing cost in Q4 compared to Q3
- Higher royalties in Q4 as a result of higher realized iron prices

C Cash decreased to $7.1mm versus $17.3mm in the prior quarter

Q1 2023 Guidance

Production	Cash Cost	Liquidity
Concentrate	FOB cash cost[3]	Total cash on hand[4]
766 kdmt	$93 per dmt	$10mm

Financial Performance Snapshot [1]

($ in millions)	Quarterly			Annual	
	Q4 2021	Q3 2022	Q4 2022	FY 2021	FY 2022
Net realized revenue	**$87**	**$65**	**$67**	**A $446**	**$325**
(-) Cash Cost of sales	(67)	(72)	(69)	(273)	(276)
(-) Selling, G&A expenses	(3)	(2)	(6)	(151)[2]	(13)
(-) Royalties	(6)	(3)	(5)	(32)	(22)
EBITDA	$12	($11)	($13)	($10)	$14
Adjusted EBITDA	13	(12)	(10)	**B** 134	18
Capex	(17)	(14)	(9)	(66)	(63)
Ending Cash	$34	$17	$7	**C** $34	$7

Cash Costs per Dry Metric Tonne Sold

($/dmt)	Quarterly			Annual	
	Q4 2021	Q3 2022	Q4 2022	FY 2021	FY 2022
Concentrate produced	818	721	691	3,182	3,112
Average P62	$110	$103	$99	$159	$120
Net realized price	108	92	99	142	106
(-) Mining costs	(18)	(24)	(27)	(20)	(23)
(-) Milling & processing costs	(31)	(35)	(38)	(29)	(32)
(-) Logistics costs	(29)	(36)	(31)	(34)	(30)
(-) General and administration	(5)	(6)	(6)	(4)	(5)
Cash COS	**($83)**	**($101)**	**($102)**	**($87)**	**($90)**
(-) Royalties	(7)	(4)	(8)	(10)	(7)
Cash costs inc. royalties	**($91)**	**($105)**	**($109)**	**($98)**	**($97)**

1. Numbers may not sum due to rounding
2. Includes impact of hedges
3. FOB Cash Cost = Cash cost of sales or FOB Cash Costs Pointe Noire excludes royalties
4. Excludes restricted cash

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1 Root Cause Analysis of Historical Drivers of Production Constraints

Production Constraints are Primarily Caused by Structural Issues Tacora Has Faced Since Restart

Historical Underinvestment in Maintenance Capital at the Beneficiation Plant

- In the latter years of Cliff's ownership, the assets were starved of capital investment and were run to failure
- In the restart of the Scully Mine by Tacora, most of the restart capital was directed towards mining equipment and logistics
- Excluding the "Big 3" capital projects, less than $20 million has been invested in the "wet end" of the plant to date
- Main bottleneck points and non-redundant assets are repaired when failure occurs but have never been upgraded
- Combination of capital constraints and perception that an "operational maintenance program only" would suffice have prevented further investments

Human Resources and Mid-level Operational Leadership

- Frequent equipment failures cause by under investments to date have perpetuated a reactive mode approach versus a proactive mode approach to maintenance
- Reactive mode has caused the workforce to be consistently working "flat-out"
- Human resource constraints, mainly at middle management level, and capabilities gap have prevented the implementation of a Total Preventive Maintenance ("TPM") program and standard operating procedures ("SOP")

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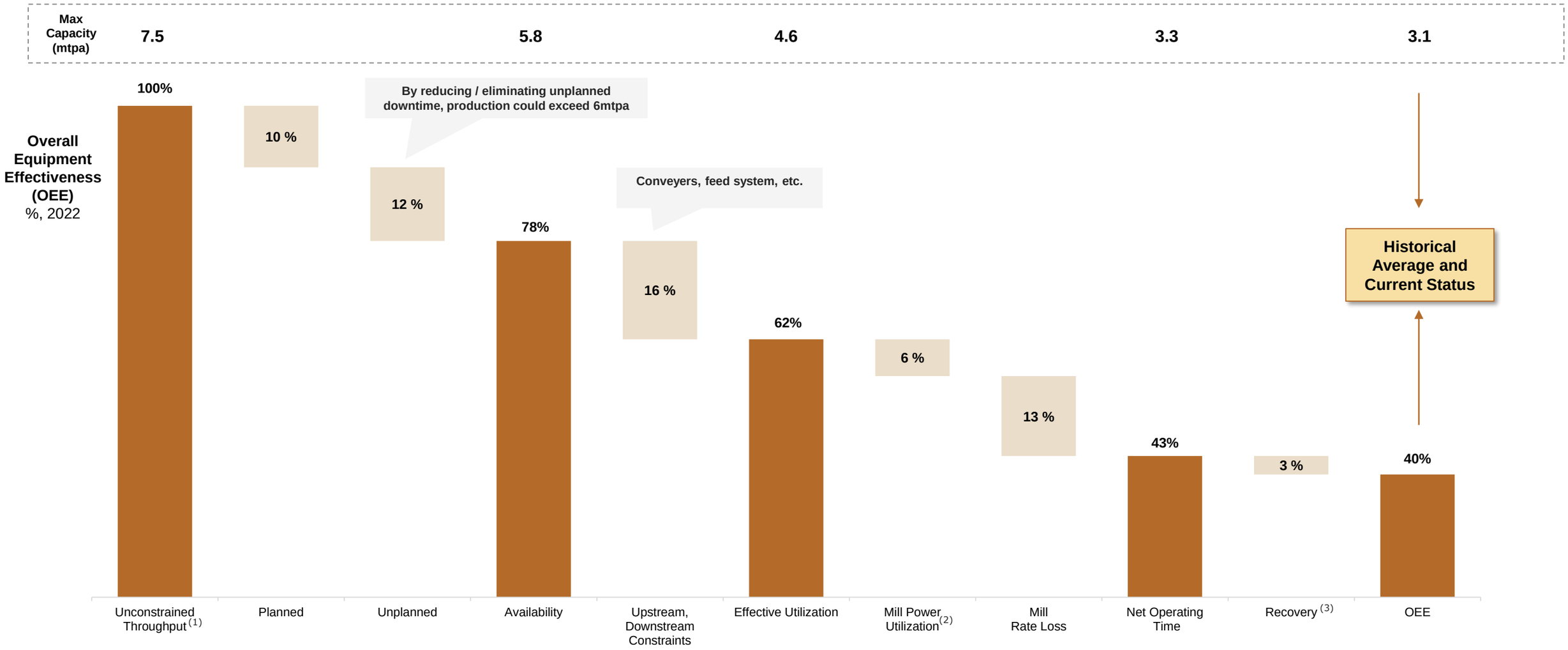
Diagnosis of Historical Drivers of Production Constraints

Overall Equipment Effectiveness (OEE) %, 2022



Source: Partners in Performance Analysis, Production Report, Capacity report, 2023 Q1 Budget

(1) Theoretical throughput assuming 100% effective utilization, 100% mill power – 458tph, 37.6% wet recovery, 2022 Actual MRC yield of 87%, no downstream limitations

(2) Nominal Power % safety buffer

(3) Recovery loss represents comparison of 2022 wet weight recovery to 2023 budget (37.2%)

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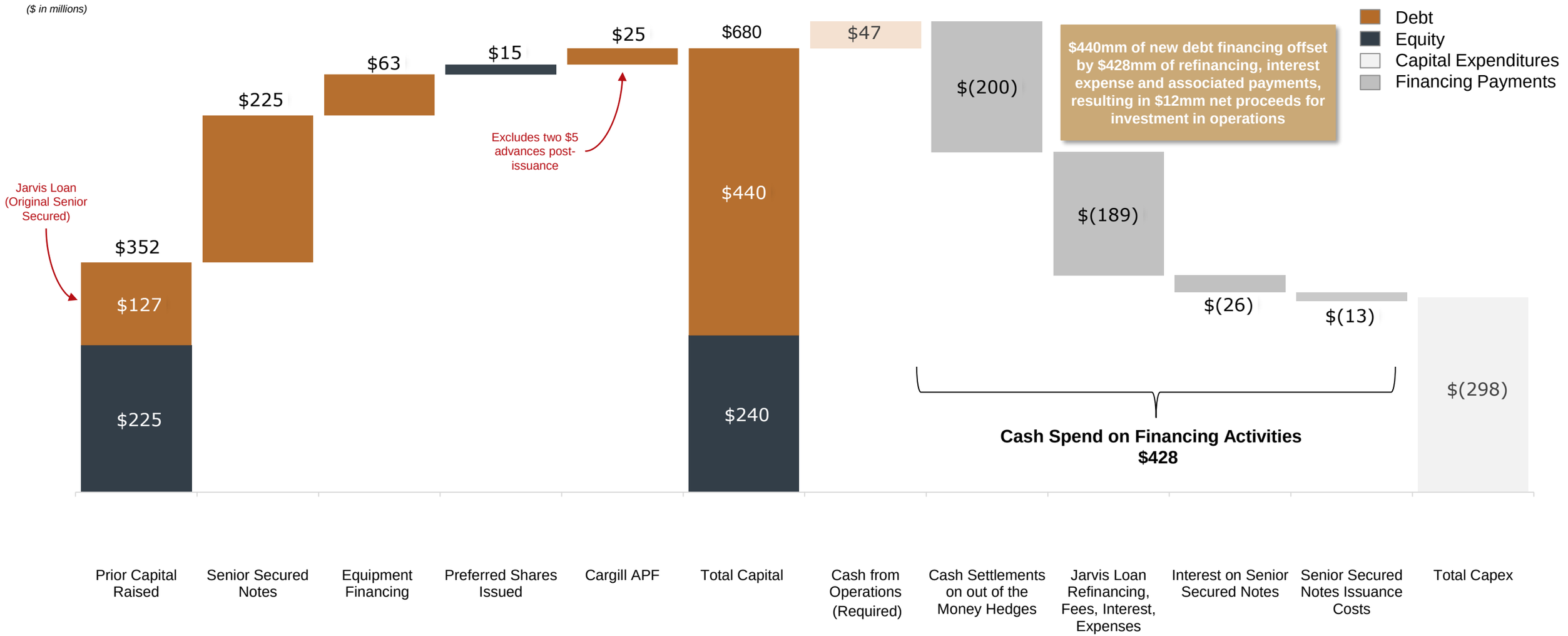
Summary of Capital Raised and Major Non-Operating Expenditures (2019 – January 2023)

($ in millions)



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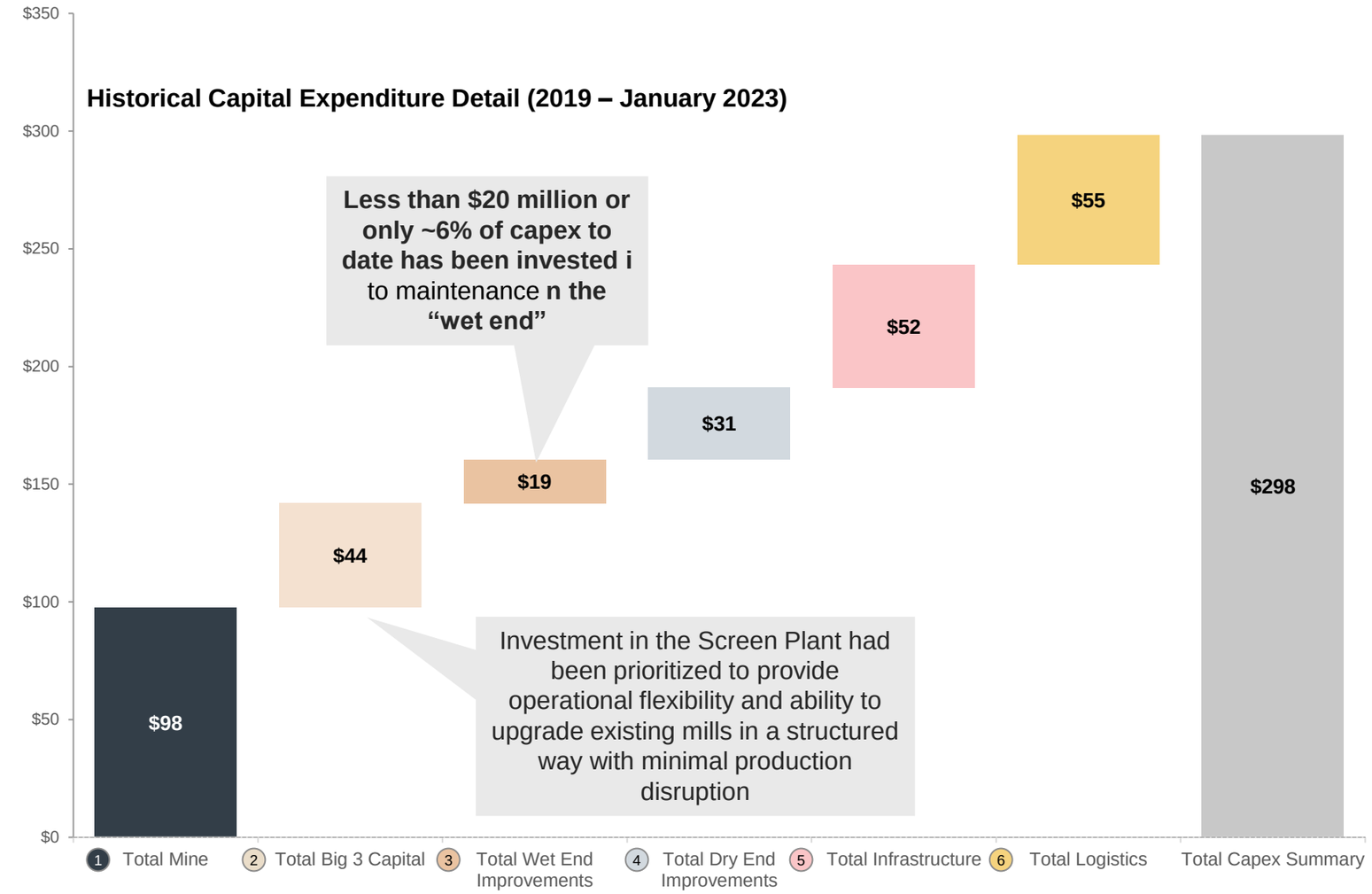
2 Historical Underinvestment in the Beneficiation Plant

($ in millions)



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Updated Management Business Plan

Key Drivers Supporting Ramp-Up to Name Plate Capacity of 6 Million Tonnes Per Annum ("mtpa")

1 2023: Implement Operational Stabilization and Turnaround

- **Objective:** structurally increase production to an annualized run rate of 4.1mtpa by H12023 and 5.1mtpa by the end of 2023
- Task force established to accelerate the stabilization and turnaround of the plant operations and manage the restart of the Screen Plant
- Incremental maintenance capital at the plant to support the stabilization plan in 2023

2 2024 / 2025: Accelerate Ramp-up Plan to Reach Nameplate Capacity of 6mtpa

- **Objective:** steadily increase overall effective utilization across all assets to achieve run-rate production of 6.0mtpa by end of 2025
- Plan and execute ongoing maintenance capital investment program across key assets to sustain production at nameplate capacity
- Update mine plan to ensure that the plant will be fed properly both in terms of volume and consistency in mineralogy
- Identify and stress test other potential bottleneck areas and formulate a long-range capital plan

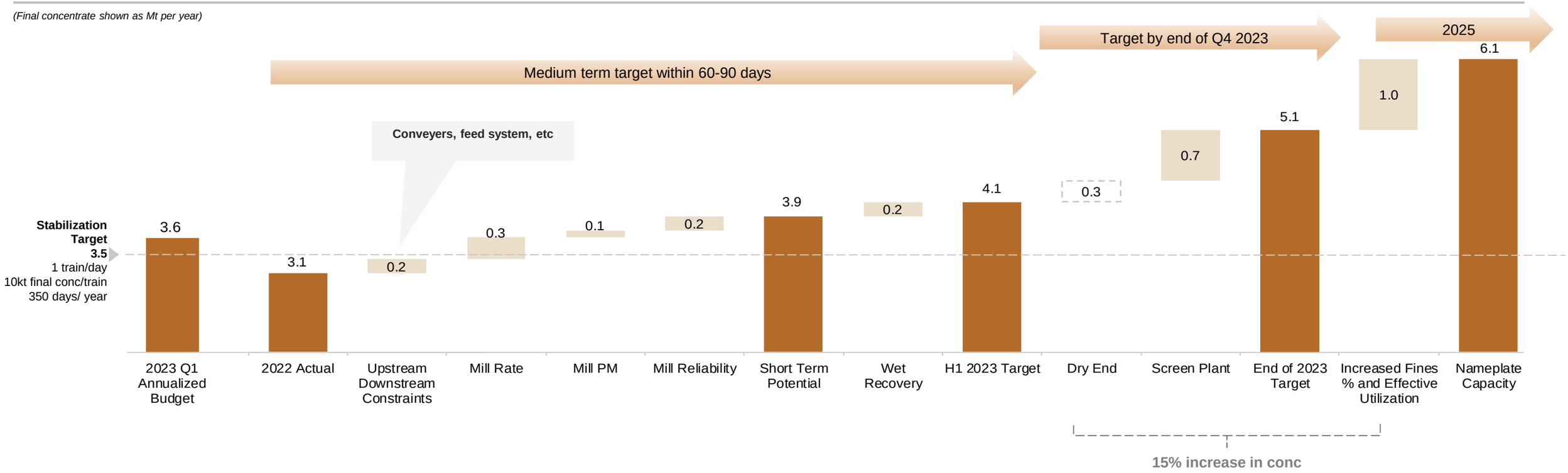
3 2026+: Long Term Options for Tacora

- Objective: develop several long-term options for Tacora once 6.0mtpa is produced on a sustained basis
  - Maintain production at nameplate capacity with minimal incremental capex.
  - Increase output beyond 6.0mtpa – evaluate transitioning to primary, secondary and tertiary spirals and flotation circuit which will increase iron recovery
  - Development of the manganese project
  - Go green and be part of the decarbonization journey: replace dryers, upgrade quality to direct reduction pellet feed or further expand downstream into pelletizing
- Various options do not materially impact the 2025 capex plan to reach nameplate capacity and path forward can be decided in a later stage

1 Tacora Run-rate Production Potential

Tacora Run-Rate Production Targets

(Final concentrate shown as Mt per year)



Source: Partners in Performance Analysis; 5% Moisture content and 87% MRC yield

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1 Management Strategic Operational Initiatives

Key Drivers Supporting Ramp-Up to Name Plate Capacity of 6mtpa

1 Tacora Cross-Functional Task Force Established

- Multidisciplinary team consisting of dedicated Tacora employes supported by Cargill technical experts and team from Partners in Performance
- Active recruiting effort to add key capabilities consisting of 1) the hiring of two General Managers to manage the transition of the Company's Chief Operating Officer and 2) adding internal engineering capabilities, including a project team to execute on capital programs

2 Initiate the Maintenance Capital Expenditure Plan

- Will be led by a project team leader
- Estimated maintenance capital plan required in order to reach operating capacity of 6mtpa on a consistent, sustainable basis
- This maintenance capital plan will ensure all aspects of operations are performing at a higher effective utilization rate and production remains at the 6mtpa rate

3 Re-activation of the Screen Plant

- The Screen Plant is expected to resume in Q2 2023 and will provide an immediate uplift of production capacity
- The maintenance capital plan includes earmarked capital spend ($3.0 million in 2023) to fix remaining design issues
- Balance of the maintenance capital investment program in the surrounding supporting assets will allow the Screen Plant to realize its full potential and expected return on capital

1 Tacora Cross-Functional Task Force Priorities

Stabilize Operations

- Restart conveyors/feed system excellence team
- Strengthen mill restart/shut procedures, control room procedures, field inspections
- Enhance mill clean up systems and follow a “5S methodology” for operational excellence (i.e., Sort, Set in Order, Shine, Standardize, and Sustain)

Accelerate Deployment of Total Productive Maintenance

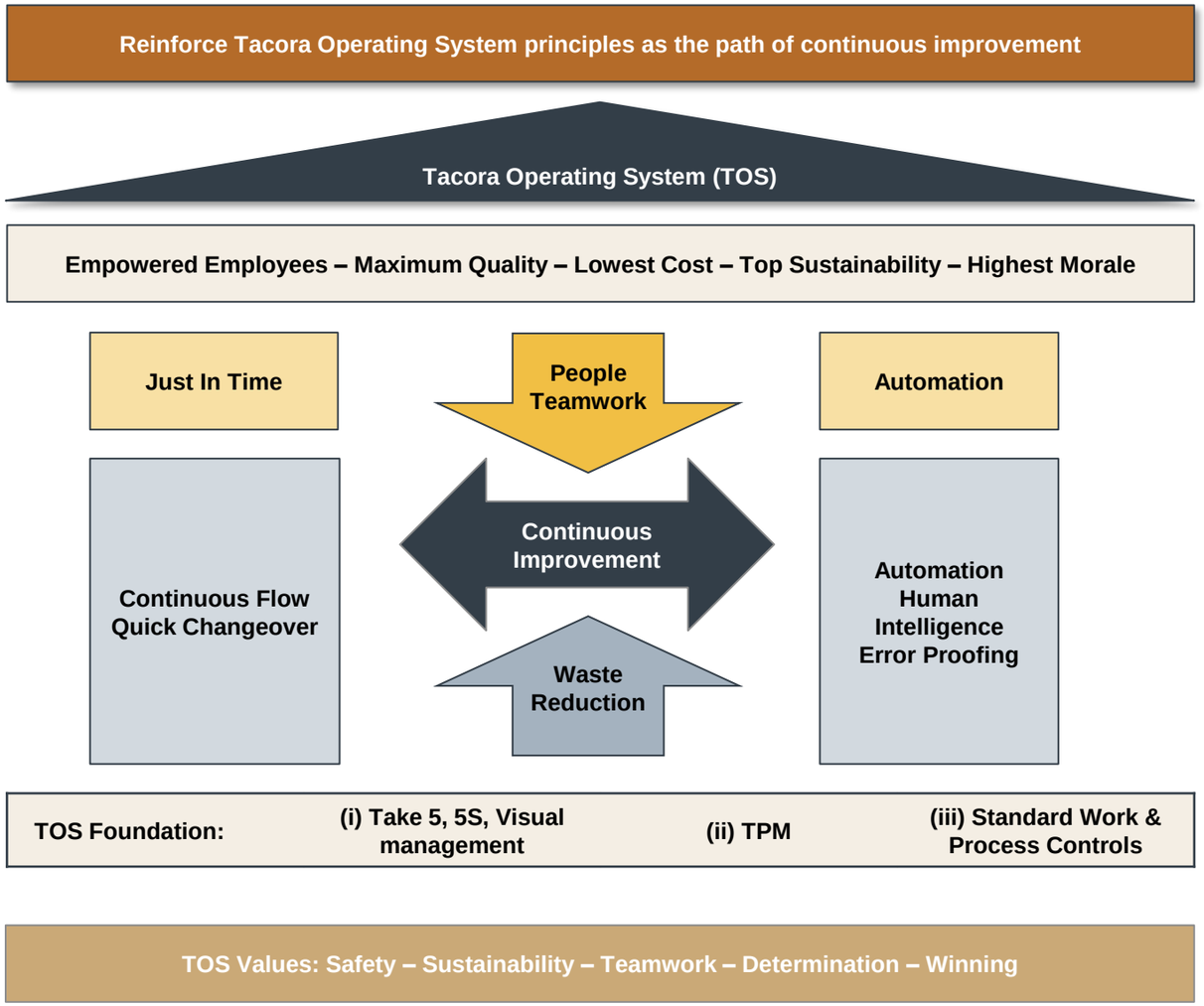
- Enhance mill shutdown readiness and execution
- Define roles and responsibilities for planning decisions
- Implement improvements in work management

Build in Standard Work and Processes in Operations

- Design and implement ideal shift for operator and supervisors
- Enhance, coach and audit front-line operational disciplines
- Phased review and roll-out of standard work and processes by area

Oversee Restart of Screen Plant

- Ensure operational readiness
- Establish frequencies and key areas check point
- Implement standard work processes



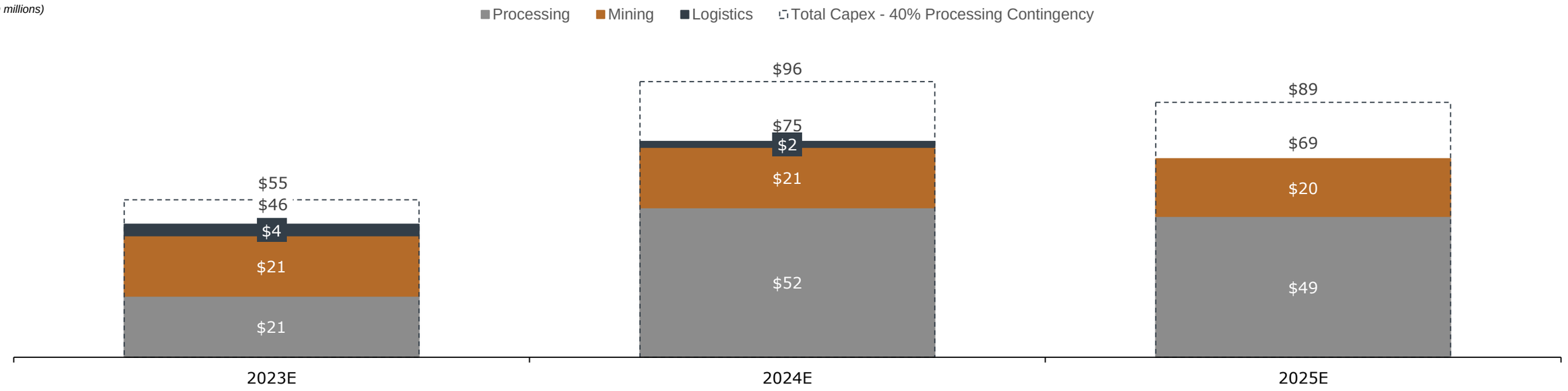
2 Estimated Maintenance Capital Expenditure – Plan Overview

Incremental maintenance capital plan of ~$200mm over the next 10 years to ensure production of up to 6mtpa on a sustainable and continuous basis

- Estimated incremental maintenance capital plan of ~$200mm over 10 years to be deployed against key assets at the plant to address historical underinvestment
  - Approximately $122mm to be invested in 2023-2025 to ramp-up to 6.0mtpa
  - Preliminary estimates based on recent visual inspection of assets, recent operational performance uptime and utilization, and end-of-life replacement costs and age of assets
- A detailed capital program led by a project team and supported by quotes and engineering details will be required to firm up the amount and timing of the capital plan

Annual Capex Profile

($ in millions)



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Estimated Maintenance Capital Expenditure – Plan Detail

($ in millions)	2023	2024	2025	Total
Processing Capex Total	**$21**	**$52**	**$49**	**$122**
Cumulative Processing Capex	*$21*	*$73*	*$122*	
Mining Capex	$21	$21	$20	**$62**
Logistics Capex	4	2	0	**6**
Total Capex	**46**	**75**	**69**	**190**
Total Processing Capex Including 40% Contingency	**$30**	**$73**	**$69**	**$171**
Total Mining Capex	21	21	20	**62**
Total Logistics & Plant Misc Capex	4	2	0	**6**
Total Capex - Including 40% Processing Contingency	**$55**	**$96**	**$89**	**$239**

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3 Screen Plant Restart Plan

Operational Readiness	What is Being Done to Ensure Success?
Optimization Capital Projects (~$3mm in 2023)	▪ Change over to all pneumatic Clarkson valves (valve reliability & process control) ▪ Spiral loop piping design changes (reduce plugging) ▪ Primary screen upstream distributor manifold redesign (even distribution to secondary screens) ▪ Spiral feed tank screen protector (mitigate plugging in the spiral)
Operations	▪ Formed a dedicated team to operate the Screen Plant ▪ Standard operating procedures have been developed and will be implemented ▪ Dedicated team will be supplemented by teams from Cargill and PiP
Maintenance	▪ Critical spare parts including long lead items (e.g. screen panels, VFDs) have been identified and added to inventory ▪ Standard operating procedures have been developed for maintenance procedures ▪ Regular inspections with detailed checklists will be implemented

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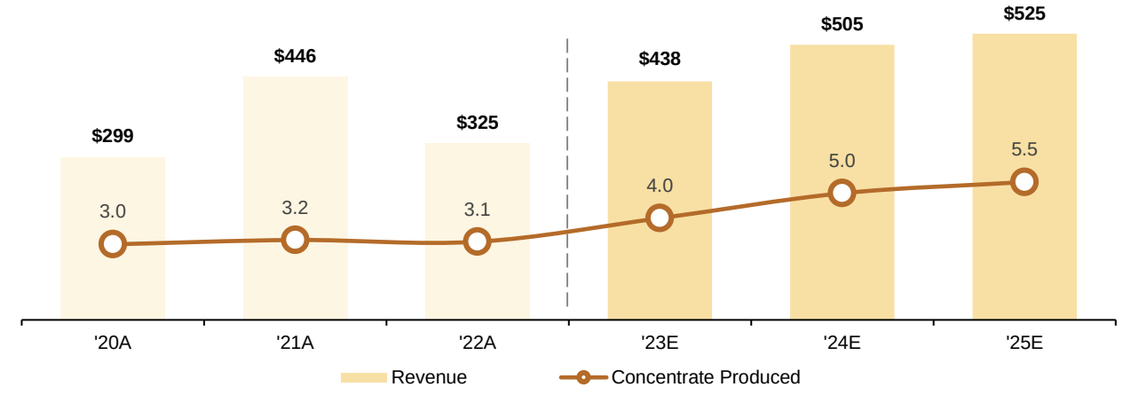
Historical Performance and Near-Term Financial Projections

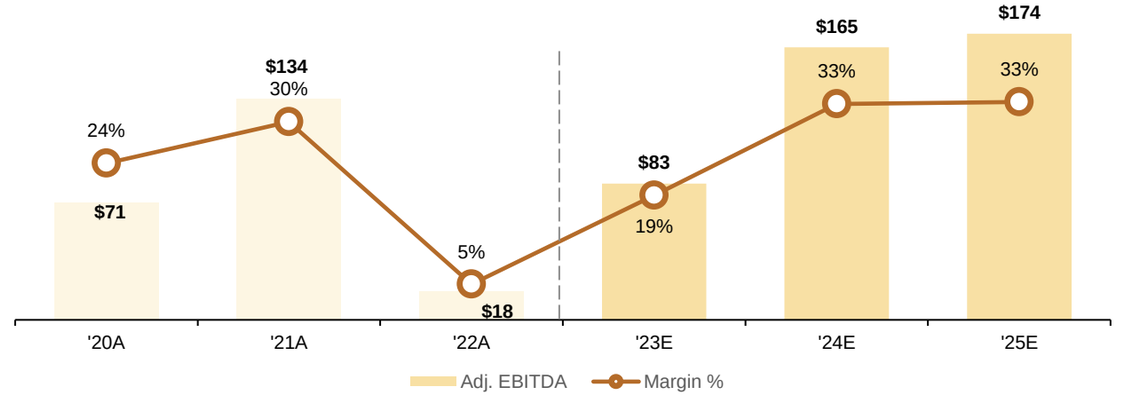
Revenue and Concentrate Produced (mt)

($ in millions)

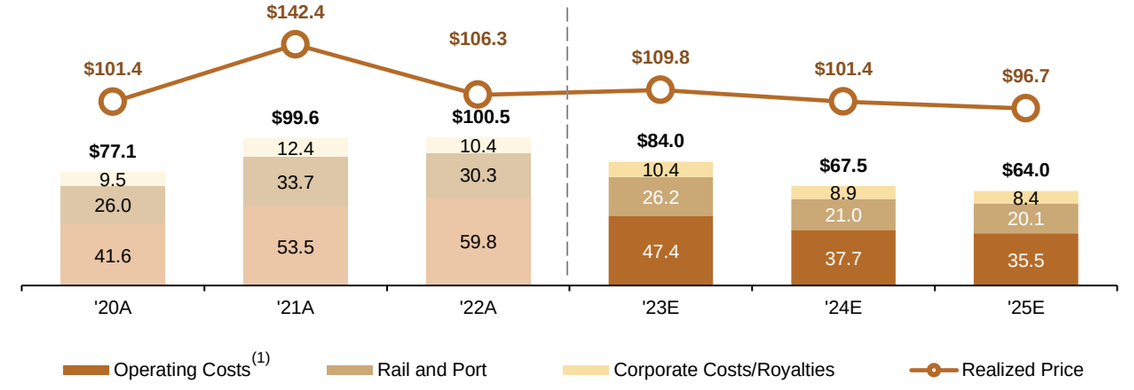


Adj. EBITDA and Margin

($ in millions)



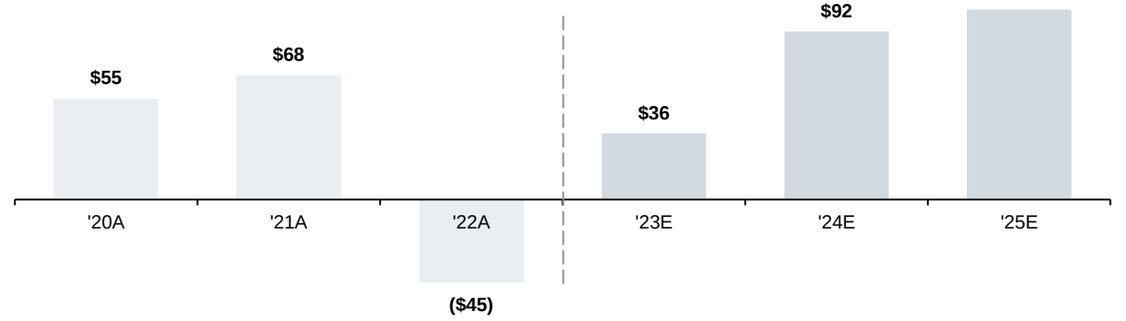
Tacora Realized Price ($/t) and Total Cash Cost ($/t)



Unlevered Free Cash Flow

($ in millions)

Unlevered FCF defined as Adjusted EBITDA less Capex



Note: All tonnage figures are in Metric Tonnes and not Short Tons. Projected P62 price is based on forward curve as of 3/01/2023

1. Operating costs relate to mining and processing costs

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Annual Management Business Plan Forecasted Liquidity Profile

Commentary

- "Base Case" scenario assumes Management Business Plan with $100mm investment
- Through 2025, the Company also assumes necessary additional capex spend of around ~$190mm
  - $124mm of this capex is allocated toward processing capex
  - $62mm of the capex is allocated toward mining capex
  - The remaining $4mm of the capex is logistics capex
- Annual liquidity reflects $10mm received under the Cargill Advance Payments Facility in January 2023; $5mm received in February and April 2023, respectively; and the repayment of $35mm of principal on May 1st and bond coupon of $9mm on May 15th
- A major driver for liquidity is iron ore pricing as the Company's performance is highly-sensitive to this price
  - An active risk management program will be implemented to protect against iron ore price volatility
- Assuming a $80mm working capital buffer to provide a cushion of two and a half months of operating costs (i.e., $30mm / month)
- Capex contingencies will be mitigated by establishing a project team lead

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Sizing of Funding Need – Impact to Near-Term Liquidity | Base Case

Cash Sources and Uses (March 2023 – May 2023)

($ in millions)

	Financing	
	Pre	Post
Sources		
Beginning Cash: Feb 28, 2023	$11.3	$11.3
Operating Cash Flow (excl. Interest)	20.8	20.8
Cargill Advances	5.0	5.0
Illustrative New Third Party Capital	-	100.0
Total Sources	**$37.1**	**$137.1**

	Financing	
	Pre	Post
Uses		
Capex (Processing)	$4.1	$4.1
Capex (Mining)	2.7	2.7
Capex (Logistics, Misc & Other)	-	-
Equipment Financing Repayment	2.8	2.8
Professional Fees	7.3	12.3
Cash Uses for Business Plan	**$16.7**	**$21.7**
Interest Expense	$9.9	$9.9
Cargill Repayment	35.0	35.0
Other Adjustments	0.5	0.5
Cash Uses for Financing	**$45.5**	**$45.5**
Total Uses	**$62.2**	**$67.2**
Funding (Deficit) / Surplus to May 2023	**($25.1)**	**$69.9**
Funding (Deficit) / Surplus to Dec 2023	**($12.5)**	**$82.5**

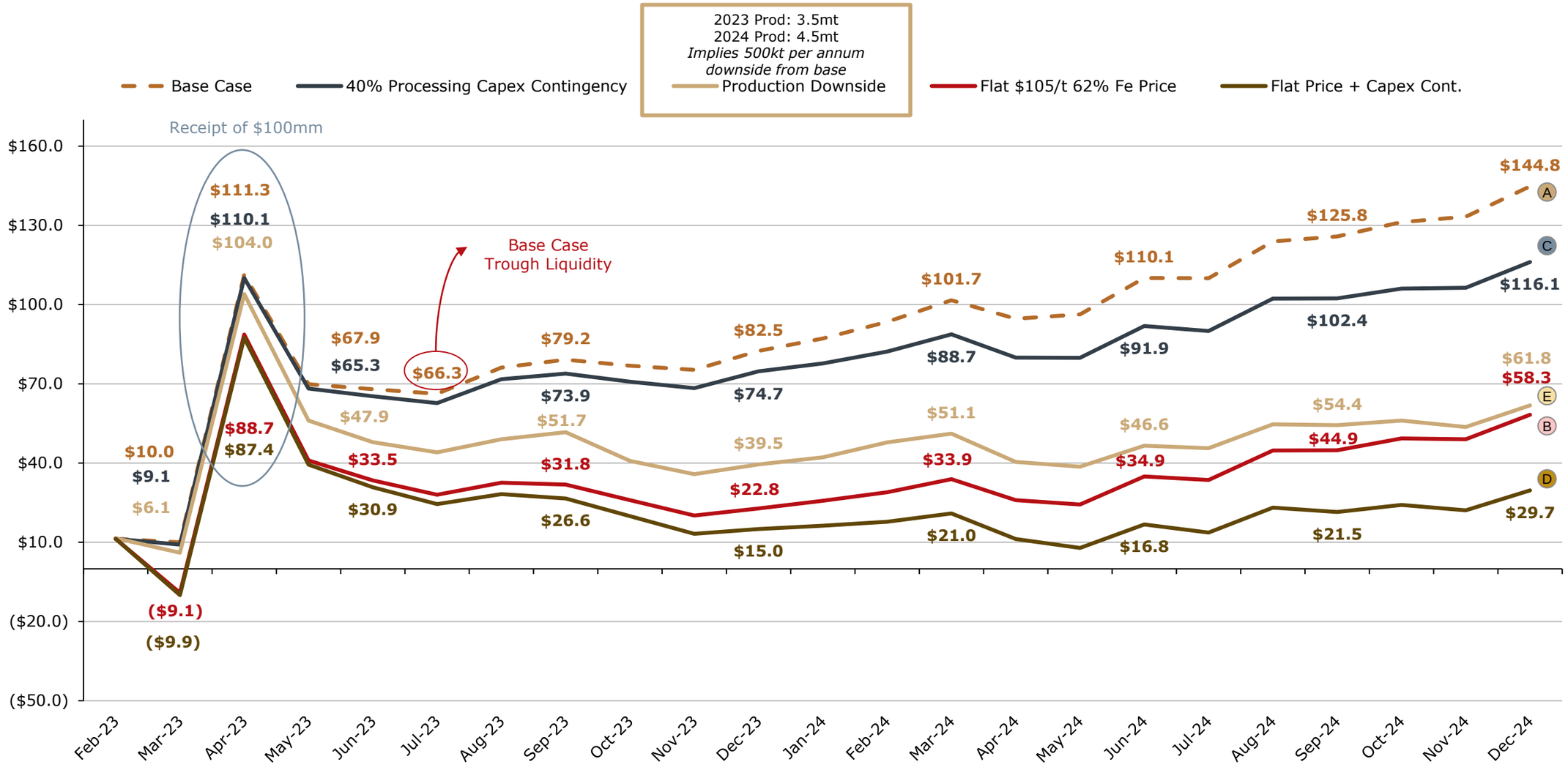
Commentary

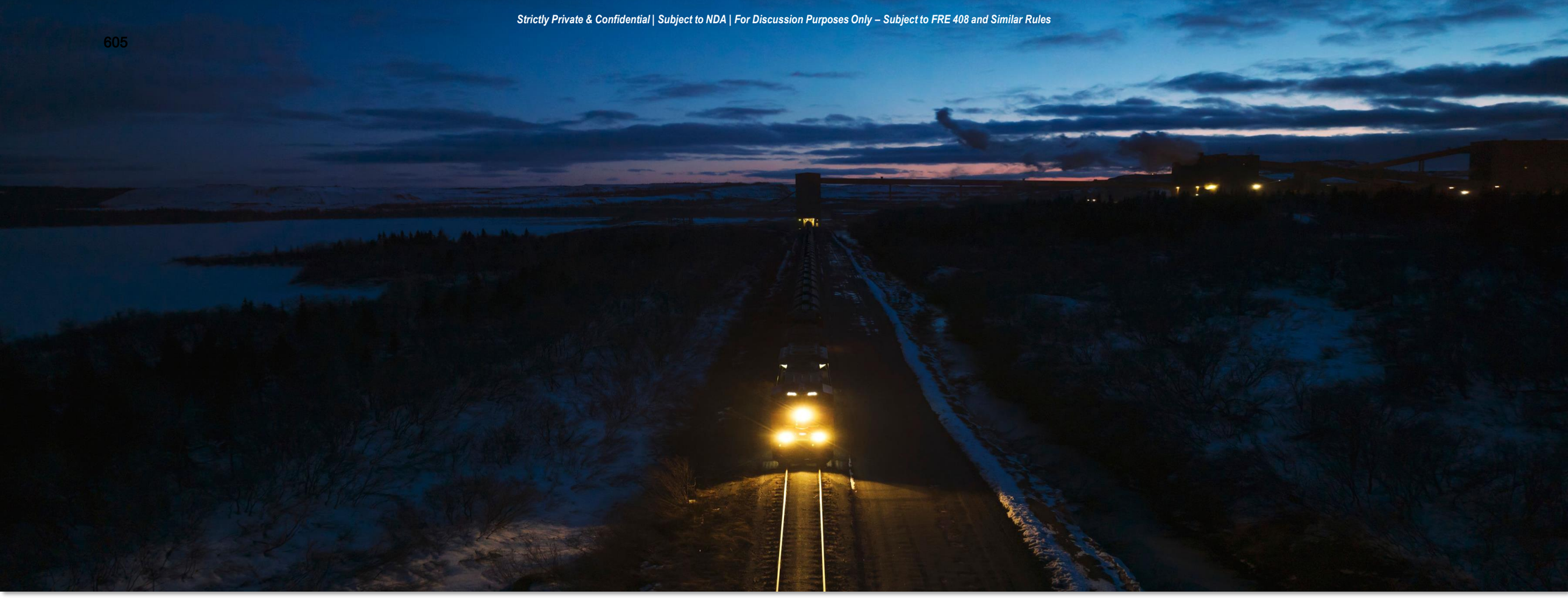
$100mm capital investment is required to cover funding shortfalls and contingencies

Targets a post-funding surplus of ~2.5 months or ~$80mm of operating costs

Capital investment provides a buffer of ~2.5 months of operating costs as of May 2023 (trough liquidity)

Monthly Liquidity Sensitivity – Forecasted Cash Balance Under Various Scenarios





Appendix

TACORA RESOURCES

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Recap of Screen Plant Commissioning Issues

Key Issue	Summary Observations
Cause of Initial Commissioning Delay from June to August	▪ Availability of parts, labor and equipment – Supply chain issues caused by Covid-19 disruptions were the **single biggest factor** impacting the start-up of the Fines Bypass (Screen Plant) including receipt of major components such as slurry tanks, slurry pumps, valves and motor control centers (MCC's) ▪ Project execution and coordination required significant management intervention – Third-party project management was not effective or efficient – Poor contractor performance due to availability of the right skilled labor – Ineffective communication between third party project team and Tacora operating team
Summary of Issues Encountered During August Commissioning	▪ Several design issues were identified: – **Insufficient screen panel thickness** – screen panels would fail within a 24-hour shift – **Inadequate absorption mechanism in the primary screen discharge chute** – velocity of rocks falling would cause screen panels to fail prematurely – **Pump speed control** – insufficient number of VFD (variable-frequency drive) cards to control the pump speed and therefore water flow – **Pump reliability** – pumps initially configured with mechanical seals vs gland seals – **Valves** – improper installation caused the electric valves to not close completely or properly – **Mill throughput** – excess mill water coupled with larger ore particle size caused a 30% reduction in mill throughput rate (expected a 10% reduction)
Screen Plant Restart	▪ Temporarily paused in December 2022 to focus operating team on: – Stabilizing overall plant operations – Complete remaining screen plant optimization initiatives (see following slides) ▪ Expect to initiate restart of Screen Plant in Q2 2023

TACORA RESOURCES

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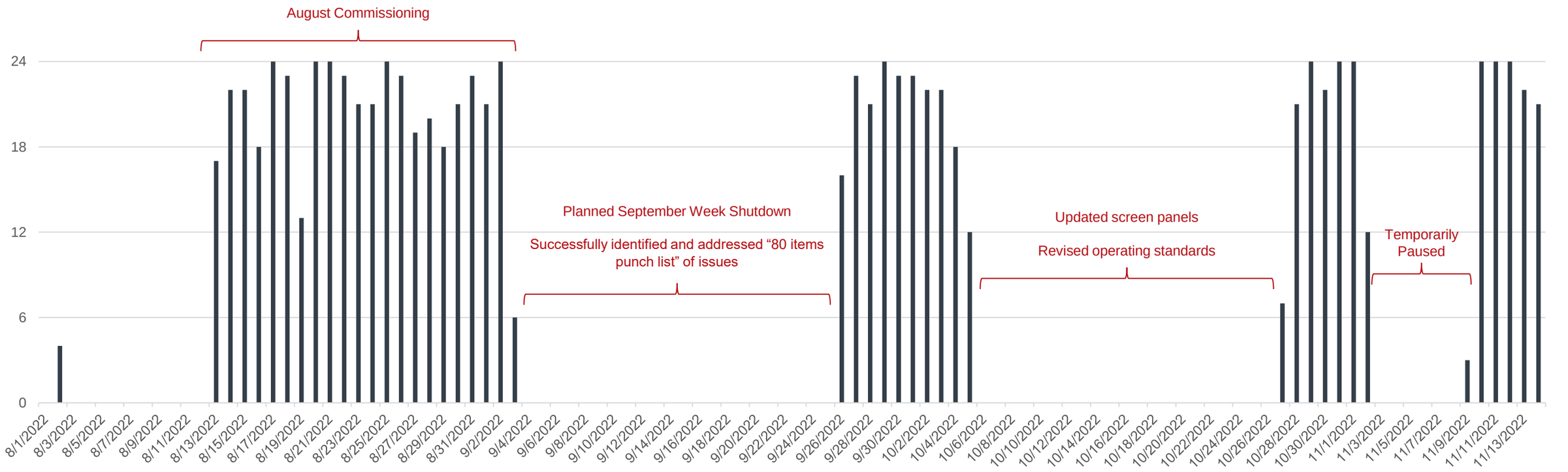
Screen Plant Daily Run Time

Screen Plant Operating Hours



Commentary

- 4 major operating initiatives have been completed
  - All key design issues have been identified and corrected or are in the process of being corrected
  - Downtime between operating periods has been reduced
  - Magnitude operating events / offsets are declining

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Current Capitalization Structure

Capitalization as of February 28, 2023

($'s in millions)

	Description	Amount Outs.	xAdj. EBITDA[1]	Maturity	Coupon	Cash Interest	Credit Ratings: Moody's Caa3	Credit Ratings: S&P CCC-
	2026 Senior Secured Notes	$225	12.8x	5/15/26	8.25%	$19	Caa3	CCC-
A	Cargill Advance Payments Facility	30	1.7x	5/1/23	0.00%	--		
	Equipment Financing	32	1.8x			--		
	Total Secured Debt	**$287**	**16.3x**			**$19**		
	Cash & Equivalents	(11)						
B	Preferred Equity[2]	15	0.9x	Perpetual	15.00%	--		
	Net Debt plus Preferred Equity	**$291**	**16.6x**					

Credit Statistics	2022A	2023E
Adj. EBITDA	$18	$92
Cash Interest Expense	19	19
Capex	10	46
Adj. EBITDA / Cash Interest	0.9x	5.0x
(Adj. EBITDA - Capex) / Cash Interest	0.4x	2.5x
Total Debt / Adj. EBITDA	16.3x	2.7x
(Total Debt + Pref. Equity) / Adj. EBITDA	17.2x	2.9x

Commentary

A Capital structure as of February 28, 2023

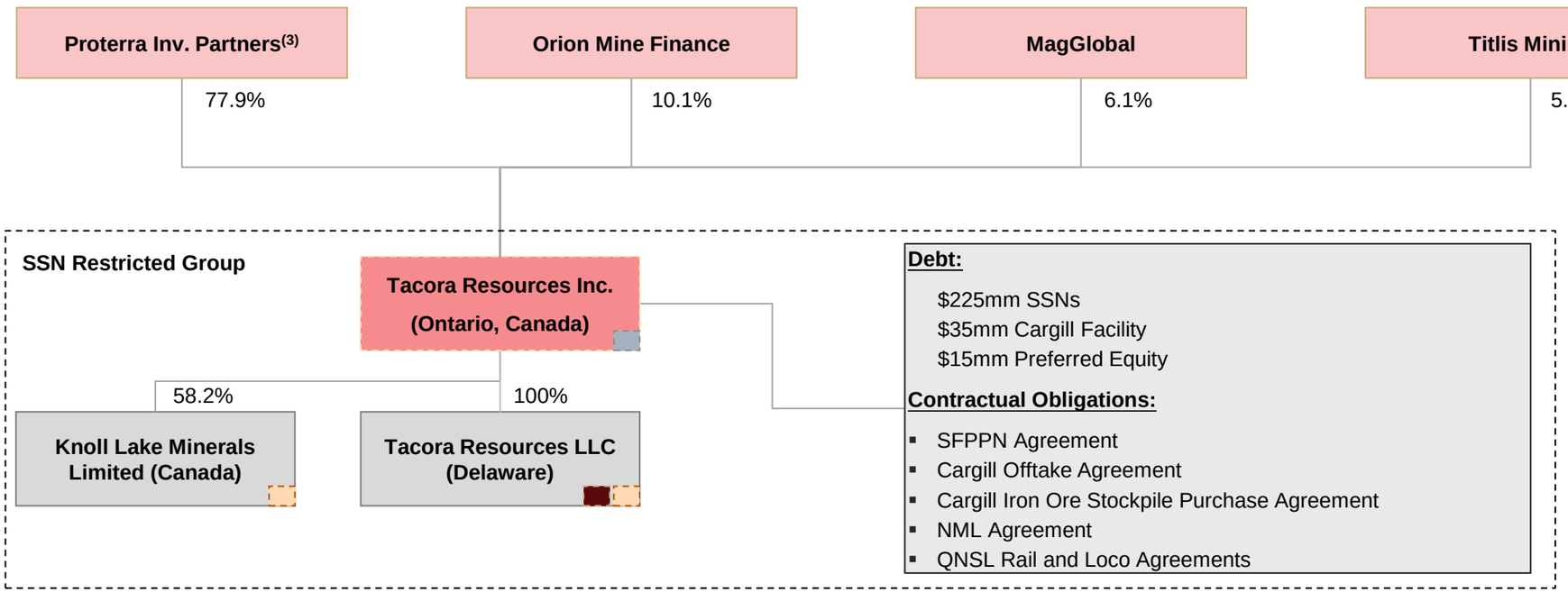
- On January 11, the Company announced a recent investment by Cargill of $30mm in the form of an Advance Payments Facility. The APF provides for Advance Payments against future deliveries of Tacora Premium Concentrate per the Offtake Agreement
  - $25mm funded at closing
    - $15mm incurred as an additional obligation by Tacora to Cargill as consideration for a $105 per tonne iron ore price floor, FX and freight hedging
  - $5mm additional tranche funded on February 24
  - May 1 maturity
- APF can be repaid in cash or product at Cargill's option
- Pari passu with Senior Secured Notes

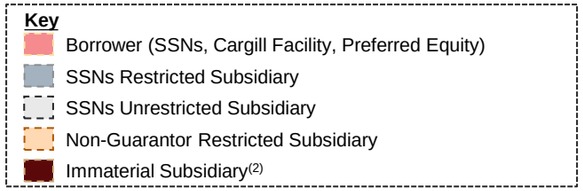
B Prior to the entry into the APF Agreement, on November 10, 2022, Cargill made a $15mm preferred equity investment in Tacora to shore up the balance sheet following operational issues at the mine

Source: Company materials
(1) Based on 2022A Adj. EBITDA of $18mm
(2) Balance as of December 31, 2022

Organizational Structure

Legal Structure and Common Equity Ownership[1]





Common Equity Ownership Breakdown

	Common %	Diluted %
Proterra	**77.9%**	**57.6%**
OMF Fund II	10.1%	7.5%
MagGlobal LLC	6.1%	4.5%
Titlis Mining AS	5.9%	4.4%
QNS&L	--	2.5%
Management Options	--	7.5%
Class A B Shares	--	1.2%
Total Ownership (Excl. Cargill)	**100.0%**	**85.2%**
Cargill International Trading PTE LTD.	--	10.0%
Cargill Inc.	--	4.8%
Cargill Subtotal	**--**	**14.8%**
Total Ownership	**100.0%**	**100.0%**

Source: Company filings
(1) Ownership prior to dilution from the conversion of preferred shares and exercise of outstanding warrants and management options
(2) An Immaterial Subsidiary is a Restricted Subsidiary whose assets are less than 5% of the Company's total assets and whose LTM revenues are less than 5% of the Company's total LTM revenues
(3) Consolidated ownership of Proterra M&M MGCA B.V. (70.3%) and Proterra M&M Co-Invest LLC (7.5%)

EXHIBIT "W"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Investor Presentation
May 2021

Strictly Private and Confidential

Disclaimer

GENERAL

In this presentation, all amounts are in United States Dollars, unless otherwise indicated. Any graphs, tables or other information in this presentation demonstrating the historical performance of Tacora Resources Inc. ("Tacora" or the "Company") or of any other entity are intended only to illustrate past performance and are not necessarily indicative of future performance of the Company or such entities.

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This presentation contains "forward-looking information" within the meaning of the U.S. Private Securities Litigation Reform Act and applicable Canadian securities laws. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our business, financial position, results of operations, business strategy, growth plans and strategies, budgets, operations, financial results, taxes, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities is forward-looking information. In certain cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking information contained in this presentation and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors and assumptions that we currently believe are appropriate and reasonable in the circumstances. Such factors and assumptions include, but are not limited to: our ability to build our market share; our ability to retain key personnel; future prices of iron ore and other metals; the accuracy of the mine production schedule in the Feasibility Study; the accuracy of the economic analysis in the Feasibility Study; favourability of operating conditions, including the ability to operate in a safe, efficient and effective manner; the receipt of governmental and other third party approvals, licences and permits on favourable terms; obtaining required renewals for existing approvals, licences and permits and obtaining all other required approvals, licences and permits on favourable terms; sustained labour stability; stability in financial and capital goods markets; availability of equipment and the condition of existing equipment being as described in the Feasibility Study; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry and the global economy; and changes in laws, rules, regulations, and global standards. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include but are not limited to: risks related to changes in the market price of iron ore concentrate; risks related to the costs of ocean freight; uncertainty or weaknesses in global economic conditions and reduced economic growth in China; risks related to reduced global demand for steel or interruptions in steel production; risks related to the ramp-up of the Scully Mine; actual production, capital and operating costs may be different than those anticipated; reliance on the Cargill Offtake Agreement for 100% of expected iron ore sales; reliance on third party transportation; risks related to reliance on key infrastructure; and risks related to indebtedness.

Although we have attempted to identify important risk factors that could cause actual results or future events to differ materially from those contained in forward-looking information in this presentation, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information in this presentation. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this presentation represents our expectations as of the date of this presentation or the date indicated, regardless of the time of delivery of the presentation. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

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Feasibility Study Metrics

Certain metrics used in this presentation are derived from the Feasibility Study and may not have standardized meanings or be comparable to similar metrics used by other companies. These metrics are defined in the context where they are used in this presentation and include "Adjusted EBITDA", "all-in sustaining cost", "cash costs" and "cash flows".

Meeting Presenters and Agenda

PRESENTERS

Thierry Martel
Director &
Chief Executive Officer

Joe Broking
EVP &
Chief Financial Officer

AGENDA

1. Transaction Overview
2. Company Snapshot
3. Market Environment
4. Key Credit Highlights
5. Financial Summary
6. Appendix

Transaction Overview

Executive Summary

- Tacora Resources Inc. ("Tacora" or the "Company") is an iron ore mining and mineral processing company headquartered in Montreal, QC Canada
  - The Company's primary asset, the Scully Mine, is located in Wabush, Newfoundland and Labrador and produces premium quality iron ore concentrate with high Fe grade (65.9% Fe) and low impurities (2.6% Silica)
    - Scully's current annualized production is 3.2mtpa(1) with expected production between 4.4 – 4.8mt in 2021 and an ultimate run-rate production of 6mtpa
    - Tacora has a significant opportunity to expand Scully's capacity and further optimize operations
      - Current mill layout provides potential to double capacity and improve anticipated iron recovery from ~66% to >75%
    - Targeting cash costs of $41/dmt FOB Pointe Noire
    - Reserve life of 25+ years
- For the twelve-month period ended March 31, 2021 ("LTM"), Tacora expects to generate $379 million – $389 million of Revenue and $128 million – $138 million of Adj. EBITDA(2)
- Tacora is seeking to refinance its existing Senior Secured Debt through a new $150 million Senior Secured Notes issuance (the "Transaction")
- Pro forma for the Transaction, the Company will have:
  - Total Cash & Cash Equivalents of $121 million(3)
  - Total Net Leverage of 0.5x based on LTM 3/31/21E Adj. EBITDA(2) of $133 million
  - Total Net Debt of ~$70 million(3)

(1) Q1 2021 annualized concentrate sold.
(2) Excludes realized hedging losses; assumes midpoint of management guidance.
(3) Converted to US dollars, where applicable, at an assumed exchange rate of C$1.00 = US$0.79, which was the exchange rate quoted by the Bank of Canada for conversion of Canadian dollars to U.S. dollars on December 31, 2020. See "Description of Certain Other Indebtedness – SAF Hedge Facility" in the Offering Memorandum.

Transaction Overview

SOURCES & USES OF CAPITAL ($ MILLIONS)

Sources of Funds		
New Senior Secured Notes due 2026[1]	$	150.0
Total Sources	**$**	**150.0**

Uses of Funds		
Repayment of Senior Secured Credit Facility	$	143.6
Estimated Fees & Expenses		4.8
Cash to Balance Sheet		1.6
Total Uses	**$**	**150.0**

PRO FORMA CAPITALIZATION & CREDIT STATISTICS ($ MILLIONS)

Pro Forma Capitalization

	12/31/20	Pro Forma
Total Cash & Cash Equivalents	$ 119.6	$ 121.2[2]
Senior Secured Debt due 2023[3]	132.9	-
New Senior Secured Notes due 2026[1]		150.0
Lease Liabilities	36.0	36.0
Total Secured Debt	**$ 168.9**	**$ 186.0**
Total Secured Net Debt	**49.3**	**64.8**
Other Long Term Debt	4.9	4.9
Total Debt	**$ 173.8**	**$ 190.9**
Total Net Debt	**54.2**	**69.7**

Pro Forma Credit Statistics

	LTM 3/31/21E	
Adj. EBITDA[4]	$	132.9
Total Secured Leverage		**1.4x**
Total Secured Net Leverage		**0.5x**
Total Leverage		**1.4x**
Total Net Leverage		**0.5x**

(1) Represents the aggregate principal amount of the notes and does not reflect the initial purchasers' discount or any original issue discount.
(2) Converted to US dollars, where applicable, at an assumed exchange rate of C$1.00 = US$0.79, which was the exchange rate quoted by the Bank of Canada for conversion of Canadian dollars to U.S. dollars on December 31, 2020. See "Description of Certain Other Indebtedness – SAF Hedge Facility" in the Offering Memorandum.
(3) Represents the fair value of the notes as of December 31, 2020 and does not reflect the payoff amount or include prepayment penalties.
(4) Excludes realized hedging losses; assumes midpoint of management guidance.

Indicative Term Sheet

	Senior Secured Notes
Issuer	Tacora Resources Inc.
Issue	$150.0 million Senior Secured Notes (the "Notes")
Term	5 years
Security	Secured by substantially all assets of existing and future domestic subsidiaries
Guarantees	Guaranteed on a senior secured basis by each of the Company's existing and future domestic subsidiaries
Ranking	Senior in right of payment to all existing and future senior subordinated indebtedness; equal with all other existing and future senior indebtedness
Optional Redemption	➢ Non-callable for 2 years (with T+50 makewhole call); callable thereafter at premiums declining ratably to par; ➢ 40% equity clawback feature during non-call period at par plus the coupon
Change of Control Offer	101%
Negative Covenants	Standard incurrence covenants for transactions of this type, including, but not limited to, limitations on: Indebtedness/Liens (carveouts to include provisions for Revolver / ABL, hedging arrangements, and mining equipment financing), Restricted Payments, Dividends, Transactions with Affiliates, Investments, Acquisitions and Asset Sales
Registration	144A / Reg. S for life
Lead Left Bookrunner	Jefferies LLC
Joint Lead Managers	Jefferies LLC and Clarksons Platou Securities

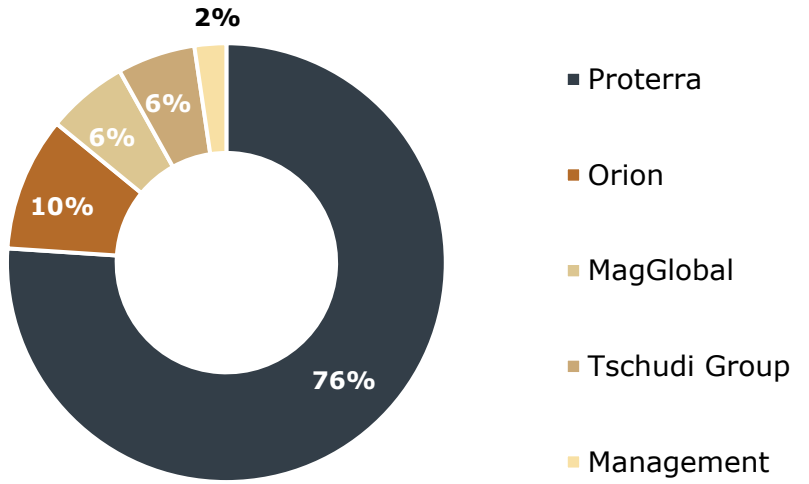
Company Snapshot

Tacora Resources Overview

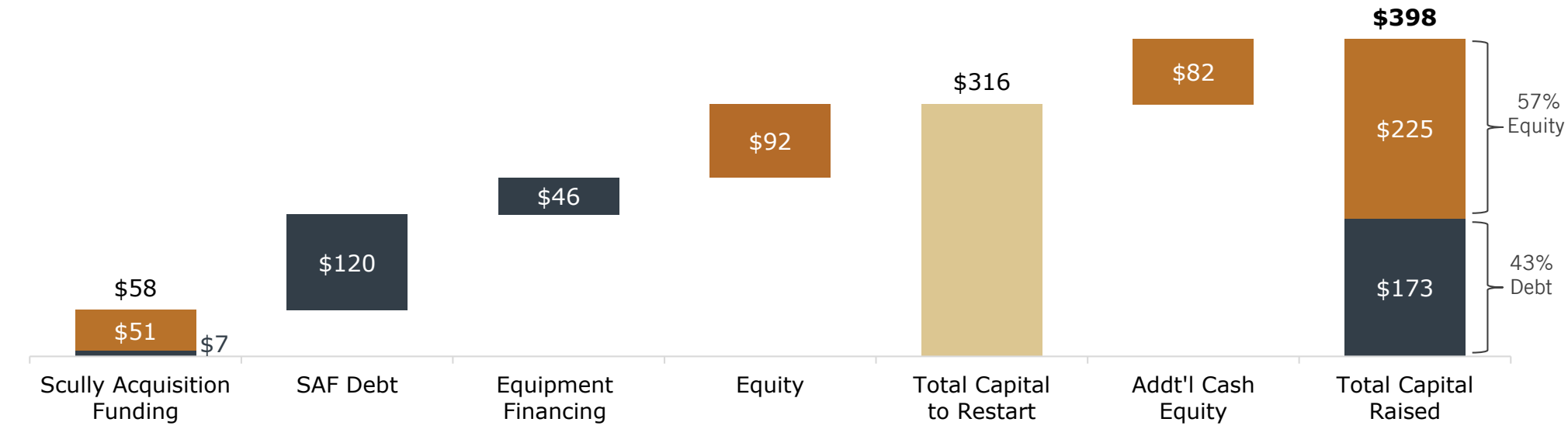
HISTORY

- Tacora was formed in January 2017 to purchase and restart the Scully Mine which had been operating for over 50 years prior to being idled in 2014
  - Tacora acquired the Scully Mine located in Newfoundland and Labrador, Canada from Cliffs Natural Resources, Inc.
- Tacora is jointly owned by Proterra, Orion, Tschudi Group and MagGlobal, all of whom have extensive mining and iron ore experience
- To date, Tacora has raised ~$398 million to bring the Scully Mine to full production
  - ~56% of capital raised to-date has been raised as equity capital

CURRENT DILUTED OWNERSHIP SUMMARY



OVERVIEW OF CAPITAL RAISED TO DATE ($ MILLIONS)

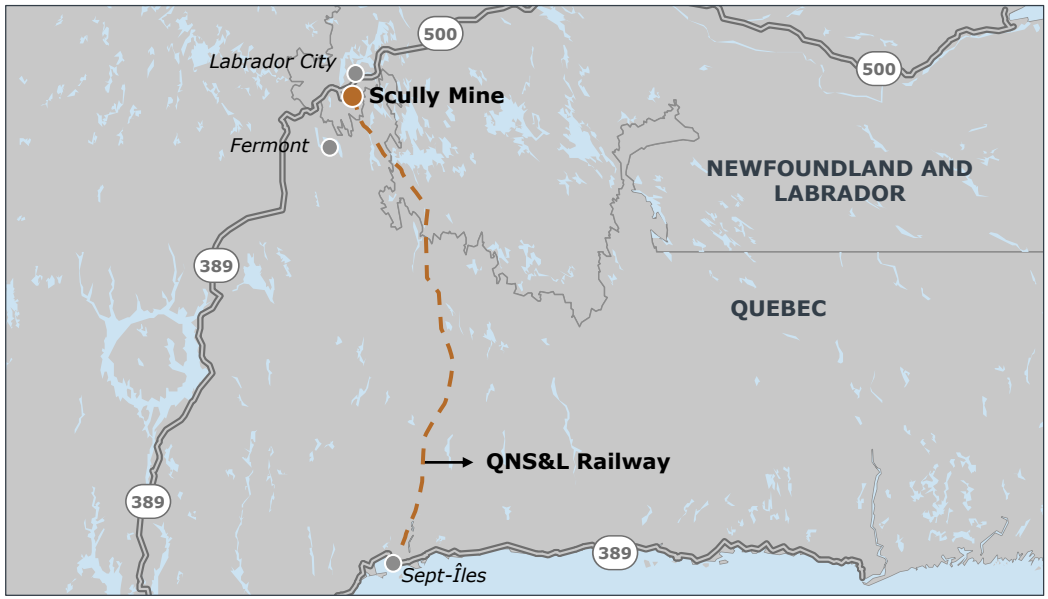


Scully Mine

OVERVIEW

- Mine restarted by Tacora in 2019 following over $316m in private funding and the implementation of key changes to operating, product and marketing strategies
- Ramping-up to 6mtpa on a run-rate basis by H1'22
- Targeting cash costs of $41/dmt FOB Pointe Noire
- Long reserve life (25+ years)
- Premium quality iron ore concentrate with high Fe grade (65.9% Fe) and low impurities (2.6% Silica)
- Life of mine offtake with Cargill, the leading independent iron ore trader
- Significant opportunity to expand mine capacity beyond 6mtpa and further optimize operation
  - Current mill layout provides potential to increase capacity
  - Potential to improve anticipated recovery from ~66% to >75%

ASSET LOCATION



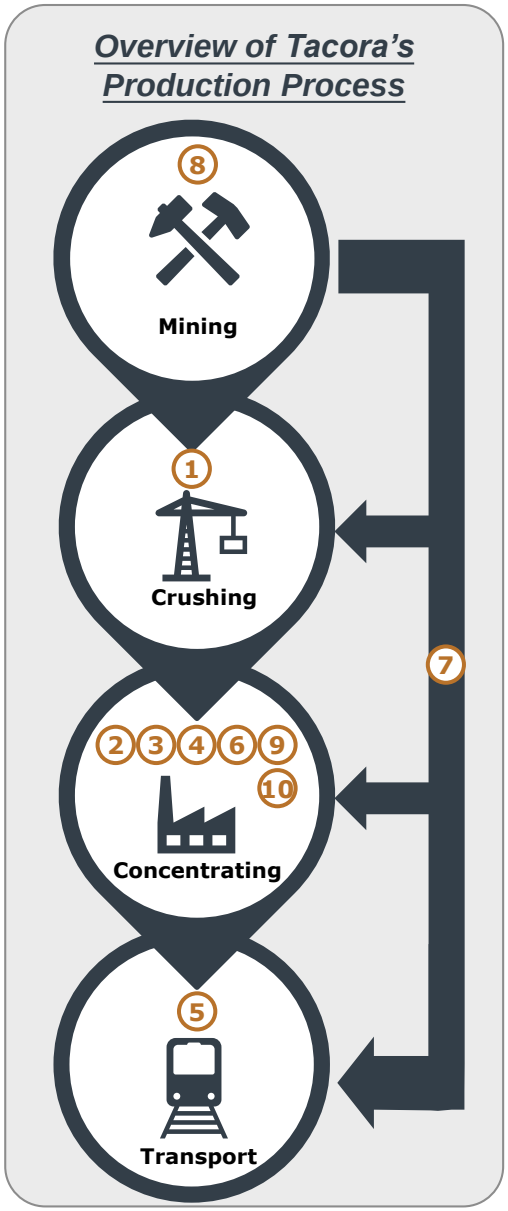
RESERVES & RESOURCES(1)

	Crude Ore Tonnage (dry)	Crude Grade		Total Weight Recovery	Concentrate Grade		
		Fe	**Mn**		**Fe Conc.**	**Mn Conc.**	**SiO_2 Conc.**
	(mm dmt)	(%)	(%)	(%)	(%)	(%)	(%)
Proven	145	35.1%	2.4%	35.2%	66.2%	1.2%	2.6%
Probable	299	34.7%	2.7%	34.8%	65.8%	1.5%	2.6%
Total P&P	**444**	**34.8%**	**2.6%**	**34.9%**	**65.9%**	**1.4%**	**2.6%**
Measured	214	35.1%	2.3%				
Indicated	521	34.3%	2.4%				
Total M&I	**734**	**34.6%**	**2.4%**				
Inferred	237	34.1%	2.1%				

(1) NI 43-101 Compliant Reserves & Resources as of December 22, 2017.

Source: Scully Feasibility Study

Tacora's Plan to Reach Name-Plate Production



Tacora has a clear defined path to increase concentrate sold from 3.2mtpa(1) to 6.0mtpa by H1 2022

Project	Impact	Expected Tonnage Uplift (kt)(2)	CapEx ($mm)	Implementation
1 Conveyors – Belts & Take-Up Systems	Asset Reliability	100	$0.8	2Q21
2 Dry Magnetic Separators Scavenger High Tension	Asset Reliability	100	$0.0	2Q21
3 Dryer System Upgrades	Asset Reliability	350	$0.5	2Q21
4 Gears & Bearings Pumps and Lube Systems	Asset Reliability	500	$1.8	3Q21
5 Load Out Silos	Production Flexibility	250	$0.7	2Q21
6 Foundation, Sole Plates & Motors	Asset Reliability	150	$1.3	3Q21
7 Ops Center	Optimization	500	$0.6	3Q21
8 Mining Equipment	Requirement	500	$15.9(3)	3Q21
9 Scavenger Spirals	Incremental Production	200	$1.8	2Q21 / 1H22
10 Size Classification Project(4)	Incremental Benefits	750	$15.0	1H22

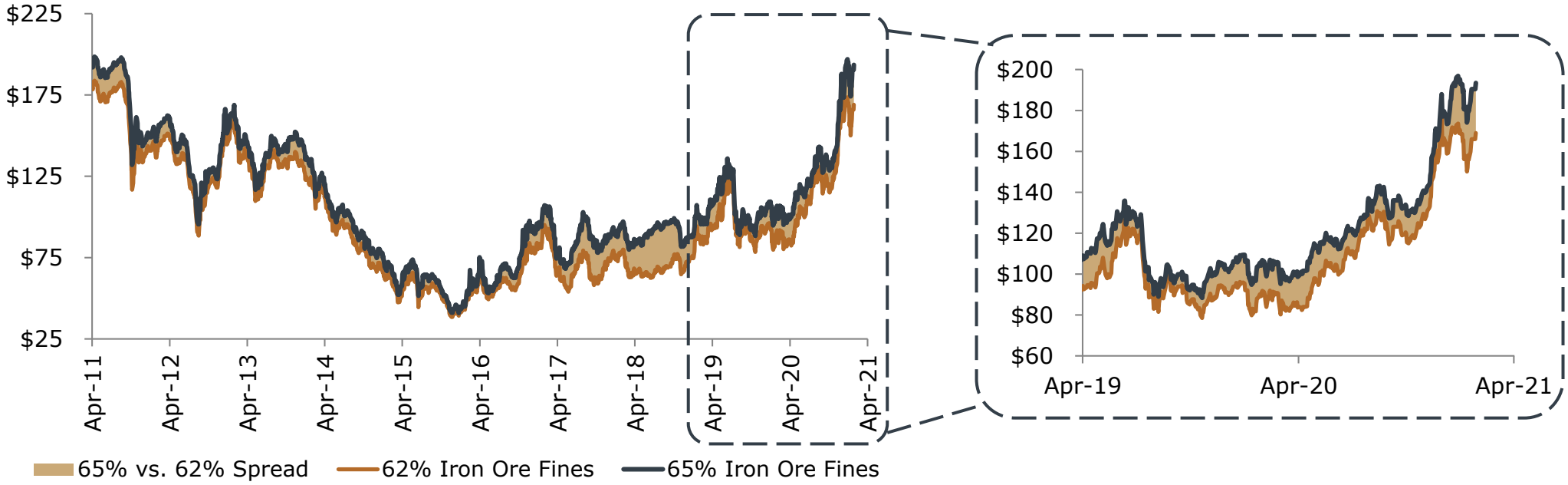
(1) Q1 2021 annualized concentrate sold.
(2) Based on management estimates.
(3) 90% financed through Komatsu.
(4) Not yet approved nor in 2021 budget, known engineering solution adopted to Scully from previous losses.

Market Environment

Strong Iron Ore Market & Prices

- Iron ore prices have been very strong in recent months mainly due to both robust Chinese demand and weak Brazilian supply
- The Chinese steel sector has been at record levels with falling product inventories of domestic rebar and hot rolled coil
- As such, iron ore demand within China (which typically is nearly three quarters of total seaborne iron ore demand) has been very strong with falling inventories of iron ore at Chinese ports
- On the supply side, Brazil iron ore production has been weak due to a number of factors including (i) regulatory impacted production due to the Brumadinho tailings dam failure in early 2019 and (ii) the ongoing impact of COVID-19 on Brazil; furthermore, supply constraints are expected from Australia on the back of heightened regulator scrutiny resulting from Rio Tinto's destruction of an Aboriginal heritage site in the Pilbara coupled with infrastructure constraints for new projects in Western Australia
- Looking forward there are a number of factors that indicate continued strength for iron ore, including reactivation of steel production in Europe and continued iron ore supply disruptions

HISTORICAL IRON ORE PRICE INDICES ($/T)



Sources: AME, Bloomberg (Platts)

Widening Premiums for Higher Quality Ore is a Structural Change

PRICE SPREAD VS. 62% IRON

Demand

- China, which accounts for ~50% of global steel production and is the main consumer of seaborne iron ore, has begun efforts to reduce pollution, resulting in the closure or curtailment of several steel making furnaces
- In order to improve environmental performance while maintaining economic efficiency, steel mills globally have sought higher grade iron ore to use as feedstock
- A shift in demand towards flat steel products (e.g., sheet and plate) has adjusted the quality standard demand by steel mills, who are now seeking low-phosphorous iron ore
- Global supply and demand fundamentals have tightened as a result of de-risking associated with the initial distribution of COVID-19 vaccines

Supply

- New large-scale sources of supply have typically been lower grade, higher impurity products that need to be blended with higher quality ores to satisfy demand
- Supply from Brazil is expected to remain constrained in the near term as a result of the Brumadinho tailings dam failure and the corresponding impact on Vale, which accounts for ~80% of Brazil's iron ore exports
- As a result of regulatory hurdles, new supply from Australia will likely be hindered, opening the substantial Asian markets to imports from other countries

Sources: AME, Bloomberg (Platts)

Key Credit Highlights

Key Credit Highlights

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Wholly Owned Mine Producing High Grade & Quality Iron Ore
- Scully Mine in Canada producing and ramping up to 6mpta, with numerous other mines in the area

Generating Significant EBITDA and Cash Flow
- LTM Q1'21E Adj. EBITDA of $128 million – $138 million(1) and LTM Q1'21E free cash flow of $107 million(2)
- Pro forma LTM leverage ratio of 1.4x (0.5x Net)(3)

Favorable Long-Term Offtake Agreement with Cargill
- Cargill is required to purchase 100% of the iron ore concentrate produced from the Scully Mine for the term of the contract

Efficient Supply with Integrated Logistics Model Located in an Established Mining Jurisdiction
- Long-term agreements in place for all key parties from mine to rail to port
- Other reputable mines in surrounding area, including Champion's Bloom Lake and Rio Tinto's IOC

High Quality Products Enable Greener Steel Production
- The majority of the electricity used on site comes from renewable hydroelectric power
- High quality product reduces emissions from both shipping and steel plants, as well as the waste

Strong Asset Base Provides Significant Security Package
- NI 43-101 NPV offers ~6.0x coverage over pro forma secured debt balance supported by ~4.0x coverage based on insurable replacement costs

Strong Iron Ore Focused Management Team Backed by Leading Mining Investors and Committed to ESG Standards
- Senior leadership team has over 100 years of industry experience
- Equity investors include Proterra, Orion, Cargill, Tschudi Group and MagGlobal

TACORA RESOURCES

(1) Excludes realized hedging losses.
(2) Represents the midpoint of management guidance. Calculated as Adjusted EBITDA less CapEx.
(3) Converted to US dollars, where applicable, at an assumed exchange rate of C$1.00 = US$0.79, which was the exchange rate quoted by the Bank of Canada for conversion of Canadian dollars to U.S. dollars on December 31, 2020. See "Description of Certain Other Indebtedness – SAF Hedge Facility" in the Offering Memorandum.

1 627 Wholly Owned Mine Producing High Grade & Quality Iron Ore

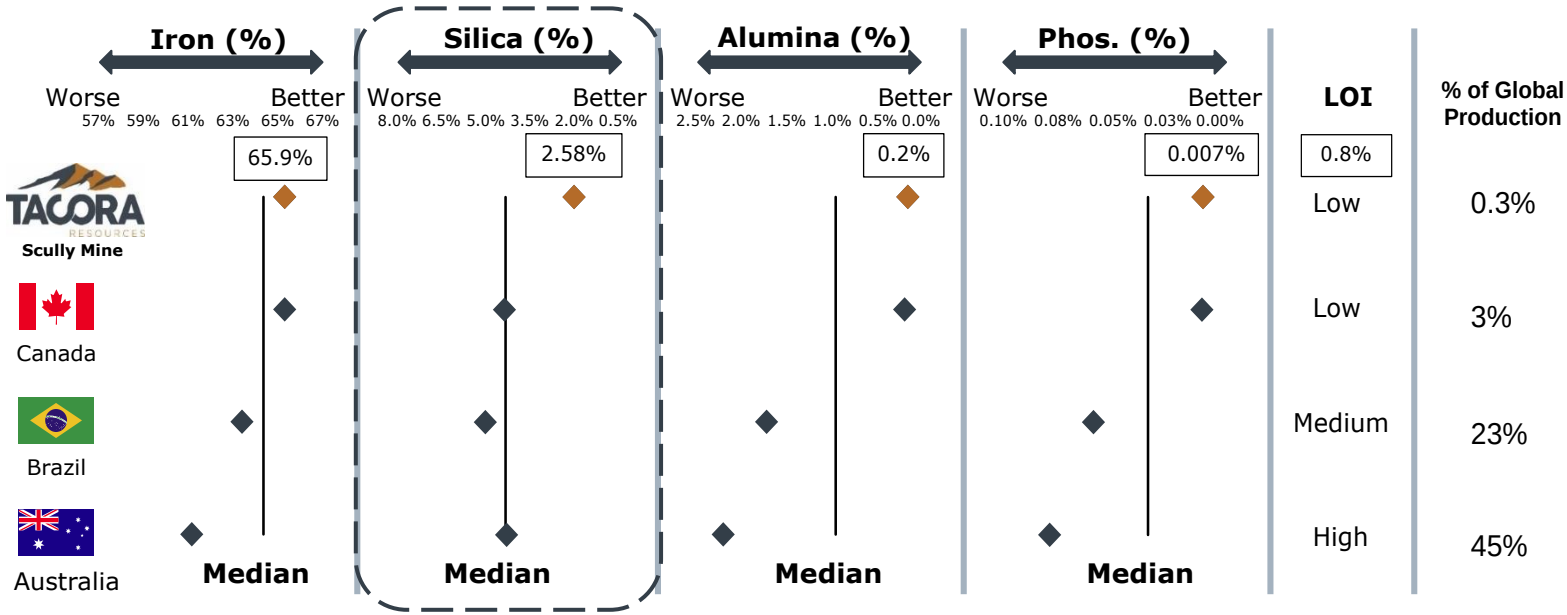
Product Quality Overview

COMMENTARY

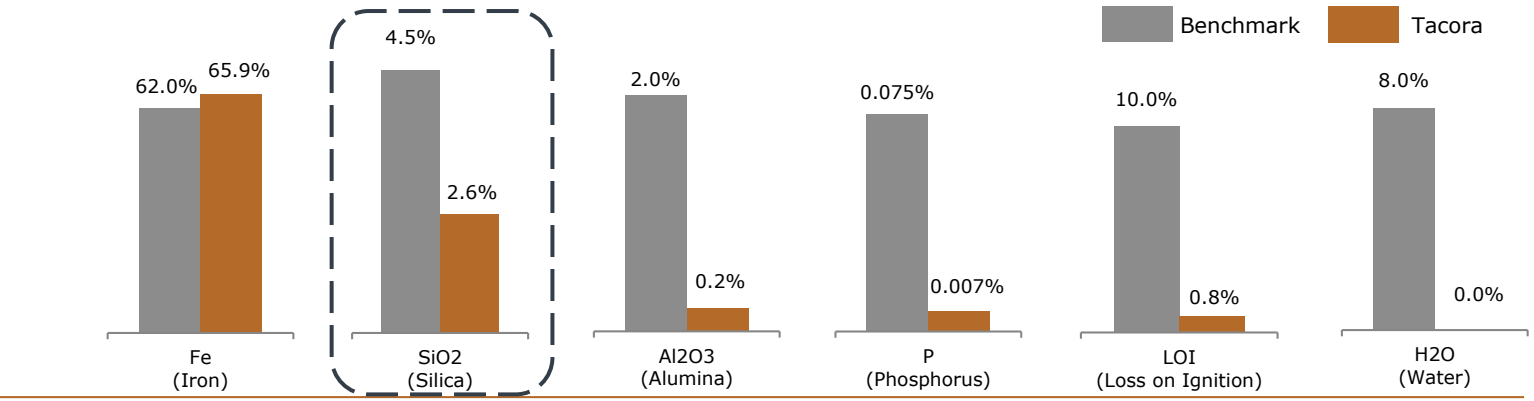
- Silica, Alumina, Phosphorus and LOI (loss on ignition) are deleterious to iron ore and **Tacora ore is uniquely low in all of these elements**
- Tacora's concentrate has very low moisture, versus approximately 8.0% for the rest of the world, which means **it can be shipped year round without risk of freezing**
- LOI is a key driver of value in use — benchmark 4-10% LOI means 4-10% of the weight purchased is lost to the off-gas in the sintering process compared to just 0.8% for Tacora
- The installation of Mn reduction circuits as part of the restart along with marketing the Scully concentrate as a sinter feed addressed the historical Mn challenge

TACORA OUTPERFORMS SELECT PEERS IN KEY AREAS…

Low silica is essential for DRI production



…AND COMMANDS A PREMIUM PRICE IN THE MARKET RELATIVE TO BENCHMARKS



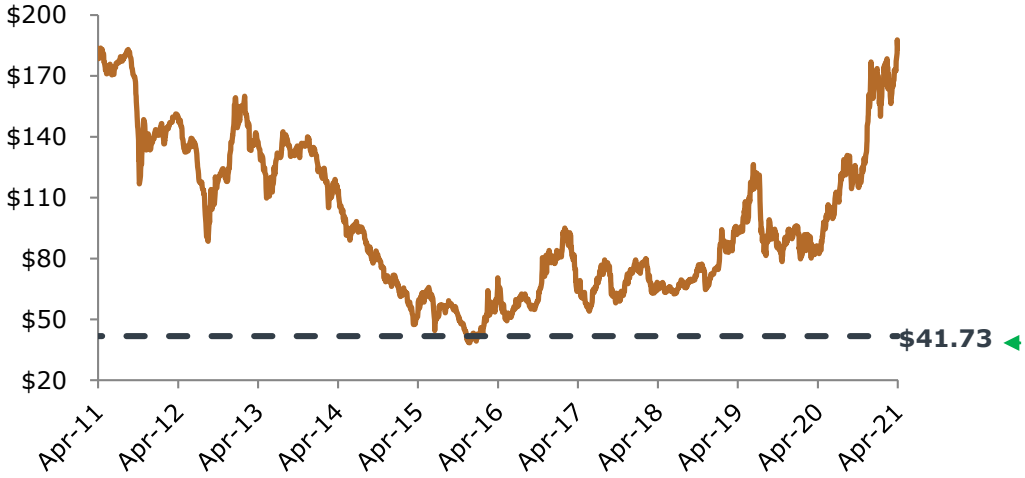
Source: AME, Scully Feasibility Study

2 Generating Significant EBITDA and Cash Flow

COMMENTARY

1. **Mining Costs:** In line with LOM average cost
2. **Processing Costs:** Expected to decrease on a per unit basis due to economies of scale resulting from ramp-up of production and reduced costs from additional maintenance completed
3. **Transportation Costs:** Higher costs per tonne due to minimum rail volume requirements compared to LOM average as operations continue to scale
4. **Royalties:** Certain royalties are calculated as a function of price, which has led to a disparity from the feasibility study due to the current high-price environment

IRON ORE CFR CHINA 62% PRICE (DMT)



ILLUSTRATIVE SCULLY LOM CASH COST ANALYSIS (1)

($/dmt)	LTM Q1'21E	Scully Feasibility LOM Avg.
1 Mining	$14.52	$11.25
2 Processing & Crushing	$22.62	$10.03
Minesite G&A (excl. corporate)	$3.58	$1.88
Minegate Cash Costs	**$40.71**	**$23.16**
Rail Costs	$16.91	
Rail Haulage	$7.99	
Price Participation	$6.38	
Other Costs	$2.54	
Port Costs	$10.76	
3 **Total Transportation Costs**	**$27.66**	**$12.69**
FOB Cash Costs Pointe Noire	**$68.38**	**$35.85**
4 Royalties(2)	$9.45	$4.70
Ocean Freight	$19.61	$15.12
Total Delivered Costs for 65.9%	**$97.44**	**$55.67**
(-) 65.9% Premium Received by Tacora(3)	($11.95)	($13.94)
Total Delivered Costs Comparable to 62.0%	**$85.49**	**$41.73**

High grade, premium product mitigates costs associated with processing and shipping

1. Feasibility cost structure based on IODEX 62% weighted average life of mine pricing of $69.80. Certain costs are variable and can change with changes to the IODEX 62% price. LTM Q1'21E figures based on the midpoint of management production guidance.
2. Royalty payable from the Company to MFC under the Mining Lease.
3. As set out in the Scully Feasibility Study, the difference between the weighted average 65.9% price and the weighted average IODEX 62% price which Tacora expects to realize is $13.94 over the life of mine (derived from a gross difference of $15.39 over life of mine), such amount is based on a six-year term under the Cargill Offtake Agreement and does not reflect the impact of the further option of Cargill to extend contract for the remaining life of mine.

Source: Bloomberg (Platts), Scully Feasibility Study

3 629 Favorable Long-Term Offtake Agreement with Cargill

COMMENTARY

- Cargill is one of the world's largest commodity traders with over 155 years of experience, operations in 70 countries, and deep relationship with global steelmakers
- Tacora has executed an offtake contract whereby Cargill will purchase 100% of the iron ore concentrate produced from the Scully Mine for the entire life of mine
  - Cargill is an industry-leader who has deep relationships with global steelmakers
- Tacora's iron ore is being marketed as a high-grade premium blending concentrate that will be used to upgrade other commodity grade and sub-commodity grade products, particularly from Australia
- The agreement extends to any new production from mining areas not currently in use as well as any tailings reprocessing

KEY TERMS

Volume	• All tons produced from the Scully mine, including from any and all expansions
Term	• Through 2024 and the Company granted Cargill rolling options to extend the Agreement for the life of the Scully mine at various predetermined intervals
Price	• 100% of the 62% Index, minus freight cost, plus a % share in the premium achieved by Cargill above the 62% index
Point of Sale	• Pointe Noire
Change of Control Provision	• None

ESTABLISHED CUSTOMER BASE IN EUROPE AND ASIA

4 Efficient Supply with Integrated Logistics Model Located in an Established Mining Jurisdiction

Located in Proximity to Established Mining Companies

1 Scully Mine

- Concentrate is transferred by a belt conveyor to the load-out silos where it is then loaded into a train for transport to the port

2 QNS&L Railway

- Life of mine agreement in place with IOC/QNS&L for competitive rail transportation across the QNS&L line from Wabush to Sept Isle
- Ability to transport up to 6.5mtpa of concentrate

3 SFPPN

- Multi-user port which provides the Company with rail car unloading, concentrate handling and a conveyor connection to Dock 35 port of Sept-Iles

4 Port of Sept-Iles Dock 35

- Access to large bulk commodity carriers including up to VLOC bulk vessels
- The product is exported into the seaborne market through Pointe-Noire, near Sept-Iles, Quebec

TACORA RESOURCES

- Scully Mine (Tacora)
- Bloom Lake (Champion)
- Iron Ore Company of Canada (IOC)
- Labrador City
- Wabush
- Arcelor Mittal Mining Company (AMMC)

5 High Quality Products Enable Greener Steel Production

Lower Shipping Emissions by Fe Volume

- ✓ Increasing seaborne exports and environmental scrutiny puts additional pressure on steel mills and shippers to find ways to reduce their carbon footprint
- ✓ Tacora's industry leading quality allows steel mills to use less iron ore to produce steel, thereby reducing the tonnage shipped
- ✓ Reduced shipping volumes = reduction in CO_2 emissions

Driving down CO_2 emissions per vessel

Renewable Energy at Scully Mine

- ✓ 100% of the electricity at the Scully Mine is from renewable hydro-power
- ✓ Currently undergoing program to utilize electricity more efficiently
- ✓ A significant portion of existing machinery is electric
- ✓ Company plans to expand electric versus oil and gas-based machinery in the future

Contributing to the clean energy revolution

Reducing Steel Plant Emissions

- ✓ Producers are looking to expand low-carbon EAF production while reducing high-carbon blast furnace production
- ✓ Coke can be reduced by adding high quality iron into furnaces, minimizing initial impurities
- ✓ Replacing scrap with DRI in EAFs, which can potentially reduce EAF CO_2 emissions by an additional ~40%, reduces steel plant emissions

Enabling the "green steel" revolution

Less Slag By-Product Produced

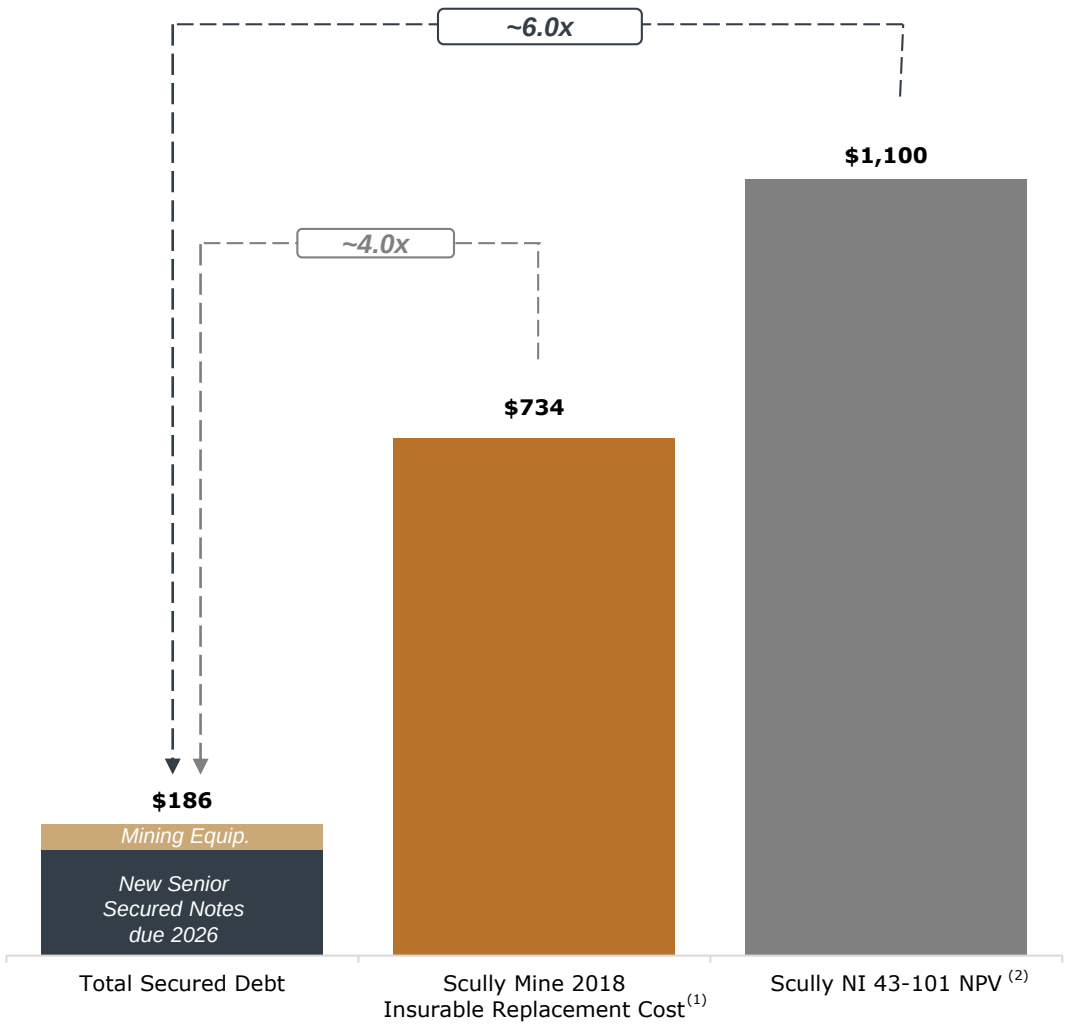
- ✓ Steel slag resulting from blast furnace production can contain several toxic ingredients making it a potential environmental and health hazard
- ✓ Higher quality iron ore reduces the impurities associated with steel production and the volume of waste slag produced

Reducing environmental footprint of mills

An Environmentally Friendly Alternative for Our Customers

6 Strong Asset Base Provides Significant Security Package

SIGNIFICANT SECURED ASSET BASE (US$ MILLIONS)…



…SUPPORTED BY ASSETS ON THE GROUND

- Scully Mine
- Mobile mining fleet
- Mine fleet maintenance facility with 5 bays and 50t overhead crane
- Wash bay within the maintenance facility
- Auxiliary mine maintenance facility with 7 bays and 10t overhead crane
- Warehouse
- Processing plant including crushers, grinders, etc.
- Machine shop, electrical shop, paint shop and welding shop
- Mine dewatering equipment and sedimentation ponds
- Fuel storage tanks
- Administration building

(1) Converted at an exchange rate of US$0.78 / C$1.00 as of May 10, 2018.
(2) Converted at an exchange rate of US$0.79 / C$1.00 as of December 22, 2017.

Source: Marsh Risk Consulting (February 2018), Scully Feasibility Study

7 Strong Iron Ore Focused Management Team Backed by Leading Mining Investors and Committed to ESG Standards

EXPERIENCED MANAGEMENT TEAM…

 **Thierry Martel** Director & CEO	➢ 20+ years of operational and leadership experience in the mining & metals industry including operations, project management, engineering and consulting ➢ Previously COO of Rio Tinto owned Iron Ore Company of Canada ("IOC"). Prior experience at Rio Tinto also includes VP of Technical Services (IOC), Deputy Project Director (Kennecott Copper), GM Project Controls and Risk Management at the aluminum division and a variety of other consulting and management roles
 **Joe Broking** Executive VP & CFO	➢ 20+ years of experience in corporate finance, investor relations, compliance, risk management, accounting and audit, operations, Lean manufacturing, marketing and executive management ➢ Previously CFO of Magnetation, President and CEO of Itasca Economic Development Corporation, Director of Operations at Bucyrus, Director of Finance at Terex and Director of Financial Accounting at Stora Enso
 **Achille Njike** VP & Chief Technical Officer	➢ 17+ years of experience in the mining industry, progressing through more demanding roles in integrated Operations, Asset Management, Business Transformation & Operations Excellence ➢ Previously led the integrated Maintenance Operations, Asset Management, Automation, Electrical & Control Systems and Operations Infrastructure at Rio Tinto Kennecott Utah Copper mine
 **Sylvain Lessard** GM Mining Operations	➢ 30+ years of experience in the mining industry, progressing through more demanding roles in all aspects of open pit and underground mining operations ➢ Previously GM at Arcelor Mittal, GM at First Metal, Mining Superintendent at Cliffs and Project Manager at Kiewit
 **Hope Wilson** Chief Accounting Officer	➢ 23+ years of combined experience in the areas of certified public accounting, SEC compliant reporting, corporate finance, compliance, audit, corporate tax, information technology and financial system implementations ➢ Previously worked as Chief Accounting Officer of Magnetation and as an accountant at Laserex Systems, Ceridian Employers Services and Boyum and Barenscheer

…COMMITTED TO ESG EXCELLENCE

Environmental

- Fully permitted and proactively engaging stakeholders to build trust towards environmental stewardship and compliance requirements
- Tacora uses 100% renewable hydropower for base load consumption at the Scully Mine
- Tacora plans to expand use of hydropower vs oil and gas in the future as available utility power increases in Labrador West in the future

Social

- Tacora believes in being active in its local community and has undertaken initiatives including participating in the refurbishment of the local indoor pool, youth and elderly support groups donations to further support the community
- To help combat the COVID-19 pandemic, Tacora donated 20,000 N95 masks to frontline medical workers in April 2020 and has offered resources for employees and their family's vaccination efforts
- Tacora employs a diverse workforce with currently 22% women (above the national average of approximately 16%) and has set a goal to reach 25% by 2022
- Established IBA with local aboriginal community, offering them priority employment and business opportunities

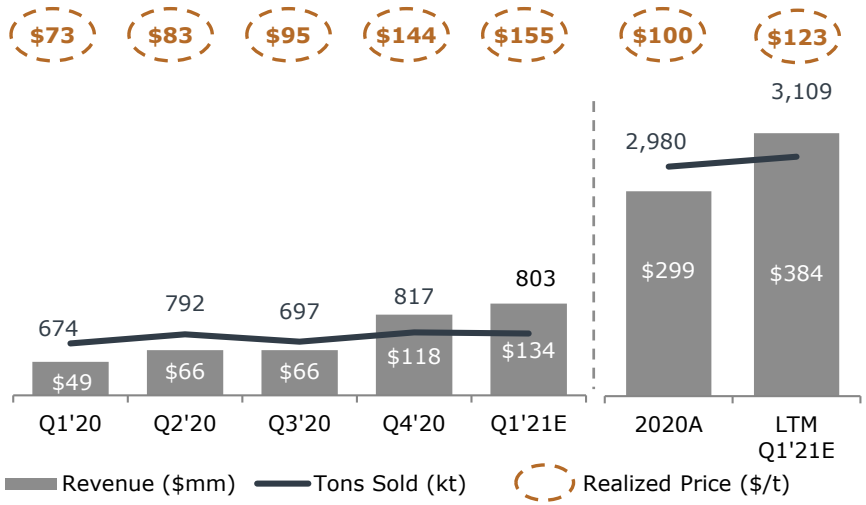
Governance

- Executive management team focused on de-risking and creating value for all stakeholders
- Top tier board focused on the highest standards and conduct
- Entrepreneurial mindset with large business capabilities and drive towards excellence
- Commercial relationships with stakeholders are transparent and honest, based on trust and mutual respect
- Strong relationship and history of cooperation with the United Steelworkers Union

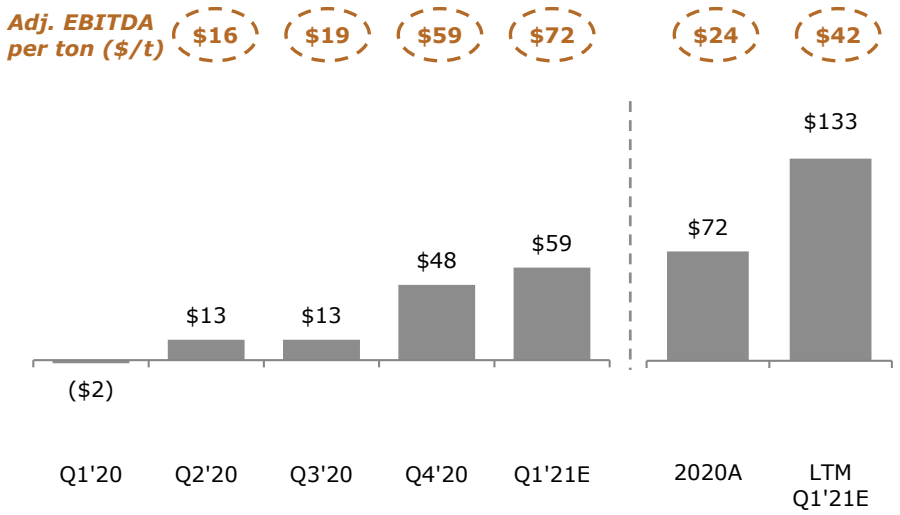
Financial Summary

Historical Financial Performance – Snapshot

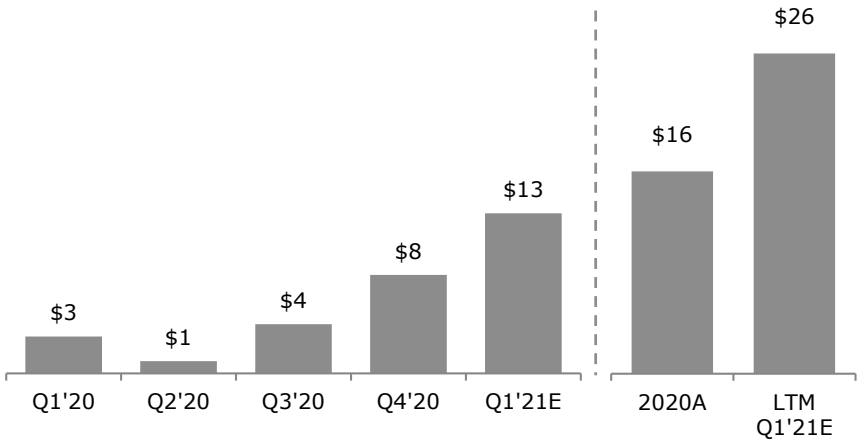
TONS SOLD AND REVENUE ($ MILLIONS)(1)



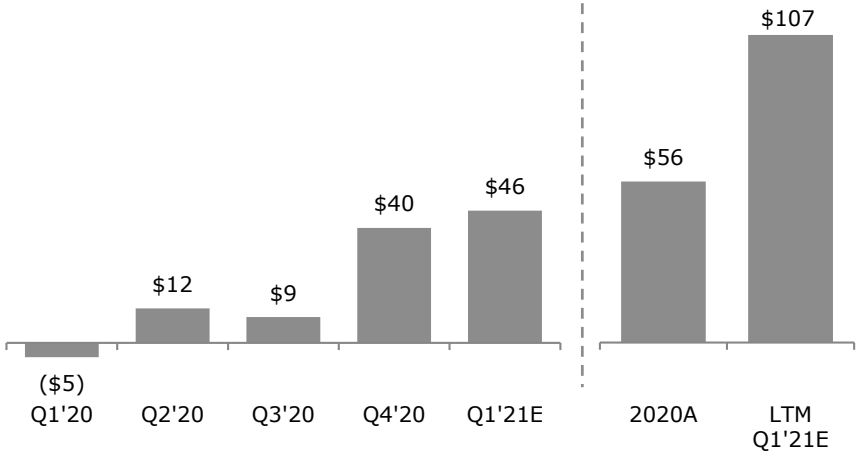
ADJ. EBITDA ($ MILLIONS)(1)



CAPEX ($ MILLIONS)(1)



FCF ($ MILLIONS)(1,2)



(1) Q1'21E and LTM Q1'21E based on the midpoint of management production guidance, shown exclusive of Sydvaranger acquisition costs.
(2) Free Cash Flow defined as Adjusted EBITDA less CapEx.

Source: Company model

Bridge From Historical Pricing to LTM Realized Price

LTM Q1'21E PRICING BRIDGE ($/T)(1)

1

- Represents the Platt 62% Fe CFR North China benchmark price over the period

2

- Adjustment to reflect fixed sales optionality and timing from the Cargill offtake agreement

3

- Reflects the C3 (Canada-Brazil) freight costs plus the North Atlantic Premium as well as any winter ice class premiums in associated months

4

- Represents the benefit beyond the 62% Fe price that Tacora realizes

5

- Adjustments to reflect true-up to actual sales price versus provisional sales price
- Includes a time lag, resulting in a look-back to prices from earlier periods

6

- Inventory adjustments, demurrage costs and any other small adjustments from shipments

(1) Based on the midpoint of management production guidance.

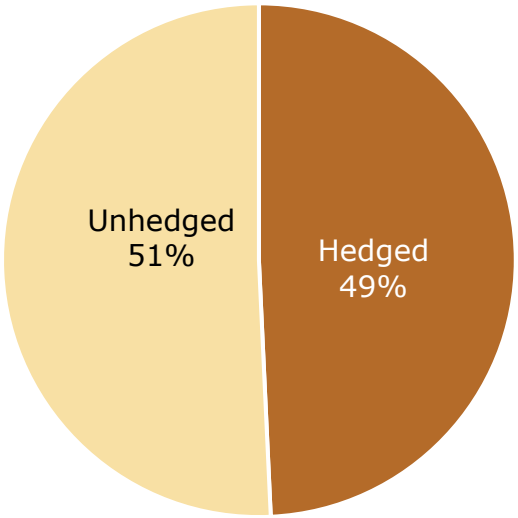
Source: Company model

Current Hedge Portfolio

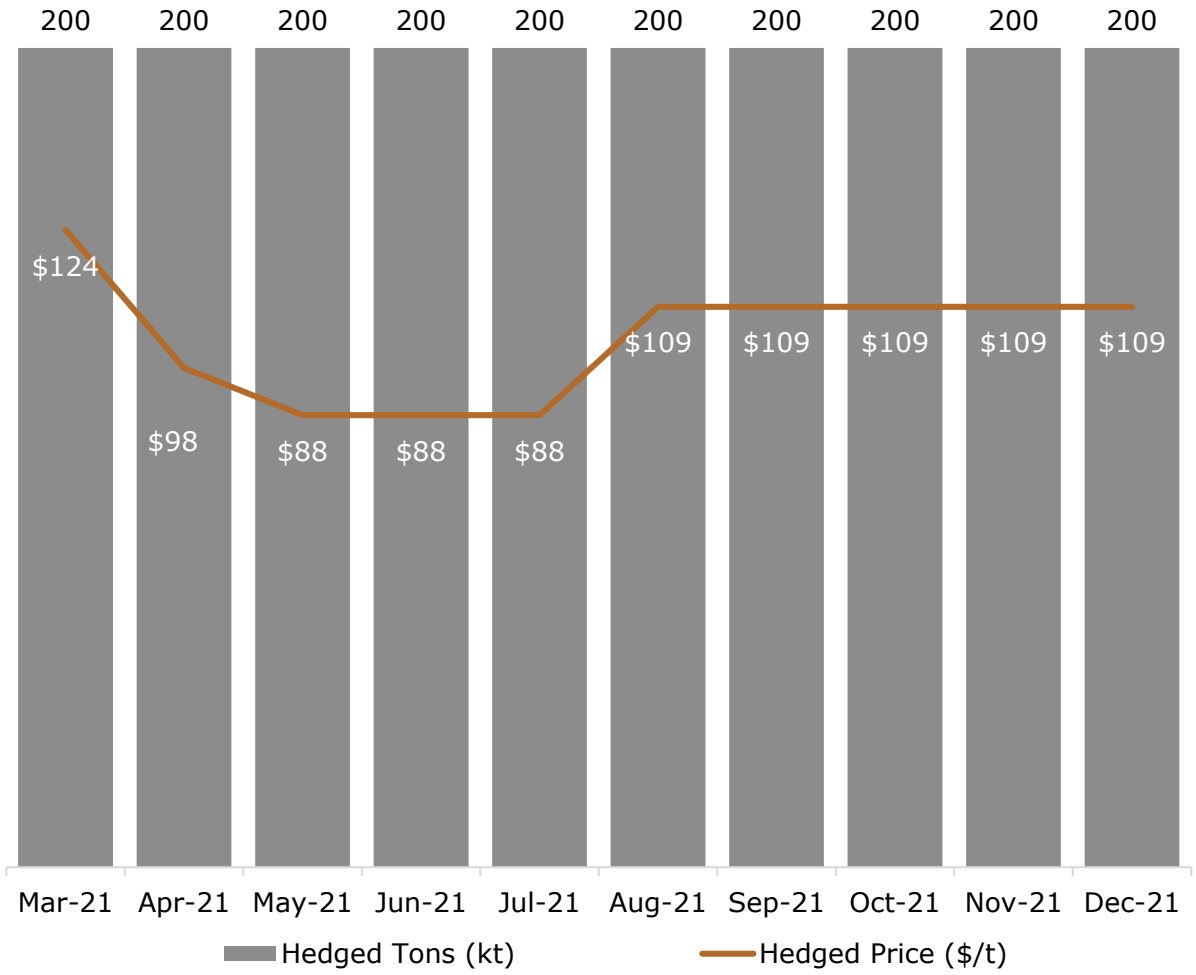
COMMENTARY

- In conjunction with the SAF facility, Tacora was required to institute a hedging policy, including selling a series of call options and acquiring a series of put options
- The Company may hedge in the future, but does not anticipate hedging above 50% of its total production

2021E HEDGED POSITION

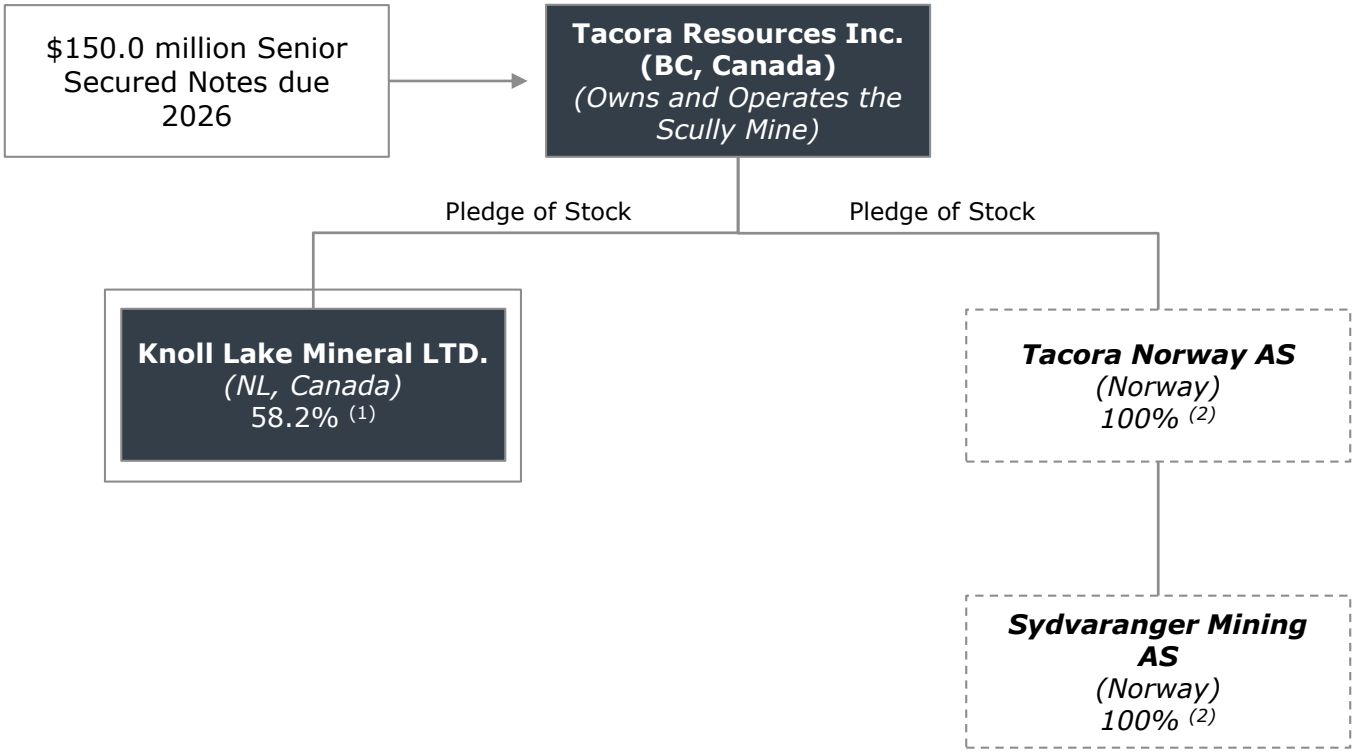


CURRENT HEDGE BOOK



Appendix

Appendix: Ownership and Organization Structure



Legend

- Issuer
- Non-Guarantor Restricted Subsidiaries
- Unrestricted Subsidiary

Note: Organization Structure excludes any Immaterial Subsidiaries.
(1) Non-guarantor Restricted Subsidiary.
(2) As of the issue date of the Notes, Tacora Norway AS, Sydvaranger Mining AS and its subsidiaries will be designated as Unrestricted Subsidiaries and will not be subject to any of the restrictive covenants in the Indenture. The chart excludes any subsidiaries of the Unrestricted Subsidiary Sydvaranger Mining AS.

Source: The Company

Appendix: Detailed Historical Financial Summary

($ millions, unless noted)	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21E[1]	FY'19	FY'20	LTM Q1'21E[1]
62% Fe Benchmark Price ($/t)	$88.97	$93.11	$118.19	$133.55	$166.58	$93.32	$108.45	$127.88
Tacora Realized Price ($/t)	$72.70	$83.33	$94.69	$144.43	$166.87	$65.43	$100.34	$123.51
Concentrate Sold (kt)	**674**	**792**	**697**	**817**	**803**	**917**	**2,980**	**3,109**
Revenue	$49	$66	$66	$118	$134	$60	$299	$384
Cost of Concentrate Shipped	(50)	(52)	(52)	(69)		(83)	(223)	
Gross Profit	**($1)**	**$14**	**$14**	**$49**		**($23)**	**$76**	
Corporate Costs	(1)	(1)	(1)	(1)		(12)	(4)	
Other[2]	(11)	(13)	(19)	(22)		(16)	(65)	
EBITDA	**($13)**	**$0**	**($6)**	**$26**		**($51)**	**$7**	
(+) Hedging Losses / (Gains)	11	13	19	22		12	65	
Adjusted EBITDA	**($2)**	**$13**	**$13**	**$48**	**$59**	**($39)**	**$72**	**$133**
(-) CapEx	(3)	(1)	(4)	(8)	(13)	(90)	(16)	(26)
Free Cash Flow[3]	**($5)**	**$12**	**$9**	**$40**	**$46**	**($129)**	**$56**	**$107**

(1) Q1'21E and LTM Q1'21E based on the midpoint of management production guidance.
(2) Other items primarily consist of hedging and royalty costs.
(3) Free Cash Flow defined as Adjusted EBITDA less CapEx. Shown exclusive of Sydvaranger acquisition costs.

Source: Company model

Appendix: Competitive Tax Positioning

	QUEBEC	NEWFOUNDLAND & LABRADOR	TACORA
Federal Tax Rate	15%	15%	15%
Provincial Tax Rate	11.7%(1)	15%	15%
Provincial Mining Tax	16%-28% (Progressive)	15%	--
Nalco-Javelin Tax	--	--	C$0.2165 /tonne of concentrate

Tacora Competitive Advantage

KEY TAX ATTRIBUTES

- Tacora is not required to pay provincial mining taxes of 15%; instead Tacora is required to pay C$0.2165/tonne ($0.22 per gross tonne) of concentrate sold
  - By way of a royalty, to Newfoundland & Labrador in place of a traditional provincial mining tax rate per the tax agreement under the *Nalco-Javelin (Mineral Lands) Act of 1959,* as amended

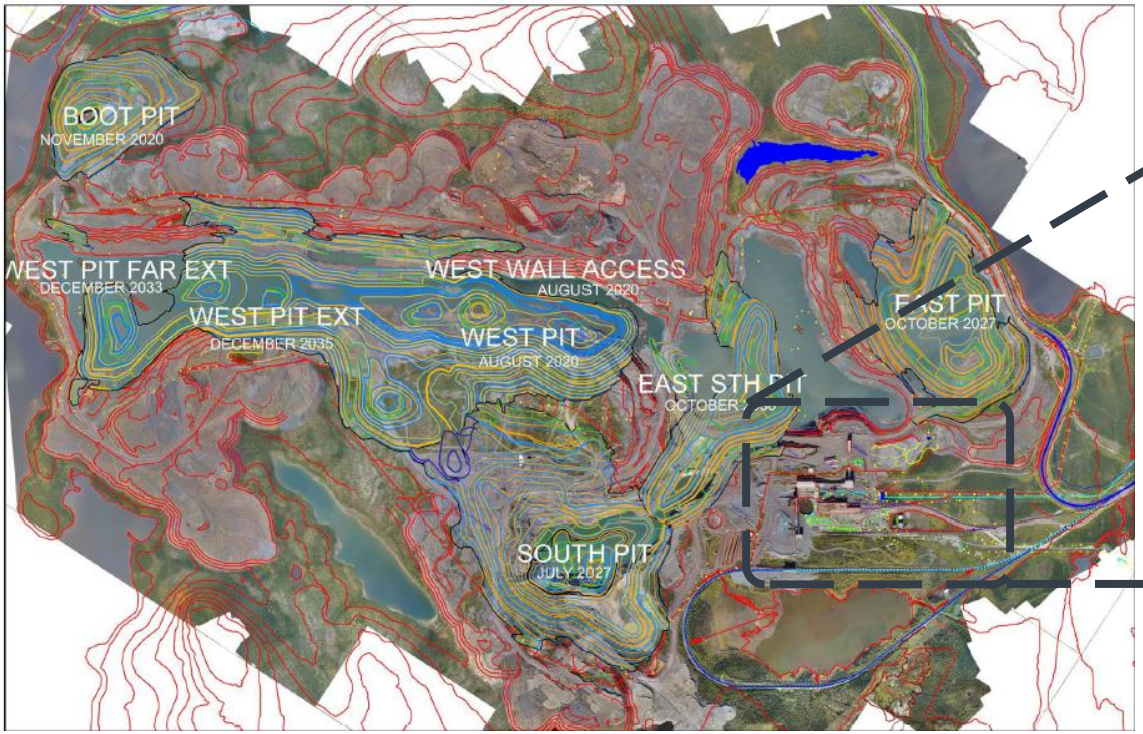
Tax agreement is a significant competitive advantage

1. Quebec proposes to reduce its corporate tax rate to 11.6% on January 1, 2019, and 11.5% thereafter.

Appendix: Royalty Overview

		TERMS
Private Royalties	**MFC Royalty**	➢ 7.00% of Net Revenue less Deductible Expenses ➢ Additional credit is given for total Knoll Lake Royalties payable, before deduction for Tacora's share ➢ **Q4'20 Cost: $11.85 / tonne sold**
	Knoll Lake Royalty	➢ C$0.22/wmt less taxes and Tacora's 58.2% ownership stake in Knoll Lake ➢ **Q4'20 Cost: $0.06 / tonne sold**
Public Royalties	**Nalco-Javelin Royalty**	➢ C$0.22 / wmt ➢ **Q4'20 Cost: $0.17 / tonne sold**
	IBA Royalty	➢ Fluctuating amount calculated on a $/tonne produced basis ➢ **Q4'20 Cost: $0.07 / tonne sold**
	Total Royalties	➢ **Q4'20: $9.9 million ($12.15 / tonne)**

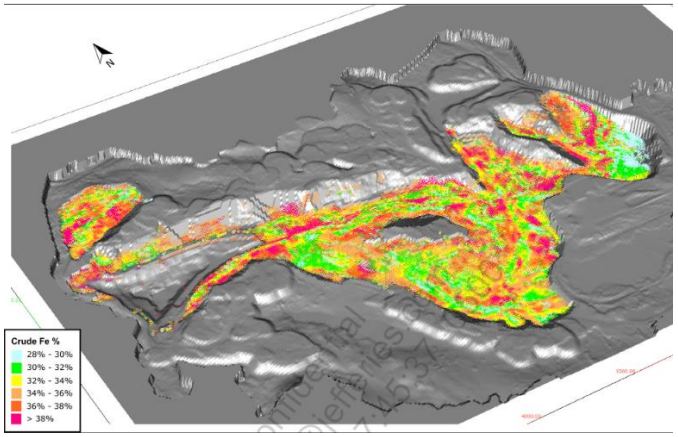
Appendix: Site Map



Pit	Production Start Date	Tonnes (million)	Ore Tonnes (million)	Crude Fe (%)
West	Aug-20	265.9	170.42	34.8
Boot	Nov-20	84.3	52.02	35.8
East	Oct-27	60.1	26.47	35.6
South	Jul-27	199.8	119.54	34.2
Far West Extension	Dec-33	22.3	7.05	35.4
West Extension	Dec-35	82.0	29.03	35.1
East - South	Oct-36	73.7	29.51	35.9
South West	May-43	1.9	1.85	34.8
Total		**790.1**	**435.9**	**34.9**

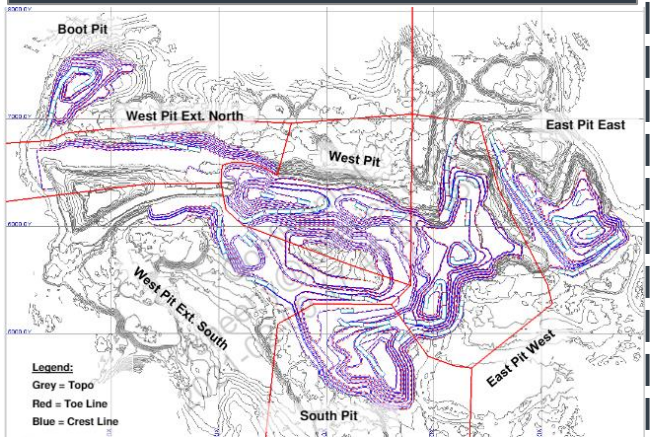
Appendix: Mine Plan Summary

3D View



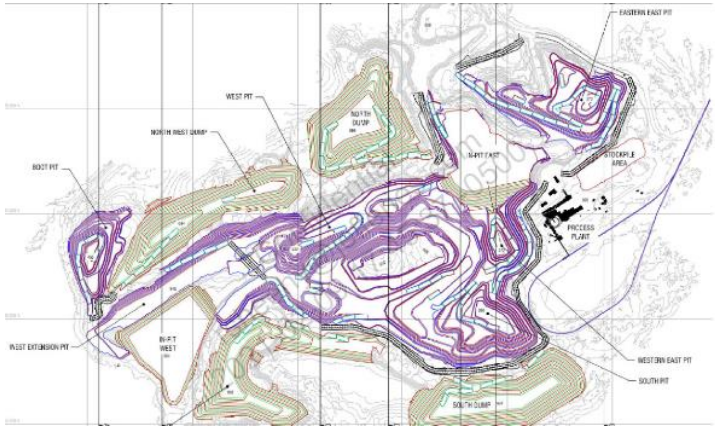
- Represents grade blocks of potentially extractable mineral resources located in the $79/t open pit whittle shell at a cut off grade of 20%
- Inflection point in the grade tonnage curve is a cut-off of 30% Fe, yielding a large tonnage drop from 30%-35% Fe

Final Pit Design



- The design adheres to the recommendations set forth by Golder Associates
- The inter-ramp angles vary from 46 to 32 degrees based on a final 12 to 24m bench height
- The bedding dip of 50 degrees across the domain at 38.5 degrees IRA simplifies the design and makes it more conservative without compromising significant value
- The pit slope profile has a geotechnical catch bench every 120m of vertical stack height which mitigates risks from overbank hazards on the pit wall

Production Schedule – Yr 26 (End of LOM)



- The mine production schedule is completed on a quarterly basis during the pre-production period, first year of commercial production and on an annual basis thereafter
- The objectives of the LOM plan are to maximize discounted operating cash flow of the project subject to various constraints
- The peak mining rate is 35.8Mt with 40Mt moved in year 18
- The average mining rate is 31.8Mt/yr during operations

Source: Scully Feasibility Study

EXHIBIT "X"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Investor Presentation
February 2022

Strictly Private and Confidential

Disclaimer

GENERAL

In this presentation, all amounts are in United States Dollars, unless otherwise indicated. Any graphs, tables or other information in this presentation demonstrating the historical performance of Tacora Resources Inc. ("Tacora" or the "Company") or of any other entity are intended only to illustrate past performance and are not necessarily indicative of future performance of the Company or such entities.

Securities of the Company have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States (as such term is defined in Regulation S under the U.S. Securities Act). This presentation does not constitute an offer to sell or solicitation of an offer to buy any of the securities in the United States.

FORWARD-LOOKING INFORMATION

This presentation contains "forward-looking information" within the meaning of the U.S. Private Securities Litigation Reform Act and applicable Canadian securities laws. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our business, financial position, results of operations, business strategy, growth plans and strategies, budgets, operations, financial results, taxes, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities is forward-looking information. In certain cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking information contained in this presentation and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors and assumptions that we currently believe are appropriate and reasonable in the circumstances. Such factors and assumptions include, but are not limited to: our ability to build our market share; our ability to retain key personnel; future prices of iron ore and other metals; our future production costs; our future performance under our long-term contracts; the accuracy of the mine production schedule in the Feasibility Study; the accuracy of the economic analysis in the Feasibility Study; favourability of operating conditions, including the ability to operate in a safe, efficient and effective manner; the receipt of governmental and other third party approvals, licences and permits on favourable terms; obtaining required renewals for existing approvals, licences and permits and obtaining all other required approvals, licences and permits on favourable terms; sustained labour stability; stability in financial and capital goods markets; availability of equipment and the condition of existing equipment being as described in the Feasibility Study; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry and the global economy; and changes in laws, rules, regulations, and global standards. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include but are not limited to: risks related to changes in the market price of iron ore concentrate; risks related to the costs of ocean freight; uncertainty or weaknesses in global economic conditions and reduced economic growth in China; risks related to reduced global demand for steel or interruptions in steel production; risks related to the ramp-up of the Scully Mine; actual production, capital and operating costs may be different than those anticipated; reliance on the Cargill Offtake Agreement for 100% of expected iron ore sales; reliance on third party transportation; risks related to reliance on key infrastructure; and risks related to indebtedness.

Although we have attempted to identify important risk factors that could cause actual results or future events to differ materially from those contained in forward-looking information in this presentation, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information in this presentation. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this presentation represents our expectations as of the date of this presentation or the date indicated, regardless of the time of delivery of the presentation. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

All of the forward-looking information contained in this presentation is expressly qualified by the foregoing cautionary statements.

Feasibility Study Metrics

Certain metrics used in this presentation are derived from the Feasibility Study and may not have standardized meanings or be comparable to similar metrics used by other companies. These metrics are defined in the context where they are used in this presentation and include "Adjusted EBITDA", "all-in sustaining cost", "cash costs" and "cash flows".

Meeting Presenter and Agenda

PRESENTER

Joe Broking
Director, President & Chief Executive Officer

AGENDA

1. Transaction Overview
2. Company Update
3. Investment Highlights
4. Financial Summary
5. Appendix

Transaction Overview

TACORA RESOURCES

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Executive Summary

- Tacora Resources Inc. ("Tacora" or the "Company") is an iron ore mining and mineral processing company headquartered in Montreal, QC Canada
  - The Company's primary asset, the Scully Mine, is located in Wabush, Newfoundland and Labrador and produces premium quality iron ore concentrate with high Fe grade (65.6% Fe) and low impurities (3.1% Silica)
    - Scully's current annualized production is 3.3mtpa with expected production between 4.6 – 5.0mt in 2022 and an ultimate run-rate production of 6mtpa
    - Tacora has a significant opportunity to expand Scully's capacity and further optimize operations
      - Current mill layout provides potential to double capacity and improve anticipated iron recovery from ~66% to >75%
    - Targeting cash costs of $42/dmt FOB Pointe Noire(1)
    - Reserve life of 27+ years
- For the year ended December 31, 2021E, Tacora generated $446 million of Revenue and $133 million of Adj. EBITDA(2)
- Tacora is seeking to issue a $50 million Add-On to its existing 8.250% Senior Secured Notes due 2026 (the "Transaction")
  - The Transaction will require a consent which will utilize the Company's existing credit facility basket for the add-on
  - Net proceeds of the Transaction will be utilized for capital expenditures and to increase the Company's liquidity
- Pro forma for the Transaction, the Company will have:
  - Total Cash & Cash Equivalents of $82 million and Total Net Debt of $189 million(2)
  - Total Net Leverage of 1.4x based on 2021E Adj. EBITDA(3) of $133 million

Note: Existing debt subject to change.
(1) Excludes royalties.
(2) Reflects pro forma balances as of 9/30/21.
(3) Excludes realized hedging losses.

Transaction Overview

SOURCES & USES OF CAPITAL ($ MILLIONS)

Sources of Funds		
New Senior Secured Notes Add-On due 2026	$	50.0
Total Sources	**$**	**50.0**

Uses of Funds		
Cash to Balance Sheet	$	24.3
Capital Expenditures		21.0
Estimated Financing Fees and Expenses		3.0
Consent Payment [1]		1.8
Total Uses	**$**	**50.0**

CAPITALIZATION & CREDIT STATISTICS ($ MILLIONS)

Capitalization [1]

	9/30/21	Pro Forma
Total Cash & Cash Equivalents	$ 58.1	$ 82.4
Senior Secured Notes due 2026	175.0	175.0
Lease Liabilities	43.1	43.1
New Senior Secured Notes Add-On due 2026		50.0
Total Secured Debt	**$ 218.1**	**$ 268.1**
Total Secured Net Debt	**159.9**	**185.7**
Other Long Term Debt	3.8	3.8
Total Debt	**$ 221.9**	**$ 271.9**
Total Net Debt	**163.7**	**189.5**

Pro Forma Credit Statistics

	LTM 9/30/21A	2021E
Adj. EBITDA	$ 169.6	$ 132.8
Total Secured Leverage	**1.6x**	**2.0x**
Total Secured Net Leverage	**1.1x**	**1.4x**
Total Leverage	**1.6x**	**2.0x**
Total Net Leverage	**1.1x**	**1.4x**

(1) Assumes 1.00% consent fee on full $175 million principal amount
(2) Excludes Sydvaranger cash and lease balances

Indicative Term Sheet – Senior Secured Notes Add-On

Issuer	Tacora Resources Inc. ("Tacora" or the "Company")
Issue	$50.0 million Add-On to the Company's 8.25% Senior Secured Notes due 2026 (the "Notes")
Term	~4.3 years (May 15, 2026 maturity date– same as existing)
Security	Secured by a first priority lien on substantially all assets of existing and future domestic subsidiaries (same as existing)
Guarantees	Guaranteed on a senior secured basis by each of the Company's existing and future domestic subsidiaries (same as existing)
Ranking	Senior in right of payment to all existing and future senior subordinated indebtedness; equal with all other existing and future senior indebtedness (same as existing)
Optional Redemption	➢ Non-callable until May 15, 2023 (with T+50 makewhole call during non-call period); callable thereafter at premiums starting at 50% of the coupon, declining ratably to par; (same as existing) ➢ 40% equity clawback prior to May 15, 2023 at par plus the coupon (same as existing)
Excess Cash Flow Offer	50% ECF offer at par within (i) 125 days after the end of each six month period ending December 31 or (ii) 65 days after the end of each six month period ending June 30 (same as existing)
Change of Control Offer	101% (same as existing)
Negative Covenants	Standard incurrence covenants, including, but not limited to, limitations on: Indebtedness/Liens (carveouts to include provisions for hedging arrangements and mining equipment financing), Restricted Payments, Dividends, Transactions with Affiliates, Investments, Acquisitions, and Asset Sales (same as existing)
Registration	144A / Reg. S for life (same as existing)
Lead Left Bookrunner	Jefferies LLC

Company Update

TACORA RESOURCES

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Investment Highlights

Wholly Owned Mine Producing High Grade & Quality Iron Ore
- Scully Mine in Canada producing and ramping up to 6mpta, with numerous other mines in the area

Generating Significant EBITDA and Cash Flow
- 2021E Adj. EBITDA of $133 million(1)
- 2021E free cash flow of $72 million

Favorable Long-Term Offtake Agreement with Cargill
- Cargill is required to purchase 100% of the iron ore concentrate produced from the Scully Mine for the term of the contract

Efficient Supply with Integrated Logistics Model Located in an Established Mining Jurisdiction
- Long-term agreements in place for all key parties from mine to rail to port
- Other reputable mines in surrounding area, including Champion's Bloom Lake and Rio Tinto's IOC

High Quality Products Enable Greener Steel Production
- The majority of the electricity used on site comes from renewable hydroelectric power
- High quality product reduces emissions from both shipping and steel plants, as well as the waste

Strong Asset Base Provides Significant Security Package
- NI 43-101 NPV offers ~4.0x coverage over pro forma secured debt balance supported by ~2.7x coverage based on insurable replacement costs

Strong Iron Ore Focused Management Team Backed by Leading Mining Investors
- Senior leadership team has over 125 years of industry experience
- Equity investors include Proterra, Orion, Cargill, Tschudi Group and MagGlobal

TACORA RESOURCES

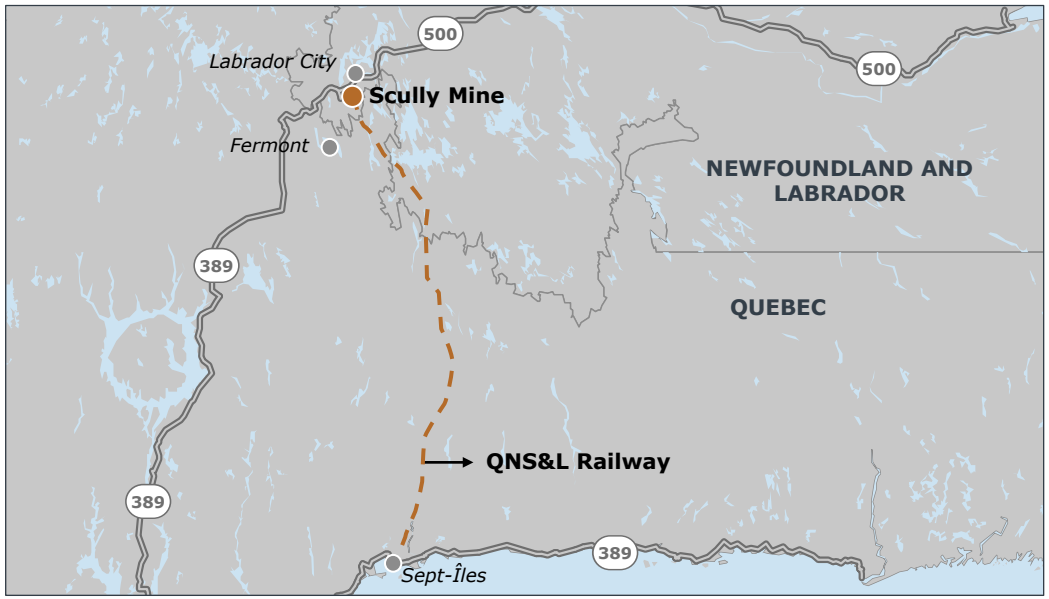
(1) Excludes realized hedging losses.

Scully Mine

OVERVIEW

- Mine restarted by Tacora in 2019 following over $316m in private funding and the implementation of key changes to operating, product and marketing strategies
- Ramping-up to 6mtpa on a run-rate basis by H2'22
- Targeting cash costs of $42/dmt FOB Pointe Noire(1)
- Long reserve life (27+ years)
- Premium quality iron ore concentrate with high Fe grade (65.6% Fe) and low impurities (3.1% Silica)
- Life of mine offtake with Cargill, the leading independent iron ore trader
- Significant opportunity to expand mine capacity beyond 6mtpa and further optimize operation
  - Current mill layout provides potential to increase capacity
  - Potential to improve anticipated recovery from ~66% to >75%

ASSET LOCATION



RESERVES & RESOURCES(2)

	Crude Ore Tonnage (dry)	Crude Grade		Total Weight Recovery	Concentrate Grade		
		Fe	**Mn**		**Fe Conc.**	**Mn Conc.**	**SiO_2 Conc.**
	(mm dmt)	(%)	(%)	(%)	(%)	(%)	(%)
Proven	137	34.9%	2.7%	33.3%	65.6%	1.6%	3.1%
Probable	341	35.0%	2.4%	33.3%	65.6%	1.5%	3.2%
Total P&P	**479**	**34.9%**	**2.6%**	**33.3%**	**65.6%**	**1.6%**	**3.1%**
Measured	196	35.1%	2.3%				
Indicated	526	34.5%	2.4%				
Total M&I	**722**	**34.7%**	**2.4%**				
Inferred	263	34.1%	2.1%				

(1) Excludes royalties.
(2) NI 43-101 Feasibility Study as of May 2021.

Source: Scully Feasibility Study

Updated Scully NI 43-101 Results

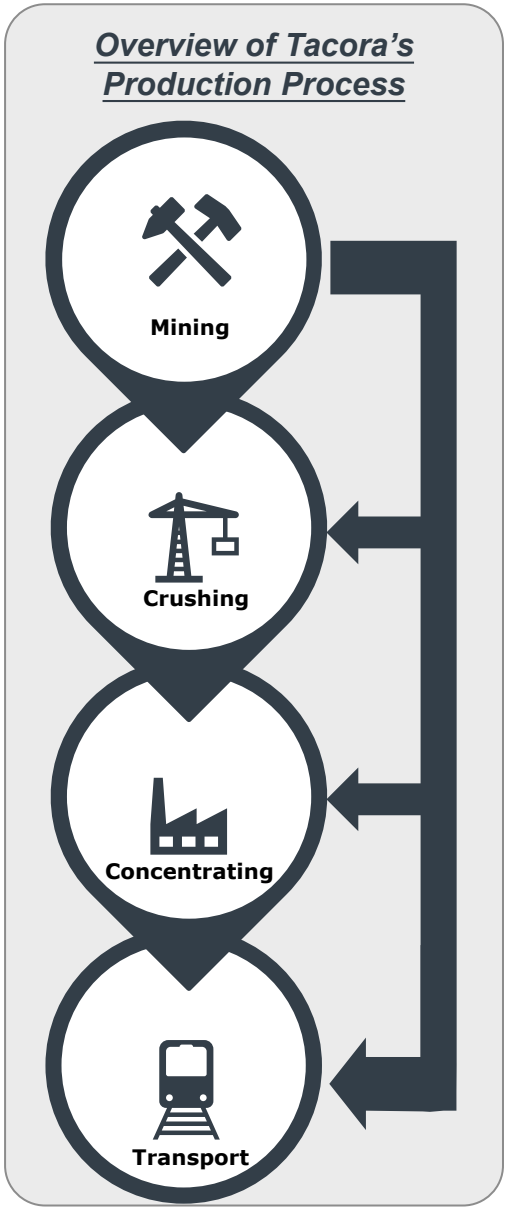
COMMENTARY

- In May 2021, Tacora released an updated Feasibility Study Technical Report for its Scully Mine Re-start project
- The results were largely consistent with the December 2017 report
  - The Company has spent $250 million in capital and equipment financing since the December 2017 report was published, accounting for the significant reduction in total capital required
- Since its 2017 report, Tacora has taken certain steps to restart the mine and significantly improve the cost structure, including:
  - Negotiation and signing of a new Collective Bargaining Agreement with the United Steelworkers union
  - Negotiation of a comprehensive amendment to the mineral lease for the Scully Mine ore body
  - Direct sale of concentrate instead of pellets
  - Execution of a new life of mine rail transportation agreement with the Quebec North Shore and Labrador Railway

		As of May 31, 2021
Mine Life		27 years
Total P&P Reserves (mm dmt)		478
Total M&I Resources (mm dmt)		722
Concentrate Grade (%)	**Fe**	65.6%
	Mn	1.6%
	SiO_2	3.1%
Strip Ratio		0.82
Average Annual Concentrate Production (Mtpy)		6.0
Cash Costs(1) (US$/dmt FOB Pointe Noire)		$42
Benchmark CFR China Long Term Pricing (US$/dmt conc.)	**62% Fe**	$70
	65% Fe	$85
Total Capital(2) (US$ mm)		$571
After-Tax NPV @ 8%(2) (US$ mm)		$1,076

(1) Excludes royalties.
(2) Converted at an exchange rate of US$0.80 / C$1.00.

Our Plan to Reach Name-Plate Production



Tacora has a clear defined path to increase concentrate sold to 6.0mtpa by H2 2022

Project	Expected Tonnage Uplift (kt)[1]	Capex Incurred ($mm)	Capex Remaining ($mm)	Implementation
Fines Bypass System	>500	$6.2	$11.1	2Q22
Manganese Reduction Circuits	200	$4.9	$2.5	2Q22
Scavenger Spirals	200	$0.8	$2.4	2Q22
Contingency[2]			$5.0	

COMMENTS

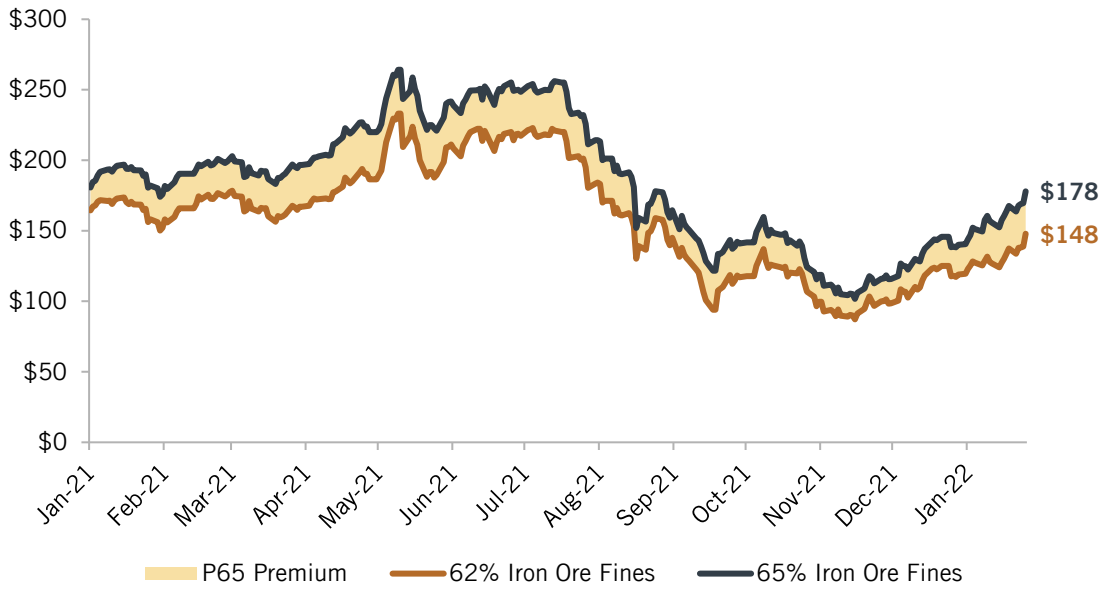
- The team is focused on completing the BIG 3 projects listed above
- The Fines Bypass System is a screening step between crushing and milling. Up to 40% of our ore is fully size reduced and liberated once crushed and therefore can be pumped directly to the spirals bypassing milling
- We expect the addition of two Manganese Reduction Circuits to improve our iron recovery and give us the flexibility to process higher manganese ore while maintaining our quality specifications
- The addition of Scavenger Spirals on all six mill lines to upgrade and recover the iron not captured during the first Spiral step will improve system recovery. Currently that iron is lost to tailings

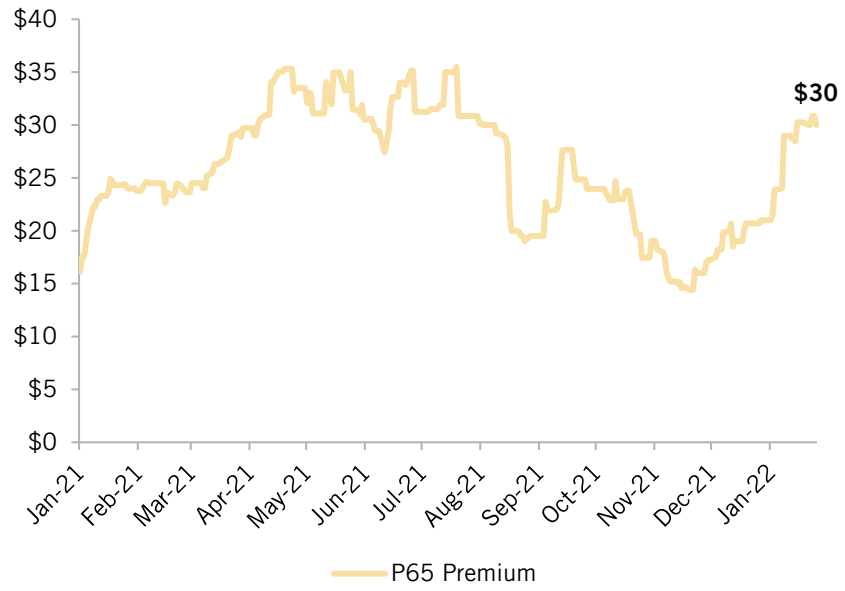
(1) Based on management estimates.
(2) A contingency has been added to the projects due to significant price increases brought on due to inflation and COVID.

Recent Developments in the Iron Ore Market

- Iron ore prices have remained strong through 2021 relative to 5-year historical averages of ~$101/t for 62% Fe Fines and ~$118/t for 65% Fe Fines
- Crude steel production declined 3% year over year due to the enforcement of steel production restrictions in China, leading to lower iron ore prices in H2'2021 compared to H1'2021
- Coking coal prices have remained high through 2021 compared to historical averages, resulting in a strongPlatts IO 65% Fe CFR China Index ("P65") premium for the year
- To protect against lower iron ore prices during the ramp up, Tacora has added Platts IODEX 62% Fe CFR China Index ("P62") fixed price contracts through Q3 2022

HISTORICAL MARKET PRICE INDICES ($/T)





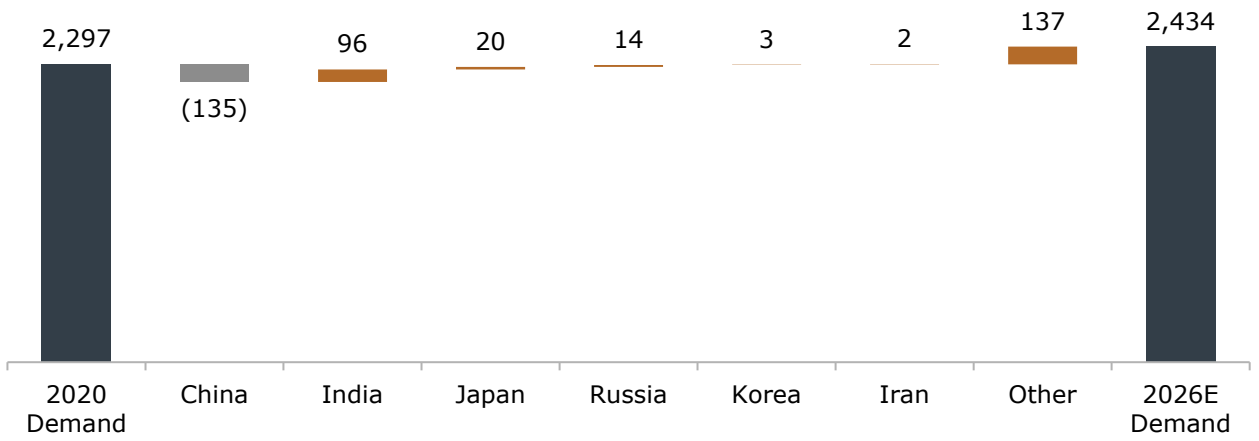
Sources: AME, Bloomberg (Platts)

Recent Developments in the Iron Ore Market (continued)

COMMENTARY

- From H2'2020 through H1'2021, the iron ore market was performing at unprecedently high levels due to the COVID-19 and the related supply chain shock issues
- Declines during H2'2021 are primarily because China, the world's leading iron ore importer, has experienced property market fluctuations, construction slowdowns and pushes by regulators to reduce domestic steel production
  - However, pricing remains significantly above the 5-year historical average
  - Reduced demand from China in the projection period is expected to be mitigated by increased demand in other regions

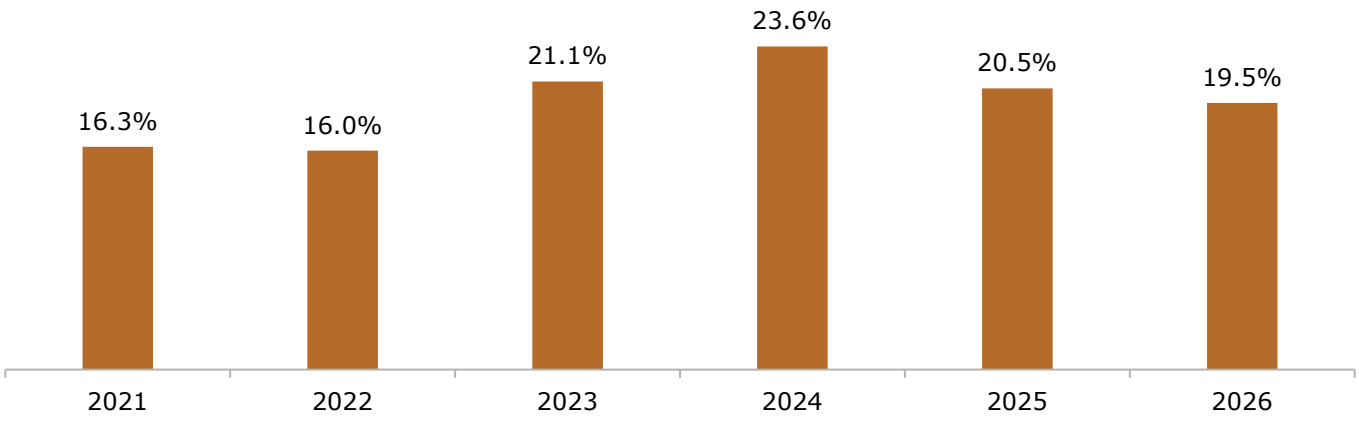
GROWING IRON ORE DEMAND OUTSIDE OF CHINA (MILLION TONNES)



COMMENTARY

- In the long term, the market has begun shifting toward higher quality products as:
  - Environmental regulations tighten globally
  - Steel producers shift focus to long-term carbon emissions goals and increased productivity
- This emphasis on high-grade, low-impurity iron products is reflected in elevated premiums compared to the historical averages continuing through 2026

ESTIMATED AVERAGE 65% FE PREMIUM VS 62% FE



Source: AME

Investment Highlights

TACORA RESOURCES

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1 661 Wholly Owned Mine Producing High Grade & Quality Iron Ore

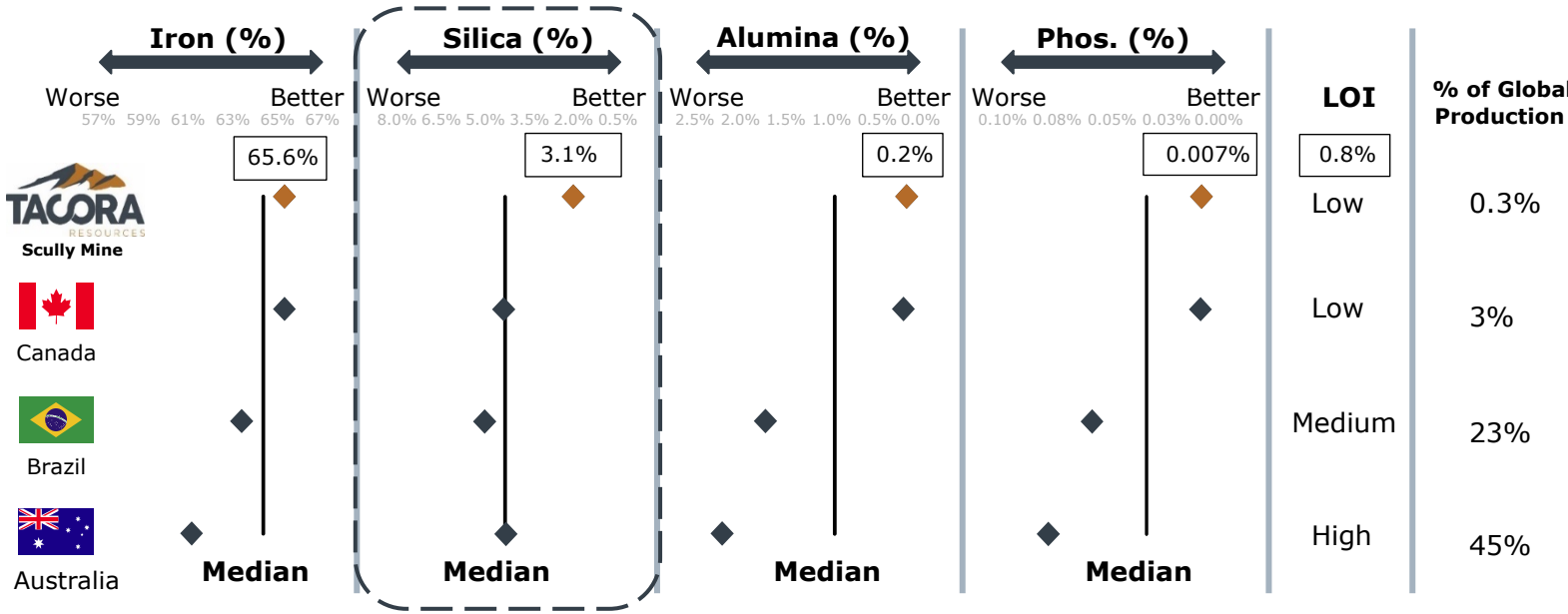
Product Quality Overview

COMMENTARY

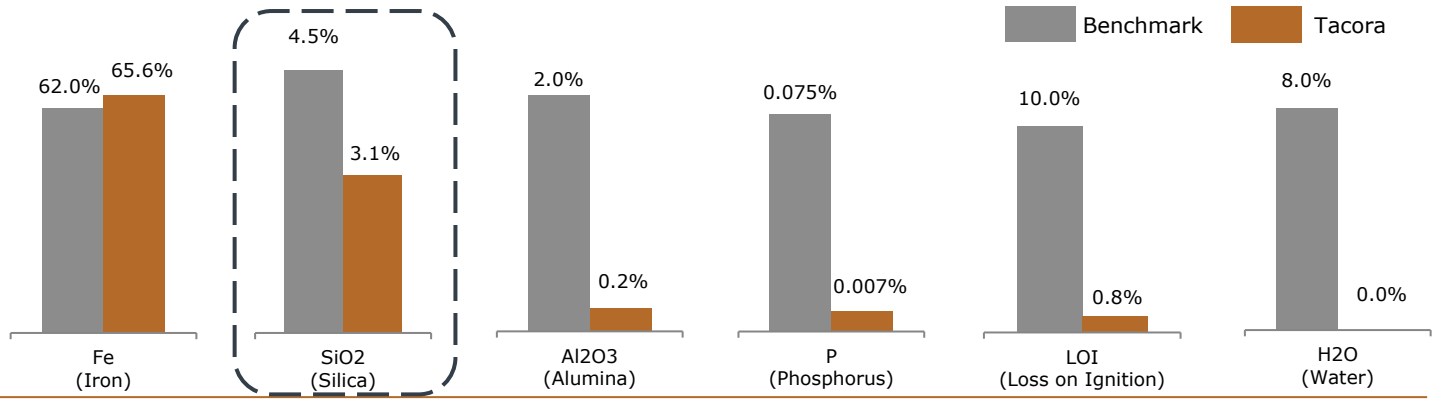
- Silica, Alumina, Phosphorus and LOI (loss on ignition) are deleterious to iron ore and **Tacora ore is uniquely low in all of these elements**
- Tacora's concentrate has very low moisture, versus approximately 8.0% for the rest of the world, which means **it can be shipped year round without risk of freezing**
- LOI is a key driver of value in use — benchmark 4-10% LOI means 4-10% of the weight purchased is lost to the off-gas in the sintering process compared to just 0.8% for Tacora
- The installation of Mn reduction circuits as part of the restart along with marketing the Scully concentrate as a sinter feed addressed the historical Mn challenge

TACORA OUTPERFORMS SELECT PEERS IN KEY AREAS…

Low silica is essential for DRI production



…AND COMMANDS A PREMIUM PRICE IN THE MARKET RELATIVE TO BENCHMARKS



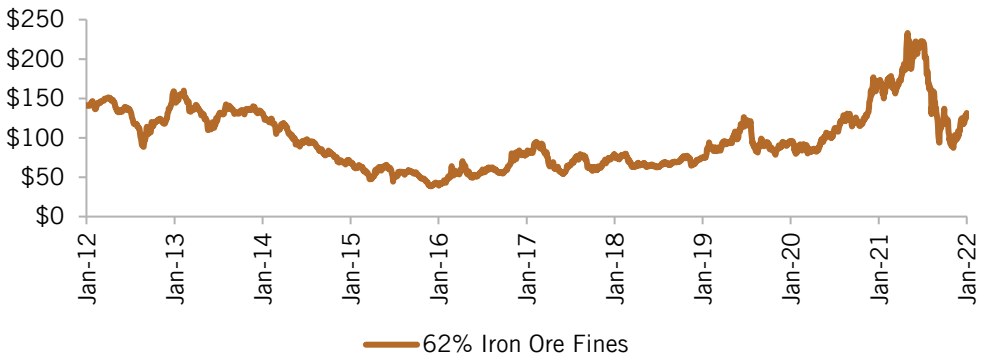
Source: AME, Scully Feasibility Study

2 Generating Significant EBITDA and Cash Flow

COMMENTARY

1. **Mining Costs:** Expected to decrease on a per unit basis due to economies of scale resulting from ramp-up of production
2. **Processing Costs:** Increased short term costs will result in the expected levels of asset reliability and are expected to decrease on a per unit basis due to economies of scale resulting from ramp-up of production
3. **Transportation Costs:** Higher costs per dmt due to strong iron ore prices and minimum rail volume requirements compared to LOM average as operations continue to scale
4. **Royalties:** Mineral royalty is calculated as a function of price, which has led to an increase due to favorable iron ore prices

IRON ORE CFR CHINA 62% PRICE (DMT)



ILLUSTRATIVE SCULLY CASH COST ANALYSIS (1)

	($/dmt)	Q4'21E	Scully Feasibility LOM Average
	FX	$1.9	-
1	Mining	$19.7	$11.8
2	Processing & Crushing	$31.0	$11.5
	Minesite G&A (excl. corporate)	$3.8	$2.1
	Minegate Cash Costs	**$56.4**	**$25.4**
	Rail Costs	$16.3	
	Rail Haulage	$8.7	
	Price Participation	$4.5	
	Other Costs	$3.0	
	Port Costs	$10.0	
3	**Total Transportation Costs**	**$26.2**	**$15.7**
	FOB Cash Costs Pointe Noire	**$82.6**	**$41.1(4)**
4	Royalties(2)	$7.2	$5.1
	Ocean Freight	$29.1	$17.1
	Total Delivered Costs for 65.6%	**$119.0**	**$63.3**
	(-) 65.6% Premium Received by Tacora(3)	($25.4)	($12.0)
	Total Delivered Costs Comparable to 62.0%	**$93.6**	**$51.3**

High grade, premium product mitigates costs associated with processing and shipping

1. Feasibility cost structure based on IODEX 62% weighted average life of mine pricing of $70. Certain costs are variable and can change with changes to the IODEX 62% price.
2. Royalty payable from the Company to Scully Royalty under the Mining Lease.
3. As set out in the Scully Feasibility Study Technical Report - Update, the difference between the weighted average price and the weighted average IODEX 62% price which Tacora expects to realize is [redacted] such amount is based on a life of mine term under the Cargill Offtake Agreement.
4. Excludes a $0.60/dmt concentrate loss factor as consistent with reported financials.

Source: Bloomberg (Platts), Scully Feasibility Study Technical Report - Update

3 Favorable Long-Term Offtake Agreement with Cargill

COMMENTARY

- Cargill is one of the world's largest commodity traders with over 155 years of experience, operations in 70 countries, and deep relationship with global steelmakers
- Tacora has executed an offtake contract whereby Cargill will purchase 100% of the iron ore concentrate produced from the Scully Mine for the entire life of mine
- Tacora's iron ore is being marketed as a high-grade premium blending concentrate that will be used to upgrade other commodity grade and sub-commodity grade products, particularly from Australia
- The agreement extends to any new production from mining areas not currently in use as well as any tailings reprocessing

KEY TERMS

Volume	• All tons produced from the Scully mine, including from any and all expansions
Term	• Through 2024 and the Company granted Cargill rolling options to extend the Agreement for the life of the Scully mine at various predetermined intervals
Price	• 100% of the 62% Index, minus freight cost, plus a % share in the premium achieved by Cargill above the 62% index
Point of Sale	• Pointe Noire
Change of Control Provision	• None

ESTABLISHED CUSTOMER BASE IN EUROPE AND ASIA

4 Efficient Supply with Integrated Logistics Model Located in an Established Mining Jurisdiction

Located in Proximity to Established Mining Companies

1 Scully Mine

- Concentrate is transferred by a belt conveyor to the load-out silos where it is then loaded into a train for transport to the port

2 QNS&L Railway

- Life of mine agreement in place with IOC/QNS&L for competitive rail transportation across the QNS&L line from Wabush to Sept Isle
- Ability to transport up to 6.5mtpa of concentrate

3 SFPPN

- Multi-user port which provides the Company with rail car unloading, concentrate handling and a conveyor connection to Dock 35 port of Sept-Iles

4 Port of Sept-Iles Dock 35

- Access to large bulk commodity carriers including up to VLOC bulk vessels
- The product is exported into the seaborne market through Pointe-Noire, near Sept-Iles, Quebec

TACORA RESOURCES

- Scully Mine (Tacora)
- Bloom Lake (Champion)
- Iron Ore Company of Canada (IOC)
- Labrador City
- Wabush
- Arcelor Mittal Mining Company (AMMC)

5 High Quality Products Enable Greener Steel Production

Lower Shipping Emissions by Fe Volume

- ✓ Increasing seaborne exports and environmental scrutiny puts additional pressure on steel mills and shippers to find ways to reduce their carbon footprint
- ✓ Tacora's industry leading quality allows steel mills to use less iron ore to produce steel, thereby reducing the tonnage shipped
- ✓ Reduced shipping volumes = reduction in CO_2 emissions

Driving down CO_2 emissions per vessel

Environmental Measures at Scully Mine

- ✓ 100% of the base-load electricity at the Scully Mine is from renewable hydro-power
- ✓ 60% of the water used in the milling process is recycled
- ✓ 12% planned reduction in GHG emission intensity by 2027 compared to 2022-2024 average
- ✓ Fertilized and seeded 70 hectares of tailings in 2021

Contributing to the clean energy revolution

Reducing Steel Plant Emissions

- ✓ Producers are looking to expand low-carbon EAF production while reducing high-carbon blast furnace production
- ✓ Coke can be reduced by adding high quality iron into furnaces, minimizing initial impurities
- ✓ Replacing scrap with DRI in EAFs, which can potentially reduce EAF CO_2 emissions by an additional ~40%, reduces steel plant emissions

Enabling the "green steel" revolution

Less Slag By-Product Produced

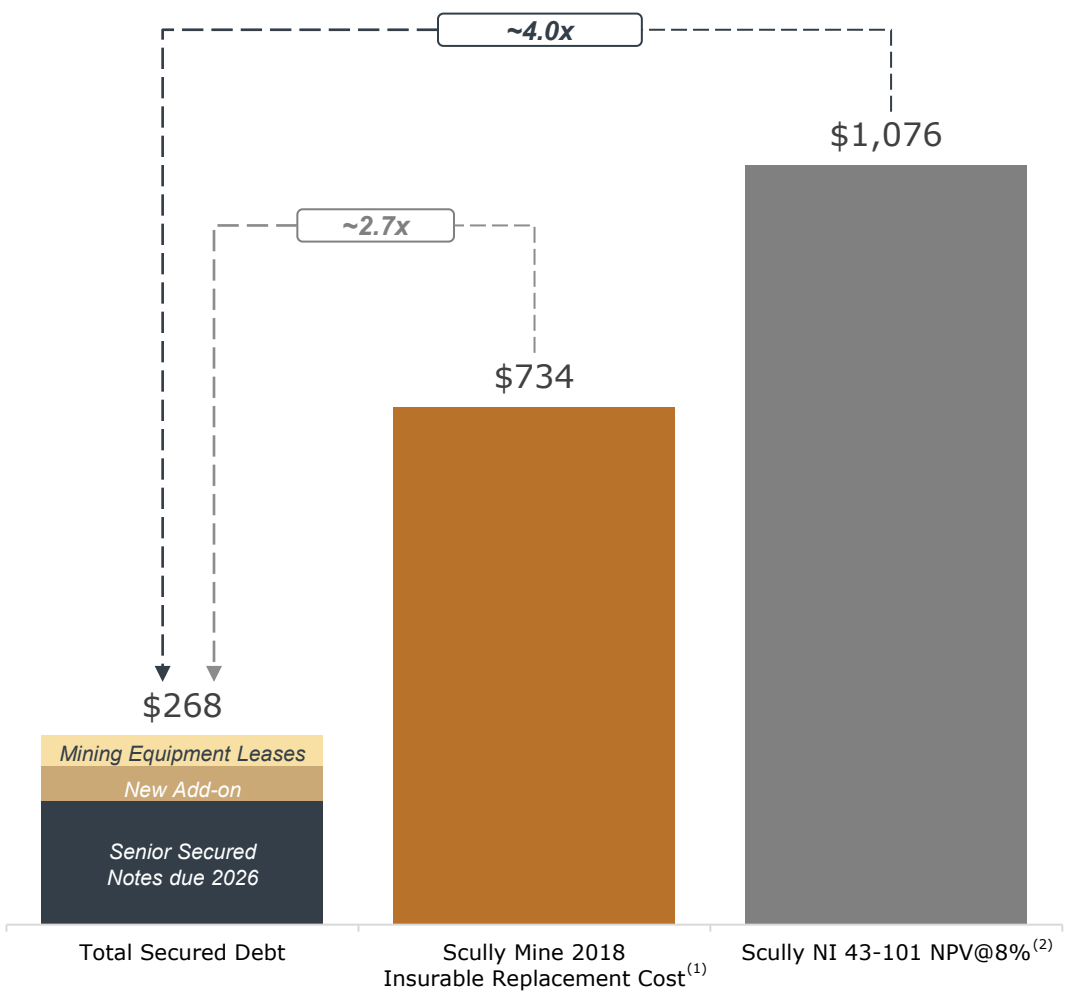
- ✓ Steel slag resulting from blast furnace production can contain several toxic ingredients making it a potential environmental and health hazard
- ✓ Higher quality iron ore reduces the impurities associated with steel production and the volume of waste slag produced

Reducing environmental footprint of mills

An Environmentally Friendly Alternative for Our Customers

6 Strong Asset Base Provides Significant Security Package

SIGNIFICANT SECURED ASSET BASE (US$ MILLIONS)…



…SUPPORTED BY ASSETS ON THE GROUND

- Scully Mine
- Mobile mining fleet
- Mine fleet maintenance facility with 5 bays and 50t overhead crane
- Wash bay within the maintenance facility
- Auxiliary mine maintenance facility with 7 bays and 10t overhead crane
- Warehouse
- Processing plant including crushers, grinders, etc.
- Machine shop, electrical shop, paint shop and welding shop
- Mine dewatering equipment and sedimentation ponds
- Fuel storage tanks
- Administration building

(1) Converted at an exchange rate of US$0.78 / C$1.00 as of May 10, 2018.
(2) Converted at an exchange rate of US$0.80 / C$1.00.

Source: Marsh Risk Consulting (February 2018), Scully Feasibility Study

7 Strong Iron Ore Focused Management Team Backed by Leading Mining Investors and Committed to ESG Standards

EXPERIENCED MANAGEMENT TEAM…

 **Joe Broking** Director, President & CEO	➢ 20+ years of experience in corporate finance, investor relations, compliance, risk management, accounting and audit, operations, Lean manufacturing, marketing and executive management ➢ Previously CFO of Magnetation, President and CEO of Itasca Economic Development Corporation, Director of Operations at Bucyrus, Director of Finance at Terex and Director of Financial Accounting at Stora Enso
 **Hope Wilson** Chief Accounting Officer	➢ 23+ years of combined experience in the areas of certified public accounting, SEC compliant reporting, corporate finance, compliance, audit, corporate tax, information technology and financial system implementations ➢ Previously worked as Chief Accounting Officer of Magnetation and as an accountant at Laserex Systems, Ceridian Employers Services and Boyum and Barenscheer
 **Achille Njike** EVP, Processing	➢ 17+ years of experience in the mining industry, progressing through more demanding roles in integrated Operations, Asset Management, Business Transformation & Operations Excellence ➢ Previously led the integrated Maintenance Operations, Asset Management, Automation, Electrical & Control Systems and Operations Infrastructure at Rio Tinto Kennecott Utah Copper mine
 **Sylvain Lessard** EVP, Mining	➢ 30+ years of experience in the mining industry, progressing through more demanding roles in all aspects of open pit and underground mining operations ➢ Previously GM at Arcelor Mittal, GM at First Metal, Mining Superintendent at Cliffs and Project Manager at Kiewit
 **Marie-Andreé Morin** VP, Projects	➢ 25+ years of experience providing engineering and construction-related services to support project development in the mining and minerals industry ➢ Previously VP at SNC-Lavalin, VP at Ausenco, Project Management Consultant at Ingenia Solutions and Director of Engineering at Bluestone Resources
 **Hubert Vallé** VP, Business Development	➢ 20+ years of experience in iron ore mining, serving as a Project Engineer at Québec Cartier Mining and subsequently Director of Operations for the company's Pellet Plant in 2001 ➢ Previously VP at Cliffs, VP of Development at Century Iron, President & CEO of Lamelee Minerais de Fer and President & CEO of Canadian Metals

…COMMITTED TO ESG EXCELLENCE

Environmental

- Currently uses 60% recycled water in the milling process and is continuing to identify projects to reduce fresh water usage
- Plans to reduce GHG emission intensity by 12% compared to 2022 – 2024 average performance by 2027
- Has been collecting samples as part of a comprehensive industrial hygiene program
- Active tailings revegetation program, fertilizing and seeding 70 hectares of tailings in 2021

Social

- 96% of Tacora employees are local
- Successfully negotiated an Impact Benefits Agreement with the Innu Nation of Labrador to provide prior notification of hiring and procurement opportunities
- Procured a total of $147 million in goods and services in 2020, $117 million of which was procured locally in Newfoundland and Labrador
- Has a 3-year agreement expiring in 2022 with the Town of Wabush to pay a grant-in-lieu of taxes to the town of CAD1.6 million per year

Governance

- Executive management team focused on de-risking and creating value for all stakeholders
- Top tier board focused on the highest standards and conduct
- Entrepreneurial mindset with large business capabilities and drive towards excellence
- Commercial relationships with stakeholders are transparent and honest, based on trust and mutual respect
- Strong relationship and history of cooperation with the United Steelworkers Union

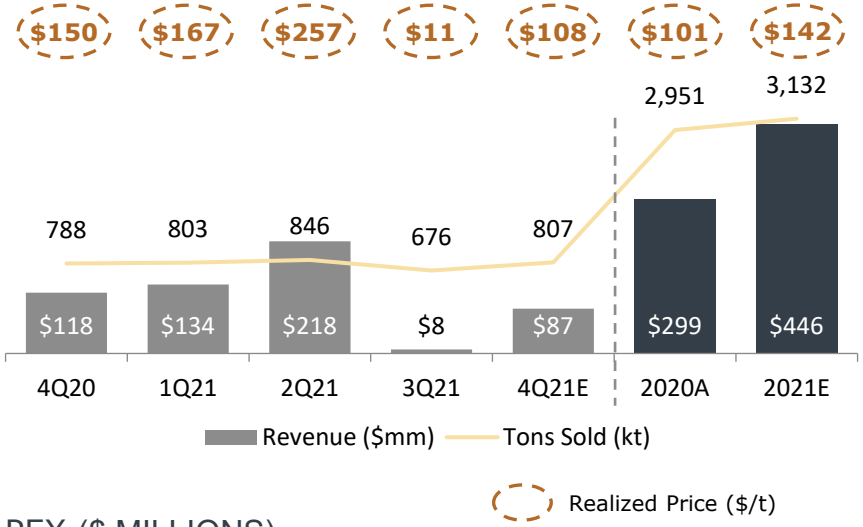
Financial Summary

TACORA RESOURCES

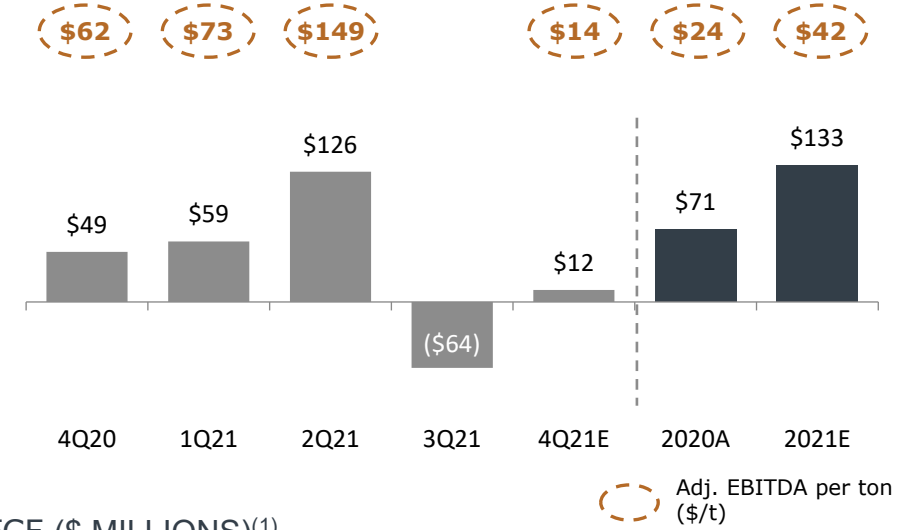
WWW.TACORARESOURCES.COM

Historical Financial Performance

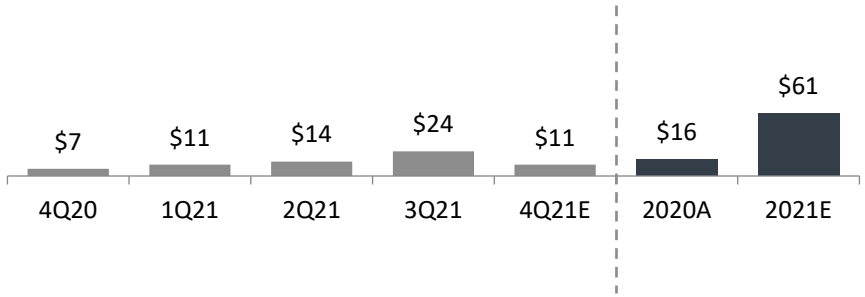
TONNES SOLD AND REVENUE ($ MILLIONS)



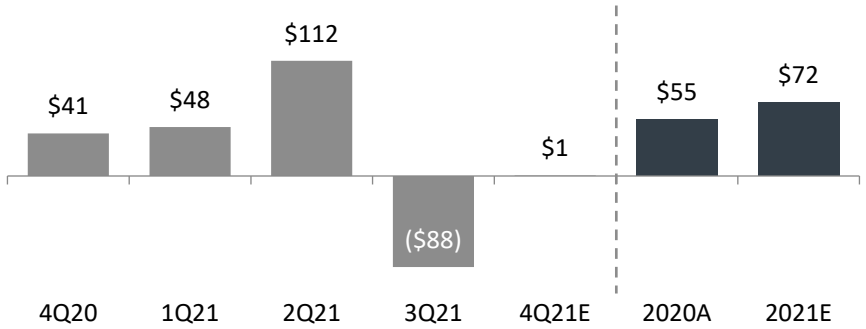
ADJ. EBITDA ($ MILLIONS)



CAPEX ($ MILLIONS)



FCF ($ MILLIONS)[1]



(1) Free Cash Flow defined as Adjusted EBITDA less CapEx.

Source: Company model

Flash Q4 2021E Result Summary

- For the fourth quarter ended December 31, 2021E, we expect to see an increase in revenue, adjusted EBITDA and operating income over Q3'21 due to increased quarterly production and reduced effects of negative provisional pricing adjustments
- The P62 benchmark price ended the quarter at $119/t while the P65 benchmark pricing finished the quarter at $140/t
- The Scully Mine produced 818 kdmt during the quarter, implying annualized production of 3.3 mtpa
- We realized an FOB Cash Cost(1) of $83 per dmt for the quarter however we still expect to achieve our target cash cost(2) of approximately $42 per dmt once full production is reached
- Our total cash on hand was $34 mm

Profitability	Market	Production	Cash Cost
Revenue $87 mm	P62 average $110	Concentrate 818 kdmt	FOB cash cost $83 per dmt
Adj. EBITDA $12 mm	P65 average $129	Iron recovery 47.8%	
	P65 premium average $19		

(1) FOB Cash Cost = Cash cost of sales or FOB Cash Costs Pointe Noire Excludes royalties.
(2) Achievement of the target cash cost is subject to the impact that the market price of iron ore has on our cost structure

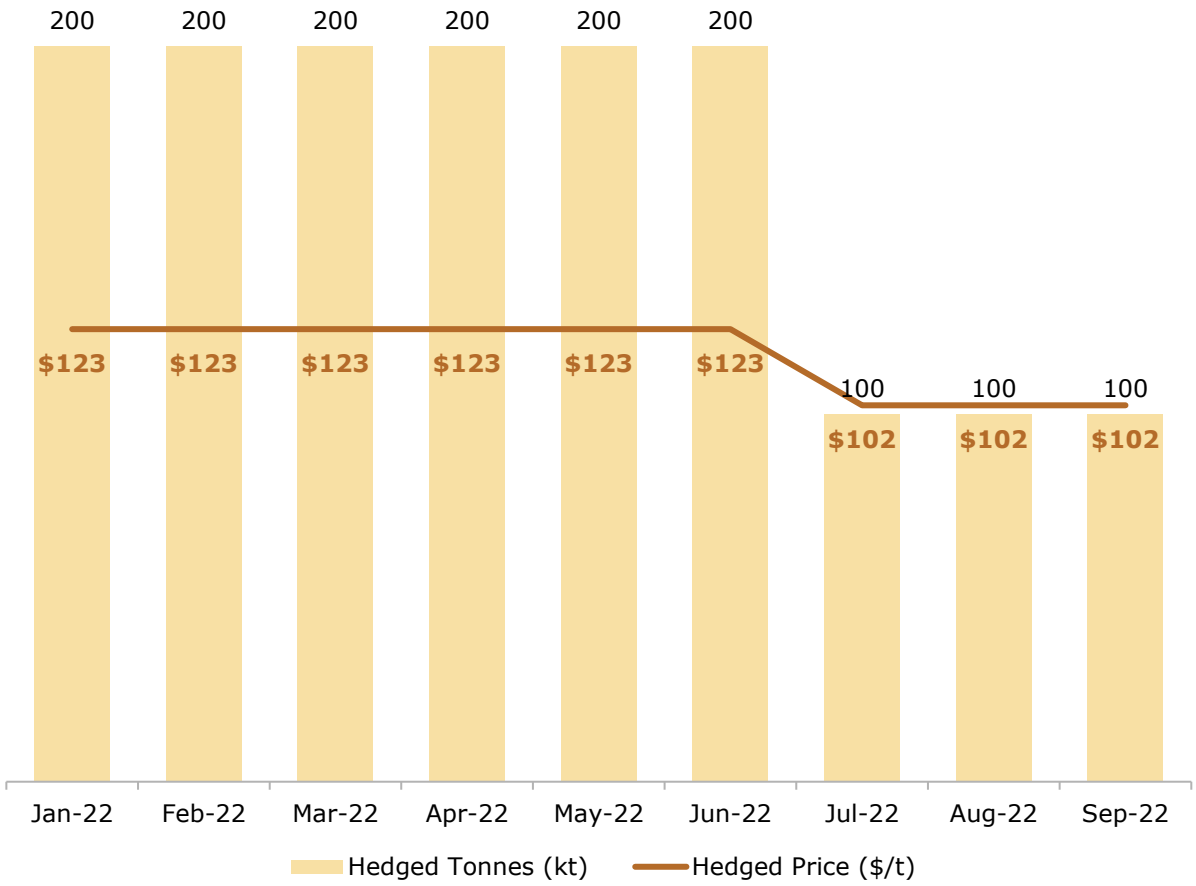
Source: Company model

Current Hedge Portfolio

COMMENTARY

- In August, October and December 2021, Tacora entered into monthly P62 fixed price contracts with Cargill from Jan – Sept 2022
- Tacora will physically settle the contracts with Cargill, so the financial impacts of these agreements will be recorded in revenue instead of other income (expenses)
- The Company may hedge in the future, but does not anticipate hedging above 50% of its total estimated production

CURRENT HEDGE BOOK



Appendix

Appendix: Detailed Historical Financial Summary

($ millions, unless noted)	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21E	FY'19	FY'20	FY'21E
62% Fe Benchmark Price ($/t)	$133.69	$166.90	$200.01	$162.94	$109.61	$93.40	$108.87	$159.49
Tacora Realized Price ($/t)	$149.74	$166.64	$257.29	$11.30	$107.65	$66.55	$101.40	$142.40
Concentrate Sold (kt)	788	803	846	676	807	902	2,951	3,132
Revenue	**$118**	**$134**	**$218**	**$8**	**$87**	**$60**	**$299**	**$446**
Cost of Concentrate Shipped	($69)	($73)	($89)	($70)	($73)	($83)	($223)	($306)
Gross Profit	**$49**	**$61**	**$128**	**($62)**	**$13**	**($23)**	**$76**	**$140**
Corporate Costs	($1)	($2)	($2)	($2)	($2)	($12)	($5)	($7)
Other[(1)]	($24)	($22)	($83)	($39)	($1)	($14)	($68)	($144)
EBITDA	**$24**	**$37**	**$43**	**($103)**	**$11**	**($49)**	**$3**	**($12)**
(+) Hedging Losses / (Gains)	$22	$22	$65	$37	$0	$12	$65	$124
(+) One-off Financing Costs & Other	$3	$0	$18	$2	$1	--	$3	$21
Adjusted EBITDA	**$49**	**$59**	**$126**	**($64)**	**$12**	**($37)**	**$71**	**$133**
(-) CapEx	($7)	($11)	($14)	($24)	($11)	($90)	($16)	($61)
Free Cash Flow[(3)]	**$41**	**$48**	**$112**	**($88)**	**$1**	**($127)**	**$55**	**$72**

(1) Other items primarily consist of hedging and royalty costs.
(2) Free Cash Flow defined as Adjusted EBITDA less CapEx. Shown exclusive of Sydvaranger acquisition costs.

Source: Company model

Summary of Hedging and Provisional Pricing in Tacora's Financial Results

PROVISIONAL PRICE OVERVIEW

- Tacora's iron ore sales contracts are structured with Cargill on a provisional pricing basis
- Tacora recognizes revenue at the time iron ore sales are delivered and unloaded at the port (Sept-Iles)
- The price recognized at this time is based on the P62 iron ore price, plus a portion of the P65 premium over the P62 price with a freight deduction
- The final P62 price is determined three months after the vessel sails, the other factors used in determining the final sales price are open and varies by vessel
- Sales are open to price adjustments from the time the tonnes are unloaded at the port until the final sales price is determined
- In periods where the iron ore price declines between shipment and delivery, there would be a negative provisional price impact
- In Q3 2021, this provisional price adjustment represented a ($92) adjustment to revenue, based on
  - Revenue was recognized on shipped iron ore at a provisional price in Q2
  - That iron ore was final settled in Q3 when the Fe price was lower than the provisional price
  - A negative adjustment to reflect the change in price was recognized in Q3

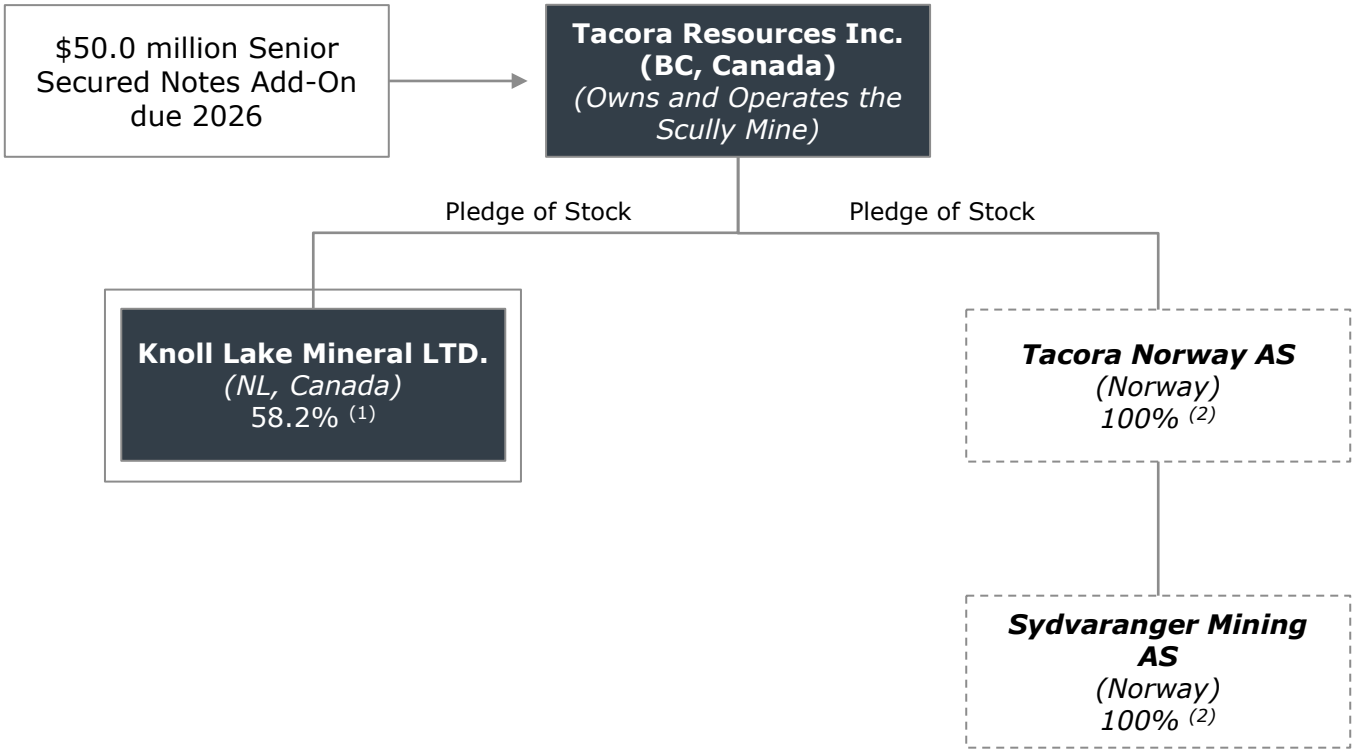
HEDGING IMPACT OVERVIEW

- Historically Tacora has settled hedges on a cash basis, which has impacted its financial statements as follows:

Income Statement	➢ Loss on derivative instruments: Mark to market adjustment for value of outstanding hedges
Cash Flow Adjustment	➢ CFO: Loss from forward contracts: adjustment to undo non-cash impact of "Loss on derivative instruments" in the income statement ➢ CFI: Commodity forward contract settlements: Actual cash impact of hedges realized over the time period includes additional collateral payments into the Jarvis/SAF facility

- All of Tacora's current fixed price contracts are with Cargill and will physically settle
- Based on IFRS 9, any physically settled hedges are recorded in revenue rather than other income (expense)
- Tacora will report hedging impact in this manner moving forward, so long as hedges continue to be physically settled

Appendix: Ownership and Organization Structure



Note: Organization Structure excludes any Immaterial Subsidiaries.
(1) Non-guarantor Restricted Subsidiary.
(2) As of the issue date of the Notes, Tacora Norway AS, Sydvaranger Mining AS and its subsidiaries will be designated as Unrestricted Subsidiaries and will not be subject to any of the restrictive covenants in the Indenture. The chart excludes any subsidiaries of the Unrestricted Subsidiary Sydvaranger Mining AS.

Source: The Company

EXHIBIT "Y"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 **Name and Address of Company**

Tacora Resources Inc. ("**Tacora**" or the "**Company**")
102 NE 3rd Street, Suite 120
Grand Rapids, Minnesota 55744

Item 2 **Date of Material Change**

November 10, 2022

Item 3 **News Release**

Not applicable.

Item 4 **Summary of Material Change**

On November 10, 2022, the Company completed a non-brokered private placement of 15,000,000 convertible preferred shares of the Company ("**Preferred Shares**") at a price of US$1.00 per Preferred Share for aggregate proceeds of US$15,000,000 less transaction costs and expenses.

Item 5 **Full Description of Material Change**

5.1 **Full Description of Material Change**

On November 10, 2022, the Company completed a non-brokered private placement of 15,000,000 Preferred Shares at a price of US$1.00 per Preferred Share for aggregate proceeds of US$15,000,000 less transaction costs and expenses in accordance with the terms and conditions of a subscription agreement entered into between the Company and Cargill, Incorporated (collectively, the "**Preferred Equity Subscription**").

In connection with the Preferred Equity Subscription, the Company, among other things, (i) amended its constating documents to create and authorize for issuance, the Preferred Shares and (ii) entered into an amended and restated shareholders agreement with existing holders of common shares of the Company and Cargill, Incorporated to provide for certain rights and restrictions in respect of director nomination, shareholder consent, and participation in connection with specified liquidity events.

The following description of the terms of the Preferred Shares is qualified in its entirety by reference to the full text of the terms of the Preferred Shares.

Voting Rights

Holders of the Preferred Shares are not entitled to receive notice of, attend or vote at any meeting of the shareholders of the Company, provided that any action or

transaction resulting in, or that would result in, the creation of a senior or parity ranking share class to the Preferred Shares or an amendment to the terms of the Preferred Shares in a manner adverse to the holders thereof, requires approval of at least 2/3 of the votes in writing or cast at a meeting by the holders of the Preferred Shares voting separately as a class with one vote per Preferred Share.

Conversion Rights

The Preferred Shares are convertible into such number of common shares of the Company ("**Common Shares**") as determined by multiplying the number of Preferred Shares to be converted by the liquidation preference at such time, and then dividing the result by the conversion price in effect immediately before such conversion. The initial conversion price is US$1.00 per Preferred Share, which conversion price is subject to customary anti-dilution adjustments in accordance with the terms thereof. The liquidation preference per Preferred Share is initially equal to US$1.00 per Preferred Share and will accrete at a rate of 15% per annum, compounding quarterly ("**Accretion Rate**"), subject to reduction for dividends declared and paid and customary anti-dilution adjustments in accordance with the terms thereof.

Preferred Shares are converted into Common Shares: (i) at the election of the holders of such Preferred Shares from time to time; and (ii) automatically, upon certain specified liquidity events.

Quarterly Redemption

Upon notice from holders of not less than 40% of the outstanding Preferred Shares, beginning on March 31, 2023 and at the end of each calendar quarter thereafter and provided that the Company has available cash or cash equivalents of at least US$35 million and are not otherwise restricted under the terms of certain of the Company's indebtedness, including its outstanding 8.250% Senior Secured Notes due 2026 (the "**Third Party Debt**"), the Company will redeem such number of the then outstanding Preferred Shares (on a pro rata basis) having an aggregate liquidation preference equal to the product of: (i) the applicable Accretion Rate for such calendar quarter multiplied by a fraction, the numerator of which is the number of days in the appliable quarter, and the denominator of which is the total number of days in the calendar year; and (ii) the aggregate liquidation preference of all of the then outstanding Preferred Shares. The quarterly redemption will be at a price per Preferred Share equal to the liquidation preference as of the applicable quarterly redemption date.

Redemption

The Company shall, provided that there are no amounts outstanding under the Third Party Debt or, in the alternative, there are no restrictions thereunder preventing a redemption: (i) at any time before November 9, 2027, have the right to elect to redeem all of the outstanding Preferred Shares at a price per share equal to 1.5 times the liquidation preference at such time; (ii) on November 9, 2027, redeem all of the outstanding Preferred Shares at a price per share equal to the liquidation preference at such time; and (iii) on certain specified events resulting in a change of control, redeem all of the outstanding Preferred Shares at a price per share equal to the liquidation preference at such time.

Breach of Obligations

In the event of non-payment of redemption or liquidation payments or events of bankruptcy or insolvency, the Accretion Rate will immediately increase to 18% per annum.

Adjustments to Conversion Price and Number of Conversion Shares

In accordance with the terms of the Preferred Shares, certain adjustments shall be made to the conversion price to account for, among other things: (i) issuance of Common Shares for consideration per share less than the conversion price in effect immediately prior to such sale; (ii) certain dividends and distributions; (iii) capital reorganizations, reclassifications, amalgamation or arrangements; (iv) stock splits and combinations; and (iv) granting equity securities with an implied consideration per security below the conversion price in effect immediately prior to such issuance.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

None.

Item 8 Executive Officer

The name and business number of an executive officer of the Company who is knowledgeable about the material change and this report is:

Heng Vuong, Chief Financial Officer
(416) 704-8377
heng.vuong@tacoraresources.com

Item 9 Date of Report

November 21, 2022.

EXHIBIT "Z"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Tacora Resources Inc.

Consolidated Financial Statements
For the years ended December 31, 2022 and 2021

KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Independent Auditors' Report

Board of Directors
Tacora Resources Inc.:

Qualified Opinion

We have audited the consolidated financial statements of Tacora Resources Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statements of income (loss) and comprehensive income (loss), changes in equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Qualified Opinion

The Company's supply and spare parts inventory is valued at lower of cost or net realizable value with a total cost of $29.0M on the consolidated balance sheet as of December 31, 2022. We were unable to obtain sufficient appropriate audit evidence over the quantity of supply and spare parts inventory held by the Company as of December 31, 2022 because of an inability to sufficiently observe the physical inventories. Consequently, we were unable to determine whether any adjustments to the amount were necessary.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Substantial Doubt About the Entity's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations, has cash outflows from operations for the twelve months ended December 31, 2022, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matter

The consolidated financial statements of the Company as of and for the year ended December 31, 2021 were audited by another auditor, who expressed an unmodified opinion on those statements on April 7, 2022.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the Supplemental Consolidating Balance Sheet Information as of December 31, 2022, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated

financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. We were unable to consider management's description of the matter in the other information with respect to which our opinion on the financial statements has been qualified, as explained in the Basis for Qualified Opinion section. If, based on the work performed, we conclude that any other uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KPMG LLP

Minneapolis, Minnesota
June 1, 2023

Consolidated balance sheets

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	Dec 31, 2022	Dec 31, 2021
Current assets			
Cash	5	6,848	34,883
Receivables	6	8,897	10,530
Inventories	7	33,743	19,029
Transportation deposits, current portion	12	-	7,740
Prepaid expenses and other current assets	8	1,740	4,641
Assets held for sale	24	39,948	-
Total current assets		91,176	76,823
Non-current assets			
Property, plant & equipment, net	10, 13	224,476	290,386
Intangible assets subject to amortization	11	46,230	37,809
Transportation deposits	12	4,220	901
Security Deposits	12	2,658	3,414
Financial assurance deposit	13	6,010	6,410
Total non-current assets		283,594	338,920
TOTAL ASSETS		374,770	415,743
Current liabilities			
Current maturities of long-term debt	14	1,172	2,950
Current maturities of lease liabilities	15	11,193	9,859
Current deferred gain – Series C Preferred	25	3,000	-
Accounts payable		25,609	11,718
Accrued liabilities	16	28,094	41,402
Liabilities held for sale	24	39,948	-
Total current liabilities		109,016	65,929
Non-current liabilities			
Long-term debt	14	212,894	166,581
Lease liabilities	15	22,709	38,365
Long-term royalties payable	24	-	23,088
Long-term deferred gain – Series C Preferred	25	11,625	-
Deferred tax liability	17, 24	-	5,355
Rehabilitation obligation	13	26,604	35,197
Total non-current liabilities		273,832	268,586
TOTAL LIABILITIES		382,848	334,515
Shareholder's equity			
Capital stock	18	263,350	263,350
Accumulated deficit		(271,597)	(182,391)
Equity attributable to owners of the Company		(8,247)	80,959
Non-controlling interest		169	269
TOTAL EQUITY		(8,078)	81,228
TOTAL LIABILITIES AND EQUITY		374,770	415,743

Should be read in conjunction with the notes to the consolidated financial statements

The consolidated financial statements were approved by a directors' resolution on June 1, 2023 and signed on their behalf by:

Joseph A. Broking II
President and Chief Executive Officer

Consolidated statements of income (loss) and comprehensive income (loss)

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	Years Ended Dec 31, 2022	Years Ended Dec 31, 2021
Revenue		324,850	446,051
Cost of sales	22	322,014	327,817
Gross profit		2,836	118,234
Other expenses			
Selling, general, and administrative expenses	23	9,708	6,658
Operating (loss) income		(6,872)	111,576
Other income (expense)			
Other expense		(2,818)	(4,334)
Loss on debt extinguishment	14	-	(15,247)
Loss on derivative instruments	20	-	(42,829)
Gain on financial instrument	25	375	-
Interest expense	14, 15	(23,103)	(18,662)
Interest income		441	246
NALCO Tax		(524)	(560)
Foreign exchange gain		129	21
Total other (expense)		(25,500)	(81,365)
Income (loss) before income taxes		(32,372)	30,211
Current income tax (expense)	17	(480)	(542)
Net income (loss) and comprehensive income (loss), continuing operations		(32,852)	29,669
Net income (loss) and comprehensive income (loss), discontinued operations		(56,300)	2,554
Net income (loss) and comprehensive income (loss)		(89,152)	32,223
Net income and comprehensive income attributable to non-controlling interest, net of tax		54	102
Net income (loss) and comprehensive income (loss) attributable to Tacora Resources, Inc., continuing operations		(32,906)	29,567
Net income (loss) and comprehensive income (loss) attributable to Tacora Resources, Inc., discontinued operations		(56,300)	2,554
Net income (loss) and comprehensive income (loss) attributable to Tacora Resources, Inc.		(89,206)	32,121

Should be read in conjunction with the notes to the consolidated financial statements

Consolidated statements of changes in equity

(expressed in thousands of US Dollars, except where otherwise noted)

	Capital stock	Accumulated deficit	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Balance at Dec 31, 2020	**225,332**	**(214,512)**	**10,820**	**322**	**11,142**
Issuance of common shares (Note 18)	38,000	-	38,000	-	38,000
Credit to cost of common share issuance	18	-	18	-	18
Net income attributable to owners of the parent	-	32,121	32,121	-	32,121
Net income attributable to non-controlling interest, net of tax	-	-	-	102	102
Distributions to non-controlling interest	-	-	-	(155)	(155)
Balance at Dec 31, 2021	**263,350**	**(182,391)**	**80,959**	**269**	**81,228**
Balance at Dec 31, 2021	**263,350**	**(182,391)**	**80,959**	**269**	**81,228**
Net loss attributable to owners of the parent	-	(32,906)	(32,906)	-	(32,906)
Net loss attributable to discontinued operations	-	(56,300)	(56,300)	-	(56,300)
Net income attributable to non-controlling interest, net of tax	-	-	-	54	54
Distributions to non-controlling interest	-	-	-	(154)	(154)
Balance at Dec 31, 2022	**263,350**	**(271,597)**	**(8,247)**	**169**	**(8,078)**

Should be read in conjunction with the notes to the consolidated financial statements

Consolidated statements of cash flow

(expressed in thousands of US Dollars, except where otherwise noted)

	Notes	Years Ended Dec 31, 2022	Dec 31, 2021
Cash Flows from operating activities			
Net income (loss)		(89,206)	32,121
Less net income attributable to non-controlling interest		54	102
Adjustments to reconcile to net income:			
Depreciation	10	22,678	21,236
Amortization of intangible asset	11	1,771	1,193
Foreign exchange transaction loss (gain)		400	(19)
Change in fair value of derivative liability	20	-	42,219
Gain on financial instrument	25	(375)	-
Prepayment penalty on long-term borrowings	14	-	15,247
Accretion fair value of long-term borrowings	14	(1,135)	294
Unwinding of present value discount: asset retirement obligation	13	683	615
Change in deferred tax losses	17	(5,355)	(2,554)
Loss on disposal of property and equipment	10	1,736	1,270
Loss on fair value of disposal group	24	61,655	-
Changes in non-cash operating working capital:			
Trade accounts receivable	6	1,363	(7,909)
Other receivables	6	270	(270)
Inventory	7	(14,714)	(10,984)
Prepaid expenses and other	8	3,658	1,169
Accounts payable		11,524	(8,809)
Accrued liabilities	16	(15,726)	14,958
Net cash (outflow) inflow from operating activities		(20,719)	99,879
Cash Flows from investing activities			
Purchases of mining property, land, plant & equipment	10, 13	(53,750)	(53,370)
Acquisition of intangible assets subject to amortization	11	(8,422)	(12,568)
Transportation deposit	12	4,420	5,089
Change in restricted cash, escrow	5	-	260
Cash acquired from Sydvaranger acquisition	24	-	741
Commodity forward contract settlements	20	-	(132,612)
Net cash outflow from investing activities		(57,752)	(192,460)
Cash Flows from financing activities			
Proceeds from issuance of preferred shares	25	15,000	-
Credits for equity issuance costs	18	-	18
Proceeds from long-term borrowings	14	52,995	175,000
Issuance costs from long-term borrowings	14	(5,091)	(8,419)
Prepayment penalty on long-term borrowings	14	-	(15,247)
Knoll Lake distributions to non-controlling interest		(154)	(155)
Principal payments on long-term debt, including vendor financed leases	14, 15	(12,314)	(143,297)
Net cash inflow from financing activities		50,436	7,900
Net decrease in cash		(28,035)	(84,681)
Cash			
Beginning		34,883	119,564
Ending		6,848	34,883
Supplemental disclosures			
Cash paid for interest		20,804	15,522
Property and equipment acquired through accounts payable		10,335	5,551
Assets acquired through vendor financed leases		3,278	12,921

Should be read in conjunction with the notes to the consolidated financial statements

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

Note 1 - Corporate information

Tacora Resources Inc. along with its subsidiaries (collectively, the "Company" or "Tacora") are in the business of identifying, mining and processing iron ore mineral reserves and resources.

Tacora was formed under the *Business Corporations Act* (British Columbia) on January 12, 2017 and is incorporated in British Columbia, Canada. Tacora's registered office is located at 199 Bay Street, 5300 Commerce Court West, Toronto, ON M4L 1B9 Canada.

On July 18, 2017, Tacora completed the acquisition (the "Acquisition") of substantially all of the assets associated with the Scully Mine located north of the Town of Wabush, Newfoundland and Labrador, Canada (the "Scully Mine"). The acquisition was made pursuant to an asset purchase agreement (the "APA") dated June 2, 2017 among Tacora, MagGlobal LLC, Wabush Iron Co. Limited, Wabush Resources Inc. and Wabush Lake Railway Company Limited pursuant to a court supervised process under the *Companies' Creditors Arrangement Act (Canada)* ("CCAA"). Tacora commenced commercial production of its key asset, the Scully Mine, a long-life, large-scale open pit operation, in June 2019. Approximately 65% of employees are covered under collective bargaining agreement which expire on December 31, 2027.

On January 13, 2021, pursuant to a share purchase agreement between the seller, Sydvaranger AS and the purchaser, Tacora Resources Inc., the Company completed the acquisition of 100% of the share capital of Sydvaranger Mining AS (the "Sydvaranger Mine" or "Sydvaranger"). The Sydvaranger Mine is a long lived, large scale iron ore open pit, mineral processing plant and port with its concentrator and port facilities in the town of Kirkenes, Norway and the mines are 8 kilometers to the south near the town of Bjørnevatn, Norway. As a result of the acquisition, Tacora acquired the option to restart the Sydvaranger Mine which is shovel ready and fully permitted in a tier 1 jurisdiction. As of December 31, 2022, Sydvaranger was under a care and maintenance program.

Note 2 – Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements comply with IFRS, including all International Accounting Standards ("IAS") in force and all related interpretations issued by the International Financial Reporting Interpretations Committee.

The accounting policies set out below have been applied consistently to the years presented in these consolidated financial statements, unless otherwise stated.

The accompanying consolidated financial statements and notes of Tacora for the years ended December 31, 2022 and 2021 were authorized for issuance on June 1, 2023.

Basis for preparation

The consolidated financial statements were prepared using the historical cost method except for the revaluation of certain financial assets and financial liabilities which have been measured at fair value. Transactions, balances, and unrealized gains on transactions between Tacora and its subsidiaries have been eliminated when preparing the consolidated financial statements.

The consolidated financial statements are presented in United States dollars ("USD"). All amounts disclosed in the notes to the consolidated financial statements are in USD, unless otherwise noted.

(expressed in thousands of US Dollars, except where otherwise noted)

Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Certain amounts included in or affecting these consolidated financial statements and related disclosures must be estimated, requiring management to make certain assumptions with respect to values or conditions which cannot be known with certainty at the time the consolidated financial statements are prepared. Management evaluates these estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods it considers reasonable in the particular circumstances. Any effects on Tacora's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Consolidation

The consolidated subsidiaries are all entities over which Tacora has the power to govern financial and operating policies. Tacora controls an entity when it is exposed, or has the right to variable returns from its interest in the entity and is capable of affecting returns through its power over the entity. Where Tacora's participation in subsidiaries is less than 100%, the share attributed to outside shareholders is reflected as non-controlling interest.

Subsidiaries are consolidated in full from the date on which control is transferred to Tacora and up to the date it loses that control.

As at December 31, 2022, the subsidiaries included in the consolidated financial statements of Tacora were as follows:

	Country of incorporation	**Ownership percentage %**	**Functional currency**
Tacora Resources LLC	United States	100%	US Dollars
Knoll Lake Minerals Limited	Canada	58.2%	Canadian Dollars
Tacora Norway AS	Norway	100%	Norwegian Krone
Sydvaranger Mining AS	Norway	100%	Norwegian Krone
Sydvaranger Eiendom AS	Norway	100%	Norwegian Krone
Sydvaranger Materiell AS	Norway	100%	Norwegian Krone
Sydvaranger Drift AS	Norway	100%	Norwegian Krone
Sydvaranger Malmtransport AS	Norway	100%	Norwegian Krone
Bjornevatn Naeringspark AS	Norway	100%	Norwegian Krone

As part of the acquisition in 2017, Tacora acquired common shares representing a 58.2% interest in Knoll Lake Minerals Limited ("Knoll Lake"). The common shares of Knoll Lake are not considered a core asset to the mining operations of the Scully Mine. The ownership interest in Knoll Lake relates to a legacy asset that was included as one of several ancillary assets acquired as part of the acquisition. Nil consideration was allocated to the common shares of Knoll Lake. For the years ended December 31, 2022 and 2021, Knoll Lake had no operating activities. Knoll Lake is not considered a material subsidiary of Tacora for the years ended December 31, 2022 and 2021. Cumulative translation adjustments from foreign exchange translation of Knoll Lake's operations as of December 31, 2022 and 2021 are immaterial to the consolidated financial statements.

All intra-group assets and liabilities, revenues, expenses and cash flows relating to intra-group transactions are eliminated.

Revenue Recognition

The Company recognizes revenue from sales of concentrate when control of the concentrate passes to the customer, which occurs upon delivery to the stockpile. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

For all the sales contracts, the sales price is determined provisionally at the date of sale, with the final pricing determined at a mutually agreed date (generally between 3 to 4 months from the date of the sale), at a quoted market price at that time. All subsequent mark-to-market adjustments in iron prices are recorded as adjustments to the transaction price and recognized as revenue from contracts with customers and recorded in sales up to the date of final settlement. Ocean freight a component of the Company's pricing formula and is subtracted from the gross consideration as Tacora's concentrate is shipped into the seaborne iron ore market.

Tacora believes commodity price hedging could provide a long-term benefit to shareholders. Tacora has entered into monthly average index P62 fixed price contracts with Cargill to help mitigate commodity price risk during the ramp up of the Scully Mine. A total of 2.4 million tonnes have been fixed with settlement dates between January 1, 2022 and December 31, 2022. In addition, 0.6 million tonnes have been fixed with settlement dates between January 1, 2023 and March 31, 2023. Given the expectation that Tacora will physically settle these contracts, this arrangement will be treated as part of our own use and therefore Tacora is not treating the fixed nature of this pricing as a derivative under IFRS 9. As a result, the impacts of the agreement with Cargill will be recorded in revenue.

Price changes for revenue awaiting final pricing at the balance sheet date could have a material effect on future revenues. As at December 31, 2022, there was $69.8 million (December 31, 2021: $111.4) in revenues that were awaiting final pricing.

Cash and restricted cash

Cash consists of cash in bank and restricted cash held as collateral.

Inventories

Iron ore finished concentrate and work-in-process inventories are measured and valued at the lower of average production cost and net realizable value. Net realizable value is the estimated selling price of the concentrate in the ordinary course of business based on the prevailing selling prices on the reporting date. Production costs that are inventoried include the costs directly related to bringing the inventory to its current condition and location, such as materials, labor and manufacturing overhead costs.

Supplies and spare parts are valued at lower of cost or net realizable value.

Foreign currency translation

Functional and presentation currency

The amounts included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in USD, which is Tacora's presentation currency and the functional currency of its operations.

Foreign currency translation

The financial statements of entities that have a functional currency different from USD are translated into USD as follows:

- assets and liabilities at the closing rate at the date of the balance sheet; and
- income and expenses at the average rate of the reporting period.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the operator's functional currency are recognized in the statement of income.

Business Combinations

Assets acquired and liabilities assumed as part of a business combination are generally recorded at their fair value at the date of acquisition. The excess of purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Determining fair value of identifiable assets, particularly intangibles, property plant and equipment, and liabilities acquired also requires management to make estimates, which are based on all available information and in some cases assumptions with respect to the timing and amount of future revenues and expenses associated with an asset. Accounting for business acquisitions requires management to make judgments as to whether a purchase transaction is a multiple element contract, meaning that it includes other transaction components such as a settlement of a preexisting relationship. This judgment and determination affects the amount of consideration paid that is allocable to assets and liabilities acquired in the business purchase transaction.

Asset acquisition

If a transaction does not meet the definition of a "business" under IFRS, the transaction is recorded as an asset acquisition. Net identifiable assets acquired and liabilities assumed are measured at the fair value of the consideration paid, plus any transaction costs, based on their relative fair value at the acquisition. No goodwill and no deferred tax asset or liabilities arising from the assets acquired and liabilities assumed are recognized upon acquisition of the assets.

Intangible assets subject to amortization

Intangible assets are related to port access and are initially recorded at cost. The assets are amortized on a rate per tonne shipped from the port or over the useful life of the asset on a straight-line basis. The estimated useful life of the intangible assets are estimated to be between nine and twenty-five years.

Intangible assets are subject to impairment tests when events or circumstances indicate that carrying value is not recoverable. Impairment losses are recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. Management determined that there were no indicators of impairment as of December 31, 2022 and 2021.

Financial assets and liabilities

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortized cost. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding year. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

The Company has classified accounts payable, accrued liabilities, long-term debt, long-term leases and asset retirement obligations as other financial liabilities.

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

a) Fair value through profit or loss – financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in the statement of income (loss).

b) Amortized cost – financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flow represents solely payments of principal and interest.

The Company has classified cash, restricted cash, accounts receivable and deposits as financial assets using amortized cost.

Derivatives

Derivative assets and liabilities, comprising the commodity forward contracts, do not qualify as hedges, or are not designated as hedges and, accordingly, are classified as financial assets or liabilities at fair value through profit or loss.

Derecognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to receive cash flows from the assets expire or when the Company no longer retains substantially all of the risks and rewards of ownership and does not retain control over the financial asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statements of income (loss) and comprehensive income (loss), with the exception of gains and losses on equity instruments designated at fair value through other comprehensive income, which are not reclassified upon derecognition.

For financial liabilities, derecognition occurs when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statements of income (loss) and comprehensive income (loss).

Royalties

Tacora is party to a single amended and restated consolidation of mining leases (the "Mining Lease") with a lessor pursuant to which Tacora was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from a mine on a parcel of land located near Wabush, Newfoundland and Labrador on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055; however, the Mining Lease may be cancelled by Tacora generally on six months' written notice.

At the commencement of shipping iron ore products, Tacora is required to pay an earned royalty fee per metric tonne ranging from 4.2% to 7.0% of Net Revenues less certain deductible expenses, in accordance with the calculation as defined in the Mining Lease. To the extent that Tacora has not commenced or ceases the shipping of iron ore products and the sum of the earned royalty fee in a given calendar quarter is less than C$0.8 million, Tacora is required to pay a minimum quarterly royalty of C$0.8 million (of which 20 percent is withheld and remitted to the Province of Newfoundland and Labrador). Any minimum quarterly royalty payments during the calendar years of 2017 and 2018 were recoverable against future earned royalties on sales of iron ore products from the leased land during the 2018 and 2019 calendar years. Any amount which Tacora paid the lessor related to minimum quarterly royalty

payments subsequent to 2019, other than in payment of earned royalties, shall be recoverable against earned royalties in the same calendar year.

Exploration and evaluation

Exploration and evaluation expenditures comprises costs that are directly attributable to:

- researching and analyzing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and/or
- compiling pre-feasibility and feasibility studies.

In accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources", the criteria for the capitalization of evaluation costs are applied consistently from period to period. Subsequent recovery of the carrying value for evaluation costs depends on successful development, sale or other partnering arrangements of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any related impairment provisions are charged to the consolidated statements of income (loss) and comprehensive income (loss). No exploration or evaluation costs were capitalized in 2022 or 2021.

Basin development costs

Costs incurred to prepare mine basins, before production begins, are capitalized. These capitalized costs are amortized on a cost basis by dividing the total development costs by the estimated recoverable quantities of minerals. The resulting cost is multiplied by the quantities extracted each year to determine the annual depletion expense. The productive phase is deemed to have begun when saleable material is extracted (produced) from the basin, regardless of level of production. Costs incurred during the production phase are recognized in cost of sales.

Property, plant, and equipment

Once a mining project has been determined to be commercially viable and approval to mine has been granted, expenditure other than that on land, buildings, plant, equipment and capital work in progress is capitalized under "Mining properties and leases". Mineral reserves may be asserted for an undeveloped mining project before its commercial viability has been fully determined. Evaluation costs may continue to be capitalized during the period between declaration of mineral reserves and approval to mine as further work is undertaken in order to refine the development case to maximize the project's returns. Costs of evaluation of a processing plant or material processing equipment prior to approval to develop or construct are capitalized under "Construction in process", provided that there is a high degree of confidence that the project will be deemed to be commercially viable.

Costs which are necessarily incurred while commissioning new assets, in the period before they are capable of operating in the manner intended by management, are capitalized. Development costs incurred after the commencement of production are capitalized to the extent they are expected to give rise to a future economic benefit. Interest on borrowings related to construction or development projects is capitalized at the rate payable on project-specific debt, if applicable, or at Tacora's cost of borrowing until the point when substantially all the activities that are necessary to make the asset ready for its intended use are complete.

Property, plant, and equipment is recorded at historical cost, as defined in IAS 16, "Property, Plant and Equipment," less accumulated depreciation (except for land, which is not depreciated) and accumulated impairment losses. Costs include expenses directly attributable to the asset acquisition. Depreciation is calculated over the estimated useful lives as follows:

Asset type	Useful lives
Vehicles	3 – 5 years
Right of use assets	3 – 10 years
Mining and processing equipment	3 – 20 years
Railcars and rails	5 – 20 years

Assets within operations for which production is not expected to fluctuate significantly from one year to another or which have a physical life shorter than the related mine are depreciated on a straight-line basis.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when future economic benefits associated with the item are likely and the cost of the item can be reliably measured. The carrying amount of replaced parts are derecognized and charged to loss on disposal. Repairs and maintenance are recognized in the consolidated statements of income (loss) and comprehensive income (loss) in the year they are incurred. Major improvements are depreciated over the remaining useful life of the related asset.

Property, plant, and equipment is subject to impairment tests when events or circumstances indicate that carrying value is not recoverable. Impairment losses are recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. Management determined that there were indicators of impairment as of December 31, 2022 as discussed in Note 24.

Leases

The Company assesses, at the inception of a contract, whether a contract is, or contains, a lease. A lease is a contract in which the right to control the use of an identified asset is granted for an agreed upon period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

Lease liabilities:

Lease liabilities are initially recorded as the present value of the non-cancellable lease payments over the lease term and discounted at the Company's incremental borrowing rate. Lease payments include fixed payments and such variable payments that depend on an index or a rate; less any lease incentives receivable.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of exercising a purchase, extension or termination option. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any difference recorded in the consolidated statements of income (loss) and comprehensive income (loss).

Right-of-use assets:

The right-of-use assets are measured at cost, which comprises the initial lease liability, lease payments made at or before the lease commencement date, initial direct costs and restoration obligations less lease incentives. The right-of-use assets are subsequently measured at amortized cost. The assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

Right-of-use assets are assessed for impairment in accordance with the requirements of IAS 36, "Impairment of assets".

The Company, on a lease by lease basis, also exercises the option available for contracts comprising lease components as well as non-lease components, not to separate these components. Extension and termination options exist for the Company's property lease of the premises. The Company re-measures the lease liability, when there is a change in the assessment of the inclusion of the extension option in the lease term, resulting from a change in facts and circumstances.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statements of income (loss) and comprehensive income (loss). Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise office equipment.

Provisions

Provisions are recognized when Tacora has a present obligation, legal or constructive, as a result of a past event, that is likely required to be settled and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions for legal claims are recognized when Tacora has a present obligation, legal or constructive, as a result of past events, an outflow of economic resources is probable to be required to settle the obligation and the amount can be reasonably estimated.

Environmental rehabilitation

Mining, extraction, and processing activities normally give rise to obligations for environmental rehabilitation. A provision for environmental rehabilitation is recognized at the time of environmental disturbance at the present value of expected rehabilitation work. Rehabilitation work can include decommissioning activities, removal or treatment of waste materials, land rehabilitation, as well as monitoring and compliance with environmental regulations. Tacora's provision is management's best estimate of the present value of the future cash outflows discounted at a pre-tax rate specific to the liability required to settle the liability and is dependent on the requirements of the relevant authorities and management's environmental policies.

Taxation

Tacora is subject to income tax in numerous jurisdictions. Income tax on the consolidated statements of income (loss) and comprehensive income (loss) consists of current and deferred tax.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at period-end, adjusted for amendments to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amount recorded for the computation of taxable income except when these differences arise on the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither

accounting profit nor taxable profit. These temporary differences result in deferred tax assets and liabilities, which are included in the consolidated balance sheet. Tacora will recognize deferred tax assets for all deductible temporary differences, tax credits, and unused tax losses, to the extent that it is probable that future taxable profits will be available against which these can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Capital stock

Tacora's issued and outstanding common shares are classified as capital stock under equity. Incremental costs directly attributable to the issuance of new common shares are included in equity as a deduction from the consideration received, net of tax. Contributions for capital stock increases due to the issuance of new common shares are recognized directly as an integral part of capital.

Share-based compensation

The Company offers a stock option plan for certain employees. The stock options shall vest, and may be exercised in whole or in part, only upon a liquidity event as defined in the stock option agreement. The Company does not recognize compensation cost for the stock options until the liquidity event is deemed probable.

Going concern

The accompanying consolidated financial statements are prepared in accordance with IFRS applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company has a net operating loss and cash outflows from operations for the twelve months ended December 31, 2022 due to a reduction in iron ore prices and a slower than expected ramp-up of the Scully Mine. Based on the Company's projected cash flows, the Company does not have sufficient cash on hand or available liquidity to sustain its operations and meet its obligations as they become due for twelve months following the date the consolidated financial statements are issued. These conditions and events raise substantial doubt about the Company's ability to continue as a going concern.

The Company continues to advance certain strategic alternatives to secure additional outside capital to ensure that the Company has sufficient liquidity and a sustainable capital structure to meet all obligations due over the next twelve months. These initiatives may include, among others, the sale of certain of the Company's assets or a sale of additional equity of the Company to strategic or financial investors.

No assurance can be given that any of the contemplated strategic initiatives will be successfully completed. As a result, we have concluded that, there is substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

Note 3 – Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, consultation with experts and other methods management considers reasonable in the particular circumstances. Actual results may differ from these estimates.

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

The accounting policies discussed below are considered by management to be critical to an understanding of Tacora's financial statements as their application places the most significant demands on management's judgment.

Business combinations

Assets acquired and liabilities assumed as part of a business combination are generally recorded at their fair value at the date of acquisition. The excess of purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Determining fair value of identifiable assets, particularly intangibles, and liabilities acquired also requires management to make estimates, which are based on all available information and in some cases assumptions with respect to the timing and amount of future revenues and expenses associated with an asset. Accounting for business acquisitions requires management to make judgments as to whether a purchase transaction is a multiple element contract, meaning that it includes other transaction components such as a settlement of a preexisting relationship. This judgment and determination affects the amount of consideration paid that is allocable to assets and liabilities acquired in the business purchase transaction.

Mineral reserves and resources

Estimates of the quantities of proven and probable mineral reserves and measured, indicated and inferred mineral resources form the basis for our life of mine plans, which are used for a number of important business and accounting purposes, including our impairment analysis. Mineral reserves and resources are based on engineering data, estimated future prices, estimated future capital spending and estimated future production rates. We estimate our iron ore mineral reserves and resources based on information compiled by "qualified persons" as defined in accordance with the requirements of the Canadian Securities Administrators' National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*. These life of mine plans also include assumptions about our ability to obtain and renew our mining and operating permits. Tacora expects that, over time, its mineral reserves and resources estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices.

Environmental rehabilitation

Decommissioning and restoration costs are a normal consequence of mining. The majority of these expenditures are incurred at the end of the mine's life. In determining the provision, consideration is given to the future costs to be incurred, the timing of these future costs, and estimated cost of inflation. The cost of decommissioning and restoration is uncertain and can vary in response to many factors including changes to the relevant legal and regulatory requirements. The expected timing of expenditures can change in response to changes in the life of mine. These estimates are reviewed annually and adjusted where necessary to ensure that the most current data is used.

Note 4 – Financial risk management

Financial risk management objective

Tacora is exposed to a number of financial risks which are considered within the overall Tacora risk management framework. The key financial risks are commodity price risk, credit risk, liquidity risk and capital management risk, which are each discussed in detail below. The Board of Directors and senior management look to ensure that Tacora has an appropriate capital structure which enables it to manage the risks faced by the organization through the commodities cycle. The general approach to financial risks is to ensure that the business is robust enough to enable exposures to float with the market. Tacora may, however, choose to fix some financial exposures when it is deemed appropriate to do so.

(expressed in thousands of US Dollars, except where otherwise noted)

Commodity price risk

Tacora has agreed to sell all of its production from the Scully Mine to one counterparty, Cargill International Trading Pte Ltd. ("Cargill") with a term expiring December 31, 2024, with an option to extend the term until December 31, 2035 with rolling options to extend the agreement for the life of the Scully Mine at Cargill's sole discretion. Cargill is selling the Tacora product into the global seaborne iron ore market at prevailing market prices and incurring dry bulk freight costs to deliver the product to its intended destination at prevailing market freight rates. Therefore, Tacora will be exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales. Price decreases in the iron ore commodity market and/or cost increases for dry bulk freight rates could negatively affect net sales and therefore earnings.

Tacora believes commodity price hedging could provide a long-term benefit to shareholders. Therefore, Tacora may hedge certain commitments in the future with an emphasis on mitigating commodity price risk during the ramp up of the Scully Mine.

Tacora entered into monthly average index P62 fixed price contracts with Cargill that provided for the following key terms:

	Average Strike Price USD$	Volume (dmt)
Settlement dates between Jan 1, 2022 and Mar 31, 2022	123.00	600,000
Settlement dates between Apr 1, 2022 and Jun 30, 2022	123.00	600,000
Settlement dates between Jul 1, 2022 and Sept 30, 2022	129.65	600,000
Settlement dates between Oct 1, 2022 and Dec 31, 2022	123.69	600,000
Settlement dates between Jan 1, 2023 and Mar 31, 2023	96.44	600,000

Given the expectation that Tacora will physically settle these contracts, this arrangement will be treated as part of our own use and therefore are not treating the fixed nature of this pricing as a derivative under IFRS 9. As a result, the impacts of the agreement with Cargill will be recorded in revenue.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Tacora may be exposed to credit risk from its customer receivables and from its financing activities, including deposits with banks and financial institutions, other short-term investments, interest rate and currency derivative contracts and other financial instruments. The carrying amount of financial assets represents the Company's maximum credit exposure.

Liquidity and capital risk management

Tacora's objective when managing capital is to safeguard the business as a going concern while maximizing returns for shareholders. In a cyclical and capital intensive industry, such as the mining industry, maintaining a strong balance sheet and a sound financial risk management framework are desirable to preserve financial flexibility and generate shareholder value through the cycle. In practice, this involves regular reviews by the Board of Directors and senior management. These reviews take into account Tacora's strategic priorities, economic and business conditions and opportunities that are identified to invest across all points of the commodities cycle and focus on shareholder return while also striving to maintain a strong balance sheet.

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period to maturity at the consolidated balance sheet date. The amounts below are gross amounts, so they include principal and interest.

	Within 1 Year	1 to 2 Years	2 to 5 Years	Over 5 Years	Total
Accounts payable and accrued liabilities	53,703	-	-	-	53,703
Debt	19,734	18,880	253,740	1,340	293,694
Lease liabilities	12,914	12,047	12,306	0	37,267
Rehabilitation obligation	-	-	-	26,604	26,604
Total	86,351	30,927	266,046	27,944	411,268

Note 5 – Cash

Tacora maintains its cash in bank accounts which, at times, may exceed insured limits. Tacora has not experienced any losses in such accounts.

Cash consists of the following:

	As at Dec 31, 2022	As at Dec 31, 2021
Cash at bank	6,734	34,761
Restricted cash, escrow	114	122
Total	6,848	34,883

Restricted cash of $114 as of December 31, 2022 and $122 as of December 31, 2021 is held as collateral for one letter of credit required for environmental reclamation and Tacora's credit card program.

Note 6 – Accounts Receivable

Accounts receivable consist of the following:

	As at Dec 31, 2022	As at Dec 31, 2021
Trade receivables	8,897	10,260
Other receivables	-	270
Balance per consolidated balance sheet	8,897	10,530

Tacora's trade receivables all relate to a single customer. For the years ended December 31, 2022 and December 31, 2021, no specific provision was recorded on any of the receivables. The receivables at the end of both periods were current and are generally paid in a timely manner.

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

Note 7 – Inventories

Inventories consist of the following:

	As at Dec 31, 2022	As at Dec 31, 2021
Consumable inventories	28,894	15,026
Work-in-process inventories	1,750	2,250
Finished concentrate inventories	3,099	1,753
Balance per consolidated balance sheet	33,743	19,029

For the years ended December 31, 2022 and December 31, 2021, no specific adjustment was recorded for any of the inventory.

Note 8 – Prepaid expenses and other current assets

Prepaid expenses consist of the following:

	As at Dec 31, 2022	As at Dec 31, 2021
Prepaid sales tax	-	1,312
Other miscellaneous prepaid expenses	1,647	3,087
Prepaid insurance	49	198
Miscellaneous deposits	44	44
Balance per consolidated balance sheet	1,740	4,641

Note 9 – Related-party balances

Transactions with related parties for the years ended December 31, 2022 and 2021, were as follows:

Compensation of key management personnel

Tacora considers its directors and officers to be key management personnel. Payroll related expenses incurred related to key management personnel are set forth as follows:

	Year Ended	
	2022	2021
Salaries	1,454	1,523
Deferred compensation	40	36
Other benefits	72	44
Total	1,566	1,603

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

There were no material related party receivables or payables for the years ended December 31, 2022 and the year ended December 31, 2021, respectively.

Cargill

As a result of the $15 million preferred share agreement described in Note 25, Cargill is a related party as of December 31, 2022. Further described in Note 4, Cargill is Tacora's single customer of iron ore and 100% of revenue for the year and trade receivables (see Note 6) as of December 31, 2022 are attributable to Cargill. Commitments and guarantees with Cargill are described in Note 4. As of December 31, 2022, Tacora held no collateral on deposit related to its fixed price agreement with Cargill. No bad debt expense for the year, or bad debt provision as of December 31, 2022, exists related to Cargill receivables.

Note 10 –Property, plant and equipment

A summary of property, plant and equipment is as follows:

	Mining and Processing Equipment	Basin Development	Right of Use Assets	Assets Under Construction	Asset Retirement Cost	Total
As of Dec 31, 2020	68,416	-	45,287	18,543	36,076	168,322
Additions	-	-	-	147,520	-	147,520
Disposals	(1,307)	-	(390)	(569)	-	(2,266)
Transfer	26,600	17,383	15,564	(59,547)	-	-
Changes to environmental rehabilitation provision (Note 13)	-	-	-	-	(3,049)	(3,049)
Accumulated depreciation	(7,851)	(1,065)	(9,534)	-	(1,691)	(20,141)
As of Dec 31, 2021	85,858	16,318	50,927	105,947	31,336	290,386
Additions	-	1,811	-	67,349	-	69,160
Disposals	(272)	(270)	(3,284)	-	-	(3,826)
FV measurement of discontinued operations (Note 24)	-	-	-	(56,300)	-	(56,300)
Reclass to assets held for sale (Note 24)	-	-	-	(44,537)	-	(44,537)
Transfer	60,031	-	6,566	(66,597)	-	-
Changes to environmental rehabilitation provision (Note 13)	-	-	-	-	(9,276)	(9,276)
Accumulated depreciation	(9,717)	(1,358)	(9,234)	-	(822)	(21,131)
As of Dec 31, 2022	135,900	16,501	44,975	5,862	21,238	224,476

Basin development costs were incurred to prepare mine basins before production began and were capitalized. These capitalized costs are being amortized on a cost basis by dividing the total development costs by the estimated recoverable quantities of minerals.

Refer to notes 14 and 15 for information on non-current assets pledged as security.

Tacora leases various pieces of mobile equipment, all of which are considered right of use assets. The average term is 5 years (2021: 6 years) Tacora has options to purchase certain mobile equipment for a nominal amount at the end of the lease term. Tacora's obligations are secured by the lessors' title to the leased assets for such leases.

The maturity analysis of lease liabilities is presented in Note 15.

Note 11 – Intangible assets subject to amortization

Port access

In May 2018, the Company executed an agreement with Société ferroviaire et portuaire de Pointe-Noire s.e.c. ("SFPPN") with an effective date of June 1, 2018 and a termination date of December 31, 2044 setting out the terms on which SFPPN will grant the Company guaranteed access to SFPPN's equipment, throughput and storage capacity necessary to transport iron ore to the port infrastructure. Under the SFPPN Agreement, the Company is required to contribute, to certain capital expenditures up to an aggregate amount of C$48.9 million, inclusive of C$10 million which was paid in 2018. Capital expenditures totaling C$26.9 were paid between 2019 to 2021, C$6.3 million was paid in 2022 and the balance of C$5.7 million will be paid in equal monthly payments from April 2023 to March 2024. The capital expenditures will allow SFPPN to enhance the current existing infrastructure required for the Company's guaranteed access to SFPPN's facilities, which include railway and Wabush Yard infrastructure. The SFPPN Agreement contains customary default clauses, which include if the Company ceases the operations of the Scully Mine for a continuous period of more than twelve months and does not provide SFPPN with a date for the resumption of operations that is within the following twelve months.

The C$48.9 million that the Company is required to contribute to SFPPN for certain capital expenditures is and will be classified as an intangible asset on the consolidated balance sheet and amortized. There may be other expenditures that the Company is required to make that the Company will classify in this regard. Amortization of these costs are recorded through cost of sales.

The Company has executed an assignment of contractual rights agreement pursuant to which New Millennium Iron Corp. ("NML") will assign to the Company 6.5 million metric tonnes of NML's port capacity with the Sept-Iles Port Authority (the "Port Authority") in exchange for an upfront payment in the amount of C$4.0 million payable on the closing date of the assignment and an ongoing fee of C$0.10 per tonne of iron ore shipped by the Company through the port facilities pursuant to a contract to be entered into directly with the Port Authority over a 20-year period following the assignment. The Company recognizes the benefit of the prepayment based on tonnes shipped as a reduction of cost of goods sold. In connection with the assignment, the Company has assumed part of NML's "take or pay" obligations related to the assigned 6.5 million metric tonnes of port capacity. The portion of the "take or pay" obligation that was payable to NML prior to the Company shipping ore from the port was added to the upfront payment amount. The upfront payment entitles the Company to a discount of C$0.25 per tonne shipped until the upfront payment is recovered by the Company. The Company, NML and the Port Authority have entered into an agreement whereby the Port Authority consented to the assignment of capacity and agreed to enter into a direct agreement with the Company in respect of the 6.5 million metric tonnes of port capacity assigned by NML to the Company on terms substantially similar to those contained in the existing agreement between NML and the Port Authority. This agreement will provide the Company with direct access to port facilities that are capable of loading cape-size vessels, which are larger and more cost efficient than smaller baby-cape and Panamax alternatives. All port agreements between NML, the Port Authority and Tacora in respect of the assigned capacity were fully executed and complete as of December 31, 2018.

(expressed in thousands of US Dollars, except where otherwise noted)

Intangible assets consist of the following:

	SFPPN Intangible Asset	New Millennium Iron Corp. Port Access	Total
As of Dec 31, 2020	21,975	4,461	26,436
Additions	12,777	-	12,777
Accumulated amortization	(1,192)	-	(1,192)
Upfront payment recovery	-	(212)	(212)
As of Dec 31, 2021	33,560	4,249	37,809
Additions	10,386	-	10,386
Accumulated amortization	(1,770)	-	(1,770)
Upfront payment recovery	-	(195)	(195)
As of Dec 31, 2022	42,176	4,054	46,230

The gross carrying amount of intangible assets as of December 31, 2022 was $50.4 million with accumulated amortization of $4.1 million compared to the gross carrying amount of $40.2 with accumulated amortization of $2.4 million as of December 31, 2021.

SFPPN amortization is calculated using straight line over the life of the asset, through December 31, 2044.

Note 12 – Deposits

Transportation deposits consist of the following:

	As at Dec 31, 2022	As at Dec 31, 2021
Québec North Shore and Labrador Railway Company, Inc., transportation deposit	4,220	8,641
Less current portion	-	(7,740)
Long-term balance per consolidated balance sheet	4,220	901

On November 3, 2017, the Company entered into a life-of-mine transportation agreement ("QNS&L Rail Agreement") with Québec North Shore and Labrador Railway Company, Inc. ("QNS&L"). The QNS&L Rail Agreement provides that QNS&L will carry iron ore concentrate produced at the Scully Mine on Tacora-supplied railcars between Wabush Lake Junction in Labrador City, Newfoundland and Labrador to the Sept-Iles Junction in Sept-Iles, Québec, a distance of approximately 500 km. Under the terms of the QNS&L Rail Agreement, QNS&L has agreed, among other things, to haul minimum monthly tonnages of iron ore (and any surplus iron ore that QNS&L agrees to haul for the benefit of the Company), ensure available transportation capacity, lead and actively participate in appropriate operations management and coordination procedures between QNS&L and the Company and supply sufficient labour, locomotives, assets and infrastructure as necessary to provide the rail transportation services contemplated. The QNS&L Rail Agreement also prescribes various capacity and volume commitments on the part of each of QNS&L and the Company, and sets forth specific maximum and minimum monthly tonnages of iron ore that may be tendered for transportation in any month. In the event that the Company fails to meet the minimum

(expressed in thousands of US Dollars, except where otherwise noted)

monthly tonnage requirements during a given month, the Company will be required to pay QNS&L, as liquidated damages, an amount equal to the deficit volume multiplied by the base rate applicable during that month, and which increases over time, other than where the failure to meet such minimum tonnage is as a result of a force majeure event; and provided further that, in the event that the Company suspends production at the Scully Mine for a period of more than one calendar year, the obligation to pay any such liquidated damages will be suspended until the resumption of production.

The QNS&L Rail Agreement required the Company to provide advance payments to QNS&L totaling C$20.0 million, of which C$3.0 million was paid on November 10, 2017 and C$17.0 million was paid on November 14, 2018. These advance payments are required by QNS&L to secure the locomotive equipment and infrastructure capacity to meet the Company's anticipated haulage volumes on the QNS&L rail line. The Company will recover the advance payments from QNS&L by means of a special credit per wet metric tonne hauled.

Security deposits consist of the following:

	As at Dec 31, 2022	As at Dec 31, 2021
Western Labrador Railway, Cash collateral in an amount equal to three months	339	339
Komatsu Financial, 5% of total purchase price of equipment financed until paid in full	2,282	2,282
Caterpillar Financial, 10% of total purchase price of equipment financed until 24 months of consecutive mining operations	-	756
9356-0563 Quebec Inc, Prepaid rent applicable to the minimum rent of the 13th, 14th, 25th, 26th, and 37th months of a 5 year office lease in Montreal, Quebec	37	37
Balance per consolidated balance sheet	2,658	3,414

Note 13 – Environmental rehabilitation

Pursuant to a Mine Rehabilitation and Closure Financial Assurance Fund Agreement between the Province of Newfoundland and Labrador and Tacora dated July 17, 2017, Tacora was required to deliver an initial cash payment to the Newfoundland Exchequer Account in respect of a Financial Assurance Fund in the amount of C$36.8 million concurrently with the closing of the transactions under the APA. The funds are held in trust for the special purposes set out by the *Mining Act* (Newfoundland) and held in a special purpose account. Prior to start-up activities of the Scully Mine, an additional cash payment in the amount of C$4.9 million was required to be remitted to this special purpose account by Tacora.

In 2019, Tacora executed a surety bond in the amount of C$41.7 million which meets the entire financial assurance requirement contained in Tacora's mining permits with Newfoundland and Labrador. Newfoundland and Labrador accepted the surety bond and Tacora was reimbursed by the province for the cash financial assurance payment held in escrow in the amount of C$36.8 million. A deposit of $6.0 million was required to secure the surety bond.

In addition, Tacora had provided two letters of credit in favour of the Government of Canada (Ministry of Fisheries and Oceans) for an aggregate of $0.2 million in respect of environmental reclamation matters.

(expressed in thousands of US Dollars, except where otherwise noted)

During 2021, one letter of credit was closed and the total amount of the remaining letter of credit was reduced to $0.05 million. Environmental liabilities are initially recognized at the present value of estimated costs to be incurred to extinguish the liability. The timing of the actual rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset. As of December 31, 2022, Tacora's environmental rehabilitation provision of $26.6 million was measured at the expected value of future cash flows, discounted to the present value using a current a risk-free pre-tax discount rate of 3.28%.

The carrying value of the environmental rehabilitation obligation is as follows:

	As at Dec 31, 2022	As at Dec 31, 2021
Opening balance	35,197	37,630
Interest accretion	683	615
Change in inflation/discount rates	(9,276)	(3,048)
Balance per consolidated balance sheet	26,604	35,197

Note 14 – Debt

The carrying value, terms and conditions of Tacora's debt at December 31, 2022 and 2021 are as follows:

	As at Dec 31, 2022	As at Dec 31, 2021
Unsecured debt at amortized cost		
Note paid based on tonnes shipped	976	2,950
Atlantic Canada Opportunity Agency contribution loan (Mill Lubrication System)	252	-
Atlantic Canada Opportunity Agency contribution loan (Manganese Reduction Circuit)	1,349	-
	2,577	2,950
Secured debt at amortized cost		
Senior secured notes	211,489	166,581
Total Debt	214,066	169,531
Current	1,172	2,950
Non-current	212,894	166,581

In January 2022, Tacora received an interest-free loan of C$0.5 million from the Atlantic Canada Opportunity Agency to finance the upgrade of its mill lubrication system. Loan repayments commenced on April 1st, 2022 and will continue until March 1st, 2027. Using prevailing market interest rates for an equivalent loan of 10.5 per cent, the fair value of the loan is estimated at C$0.4 million. The difference of C$0.1 million between the gross proceeds and the fair value of the loan is the benefit derived from the interest-free loan and is recognized as a reduction in the carrying amount of the asset. Interest charges recognized on this loan were C$0.03 million in 2022 and C$0 in 2021.

In October 2022, Tacora received an interest-free loan of C$3.3 million from the Atlantic Canada Opportunity Agency to finance the expansion of its manganese reduction circuit. Loan repayments

(expressed in thousands of US Dollars, except where otherwise noted)

commenced on July 1st, 2023 and will continue until June 1st, 2033. Using prevailing market interest rates for an equivalent loan of 11.75 per cent, the fair value of the loan is estimated at C$1.8 million. The difference of C$1.5 million between the gross proceeds and the fair value of the loan is the benefit derived from the interest-free loan and is recognized as a reduction in the carrying amount of the asset. Interest charges recognized on this loan were C$0.03 million in 2022 and C$0 in 2021.

On May 11, 2021, Tacora issued $175 million aggregate principal amount of 8.250% Senior Secured Notes due May 15, 2026 ("2026 Notes"). Tacora received net proceeds of approximately $169.5 million after fees of approximately $5.5 million related to underwriting and third-party expenses. Approximately $128.2 million of the net proceeds from the issuance of the 2026 Notes were used to repay our Infrastructure 1 Loan, Infrastructure 2 Loan, Term Loan principal balance in addition to a prepayment penalty of approximately $15.3 million. Subsequent to the issuance date, Tacora has paid approximately $2.9 million in fees for additional third-party expenses related to the closing of the 2026 Notes. The balance of the net proceeds was used for working capital and other corporate purposes. Interest on the 2026 Notes will be payable semi-annually in arrears on May 15th and November 15th of each year beginning on November 15, 2021, and will mature on May 15, 2026, unless earlier redeemed or repurchased. The 2026 Notes are secured by substantially all of the Company's Canadian assets.

On or after May 15, 2023, Tacora may on any one or more occasions redeem all or a part of the 2026 Notes, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2026 Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on May 15 of the years indicated below, subject to the rights of holders of the 2026 Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2023	104.125%
2024	102.063%
2025 and thereafter	100.000%

At any time prior to May 15, 2023, Tacora may, on any one or more occasions, redeem up to 40% of the aggregate principal amount of the 2026 Notes issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 108.250% of the principal amount of the 2026 Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the date of redemption (subject to the rights of holders of the 2026 Notes on the relevant record date to receive interest on the relevant interest payment date), with an amount not greater than the net cash proceeds of an equity offering by Tacora; *provided,* that:

(1) at least 60% of the aggregate principal amount of the 2026 Notes originally issued under the Indenture (excluding 2026 Notes held by Tacora and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of the closing of such equity offering.

At any time prior to May 15, 2023, Tacora may on any one or more occasions redeem all or a part of the 2026 Notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the 2026 Notes redeemed, plus the applicable premium as of, and accrued and unpaid interest, if any, to, but not including, the date of redemption (subject to the rights of holders of 2026 Notes on the relevant record date to receive interest due on the relevant interest payment date).

The indenture governing the 2026 Notes restricts Tacora's ability to create certain liens, to enter into sale leaseback transactions and to consolidate, merge, transfer or sell all, or substantially all assets. It also contains provisions requiring that Tacora make an offer to purchase the 2026 Notes from holders upon a change of control under certain specified circumstances, as well as other customary provisions.

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

On February 16, 2022, Tacora issued an additional $50 million aggregate principal amount of 8.250% Senior Secured Notes due 2026. Tacora received net proceeds of approximately $45.0 million after fees of approximately $5.0 million related to underwriting and third-party expenses. The net proceeds will be used for working capital and other corporate purposes.

Note 15 – Leases

	As at Dec 31, 2022	As at Dec 31, 2021
Lease liabilities		
Current	11,193	9,859
Non-current	22,709	38,365
Total lease liabilities	33,902	48,224
Maturity Analysis – contractual undiscounted cash flows		
Year 1	11,193	9,806
Year 2	11,002	10,409
Year 3	7,261	10,153
Year 4	2,747	6,562
Year 5	1,710	2,392
Onwards	-	1,467
Total undiscounted cash flows	**33,913**	**40,789**

Tacora Resources does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the treasury function.

Note 16 – Accrued liabilities

Accrued liabilities consist of the following:

	As at Dec 31, 2022	As at Dec 31, 2021
Sales tax payable	1,324	-
Royalties payable	5,648	6,196
Interest payable	5,150	2,856
Payroll accruals	2,484	3,015
Fixed price agreement collateral received (note 19)	-	11,631
Accounts payable accruals	13,042	17,479
Miscellaneous accrued liabilities	446	225
Balance per consolidated balance sheet	28,094	41,402

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

Note 17 – Taxation

Tacora is subject to income tax in numerous jurisdictions. Income tax on the consolidated statements of income (loss) and comprehensive income (loss) consists of current and deferred tax. No deferred tax asset has been recognized on the net deductible temporary difference given no history of profits.

The expense for current income tax is as follows:

	Year Ended	
	2022	2021
Current income tax expense	480	542
Income tax expense	480	542

The following table reconciles the expected income tax (recovery) / expense at the statutory income tax rate of 30% which is the combined federal and NL tax rate (2021: 30%) to the amounts recognized in the consolidated statements of income:

	Year Ended	
	2022	2021
Net income reflected in consolidated statements of income	(32,372)	30,211
Expected income tax (recovery) expense	(9,711)	9,063
Permanent differences	40	482
Adjustments related to prior year balances	5	1,004
Unrecognized deferred tax assets	4,037	(9,777)
Foreign exchange	5,884	(679)
Other	225	449
Income tax	480	542

The following table summarizes deductible temporary differences for which no deferred tax asset has been recognized:

	Year Ended	
	2022	2021
Hedges	-	-
Fixed assets, intangibles and other	(60,731)	(32,971)
Loss on debt modification	-	-
Non-capital loss carry forwards	273,069	231,854
Total unrecognized deductible temporary differences	212,338	198,883

As of December 31, 2022 the company has total non-capital losses of $273.1 million (2021 - $231.9 million) comprised of $273.1 million relating to Canada which, if not utilized, will expire between 2037 and 2041.

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

Note 18 – Equity

	Shares Authorized	Shares Issued	Total ($)
Ordinary Shares:			
Common – no par value	235,700,480	235,700,408	263,350
Restricted Shares:			
Class A	3,300,000	2,739,000	0.273
Class B	3,300,000	1,080,750	0.273
Balance as of Dec 31, 2021	242,300,480	239,520,158	263,350

	Shares Authorized	Shares Issued	Total ($)
Ordinary Shares:			
Common – no par value	235,700,480	235,700,408	263,350
Restricted Shares:			
Class A	3,300,000	2,739,000	0.273
Class B	3,300,000	1,080,750	0.273
Balance as of Dec 31, 2022	242,300,480	239,520,158	263,350

Restricted Shares

Tacora currently has 2,739,000 Class A Non-Voting Shares and 1,080,750 Class B Non-Voting Shares outstanding. In connection with and prior to closing on a liquidity event as defined in the shareholders agreement, the following capital changes will be implemented:

- All of the 2,739,000 Class A Non-Voting Shares will be converted into Common Shares on a one-for-one basis;

- All of the 1,080,750 Class B Non-Voting Shares will be (i) subject to the achievement of a defined valuation, converted into Common Shares on a one-for-one basis or (ii) redeemed for nominal consideration by the Company;

(expressed in thousands of US Dollars, except where otherwise noted)

Stock Options

The Company offers a stock option plan for certain employees.

	Number of Stock Options	Weighted-Average Exercise Price
Options exercisable as of Dec 31, 2020	1,826,000	2.00
Granted	2,040,000	2.00
Exercised	-	-
Cancelled	(1,640,500)	-
Options exercisable as of Dec 31, 2021	2,225,500	2.00
Granted	4,035,000	2.00
Exercised	-	-
Cancelled	(1,540,000)	-
Options exercisable as of Dec 31, 2022	4,720,500	2.00

The stock options shall vest, and may be exercised in whole or in part, only upon a liquidity event as defined in the stock option agreement. The Company does not recognize compensation cost for the stock options until the liquidity is deemed probable. No amounts have been recognized as of December 31, 2022 or December 31, 2021.

Note 19 – Commitments and contingencies

At December 31, Tacora's commitments were comprised of the following payments and described below:

	2022 USD$	2021 USD$
Payments due in one year	40,949	49,075
Payments due in one to five years	9,599	10,238
Payments due later than five years [1]	67,426	90,471

(1) Includes Tacora's environmental rehabilitation provision (Note 13)

Mining leases and royalties

Tacora is party to the Mining Lease pursuant to which Tacora was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from a mine on a parcel of land located near Wabush, Newfoundland and Labrador on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055; however, the Mining Lease may be cancelled by Tacora generally on six months' written notice.

At the commencement of shipping iron ore products, Tacora is required to pay an earned royalty fee per metric tonne of 7.0% of Net Revenues less certain deductible expenses, in accordance with the calculation

as defined in the Mining Lease. To the extent that Tacora has not commenced or ceases the shipping of iron ore products and the sum of the earned royalty fee in a given calendar quarter is less than C$0.8 million, Tacora is required to pay a minimum quarterly royalty of C$0.8 million (of which 20 percent is withheld and remitted to the Province of Newfoundland and Labrador). There were no prepaid royalties at December 31, 2022.

Royalties paid in the years ended December 31, 2022 and 2021 were approximately $22.6 million and $36.1 million, respectively. Accrued royalties in the amount of $5.7 million and $6.2 million were recorded in other accrued expenses at December 31, 2022 and 2021, respectively.

Transportation services

Tacora is committed to purchasing transportation services that will require minimum annual payments of approximately $38.6 million. In the event Tacora suspends production and shipments of iron ore at the Scully mine for any reason for a period longer than one year, the obligation to pay minimum annual payments is suspended.

Note 20 – Derivative liability

Tacora will be exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales and believes commodity price hedging could provide a long-term benefit to shareholders. Therefore, Tacora may hedge certain commitments in the future with an emphasis on mitigating commodity price risk during the ramp up of the Scully Mine. The Company may use cash-settled commodity forward contracts to hedge the market risk associated with the sales of iron ore. These derivatives may be used with respect to a portion of the Company's iron ore sales. Independent of any hedging activities, price decreases in the iron ore market or price increases in dry bulk freight costs could negatively affect revenue and therefore earnings.

Iron ore derivatives are marked to market and recognized as an asset or liability at fair value, with changes in fair value reflected in net income unless the Company qualifies for, and elects hedge accounting. If the Company qualifies for and elects hedge accounting, the effective gains and losses for iron ore derivatives designated as cash flow hedges of forecasted sales of iron ore are recognized in accumulated other comprehensive income, a component of Shareholder's Equity on the Balance Sheet and reclassified into revenue in the same period as the earnings recognition of the associated underlying transaction. Gains and losses on these designated derivatives arising from either hedge ineffectiveness or related to components excluded from the assessment of effectiveness are recognized in current income as they occur. In 2018, and as required by our senior secured debt agreements, the Company had entered into iron ore commodity forward contracts. All forward contracts were settled as of December 31, 2021. The Company has not elected hedge accounting for any of the commodity forward contracts for the years ended December 31, 2022 and 2021.

Note 21 – Financial instruments

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. Details of each level are discussed below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

The following fair value tables present information about the fair value of Tacora's assets and liabilities measured on a recurring basis as of the dates indicated:

	Dec 31, 2022				
	Level 1	Level 2	Level 3	Total	Carrying Amount
Accounts receivable	—	8,897	—	8,897	8,897
Notes payable	—	—	2,577	2,577	2,577

	Dec 31, 2021				
	Level 1	Level 2	Level 3	Total	Carrying Amount
Accounts receivable	—	10,530	—	10,530	10,530
Notes payable	—	—	2,950	2,950	2,950
Lease liabilities	—	—	7,520	7,520	7,520
Royalties payable	—	—	23,088	23,088	23,088

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Note 22 – Cost of sales

	Year Ended	
	2022	2021
Mining	69,051	60,789
Processing	98,526	91,046
Logistics	92,565	107,244
General and administration	15,222	14,201
Royalties	22,241	32,146
Depreciation and amortization	24,409	22,391
Total expenses by function	322,014	327,817

Note 23 – Selling general and administrative expenses

	Year Ended	
	2022	2021
Professional fees	3,529	1,221
Salaried wages and benefits	2,795	3,029
Other	764	349
Contract services	734	358
Insurance	688	688
Travel	611	136
Sustainability and other community expense	547	840
Depreciation	40	37
Total expenses by function	9,708	6,658

Notes to the consolidated financial statements

(expressed in thousands of US Dollars, except where otherwise noted)

Note 24 – Discontinued operations

In December 2022, the Company committed to a plan to discontinue the operations of the Sydvaranger Mine and transfer the Mine to Orion Mine Finance ("Orion"). The Company determined at that time that the Sydvaranger Mine met held for sale criteria; Sydvaranger was available for transfer in its current condition, the Company committed to a transfer plan, and was in discussion with Orion as of December 31, 2022. As the Sydvaranger Mine meets held for sale classification and represents the Company's only operations in Norway, the Mine is considered a separate geographical area of operation and, therefore, the plan to discontinue its operations results in discontinued operations classification.

The assets and liabilities classified as held for sale as of December 31, 2022 are shown below:

	Year Ended 2022
Cash	411
Receivables	182
Inventories	32
Prepaid expenses	141
Property, plant and equipment	39,182
Total assets held for sale	39,948
Accounts payable	245
Accrued liabilities	777
Lease liabilities	8,140
Long-term royalties payable	30,786
Total liabilities held for sale	39,948

The operating results of the Sydvaranger Mine for the current and comparative periods have been presented as discontinued operations within the consolidated statements of income (loss) and comprehensive income (loss) and statement of cash flows.

The results and cash flows from discontinued operations for the years ended December 31, 2022 and 2021 are shown below:

	Year Ended	
	2022	2021
Other income (expense)		
Loss on fair value measurement of discontinued operations	(61,655)	-
Income (loss before income taxes)		
Deferred income tax recovery	5,355	2,554
Net income (loss) and comprehensive income (loss) attributable to Tacora Resources, Inc., and discontinued operations	(56,300)	2,554

(expressed in thousands of US Dollars, except where otherwise noted)

	Year Ended	
	2022	2021
Net cash (outflow) inflow from operating activities	(236)	236
Net cash outflow from investing activities	(5,948)	(9,798)
Net cash inflow from financing activities	5,359	10,387
Increase (decrease) in cash and cash equivalents of discontinued operations	(825)	825

Note 25– Preferred Shares

On November 10, 2022, the Company entered into a Subscription Agreement ("Agreement") with Cargill. Under the Agreement the Company issued 15,000,000 non-voting, Series C Preferred Shares ("Preferred Shares") to Cargill in exchange for $15 million cash consideration.

The Agreement includes a number of embedded features including put, call, optional conversions, and down-round features. The agreement includes the option for Cargill to convert the Preferred Shares into Common Shares at any point throughout the life of the agreement. Additionally, the Agreement includes an automatic conversion in which the Preferred Shares automatically convert to Common Shares upon the closing of a liquidity event which is defined as either an IPO or the sale of the majority of the voting or equity securities of the Company.

The Agreement includes a number of redemption rights held by the Company including the option to redeem the Preferred Shares, at any point, at the liquidation preference which is defined as the initial issuance price of $1 per share which increase at a rate of 15% per year. To the extent that the Company has not redeemed the Preferred Shares and the holder has not converted the Preferred Shares, all outstanding Preferred Shares shall be mandatorily redeemed five years from the agreement close date at an amount equal to 1.5 times the liquidation preference.

A down-round feature included in the Agreement outlines that the conversion price, which is defined as $1 per share, shall be reduced in the event that the Company issues or sells any Common Shares at a price lower than the conversion price.

The Company evaluated the Agreement to determine whether the features contained within qualify as embedded derivatives. Embedded derivatives must be separately measured from the host contract if all the requirements for bifurcation are met. The assessment of the conditions surrounding the bifurcation of embedded derivatives depends on the nature of the host contract and the features of the derivatives. The Company evaluated each feature included within the Agreement noting that the down-round feature qualifies for bifurcation from the debt-hosted financial instrument; however, a down-round event occurring from November 10, 2022 through December 31, 2022 was assessed as a 0% probability and thus this feature was assigned no value. The debt-hosted instrument is recorded as a liability on the Company's balance sheet, consistent with IFRS 32, Financial Instruments: Presentation, as the Agreement contains a contractual obligation to deliver cash in order to settle the liability.

The Company determined the fair value of the debt-hosted instrument and the down-round derivative to record the day one impact of the Preferred Share Agreement, which included a full business enterprise valuation. The Company used significant Level 3 inputs as part of the valuation exercise including Company operations projections, tax depreciation and amortization, capital expenditures, and net working capital requirements The difference between the carrying amount and fair value of the liabilities is recognized as a fair market value deferral.

As a result of the business enterprise valuation performed, the Company recorded a deferred gain of $15 million which will be recognized straight-line over the life of the Agreement. As of December 31, 2022, all Preferred Shares remain outstanding.

Note 26– Subsequent events

Advance Payment Facility Agreement

On January 3, 2023, the Company entered into an Advance Payments Facility Agreement (the "APFA") with Cargill. The purpose of the agreement is to provide the Company with up to $35 million in advance payment in exchange for future deliveries of iron ore to Cargill. The agreement includes an offsetting $15 million floor price premium to be advanced from the Company to Cargill as consideration for guaranteeing a floor price on iron ore; resulting in a net potential advance payment of $20 million. The agreement termination date is May 1, 2023, and thus contract covenants, representations and warranties must be satisfied by this date to avoid default. As part of the agreement, the Company shall use its best reasonable efforts to deliver a minimum of 55,000 DMT of iron ore over each four-week period from inception of the contract. After May 1, 2023, all outstanding advance amounts that have not been offset by the price of iron ore supplied to Cargill shall be repaid to Cargill.

The advanced payment agreement includes covenants, including (a) use of advance payment proceeds solely for funding ongoing operations at Wabush Scully mine and processing plant and general corporate expenses, (b) adherence to liquidity management, operational turnaround, and restructuring plans as defined between the Company and Cargill (and at Cargill's acceptance), and (c) the Company shall not issue new equity or debt/liens unless explicitly agreed to within the advanced payment agreement.

The advanced payment agreement also includes penny warrants issued to Cargill as additional consideration. The warrants are exercisable into Common Shares, representing a non-dilutive 10% equity ownership in the Company on a fully-diluted basis and immediately exercisable for a two-year period and expiring on the January 5, 2025.

On January 10, 2023, the Company received net $10 million of the advance payment from Cargill (the "initial advance"). On February 24, 2023, the Company received an additional $5 million under the advance payment agreement (the "subsequent advance"). As of the issuance of this report, the Company is in compliance with all provisions within the advance payment agreement.

QNS&L

On January 9, 2023, the Company amended the QNS&L Rail Agreement (see Note 12) to:

1) adjust the minimum and maximum monthly tonnage requirements downward
2) adjust the iron ore price premium per ton downward
3) provide additional penalties to QNS&L for failure to meet minimum tonnage requirements (the "QNS&L Rail Amendment");

In exchange, the Company issued QNS&L non-dilutive Common Share purchase warrants at an exercise price of $0.01/share (i.e. penny warrants) representing a 2.5% equity ownership in the Company on a fully-diluted basis. The QNS&L Rail Amendment expires on December 31, 2024.

Employee Stock Option Plan

On January 18, 2023, the Company replaced the existing employee stock option plan with an amended and restated stock option plan. The option plan represents a non-dilutive 7.5% equity ownership in the Company on a fully-diluted basis with an option exercise of $0.01/share.

Sydvaranger

On February 24, 2023, Tacora completed the transfer of Sydvaranger and its subsidiaries to Orion Mine

Finance, a financial partner involved in the project since 2018. The transfer was structured as a cash-free transfer and resulted in no gain or loss to the Company as the Sydvaranger Mine was previously classified under discontinued operations as of 12/31/2022, and was written down to its fair value at that time.

Advance Payment Facility Agreement Amendment

On April 29, 2023, the Company entered into the APF Amendment which amends certain terms under the APF Agreement including, among others, extending the termination date for the repayment of all outstanding advances made by Cargill under the APF Agreement from May 1, 2023 to June 14, 2023, and which can further be extended to July 14, 2023 subject to the satisfaction of certain conditions. In connection with and as a condition to Cargill's entry into the APF Amendment, the Company issued to Cargill penny warrants exercisable for up to 25% of the Common Shares of the Company on a fully diluted basis.

Senior Secured Priority Notes

On May 11, 2023, the Company completed a consent solicitation process to effect certain amendments to the indenture governing the existing 2026 Notes. In addition, the Company completed the sale of $27 million aggregate principal amount of its 9.0% Cash / 4.0% PIK Senior Secured Priority Notes due 2023 (the "Senior Secured Priority Notes"). In connection with the transaction, Tacora issued penny warrants exercisable for a two-year period into voting common shares of Tacora to the certain of the Senior Priority Noteholders which in aggregate are exercisable for approximately 31.6% of the voting common shares of Tacora on a fully diluted basis.

Restated and Amended Advance Payment Facility Agreement

On May 29, 2023, the Company entered into the Amended and Restated Advance Payments Facility (the A&R APF Agreement") which amends certain terms under the existing APF Agreement amendment in order to provide for a $25 million senior hedging facility (the "Margining Facility") to be made available by Cargill that allows for the Company to incur certain margin amounts owing by the Company under the Offtake Agreement to be deemed as advances by Cargill in favor of the Company.

Supplemental Consolidating Balance Sheet Information
As of December 31, 2022

(expressed in thousands of US Dollars, except where otherwise noted)

	Restricted Subsidiaries	Unrestricted Subsidiaries	Eliminations	Consolidated Total
Current assets				
Cash	6,848	-	-	6,848
Receivables	8,897	-	-	8,897
Inventories	33,743	-	-	33,743
Prepaid expenses and other current assets	1,740	-	-	1,740
Assets held for sale	-	39,948	-	39,948
Total current assets	51,228	39,948	-	91,176
Non-current assets				
Property, plant & equipment, net	224,476	-	-	224,476
Intangible assets subject to amortization	46,230	-	-	46,230
Transportation deposits	4,220	-	-	4,220
Security Deposits	2,658	-	-	2,658
Financial assurance deposit	6,010	-	-	6,010
Notes Receivable – Tacora Norway	53,746	-	(53,746)	-
Total non-current assets	377,340	-	(53,746)	283,594
TOTAL ASSETS	388,568	39,948	(53,746)	374,770
Current liabilities				
Current maturities of long-term debt	1,172	-	-	1,172
Current maturities of lease liabilities	11,193	-	-	11,193
Current deferred gain – Series C Preferred	3,000	-	-	3,000
Accounts payable	25,609	-	-	25,609
Accrued liabilities	28,094	-	-	28,094
Liabilities held for sale	-	39,948	-	39,948
Total current liabilities	69,068	39,948	-	109,016
Non-current liabilities				
Long-term debt	212,894	-	-	212,894
Lease liabilities	22,709	-	-	22,709
Rehabilitation obligation	26,604	-	-	26,604
Long-term royalties payable	-	-	-	-
Long-term deferred gain – Series C Preferred	11,625	-	-	11,625
Notes Payable – Tacora Resources Inc	-	53,746	(53,746)	-
Total Non-Current Liabilities	273,832	53,746	(53,746)	273,832
TOTAL LIABILITIES	342,900	93,694	(53,746)	382,848
Shareholder's equity				
Capital stock	263,350	-	-	263,350
Accumulated deficit [1]	(217,851)	(53,746)	-	(271,597)
Equity attributable to owners of the Company	45,499	(53,746)	-	(8,247)
Non-controlling interest	169	-	-	169
TOTAL EQUITY	45,668	(53,746)	-	(8,078)
TOTAL LIABILITIES AND EQUITY	388,568	39,948	(53,746)	374,770

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)

Annual MD&A

The following management's discussion and analysis of financial condition and results of operations ("MD&A") is prepared as of the date of the Tacora audited consolidated financial statements (Financial Statements") and is intended to assist readers in understanding the financial performance and financial condition of Tacora. This MD&A provides information concerning Tacora's financial condition at December 31, 2022 and results of operations for the 52-week period ending December 31, 2022 ("Fiscal 2022").

All of the financial information contained within the MD&A is expressed in thousands of United States dollars, except where otherwise noted. The following abbreviations are used throughout this document: USD or US$ (United States dollar), CAD or C$ (Canadian dollar), Mt (metric tonnes), wmt (wet metric tonnes), dmt (dry metric tonnes), Mtpa (million tonnes per annum), Btpa (billion tonnes per annum) and M (million).

This MD&A should be read in conjunction with the Financial Statements, including the related notes thereto.

Cautionary note regarding forward-looking information

Some of the information in this MD&A contains forward-looking information, such as statements regarding the Company's future plans and objectives that are subject to various risks and uncertainties. This information is based on management's reasonable assumptions and beliefs in light of the information currently available to it and is provided as of the date of this MD&A and the Company cannot assure investors that such information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such information as a result of various factors. Factors that could cause actual performance to differ from our current expectations include changes to the market price of iron ore, difficulties in implementing our plans to increase iron ore production, interruptions of our production or in necessary infrastructure, and other market and business factors. The results for the periods presented are not indicative of the results that may be expected for any future periods. The Company does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. We caution that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect our results. Investors are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information.

Company overview

The Company is in the business of identifying, mining and processing iron ore mineral reserves and resources. The mining of iron ore at the Scully Mine is the Company's main business at this time; however, other revenue streams may be added in the future. The Company's future performance is largely tied to the continued operation of the Scully Mine, other prospective business opportunities and the overall market for iron ore.

On July 18, 2017, the Company completed the acquisition of the Scully Mine, an iron ore mine and processing facility located north of the Town of Wabush in Newfoundland and Labrador, Canada, together with the Wabush Lake Railway. Tacora completed the acquisition of the assets of the Scully Mine and the Wabush Lake Railway pursuant to the asset purchase agreement ("APA") pursuant to a process under the Companies' Creditors Arrangement Act (Canada). Under the APA, Tacora paid a total cash purchase price of $1.6 million plus cash cure costs in an amount of $8.2 million, for an aggregate purchase price of $9.8 million. For further information about the acquisition, see Note 1 to the Company's audited consolidated financial statements for Fiscal 2022.

Following the completion of a Feasibility Study (NI 43-101) for the Scully Mine in December 2017, as prepared by G Mining Services, Inc. (“GMS”) and Ausenco, the Company focused on opportunities to finance the restart of the Scully Mine. On November 27, 2018, Tacora announced it had closed on $212 million in private equity and senior secured debt financing, which together with up to $64 million in mining equipment debt financing, fully funded the restart of the Scully Mine. In addition, during the course of the 2018 fiscal year, the Company amended the Cargill Offtake Agreement and finalized certain port access agreements and rail/transportation agreements in anticipation of the successful restart of the Scully Mine.

As the Company progressed into the 2019 fiscal year, it restarted mining operations and commercial production at the Scully Mine. On May 25, 2019, ore was delivered to the crusher and the first mill was successfully started up on May 28, 2019. During June 2019, the Company successfully commissioned its concentrator and produced its first wet concentrate, undertook its first mine blast and celebrated its first loaded train. On August 30, 2019, the Company announced that its first seaborne vessel shipment of iron ore concentrate produced at the Scully Mine departed the Port of Sept-Iles, Quebec, with a payload of 69,770 wmt of premium concentrate bound for a customer in Europe.

On January 13, 2021, the Company completed the acquisition of 100% of the share capital of Sydvaranger Mining AS (the “Sydvaranger Mine” or “Sydvaranger”). The Sydvaranger Mine is a long-life, large-scale iron ore open pit, mineral processing plant and port. The concentrator and port facilities are located in the town of Kirkenes, Norway and the mines are 8 kilometers to the south near the town of Bjørnevatn, Norway. As a result of the acquisition, Tacora has the option to restart the Sydvaranger Mine which is shovel ready and fully permitted in a tier 1 jurisdiction. A third-party Feasibility Study for the Sydvaranger Mine issued in October 2019 provided an overview of an Environmental and Social Impact Assessment being conducted on the mine by Ramboll in accordance with the International Finance Corporation Performance Standards and Sectoral Environmental, Health & Safety Guidelines. Ramboll’s assessment identified no risks that were critical or could not be managed operationally. In December 2022, the Company committed to a plan to discontinue the operations of the Sydvaranger Mine and transfer the Mine to Orion Mine Finance (“Orion”). The Company determined at that time that the Sydvaranger Mine met held for sale criteria; Sydvaranger was available for transfer in its current condition, the Company committed to a transfer plan, and was in discussion with Orion as of December 31, 2022. As the Sydvaranger Mine meets held for sale classification and represents the Company’s only operations in Norway, the Mine is considered a separate geographical area of operation and, therefore, the plan to discontinue its operations results in discontinued operations classification.

Key financial drivers

Iron ore price

The price of iron ore concentrate is the most significant factor determining the Company’s financial results. As such, cash flow from operations and the Company’s development may, in the future, be significantly adversely affected by a decline in the price of iron ore. The iron ore concentrate price fluctuates daily and is affected by a number of industry and macroeconomic factors beyond the control of the Company.

Due to the high-quality nature of our iron ore concentrate, which is high in iron averaging 65.4% and low in impurities such as silica averaging 2.63% in 2022, the Company’s iron ore sales attract a premium over the IODEX 62% Fe CFR China Index (“P62”) widely used as the reference price in the industry. As such, the Company quotes and sells its products on the high-grade IODEX 65% Fe CFR China Index ("P65"). The premium captured by the P65 index is attributable to steel mills recognizing that higher iron ore grades offer a benefit in the form of efficiency or output optimization while also significantly decreasing CO2 emissions per tonne of steel produced.

Tacora’s iron ore sales contracts are structured on a provisional pricing basis, with the final sales price determined using the iron ore price indices on or after the vessel’s arrival to the port of discharge. The Company recognizes revenues from iron ore sales when unit train shipments from the Scully Mine are delivered and unloaded at the port. The estimated gross consideration in relation to the provisionally priced

shipments is accounted for using the average P62 iron ore price at the time the unit train is unloaded, plus 60% of the estimated P65 premium over the P62 price at the time the unit train is unloaded. Once the vessel arrives at its destination, the impact of the iron ore price movements, compared to the marked to market price over the quotational period is accounted for as a provisional pricing adjustment to revenue. As of December 31, 2022, Tacora had $69.8 million in revenues awaiting final pricing, with the final price to be determined in the following reporting periods. Comparatively, as of December 31, 2021, Tacora had $111.4 million in revenues awaiting final pricing.

Tacora believes commodity price hedging could provide a long-term benefit to shareholders. During the fourth quarter 2022, Tacora entered into monthly average index P62 fixed price contracts with Cargill to help mitigate commodity price risk during the ramp up of the Scully Mine. A total of 0.6 million tonnes were fixed with settlement dates between January 1, 2023 and March 31, 2023.

Ocean freight is an important component of the Company's pricing formula and is subtracted from the gross consideration as Tacora's concentrate is shipped into the seaborne iron ore market. The common reference route for dry bulk material from the Americas to Asia is the Tubarao to Qindao route which encompasses 11,000 miles. The freight cost per tonne associated with this route is captured in the C3 Baltic Capesize Index ("C3"), which is considered the reference ocean freight cost for iron ore shipped from the Americas to the Far East. There is no index for the route between the port of Sept-Iles, Canada and China. The route from Sept-Iles to the Far East totals approximately 14,000 miles and is subject to different weather conditions during the winter season, therefore the freight cost per tonne associated with this voyage is generally higher than the C3 price.

Production volume

Maintaining a high level of total material mined, plant throughput and iron recovery, as well as managing costs is critical in keeping our production costs low and determining our financial results. We invest heavily in maintaining our equipment and training our employees to ensure that the mine and plant remain fully operational.

During the twelve-month period ended December 31, 2022, 20.6 million tonnes of material was mined, compared to 25.6 million tonnes of material mined the prior year. The decrease is mainly due to the reduced availability of our mobile equipment fleet. In order to attain name-plate iron ore concentrate production of 6Mtpa, the Company estimates it will need to achieve at least 32.0 million tonnes of total material mined on an annual basis.

The plant processed 10.1 million tonnes of ore during the twelve-month period ended December 31, 2022, compared to 10.8 million tonnes of ore in the prior year. The plant achieved an average mill operating time of approximately 62% for the year ended December 31, 2022 compared to approximately 62% in the comparable prior year period. The decrease in ore processed is mainly due to the ore characteristic which decreased milling rates. We calculate mill operating time by subtracting the number of hours of mill downtime from the number of total hours in the year and dividing by the number of total hours in the year. The increase in ore processed is mainly due to the ability to achieve higher throughput rates in the mills. In order to attain name-plate iron ore concentrate production of 6Mtpa, the Company estimates it will need to achieve an overall mill operating time of at least 88% which will allow it to process 17.5 million tonnes of ore on an annual basis.

The Scully Mine achieved an average iron recovery of 56% during the twelve-month period ended December 31, 2022 compared to an average iron recovery of 51% during the prior year. The increase in iron recovery is driven by more efficient processing due to better process control standards. Based on the foregoing, the Scully Mine produced 3.1 million tonnes of 65.4% Fe high-grade iron ore concentrate during the twelve-month period ended December 31, 2022 compared to 3.2 million tonnes of 65.7% high-grade iron ore concentrate during the prior year.

Currency

The USD is the Company's reporting and functional currency, excluding Knoll Lake whose functional currency is Canadian dollars and Sydvaranger whose functional currency is Norwegian Krone, which are translated to USD in the consolidated financials statements of the Company. Our costs of goods sold at the Scully Mine are mainly incurred in Canadian dollars. Consequently, the Company's operating results and cash flows are influenced by changes in the exchange rate for the Canadian dollar against the U.S. dollar. Therefore, the Company is exposed to foreign currency fluctuations as its mining, mineral processing, rail and port operating expenses are mainly incurred in Canadian dollars. Currently, the Company has no currency hedging contracts in place and therefore has exposure to foreign exchange rate fluctuations. The strengthening of the U.S. dollar would positively impact the Company's net income and cash flow while the strengthening of the Canadian dollar would reduce its operating margin and cash flow.

Apart from these key drivers and the risk factors noted under "Risks", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Key income statement measures

Revenue

Revenue is driven by the amount of product delivered to customers, global iron ore spot prices, certain customer specific discounts and premiums and a variety of other factors, such as commodity prices, freight costs and the iron and moisture content of our finished products.

Cost of sales

Our cost of sales includes production cost such as labor, maintenance, petroleum-based products and utilities, as well as royalties, depreciation and amortization. Our royalty agreement requires us to pay a royalty fee based on the revenue we earn, which is payable quarterly. We believe our cost of labor will grow in line with the expansion of our operations and productive capacity. All of our production labor expenses are governed by collective bargaining agreements. We are, however, susceptible to fluctuations in the electricity, bunker c and diesel costs, which are used to operate our production facilities and mining equipment.

Operating expenses

Our operating expenses consist primarily of selling, general and administrative expenses, which we believe will remain stable as a percentage of revenue as we expand our operations and production capacity in the years to come.

Results of operations

Year ended December 31, 2022 compared to year ended December 31, 2021

	Years Ended Dec 31,		Increase	Percent
($ in millions, except shipments)	**2022**	**2021**	**(Decrease)**	**Change**
Revenue	$ 324.9	$ 446.1	$ (121.2)	(27.2%)
Cost of sales	322.1	327.8	(5.7)	(1.7%)
Gross profit	2.8	118.3	(115.5)	(97.6%)
Operating expenses	9.7	6.7	3.0	44.8%
Operating income (loss)	(6.9)	111.6	(118.5)	(106.2%)
Non-operating loss	(82.3)	(79.5)	2.8	3.5%
Net income (loss)	$ (89.2)	$ 32.1	$ (121.3)	(377.9%)
Third party shipments (tonnes)	3,057,548	3,132,342	(74,794)	(2.4%)

Revenue

Realized price for the year ended December 31, 2022 compared to year ended December 31, 2021

	Years Ended Dec 31,		Increase	Percent
($ per dmt sold)	**2022**	**2021**	**(Decrease)**	**Change**
Average index P62	$ 120.2	$ 160.1	$ (39.9)	(24.9%)
Fixed sales/timing	0.1	(0.1)	0.2	165.2%
Premium over P62	11.6	15.4	(3.8)	(24.9%)
Gross realized price	131.8	175.4	(43.6)	(24.9%)
Freight and other costs	(30.1)	(31.4)	(1.3)	(4.1%)
Provisional pricing adjustments	6.0	2.9	3.1	106.9%
Other	(1.4)	(4.5)	3.1	68.3%
Net realized price	$ 106.3	$ 142.4	$ (36.1)	(25.4%)

For the year ended December 31, 2022, our revenue was approximately $324.9 million, a decrease of $121.2 million, or 27.2%, from our revenue of $446.1 million for the year ended December 31, 2021. The decrease in our revenue was attributable to a 25.4% decrease in the net realized price applicable to concentrate pricing for the year ended December 31, 2022 compared to 2021. This was also impacted by 0.1 million less tonnes shipped during the year ended December 31, 2022 compared to the prior year.

Cost of sales

Cost of sales for the year ended December 31, 2022 compared to year ended December 31, 2021

	Years Ended Dec 31,		Increase	Percent
($ in millions)	**2022**	**2021**	**(Decrease)**	**Change**
Mining	$ 69.1	$ 60.8	$ 8.3	13.7%
Processing	98.5	91.0	7.5	8.2%
Logistics	92.6	107.2	(14.6)	(13.6%)
General and administration	15.2	14.2	1.0	7.0%
Royalties	22.2	32.2	(10.0)	(31.1%)
Cash cost of sales	297.6	305.4	(7.8)	(2.6%)
Depreciation and amortization	24.4	22.4	2.0	8.9%
Cost of sales	$ 322.0	$ 327.8	$ (5.8)	(1.8%)

For the year ended December 31, 2022, our cost of sales were approximately $322.0 million, an decrease of $5.8 million, or 1.8%, compared to our cost of sales of $327.8 million for the year ended December 31, 2021.

Mining costs increased by $8.3 million primarily due to increased spending on equipment and contractor maintenance, a new fuel-tax adjustment, and an unfavorable price variance on diesel fuel of 55.3% compared to 2021. Processing costs increased by $7.5 million due primarily to an increase in bunker-c usage and price, in addition to increased direct labor. This was partially offset by a decrease in external consultant and contractor costs.

Logistics costs decreased by $14.6 million partially due to a decrease in the pricing premium included in the logistics costs. A portion of our rail costs are linked to the P62 index which on average decreased $39.9 per tonne as compared to the prior year. Our royalty is based on revenue and due to the decrease in revenue in the current year, as mentioned above, we saw decreased royalties expense of $10.0 million.

We believe our cost of sales will continue to increase, but we also expect our cost of sales per dmt sold will continue to decrease as we ramp up shipments from the Scully Mine.

Further, we believe our cost of labor at the Scully Mine will grow in line with the expansion of our operations and production capacity. Our production labor expenses are governed by a collective bargaining agreement. We expect that utilities, including electricity, bunker c and diesel fuel costs may increase over the next five years. To counter these potential increases, we assess process improvements on a continuous basis as well as monitor price forecasts for commodities to evaluate opportunities to hedge our exposure regarding commodity price risk.

Gross profit

For the year ended December 31, 2022, our gross profit was approximately $2.8 million, a decrease of $115.5 million, or 97.6%, from our gross profit of $118.3 million for the year ended December 31, 2021. The decrease in our gross profit for the year ended December 31, 2022 was primarily due to a decrease in realized pricing and revenue as mentioned above. We believe that cost of sales will increase at a rate slower than revenue for the reasons also discussed above, and therefore we expect gross profit margin will continue to improve going forward.

Operating expenses

For the year ended December 31, 2022, our operating expenses were approximately $9.7 million, an increase of $3.0 million, or 44.8%, over our operating expenses of $6.7 million for the year ended December 31, 2021. The increase in operating expenses is primarily attributable to increased professional fees, contract services and travel which were partially offset by a decrease in salaried wages and benefits. We believe selling, general and administrative expenses as a percent of revenue will decrease as we ramp up our production capacity.

Operating income (loss)

Our operating loss for the year ended December 31, 2022 was approximately $6.9 million, an decrease of $118.5 million, or 106.2%, from our operating income of $111.6 million for the year ended December 31, 2021. This decrease is primarily a function of the decrease in our gross profit as discussed above.

Non-operating loss

For the year ended December 31, 2022, our non-operating loss was approximately $82.3 million, an increase of $2.8 million, or 3.5%, from our non-operating loss of $79.5 million for the year ended December 31, 2021. The increase in our non-operating loss for the year ended December 31, 2022 primarily resulted from a decrease in our loss on derivative instruments of $42.8 million and a decrease of $15.2 million in our loss on debt extinguishment from the year prior which were partially offset by an increase in loss on fair value of disposal group of $56.3 million which was a result of the impairment of the Sydvaranger Mine asset.

Net income (loss)

For the year ended December 31, 2022, our net loss was approximately $89.2 million, a decrease of $121.3 million, or 377.9%, from our net income of $32.1 million for the year ended December 31, 2021. The decrease in our net income for the year ended December 31, 2022 is primarily attributable to the decrease in gross profit margin resulting from the decrease in revenue as discussed above.

Non-IFRS financial measures

The Company has identified certain measures that it believes will assist understanding of the financial performance of the business. As the measures are not defined under IFRS, they may not be directly

comparable with other companies' similar measures. The non-IFRS measures are not intended to be a substitute for, or superior to, any IFRS measures of performance but management has included them as these are considered to be important measures used within the business for assessing performance. These measures are explained further below.

Working capital

This MD&A refers to "working capital", which is not a recognized measure under IFRS. This non-IFRS liquidity measure does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to a similar measure presented by other issuers. "working capital" is defined by the Company as current assets less current liabilities. Management uses this measure internallyluke to better assess performance trends. Management understands that a number of investors and others who follow the Company's business assess performance in this way. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The Company's working capital is as follows:

($ in millions)	**As of Dec 31, 2022**	**As of Dec 31, 2021**
Current assets		
Cash	$ 6.8	$ 34.9
Receivables	8.9	10.5
Inventories	33.7	19.0
Transportation deposits, current portion	0.0	7.7
Prepaid expenses and other current assets	1.8	4.7
Assets held for sale	40.0	0.0
	91.2	76.8
Current liabilities		
Current maturities of long-term debt	1.2	2.9
Current maturities of leased liabilities	11.1	9.9
Current deferred gain – Series C Preferred	3.0	0.0
Accounts payable	25.6	11.7
Accrued liabilities	28.1	41.4
Liabilities held for sale	40.0	0.0
	109.0	65.9
Working capital/(deficiency)	**$ (17.8)**	**$ 10.9**

As of December 31, 2022, the Company had a working capital deficiency of $17.8 million compared to working capital of $10.9 million as of December 31, 2021.

The Company's current assets as of December 31, 2022 increased by $14.4 million since December 31, 2021. The increase was mainly due to an increase in inventory of $14.7 million and an increase in assets held for sale of $40.0 million which were partially offset by a decrease in cash of $28.1 million. The reduction in cash was mainly due to cash used by operating activities of $20.7 million and net outflows for investing activities of $57.8 million which were partially offset by net inflows from financing activities were $50.4 million, including $15.0 million proceeds from the issuance of preferred shares and $53.0 million proceeds from long term borrowing.

The Company's current liabilities as of December 31, 2022 increased by $43.1 million since December 31, 2021. The increase was primarily due to the increase in liabilities held for sale of $40.0 million.

FOB Cash Costs Pointe Noire

FOB Cash Costs Pointe Noire is a supplemental financial measure that is not prepared in accordance with IFRS. We define FOB Cash Costs Pointe Noire as cost of sales less royalties, depreciation and amortization divided by tonnes sold.

	Years Ended Dec 31,		Increase	Percent
($ per dmt sold)	**2022**	**2021**	**(Decrease)**	**Change**
Mining	$ 22.6	$ 20.0	$ 2.6	13.0%
Processing	32.2	29.2	3.0	10.3%
Logistics	30.3	33.7	(3.4)	(10.1%)
General and Administration	5.0	4.3	0.7	16.3%
FOB Cash Costs Pointe Noire	90.1	87.2	2.9	3.3%
Royalties	7.3	10.3	(3.0)	(29.1%)
Depreciation and Amortization	8.0	7.1	0.9	12.7%
Cost of sales	$ 105.4	$ 104.6	$ 0.8	0.8%

The Scully Mine shipped an aggregate amount of approximately 3.1 million tonnes of concentrate at a blended average FOB Cash Costs Pointe Noire of $90.1 per tonne for the year ended December 31, 2022, compared to 3.1 million tonnes of concentrate at a blended average of $87.2 per tonne for the year ended December 31, 2021.

Mining costs increased by $2.6 per dmt due to increased spending on equipment and contractor maintenance and an unfavorable price variance on diesel fuel.

Processing costs increased by $3.0 per dmt due to an increase in bunker-c usage and price in addition to increased direct labor. This was partially offset by a decrease in external consultant and contractor costs.

Logistics costs decreased by $3.4 per dmt partially due to a decrease in the pricing premium included in the logistics costs. A portion of our rail costs are linked to the P62 index which on average decreased $39.9 dollars per tonne as compared to the prior year.

Royalties are based on revenue and due to the decreased revenue in the current year we saw decreased royalties expense of $3.0 per dmt.

Once the Scully Mine is fully ramped-up, we estimate our FOB Cash Costs Pointe Noire will be approximately $42 per tonne on a blended average basis subject to the P62 iron ore price which impacts the cost of logistics.

We believe our calculation of FOB Cash Costs Pointe Noire is useful to management and investors for analyzing and benchmarking performance and it facilitates comparison of our results among our peer iron ore mining operations. Our projections related to FOB Cash Costs Pointe Noire are based on assumptions related to various factors, including, but not limited to, commodity prices and production costs. These costs are subject to change and such changes may affect our projections of FOB Cash Costs Pointe Noire. In addition, the assumptions and estimates underlying our future FOB Cash Costs Pointe Noire are inherently uncertain and, although we consider them to be reasonable as of the date of this MD&A, they are subject to regulatory, business and economic risks and uncertainties that could cause actual results to differ materially from our estimated future FOB Cash Costs Pointe Noire contained herein. The timing of events and the magnitude of their impact might differ from those assumed in preparing our future FOB Cash Costs Pointe Noire estimates, and this may have a material negative effect on our financial performance and on our ability to meet our financial obligations. Our estimated

future FOB Cash Costs Pointe Noire contained herein may not be indicative of our future financial performance and our results may differ materially from those presented herein. Inclusion of our estimated future FOB Cash Costs Pointe Noire should not be regarded as a representation by any person that such future FOB Cash Costs Pointe Noire will be achieved.

EBITDA and Adjusted EBITDA

EBITDA is defined as net income before interest expense (net), income taxes, depreciation and amortization, unrealized mark-to-market on derivative instruments and foreign currency exchange gains. Adjusted EBITDA is further adjusted to exclude realized gains or losses on derivative instruments, unwinding of present value discount on asset retirement obligations, NALCO Tax expense, interest income and other infrequent or unusual transactions and is used by management to measure operating performance of the business. EBITDA and Adjusted EBITDA are supplemental measures of our performance and our ability to service debt that are not required by or presented in accordance with IFRS. EBITDA and Adjusted EBITDA are not measurements of our financial performance under IFRS and should not be considered as alternatives to net income or other performance measures derived in accordance with IFRS, or as alternatives to cash flow from operating activities as measures of our liquidity. In addition, our measurements of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Management believes that the presentation of EBITDA and Adjusted EBITDA included in this MD&A provide useful information to investors regarding our results of operations because they assist in analyzing and benchmarking the performance and value of our business.

EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider such measures either in isolation or as substitutes for analyzing our results as reported under IFRS. Some of these limitations are:

- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;

- EBITDA and Adjusted EBITDA do not reflect our interest expense or the cash requirements necessary to service interest or principal payments on our debt;

- EBITDA and Adjusted EBITDA do not reflect our tax expenses, or the cash requirements to pay our taxes;

- EBITDA and Adjusted EBITDA do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements; and

- Other companies in our industry may calculate EBITDA and Adjusted EBITDA differently, limiting their usefulness as comparative measures.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as discretionary cash available to us to reinvest in the growth of our business or as a measure of cash that will be available to use to meet our obligations.

The following table is a reconciliation of our net income to EBITDA and Adjusted EBITDA:

	Years Ended Dec 31,	
($ in thousands)	**2022**	**2021**
Net income (loss)	$ (89,206)	$ 32,121
Unrealized mark-to-market on derivative instruments	-	(80,952)
Consolidated net income	$ (89,206)	$ (48,831)
Interest expense	23,103	18,662
Income tax (recovery) expense	480	(2,012)
Depreciation and amortization	24,449	22,428
Loss on fair value of disposal group	56,300	-
Foreign exchange gain	(129)	(21)
EBITDA	$ 14,997	$ (10,389)
Other expense	2,872	19,683
Interest income	(441)	(246)
Realized loss on derivative instruments	-	123,781
Gain on financial instrument	(375)	-
NALCO Tax	524	560
Adjusted EBITDA	$ 17,577	$ 134,004

Cash flows

The following discussion summarizes the significant activities impacting our cash flows during the years ended December 31, 2022 and 2021.

Cash flows from operating activities

Cash flows used by operating activities was $20.7 million for the year ended December 31, 2022 compared to cash flows generated by operating activities of $99.9 million for the same period in 2021. The decrease in cash generated by operating activities was primarily due to the decrease in revenue of $121.2 million as discussed above.

Cash flows from investing activities

Net cash used by investing activities decreased to $57.8 million for the year ended December 31, 2022 compared to $192.5 million for the same period in 2021. Capital expenditures for the acquisition of property, plant and equipment were $53.8 million for the year ended December 31, 2022 due to investments in capital improvements for the Scully Mine of $47.9 million and capitalized project costs for the Sydvaranger Mine of $5.9 million. There was no cash used for commodity forward contract settlements during the year ended December 31, 2022 compared to $132.6 million for the same period in 2021. Net cash used for commodity forward contracts in 2021 were driven by the requirement to hedge in December 2018, which was a provision within our previous senior secured debt.

Cash flows from financing activities

Net cash provided by financing activities during the year ended December 31, 2022 was $50.4 million compared to $7.9 million for the year ended December 31, 2021. The increase in cash provided by financing activities was due to net proceeds from long-term borrowings of $47.9 and proceeds from issuance of preferred shares of $15.0 million for the year ended December 31, 2022. This was partially offset by $12.3 million of principal payments on long-term debt. For the twelve months ended December 31, 2021 $166.6 million of proceeds from long-term borrowings were received as a result of our issuance of senior notes in May 2021. This was mostly offset by principal payments on long-term debt and prepayment penalty on long-term borrowings of $158.5 million.

Financing arrangements

Senior secured debt

On July 18, 2017, Tacora closed on an unsecured interest free note payable in the amount of $9.8 million Canadian dollars. The proceeds of the note were provided to the Province of Newfoundland and Labrador for the purpose of funding the requisite amount of financial assurance required as part of a rehabilitation and closure plan approved by the Province of Newfoundland and Labrador. Tacora will repay the loan through quarterly payments equal to $0.65 per metric tonne of iron ore concentrate shipped from the Scully Mine. The note will terminate on the date upon which the entirety of the loan amount has been repaid and no interest will accrue on the loan. The fair value of the debt upon initial recognition was measured at $6.0 million. The debt is subsequently re-measured at amortized cost.

On May 11, 2021, Tacora issued $175 million aggregate principal amount of 8.250% Senior Secured Notes due May 15, 2026 (“2026 Notes”). Tacora received net proceeds of approximately $169.5 million after fees of approximately $5.5 million related to underwriting and third-party expenses. Approximately $128.2 million of the net proceeds from the issuance of the 2026 Notes were used to repay the Term Loan, Infra Loan 1 and Infra Loan 2 in addition to a prepayment penalty of approximately $15.3 million. Subsequent to the issuance date, we have paid approximately $2.9 million in fees for additional third-party expenses related to the closing of the 2026 Notes. The balance of the net proceeds was or will be used for working capital and other corporate purposes. Interest on the 2026 Notes will be payable semi-annually in arrears on May 15th and November 15th of each year beginning on November 15, 2022, and will mature on May 15, 2026, unless earlier redeemed or repurchased.

On or after May 15, 2023, Tacora may on any one or more occasions redeem all or a part of the 2026 Notes, upon not less than 30 nor more than 60 days’ notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2026 Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on May 15 of the years indicated below, subject to the rights of holders of the 2026 Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2023	104.125%
2023	102.063%
2025 and thereafter	100.000%

At any time prior to May 15, 2023, Tacora may, on any one or more occasions, redeem up to 40% of the aggregate principal amount of the 2026 Notes issued under the Indenture, upon not less than 30 nor more than 60 days’ notice, at a redemption price equal to 108.250% of the principal amount of the 2026 Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the date of redemption (subject to the rights of holders of the 2026 Notes on the relevant record date to receive interest on the relevant interest payment date), with an amount not greater than the net cash proceeds of an equity offering by Tacora; provided, that:

(1) at least 60% of the aggregate principal amount of the 2026 Notes originally issued under the Indenture (excluding 2026 Notes held by Tacora and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of the closing of such equity offering.

At any time prior to May 15, 2023, Tacora may on any one or more occasions redeem all or a part of the 2026 Notes, upon not less than 30 nor more than 60 days’ notice, at a redemption price equal to 100% of the principal amount of the 2026 Notes redeemed, plus the applicable premium as of, and accrued and unpaid interest, if any, to, but not including, the date of redemption (subject to the rights of holders of 2026 Notes on the relevant record date to receive interest due on the relevant interest payment date).

The indenture governing the 2026 Notes restricts our ability to create certain liens, to enter into sale leaseback transactions and to consolidate, merge, transfer or sell all, or substantially all of our assets. It also contains provisions requiring that Tacora make an offer to purchase the 2026 Notes from holders upon a change of control under certain specified circumstances, as well as other customary provisions.

On February 16, 2022, Tacora issued an additional $50 million aggregate principal amount of 8.250% Senior Secured Notes due 2026. Tacora received net proceeds of approximately $45.0 million after fees of approximately $5.0 million related to underwriting and third-party expenses. The net proceeds will be used for working capital and other corporate purposes.

Atlantic Canada Opportunity Contribution Loans

In January 2022, Tacora received an interest-free loan of C$0.5 million from the Atlantic Canada Opportunity Agency to finance the upgrade of its mill lubrication system. Loan repayments commenced on April 1st, 2022 and will continue until March 1st, 2027. Using prevailing market interest rates for an equivalent loan of 10.5 per cent, the fair value of the loan is estimated at C$0.4 million. The difference of C$0.1 million between the gross proceeds and the fair value of the loan is the benefit derived from the interest-free loan and is recognized as a reduction in the carrying amount of the asset. Interest charges recognized on this loan were C$0.03 million in 2022 and C$0 in 2021.

In October 2022, Tacora received an interest-free loan of C$3.3 million from the Atlantic Canada Opportunity Agency to finance the expansion of its manganese reduction circuit. Loan repayments commenced on July 1st, 2023 and will continue until June 1st, 2033. Using prevailing market interest rates for an equivalent loan of 11.75 per cent, the fair value of the loan is estimated at C$1.8 million. The difference of C$1.5 million between the gross proceeds and the fair value of the loan is the benefit derived from the interest-free loan and is recognized as a reduction in the carrying amount of the asset. Interest charges recognized on this loan were C$0.03 million in 2022 and C$0 in 2021.

Contractual obligations and commitments

In the ordinary course of business, we enter into agreements under which we are obligated to make legally enforceable future payments. These agreements include those related to borrowing money, leasing equipment and purchasing goods and services.

The table below summarizes our contractual obligations and commitments as of December 31, 2022:

($ in millions)	Within 1 Year	1 to 2 Years	2 to 5 Years	Over 5 Years
Accounts payable and accrued liabilities	53,703	-	-	-
Debt	19,734	18,880	253,740	1,340
Lease liabilities	12,914	12,047	12,306	-
Rehabilitation obligation	-	-	-	26,604
Total	86,351	30,927	266,046	27,944

In addition, we have entered into other material agreements, the payments of which are not included in the table above. These include:

Transportation agreement

On November 3, 2017, the Company entered into a life-of-mine transportation agreement (“QNS&L Rail Agreement”) with Québec North Shore and Labrador Railway Company, Inc. (“QNS&L”). The QNS&L Rail Agreement provides that QNS&L will carry iron ore concentrate produced at the Scully Mine on Tacora-supplied railcars between Wabush Lake Junction in Labrador City, Newfoundland and Labrador to the Sept-Iles Junction in Sept-Iles, Québec, a distance of approximately 500 km. Under the terms of the

QNS&L Rail Agreement, QNS&L has agreed, among other things, to haul minimum monthly tonnages of iron ore (and any surplus iron ore that QNS&L agrees to haul for the benefit of the Company), ensure available transportation capacity, lead and actively participate in appropriate operations management and coordination procedures between QNS&L and the Company and supply sufficient labour, locomotives, assets and infrastructure as necessary to provide the rail transportation services contemplated. The QNS&L Rail Agreement also prescribes various capacity and volume commitments on the part of each of QNS&L and the Company and sets forth specific maximum and minimum monthly tonnages of iron ore that may be tendered for transportation in any month. In the event that the Company fails to meet the minimum monthly tonnage requirements during a given month, the Company will be required to pay QNS&L, as liquidated damages, an amount equal to the deficit volume multiplied by the base rate applicable during that month and which increases over time, other than where the failure to meet such minimum tonnage is as a result of a force majeure event; and provided further that, in the event that the Company suspends production at the Scully Mine for a period of more than one calendar year, the obligation to pay any such liquidated damages will be suspended until the resumption of production.

The QNS&L Rail Agreement required the Company to provide advance payments to QNS&L totaling C$20.0 million, of which C$3.0 million was paid on November 10, 2017 and C$17.0 million was paid on November 14, 2018. These advance payments are required by QNS&L to secure the locomotive equipment and infrastructure capacity to meet the Company's anticipated haulage volumes on the QNS&L rail line. The Company is recovering the advance payments from QNS&L by means of a special credit per wet metric tonne hauled.

Port access

In May 2018, the Company executed an agreement with Société ferroviaire et portuaire de Pointe-Noire s.e.c. ("SFPPN") with an effective date of June 1, 2018 and a termination date of December 31, 2044 setting out the terms on which SFPPN will grant the Company guaranteed access to SFPPN's equipment, throughput and storage capacity necessary to transport iron ore to the port infrastructure. Under the SFPPN Agreement, the Company is required to contribute, to certain capital expenditures up to an aggregate amount of C$48.9 million, inclusive of C$10 million which was paid in 2018. Capital expenditures totaling C$26.9 were paid between 2019 to 2021, C$6.3 million was paid in 2022 and the balance of C$5.7 million will be paid in equal monthly payments from April 2023 to March 2024. The capital expenditures will allow SFPPN to enhance the current existing infrastructure required for the Company's guaranteed access to SFPPN's facilities, which include railway and Wabush Yard infrastructure. The SFPPN Agreement contains customary default clauses, which include if the Company ceases the operations of the Scully Mine for a continuous period of more than twelve months and does not provide SFPPN with a date for the resumption of operations that is within the following twelve months.

The C$48.9 million that the Company is required to contribute to SFPPN for certain capital expenditures is and will be classified as an intangible asset on the consolidated balance sheet and amortized. There may be other expenditures that the Company is required to make that the Company will classify in this regard. Amortization of these costs are recorded through cost of sales.

The Company has executed an assignment of contractual rights agreement pursuant to which New Millennium Iron Corp. ("NML") will assign to the Company 6.5 million metric tonnes of NML's port capacity with the Sept-Iles Port Authority (the "Port Authority") in exchange for an upfront payment in the amount of C$4.0 million payable on the closing date of the assignment and an ongoing fee of C$0.10 per tonne of iron ore shipped by the Company through the port facilities pursuant to a contract to be entered into directly with the Port Authority over a 20-year period following the assignment. The Company recognizes the benefit of the prepayment based on tonnes shipped as a reduction of cost of goods sold. In connection with the assignment, the Company has assumed part of NML's ‘‘take or pay" obligations related to the assigned 6.5 million metric tonnes of port capacity. The portion of the "take or pay" obligation that was payable to NML prior to the Company shipping ore from the port was added to the upfront payment amount. The upfront payment entitles the Company to a discount of C$0.25 per tonne shipped until the upfront payment is recovered by the Company. The Company, NML and the Port

Authority have entered into an agreement whereby the Port Authority consented to the assignment of capacity and agreed to enter into a direct agreement with the Company in respect of the 6.5 million metric tonnes of port capacity assigned by NML to the Company on terms substantially similar to those contained in the existing agreement between NML and the Port Authority. This agreement will provide the Company with direct access to port facilities that are capable of loading cape-size vessels, which are larger and more cost efficient than smaller baby-cape and Panamax alternatives. All port agreements between NML, the Port Authority and Tacora in respect of the assigned capacity were fully executed and complete as of December 31, 2018.

Mining lease

Tacora is party to the Mining Lease pursuant to which Tacora was granted the exclusive contractual right to explore, investigate, develop, produce, extract, remove by open pit or other method of mining, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore products from a mine on a parcel of land located near Wabush, Newfoundland and Labrador on which the Scully Mine is located. The Mining Lease is effective for a term extending to and including May 20, 2055; however, the Mining Lease may be cancelled by Tacora generally on six months' written notice.

At the commencement of shipping iron ore products, Tacora is required to pay an earned royalty fee per metric tonne ranging from 4.2% to 7.0% of Net Revenues less certain deductible expenses, in accordance with the calculation as defined in the Mining Lease. To the extent that Tacora has not commenced or ceases the shipping of iron ore products and the sum of the earned royalty fee in a given calendar quarter is less than C$0.8 million, Tacora is required to pay a minimum quarterly royalty of C$0.8 million (of which 20 percent is withheld and remitted to the Province of Newfoundland and Labrador). Any amount which Tacora shall pay the lessor related to minimum quarterly royalty payments, other than in payment of earned royalties, shall be recoverable against earned royalties in the same calendar year.

Royalties paid in the years ended December 31, 2022 and 2021 were approximately $22.6 million and $36.1 million, respectively. Accrued royalties in the amount of $5.7 million and $6.2 million were recorded in other accrued expenses at December 31, 2022 and December 31, 2021, respectively.

See Note 19 to the Company's audited consolidated financial statements for Fiscal 2022 for further information regarding the Company's commitments and contingencies.

Liquidity and capital resources

As of December 31, 2022, our cash and cash equivalents totaled $6.9 million. Our total cash balance represents an 80.4% decrease from the balance as of December 31, 2021. This decrease was driven primarily by our decrease in gross profit as discussed above.

As of December 31, 2022, the outstanding principal amount of our long-term debt was approximately $214.1 million.

Going Concern

The Company has a net operating loss and cash outflows from operations for the twelve months ended December 31, 2022 due to a reduction in iron ore prices and a slower than expected ramp-up of the Scully Mine. Based on the Company's projected cash flows, the Company does not have sufficient cash on hand or available liquidity to sustain its operations and meet its obligations as they become due for twelve months following the date the consolidated financial statements are issued. These conditions and events raise substantial doubt about the Company's ability to continue as a going concern.

The Company continues to advance certain strategic alternatives to secure additional outside capital to ensure that Company has sufficiently liquidity and a sustainable capital structure to meet all obligations

due over the next twelve months. These initiatives may include, among others, the sale of certain of the Company's assets or a sale of additional equity of the Company to strategic or financial investors.

No assurance can be given that any of the contemplated strategic initiatives will be successfully completed. As a result, we have concluded that, there is substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

Off balance sheet arrangements

We currently are not a party to any material off balance sheet arrangements.

Industry data, forecasts and units of measure

This report contains industry data and forecasts that we obtained from industry publications and surveys, public filings and internal company sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the "Risk Factors" section of this MD&A. We cannot guarantee the accuracy or completeness of such information contained in this MD&A.

Unless otherwise specifically noted, we use SI units (metric), specifically dry tonnes, dmt or DMT, when referring to tonnage. This is a departure from conventional iron ore units which use a relatively unique basis for tonnage identified as a LT or long ton. As such, comparison of unit costs and production figures may not be comparable with those of other competing iron ore producers. Additionally, the contractual requirements for some of our off-take agreements are denominated in wet metric tonnes. For consistency of presentation, in our discussion of these contractual requirements, we have expressed them as DMT based on an assumed 1.6% moisture factor in our concentrate.

Risks

Commodity price risk

Tacora has agreed to sell all of its production of iron ore concentrate to one counterparty, Cargill International Trading Pte Ltd. ("Cargill") pursuant to an offtake agreement with a term expiring December 31, 2024, with rolling options to extend the term for the life of the Scully Mine at Cargill's sole discretion. Cargill is selling the Tacora product into the global seaborne iron ore market at prevailing market prices (priced in United States dollars) and incurring dry bulk freight costs to deliver the product to its intended destination at prevailing market freight rates. Accordingly, Tacora will be exposed to fluctuations in iron ore market prices and dry bulk freight costs related to iron ore sales. Price decreases in the iron ore commodity market and/or cost increases for dry bulk freight rates could negatively affect revenue and therefore earnings.

Tacora believes commodity price hedging could provide a long-term benefit to shareholders. Therefore, Tacora may hedge certain commitments in the future with an emphasis on mitigating commodity price risk during the ramp up of the Scully Mine.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. In the future, Tacora may be exposed to credit risk from its customer receivables and from its financing activities, including deposits with banks and financial institutions, financial

assurance deposit, other short-term investments, interest rate and currency derivative contracts and other financial instruments.

Liquidity and capital risk management

Tacora's primary objective when managing capital is to safeguard the business as a going concern while maximizing returns for shareholders. In a cyclical and capital-intensive industry, such as the mining industry, maintaining a strong balance sheet and a sound financial risk management framework are desirable to preserve financial flexibility and generate shareholder value through the cycle. In practice, this involves regular reviews by the board of directors and senior management of Tacora. These reviews take into account Tacora's strategic priorities, economic and business conditions and opportunities that are identified to invest across all points of the commodities cycle and focus on shareholder return while also striving to maintain a strong balance sheet.

Related party transactions

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company's key management for Fiscal 2022 were its Chief Executive Officer, Executive Vice President, and Chief Financial Officer. The remuneration for the Company's key management during Fiscal 2022 was $1.6 million consisting of $1.5 million in salaries and $0.1 million in deferred compensation and other benefits.

Cargill

As a result of the $15 million preferred share investment described in Note 25, Cargill is a related party as of December 31, 2022. Further described in Note 4, Cargill is Tacora's single customer of iron ore and 100% of revenue for the year and trade receivables (see Note 6) as of December 31, 2022 are attributable to Cargill. Commitments and guarantees with Cargill are described in Note 4. As of December 31, 2022, Tacora held no collateral on deposit related to its fixed price agreement with Cargill. No bad debt expense for the year, or bad debt provision as of December 31, 2022, exists related to Cargill receivables.

Outstanding share data

The Company may authorise an unlimited number of common shares, without par value ("Common Shares") and an unlimited number of Class A Non-Voting Shares and Class B Non-Voting shares. As of the date of this MD&A, the Company had authorised 235,700,480 Common Shares, 3,300,000 Class A Non-Voting Shares and 3,300,000 Class B Non-Voting Shares and as of December 31, 2022 had 235,700,408 Common Shares, 2,739,000 Class A Non-Voting Shares, and 1,080,750, Class B Non-Voting Shares issued and outstanding. As of December 31, 2022, the Company had 4,720,500 employee stock options outstanding.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, consultation with experts and other methods management considers reasonable in the particular circumstances. Actual results may differ from these estimates.

The accounting policies discussed below are considered by management to be critical to an understanding of Tacora's financial statements as their application places the most significant demands on management's judgment.

Mineral reserves and resources

Estimates of the quantities of proven and probable mineral reserves and measured, indicated and inferred mineral resources form the basis for our life of mine plans, which are used for a number of important business and accounting purposes, including our impairment analysis. Mineral reserves and resources are based on engineering data, estimated future prices, estimated future capital spending and estimated future production rates. We estimate our iron ore mineral reserves and resources based on information compiled by "qualified persons" as defined in accordance with the requirements of NI 43-101. These life of mine plans also include assumptions about our ability to obtain and renew our mining and operating permits. Tacora expects that, over time, its mineral reserves and resources estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices.

Scully Mine

We use our mineral reserve estimates, combined with our estimated annual production levels, to determine the mine closure dates utilized in recording the fair value liability for asset retirement obligations for the Scully Mine, and assess whether there are any indicators of potential impairment of our long lived assets.

The Mineral Reserve for the Scully Mine is estimated with an effective date of January 1, 2021 at 478.9 Mt at an average grade of 34.9% Fe and 2.62% Mn as summarized in the table below. The Mineral Reserve estimate was prepared by GMS. The resource block model was also generated by GMS.

As determined by GMS, the mine design and Mineral Reserve estimate have been completed to a level appropriate for feasibility studies and the Mineral Reserve estimate stated herein is consistent with the CIM definitions and is suitable for public reporting. As such, the Mineral Reserves are based on Measured and Indicated Mineral Resources ("M&I"), and do not include any Inferred Mineral Resources. The Inferred Mineral Resources contained within the mine design are treated as waste. The M&I are inclusive of the Mineral Resources modified to calculate the Mineral Reserves.

Classification	Crude Ore Tonnage (dry)	Fe	Mn	Concentrate Tonnage	Fe Conc.	Mn Conc.	SiO_2 Conc.	Total Weight Recovery	Total Fe Recovery
	k dmt	%	%	k dmt	%	%	%	%	%
Proven	136,508	34.97	2.35	45,478	65.60	1.53	3.22	33.32	62.49
Probable	341,439	34.85	2.72	113,577	65.60	1.63	3.06	33.26	62.62
Total P&P	478,943	34.89	2.62	159,425	65.60	1.61	3.11	33.29	62.59

Notes:

(1) The Mineral Reserves were estimated using the CIM Standards for Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 10th, 2014.
(2) Mineral Reserves based on December 2020 depletion surface merged with an updated Lidar dated September 2017.
(3) Mineral Reserves are estimated at a minimum of 20% Lab weight recovery for all sub-units except sub-unit 52 which is 30%. In addition, sub-unit 34 must have a ratio of weight recovery to iron of at least 1.
(4) Mineral Reserves are estimated using a long-term iron price reference price (Platt's 62)% of USD 70/dmt and an exchange rate of 1.25 CAD/USD. An Fe concentrate price adjustment of USD 12/dmt was added as an iron grade premium net of a USD 5/dmt marketing charge.
(5) Bulk density of ore is variable but averages 3.20 t/m3.
(6) The average strip ratio is 0.82:1.
(7) The Mineral Reserve includes a 5.2% mining dilution and a 97% ore recovery.
(8) The number of metric tonnes was rounded to the nearest thousand. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in NI 43-101.

Depletion

The table below summarizes the actual production tonnages mined and concentrate produced at the Scully Mine through December 31, 2022.

Time Period	Crude Ore Tonnage (dry)	Fe	Mn	Conc. Tonnage	Fe Conc.	Mn Conc.	SiO_2 Conc.	Total Weight Recovery	Total Fe Recovery
	k dmt	%	%	k dmt	%	%	%	%	%
Start-up through December 31, 2019	3,491	34.98	3.18	936	65.70	1.72	2.71	26.80	50.33
Year ended December 31, 2020	10,469	34.73	3.42	3,009	65.51	1.93	2.66	28.74	54.21
Year ended December 31, 2021	10,758	37.80	3.30	3,182	65.70	1.80	2.39	29.60	51.40
Year ended December 31, 2022	10,114	36.10	3.40	3,112	65.40	1.84	2.63	30.80	55.90

Sydvaranger Mine

The Mineral Reserve for the Sydvaranger Mine is estimated at 171.4 Mt at an average grade of 28.1% FeMag and 0.06% MIS as summarized in the table below. The Mineral Reserve estimate was prepared by AMC Consultants (UK) Limited ("AMC"). The resource block model was generated by Baker Geological Services Ltd.

As determined by AMC, the mine design and Mineral Reserve estimate have been completed to a level appropriate for feasibility studies and the Mineral Reserve estimate stated herein is consistent with the CIM definitions. As such, the Mineral Reserves are based on Measured and Indicated Mineral Resources ("M&I"), and do not include any Inferred Mineral Resources. The Inferred Mineral Resources contained within the mine design are treated as waste. The M&I are inclusive of the Mineral Resources modified to calculate the Mineral Reserves.

Classification	Crude Ore Tonnage (dry)	Fe	MIS	Concentrate Tonnage	Fe Conc.	MIS Conc.	SiO_2 Conc.	Total Weight Recovery	Total Fe Recovery
	k dmt	%	%	k dmt	%	%	%	%	%
Proven	23,400	30.3	0.01	45,478	65.60	1.53	3.22	33.32	62.49
Probable	148,000	27.80	0.07	113,577	65.60	1.63	3.06	33.26	62.62
Total P&P	171,400	28.1	0.06	159,425	65.60	1.61	3.11	33.29	62.59

Notes:
(1) Mineral Reserves have been estimated in accordance with the CIM Definition Standards.
(2) Mineral Reserves are based on a cut-off grade of 7% FeMAG.

(3) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.
(4) There is 11.6 Mt of material with an MIS grade >0.2% which has been included in the Reserves Estimate.
(5) Mineral Reserves are estimated at an average long-term iron concentrate price of USD67/t concentrate, at a grade of 68% FeMAG.
(6) Mineral Reserves are reported effective 1 October 2019.
(8) Rounding of some figures might lead to minor discrepancies in totals.

Environmental rehabilitation

Decommissioning and restoration costs are a normal consequence of mining. The majority of these expenditures are incurred at the end of the mine's life. In determining the provision, consideration is given to the future costs to be incurred, the timing of these future costs, and estimated cost of inflation. The cost of decommissioning and restoration is uncertain and can vary in response to many factors including changes to the relevant legal and regulatory requirements. The expected timing of expenditures can change in response to changes in the life of mine. These estimates are reviewed annually and adjusted where necessary to ensure that the most current data is used.

Significant accounting policies

The Company's significant accounting policies used to prepare the Company's financial statements as of and for the period ended December 31, 2022 are included in Note 2 of the audited consolidated financial statements included elsewhere in this MD&A.

Subsequent events

Advance Payment Facility Agreement

On January 3, 2023, the Company entered into an Advance Payments Facility Agreement (the "APFA") with Cargill. The purpose of the agreement is to provide the Company with up to $35 million in advance payment in exchange for future deliveries of iron ore to Cargill. The agreement includes an offsetting $15 million floor price premium to be advanced from the Company to Cargill as consideration for guaranteeing a floor price on iron ore; resulting in a net potential advance payment of $20 million. The agreement termination date is May 1, 2023, and thus contract covenants, representations and warranties must be satisfied by this date to avoid default. As part of the agreement, the Company shall use its best reasonable efforts to deliver a minimum of 55,000 DMT of iron ore over each four-week period from inception of the contract. After May 1, 2023, all outstanding advance amounts that have not been offset by the price of iron ore supplied to Cargill shall be repaid to Cargill.

The advanced payment agreement includes covenants, including (a) use of advance payment proceeds solely for funding ongoing operations at Wabush Scully mine and processing plant and general corporate expenses, (b) adherence to liquidity management, operational turnaround, and restructuring plans as defined between the Company and Cargill (and at Cargill's acceptance), and (c) the Company shall not issue new equity or debt/liens unless explicitly agreed to within the advanced payment agreement.

The advanced payment agreement also includes penny warrants issued to Cargill as additional consideration. The warrants are exercisable into Common Shares, representing a 10% equity ownership in the Company on a fully-diluted basis and immediately exercisable for a two-year period and expiring on the January 5, 2025. The Company is unable to determine the fair value of the penny warrants.

On January 10, 2023, the Company received net $10 million of the advance payment from Cargill (the "initial advance"). On February 24, 2023, the Company received an additional $5 million under the advance payment agreement (the "subsequent advance"). As of the issuance of this report, the Company is in compliance with all provisions within the advance payment agreement.

QNS&L

On January 9, 2023, the Company amended the QNS&L Rail Agreement (see Note 12) to:

1) adjust the minimum and maximum monthly tonnage requirements downward
2) adjust the iron ore price premium per ton downward
3) provide additional penalties to QNS&L for failure to meet minimum tonnage requirements (the "QNS&L Rail Amendment");

In exchange, the Company issued QNS&L non-dilutive Common Share purchase warrants at an exercise price of $0.01/share (i.e. penny warrants) representing a 2.5% equity ownership in the Company on a fully-diluted basis. The Company is unable to determine the fair value of the penny warrants under the amendment. The QNS&L Rail Amendment expires on December 31, 2024.

Employee Stock Option Plan

On January 18, 2023, the Company replaced the existing employee stock option plan with an amended and restated stock option plan. The option plan represents a non-dilutive 7.5% equity ownership in the Company on a fully-diluted basis with an option exercise of $0.01/share.

Sydvaranger

On February 24, 2023, Tacora completed the transfer of Sydvaranger and its subsidiaries to Orion Mine Finance, a financial partner involved in the project since 2018. The transfer was structured as a cash-free transfer and resulted in no gain or loss to the Company as the Sydvaranger Mine was previously classified under discontinued operations as of 12/31/2022, and was written down to its fair value at that time.

Advance Payment Facility Agreement Amendment

On April 29, 2023, the Company entered into the APF Amendment which amends certain terms under the APF Agreement including, among others, extending the termination date for the repayment of all outstanding advances made by Cargill under the APF Agreement from May 1, 2023 to June 14, 2023, and which can further be extended to July 14, 2023 subject to the satisfaction of certain conditions. In connection with and as a condition to Cargill's entry into the APF Amendment, the Company issued to Cargill penny warrants exercisable for up to 25% of the Common Shares of the Company on a fully diluted basis.

Senior Secured Priority Notes

On May 11, 2023, the Company completed a consent solicitation process to effect certain amendments to the indenture governing the existing 2026 Notes. In addition, the Company completed the sale of $27 million aggregate principal amount of its 9.0% Cash / 4.0% PIK Senior Secured Priority Notes due 2023 (the "Senior Secured Priority Notes"). In connection with the transaction, Tacora issued penny warrants exercisable for a two-year period into voting common shares of Tacora to the certain of the Senior Priority Noteholders which in aggregate are exercisable for approximately 31.6% of the voting common shares of Tacora on a fully diluted basis.

Restated and Amended Advance Payment Facility Agreement

On May 29, 2023, the Company entered into the Amended and Restated Advance Payments Facility (the A&R APF Agreement") which amends certain terms under the existing APF Agreement amendment in order to provide for a $25 million senior hedging facility (the "Margining Facility") to be made available by Cargill that allows for the Company to incur certain margin amounts owing by the Company under the Offtake Agreement to be deemed as advances by Cargill in favor of the Company.

EXHIBIT "AA"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

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TACORA RESOURCES

Tacora Resources Inc.
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Grand Rapids, MN 55744
Ph: 218-999-7018
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Tacora Announces Results of Consent Solicitation and Issuance of 9.00% Cash / 4.00% PIK Senior Secured Priority Notes Due 2023

Toronto, Ontario, May 15, 2023 — Tacora Resources Inc. ("Tacora" or the "Company") today announced the results of the consent solicitation (the "Consent Solicitation") to effect certain amendments to the indenture (the "Indenture") governing the existing 8.250% Senior Secured Notes due 2026 (the "2026 Notes"), pursuant to which the holders of the 2026 Notes approved the amendments to the Indenture proposed by the Company. The Company also announced the sale of US$27,000,000 aggregate principal amount of its 9.00% Cash / 4.00% PIK Senior Secured Priority Notes due 2023 (the "Senior Secured Priority Notes").

Pursuant to the Consent Solicitation, which commenced on May 8, 2023, the Company solicited consents to amend the Indenture to provide for, among other things, (i) the incurrence of certain limited additional indebtedness and liens with payment priority over the 2026 Notes, (ii) that Cargill International Trading Pte. Ltd. and Cargill, Incorporated (each separately or both together, "Cargill") be included as Permitted Holders (as defined in the Indenture) under the Indenture, (iii) a limited extension for furnishing financial statements for fiscal year 2022 and the first and second quarters of 2023, (iv) a limited extension for furnishing a compliance certificate to the trustee, and (v) an extended grace period before a default in the payment of interest on the 2026 Notes constitutes an Event of Default (as defined in the Indenture) under the Indenture (collectively, the "Amendments"). The Consent Solicitation expired at 5:00 p.m. on May 10, 2023 and holders representing more 93% of the outstanding principal amount of the 2026 Notes consented to the Amendments. No consent fee was paid to holders of 2026 Notes that provided a consent. On May 11, 2023, the Company and the trustee of the 2026 Notes executed an amended and restated base indenture, a first supplemental indenture and a collateral agency and Intercreditor agreement to, among other things, give effect to the Amendments.

The terms of the Senior Secured Priority Notes were negotiated with an ad hoc group of holders of the 2026 Notes (the "Ad Hoc Bondholder Group") and were sold to certain holders of the 2026 Notes, including holders that joined the Ad Hoc Bondholder Group after the Company's announcement of the Consent Solicitation, for proceeds of US$25,000,000. The Senior Secured Priority Notes are secured by liens on the same collateral that secures the 2026 Notes, are senior in payment priority to the 2026 Notes, and mature upon the earlier of (i) September 8, 2023, (ii) the consummation by the Company of a restructuring or recapitalization transaction and (iii) the maturity of or events of default under certain of the Company's other debt and payment obligations.

In connection with the aforementioned transactions, Tacora also issued penny warrants, exercisable for a two-year period into voting common shares of Tacora, to certain members of the Ad Hoc Bondholder Group which in aggregate are exercisable to approximately 31.6% of the voting common shares of Tacora on a fully diluted basis. Tacora also will undertake a process to pursue a

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recapitalization or sale transaction on terms acceptable to certain members of the Ad Hoc Bondholder Group.

This announcement is not an offer to sell or a solicitation of an offer to purchase any securities.

Forward Looking Statements

This press release contains statements that are forward-looking in nature and relate to our expectations, beliefs, and intentions. All statements other than statements of historical fact are statements that could be deemed to be forward-looking. Although Tacora believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements involve known and unknown risks, uncertainties and other factors and are not guarantees of future performance and actual results may accordingly differ materially from those in forward-looking statements, and these statements are subject to risks, uncertainties and assumptions that could cause outcomes to differ from our expectations. The forward-looking information set forth herein reflects Tacora's expectations as at the date of this press release and is subject to change after such date. Tacora disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

About Tacora

Tacora is a private company that is focused on the production and sale of high-grade and quality iron ore products that improve the efficiency and environmental performance of steel making and, subject to final process verification and economic assessment, the development of a high purity manganese product for advanced battery technology. The Company owns and operates the Scully Mine, an iron ore concentrate producer located in Wabush, Newfoundland and Labrador, Canada with a production capacity of 6 million tonnes per year. The Company's equity investors include funds managed by Proterra Investment Partners LP; Aequor Holdings LLC; Cargill, Inc.; a fund managed by Orion Mine Finance; Titlis Mining AS; and MagGlobal LLC. 100% of the Scully Mine concentrate is purchased and marketed globally by a subsidiary of Cargill Inc. Additional information about the company is available at www.tacoraresources.com.

Investor and Analyst Contact:

Heng Vuong
Executive Vice President and Chief Financial Officer
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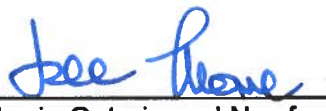
E – heng.vuong@tacoraresources.com

EXHIBIT "BB"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

EXHIBIT "CC"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024



A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Tacora Resources Inc. ("**Tacora**" or the "**Company**")
102 NE 3rd Street, Suite 120
Grand Rapids, Minnesota 55744

Item 2 Date of Material Change

April 29, 2023

Item 3 News Release

Not applicable.

Item 4 Summary of Material Change

On April 29, 2023, the Company entered into the Amending Agreement with Cargill International Trading PTE Ltd. ("**Cargill**") (the "**APF Amendment**") providing for certain amendments to the terms of the Advance Payments Facility Agreement dated January 3, 2023 between Cargill and the Company (the "**APF Agreement**").

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On April 29, 2023, the Company entered into the APF Amendment which amends certain terms under the APF Agreement including, among others, extending the termination date for the repayment of all outstanding advances made by Cargill under the APF Agreement from May 1, 2023 to June 14, 2023, and which can further be extended to July 14, 2023 subject to the satisfaction of certain conditions. In connection with and as a condition to Cargill's entry into the APF Amendment, the Company issued to Cargill warrants exercisable for up to 25% of the common shares of the Company on a fully diluted basis.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

None.

Item 8 Executive Officer

The name and business number of an executive officer of the Company who is knowledgeable about the material change and this report is:

Heng Vuong, Chief Financial Officer

(416) 704-8377
heng.vuong@tacoraresources.com

Item 9 Date of Report

April 29, 2023.

EXHIBIT "DD"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Conference Call Presentation
1st Quarter 2023

Strictly Private and Confidential

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Disclaimer

GENERAL

In this presentation, all amounts are in United States Dollars, unless otherwise indicated. Any graphs, tables or other information in this presentation demonstrating the historical performance of Tacora Resources Inc. ("Tacora" or the "Company") or of any other entity are intended only to illustrate past performance and are not necessarily indicative of future performance of the Company or such entities.

Securities of the Company have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States (as such term is defined in Regulation S under the U.S. Securities Act). This presentation does not constitute an offer to sell or solicitation of an offer to buy any of the securities in the United States.

FORWARD-LOOKING INFORMATION

This presentation contains "forward-looking information" within the meaning of the U.S. Private Securities Litigation Reform Act and applicable Canadian securities laws. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our business, financial position, results of operations, business strategy, growth plans and strategies, budgets, operations, financial results, taxes, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities is forward-looking information. In certain cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking information contained in this presentation and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors and assumptions that we currently believe are appropriate and reasonable in the circumstances. Such factors and assumptions include, but are not limited to: our ability to build our market share; our ability to retain key personnel; future prices of iron ore and other metals; our future production costs; our future performance under our long-term contracts; the accuracy of the mine production schedule in the Feasibility Study; the accuracy of the economic analysis in the Feasibility Study; favourability of operating conditions, including the ability to operate in a safe, efficient and effective manner; the receipt of governmental and other third party approvals, licences and permits on favourable terms; obtaining required renewals for existing approvals, licences and permits and obtaining all other required approvals, licences and permits on favourable terms; sustained labour stability; stability in financial and capital goods markets; availability of equipment and the condition of existing equipment being as described in the Feasibility Study; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry and the global economy; and changes in laws, rules, regulations, and global standards. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include but are not limited to: risks related to changes in the market price of iron ore concentrate; risks related to the costs of ocean freight; uncertainty or weaknesses in global economic conditions and reduced economic growth in China; risks related to reduced global demand for steel or interruptions in steel production; risks related to the ramp-up of the Scully Mine; actual production, capital and operating costs may be different than those anticipated; reliance on the Cargill Offtake Agreement for 100% of expected iron ore sales; reliance on third party transportation; risks related to reliance on key infrastructure; and risks related to indebtedness.

Although we have attempted to identify important risk factors that could cause actual results or future events to differ materially from those contained in forward-looking information in this presentation, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information in this presentation. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this presentation represents our expectations as of the date of this presentation or the date indicated, regardless of the time of delivery of the presentation. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

All of the forward-looking information contained in this presentation is expressly qualified by the foregoing cautionary statements.

Feasibility Study Metrics

Certain metrics used in this presentation are derived from the Feasibility Study and may not have standardized meanings or be comparable to similar metrics used by other companies. These metrics are defined in the context where they are used in this presentation and include "Adjusted EBITDA", "all-in sustaining cost", "cash costs" and "cash flows".

Conference Call Participants

Joe Broking
Director, President &
Chief Executive Officer

Heng Vuong
Executive Vice President &
Chief Financial Officer

1st Quarter 2023 Summary

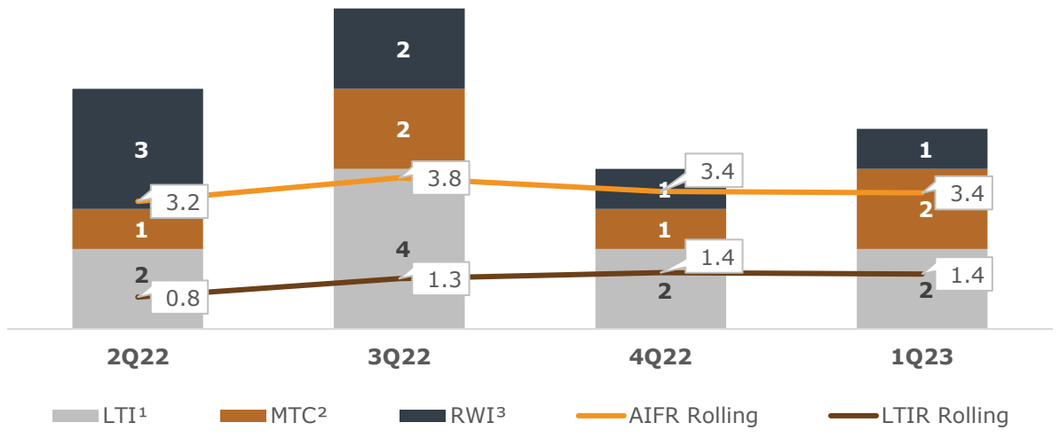
Market	Production	Profitability	Cash Cost	Liquidity/Debt
P62 average $126/t	Concentrate 806 kdmt[1]	Revenue $79.3 mm[2]	FOB cash cost[4] $93 per dmt	Total cash on hand[5] $12.7 mm
P65 average $140/t	Iron recovery 63.2%	Adj. EBITDA $3.4 mm		Total debt $213.8 mm
P65 premium average $15/t		Free cash flow[3] ($6.6) mm		

- Completed transfer of Sydvaranger to Orion

1. kdmt (thousand dry metric tonnes)
2. mm (million)
3. Free Cash Flow defined as Adjusted EBITDA less CapEx.
4. FOB Cash Cost = Cash cost of sales or FOB Cash Costs Pointe Noire excludes royalties.
5. Excludes restricted cash.

Sustainability, Health and Safety

INJURY METRICS (“AIFR”) AND (“LTIR“)



- AIFR was 3.4 for 1Q 2023, targeting 2.4 by 4Q 2023
- With the continued implementation of the Tacora Operating System we have seen safety improvements and will look to continue these gains

ENVIRONMENTAL PERFORMANCE

- There were zero effluent exceedances for Total Suspended Solids (TSS) to report in Q1 2023
  - Corrective action measures continue to be implemented surrounding past effluent exceedances
- Tacora completed its 2022 Greenhouse Gases (GHG) reporting and submitted it to regulators 3 months ahead of schedule. We continue to work with government regulators and contractors on our GHG reduction plan to ensure it remains in compliance

1. LTI (Lost Time Injury)
2. MTC (Medical Treatment Case)
3. RWI (Restricted Work Incident)

Iron Ore Market & Prices

MARKET COMMENTS

- Iron Ore price in Q1 2023 declined to an average P62[1] price of $126/t and an average P65[2] price of $140/t
  - The current 5-year historical average is $113/t for P62 and $131/t for P65
- The Iron Ore price increased relative to Q4 2022 and ended the Q1 2023 at a spot rate of $127/t for P62 and $142/t for P65
  - China has pushed stimulus and policies supporting the housing and manufacturing markets while trying to tighten supervision of iron ore prices to crack down on speculation in the market
  - At the end of Q1 2023 there was a mixture of stable and even some optimistic data coming out of China surrounding supply and demand during China's peak construction season. There was also some concern surrounding steel demand slowing in the second half of 2023

HISTORICAL MARKET PRICE INDICES ($/T)

1. P62 (Platts IODEX 62% Fe CFR China Index)
2. P65 (Platts IODEX 65% Fe CFR China Index)

757

Scully Operations Overview

OPERATING COMMENTS

- Q1 2023 production of 806 kdmt was 17% higher than Q4 2022 driven by:
  - Mill utilization improvement by end of Q1 2023 without significant unplanned downtime - (routine inspections on key conveyors preventing major failures experienced in Q4 2022 and early Q1 2023)
  - Iron recovery improvement driven by ore, process controls, and grade optimization
- Strip ratio in Q1 2023 of 0.86 remains in line with the expected strip ratio over the life of mine of 0.8
- Product quality was excellent with an average Product Fe of 65.4%, an average SiO2 of 2.8% and Mn of 1.7%
- The Screen Plant will remain paused until operational readiness is completed

OPERATING STATISTICS

	Q1 23	Q4 22	Q1 22
Operating Statistics			
Waste mined (Mt)[1]	2,924,440	2,326,597	1,651,562
Ore mined (Mt)	3,401,826	2,980,768	3,287,591
Other material moved (Mt)	531,287	1,525,333	(391,676)
Total material moved (Mt)	6,857,553	6,832,698	4,547,477
Strip ratio	0.86	0.78	0.50
Ore milled (Mt)	2,455,309	2,409,493	2,704,921
Head grade Fe (%)	35.3%	35.8%	36.8%
Iron recovery (%)	63.2%	58.3%	53.6%
Product Fe (%)	65.4%	65.5%	65.6%
Product SiO_2 (%)	2.8%	2.8%	2.5%
Product Mn (%)	1.7%	1.7%	1.8%
TPC[2] produced (dmt)	805,730	691,368	783,305
TPC sold (dmt)	796,752	673,217	764,355

1. Mt (metric tonnes)
2. TPC (Tacora Premium Concentrate)

Financial Overview

FINANCIAL COMMENTS

- Net realized price of $99.5/t vs. 98.9/t for the prior quarter, a 1% increase:
  - Q1 2023 saw improving iron ore prices but were offset by a less favorable provisional price adjustment and the cost of the Floor Price Premium
- Revenue of $79.3 mm compared to $66.6 mm for the prior quarter, a 19% increase driven by:
  - Concentrate sold of 796 kdmt vs. 673 kdmt in the prior quarter, an 18% increase
- Cost of sales of $87.7 mm compared to $73.7 mm for the prior quarter, a 19% increase driven by higher mining and processing costs
- Lower costs per tonne sold of $93.0 vs. $101.7 for the prior quarter, driven by higher tonnes sold and lower logistic costs per tonne
- Adjusted EBITDA of $3.4 mm vs. ($10.1) mm in the prior quarter
- Cash increased to $12.7 mm versus $6.7 mm in Q4 2022

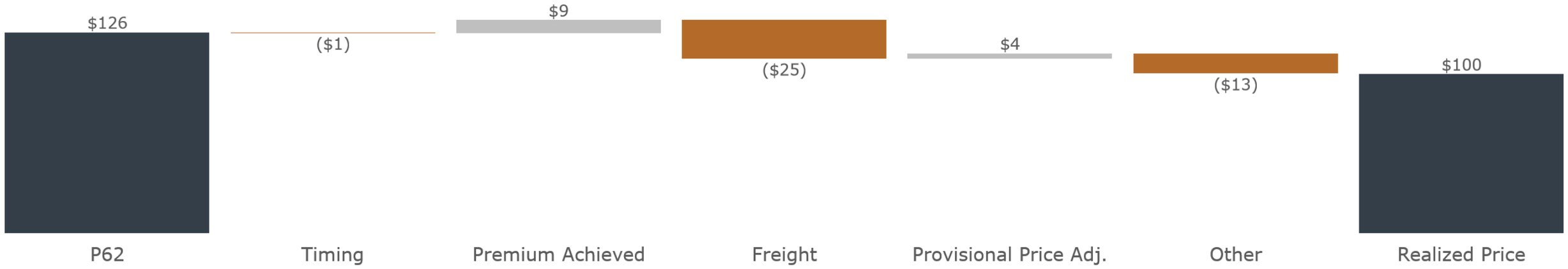
FINANCIAL STATISTICS

	Q1 23	Q4 22	Q1 22
TPC sold (dmt)	796,752	673,217	764,355
(US $dmt)			
Average P62	$ 125.5	$ 99.0	$ 141.6
Net realized price	99.5	98.9	136.1
Mining costs	24.0	26.8	21.9
Milling & processing costs	37.1	38.3	30.7
Logistics costs	27.2	30.7	29.6
General and administration	4.7	5.9	4.6
FOB cash costs	93.0	101.7	86.8
Royalties	8.5	7.8	12.2
Cash costs including royalties	101.5	109.5	99.0
(US $mm)			
Net realized revenue	79.3	66.6	104.0
Cost of sales	87.7	80.2	81.8
Selling, G&A expenses	3.9	3.0	2.2
EBITDA	(5.6)	(12.4)	25.8
Adjusted EBITDA	3.4	(10.1)	26.1
Capex	9.9	9.3	16.3
Cash	$ 12.7	$ 6.7	$ 67.5

TACORA RESOURCES

Q1 2023 Realized Price Bridge

Q1'23 PRICING BRIDGE ($/DMT)



1

- Represents the Platts 62% Fe CFR North China benchmark price over the period

2

- ($1/dmt) to reflect timing of train delivery

3

- Represents the benefit beyond the 62% Fe price that Tacora realizes

4

- Reflects the C3 (Canada-Brazil) freight costs plus the North Atlantic Premium as well as any ice class premiums in associated months

5

- $4/dmt driven by $2.9 mm on QP settlements
- ~$0/dmt driven by mark-to-market on open sales of $0.1 mm

6

- Impact of ($11/dmt) for the Floor Price Premium
- Inventory adjustments, demurrage costs and other small adjustments make up the remainder

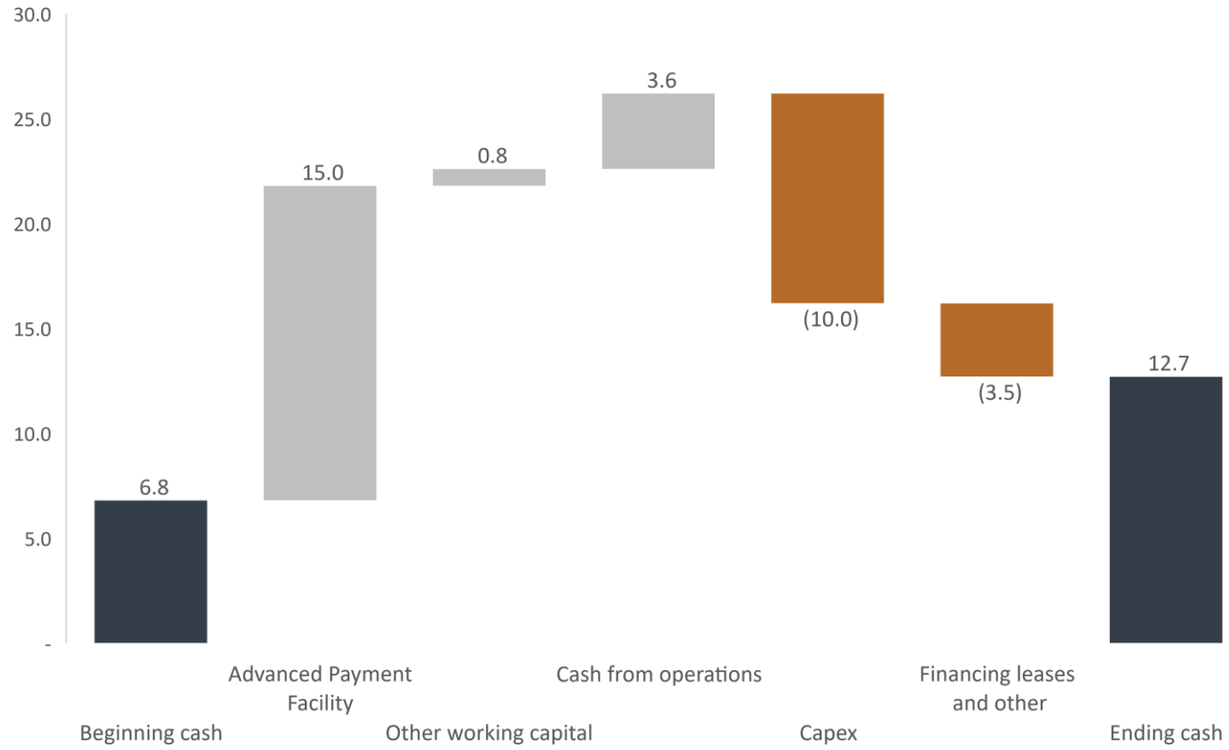
760

Explanation of Cash Increase – Q1 2023

CASH FLOW COMMENTS

- Cash increased from the proceeds of $15.0 mm from the Advanced Payment Facility from Cargill
- Cash increased $0.8 mm from other working capital brought on by increase in accrued liabilities partially offset by increase in accounts receivable and decrease in accounts payable
- Cash increased from operations due to the sale of 796,752 dmt at an average realized selling price of $110.8 per dmt, excluding impact of the Floor Price Premium amortization with an average cash cost per tonne of $101.5 per dmt along with other expenses and general and administrative expenses
- Capex incurred include
  - $9.9 mm at the Scully Mine

CASH FLOW STATISTICS US$ MILLIONS



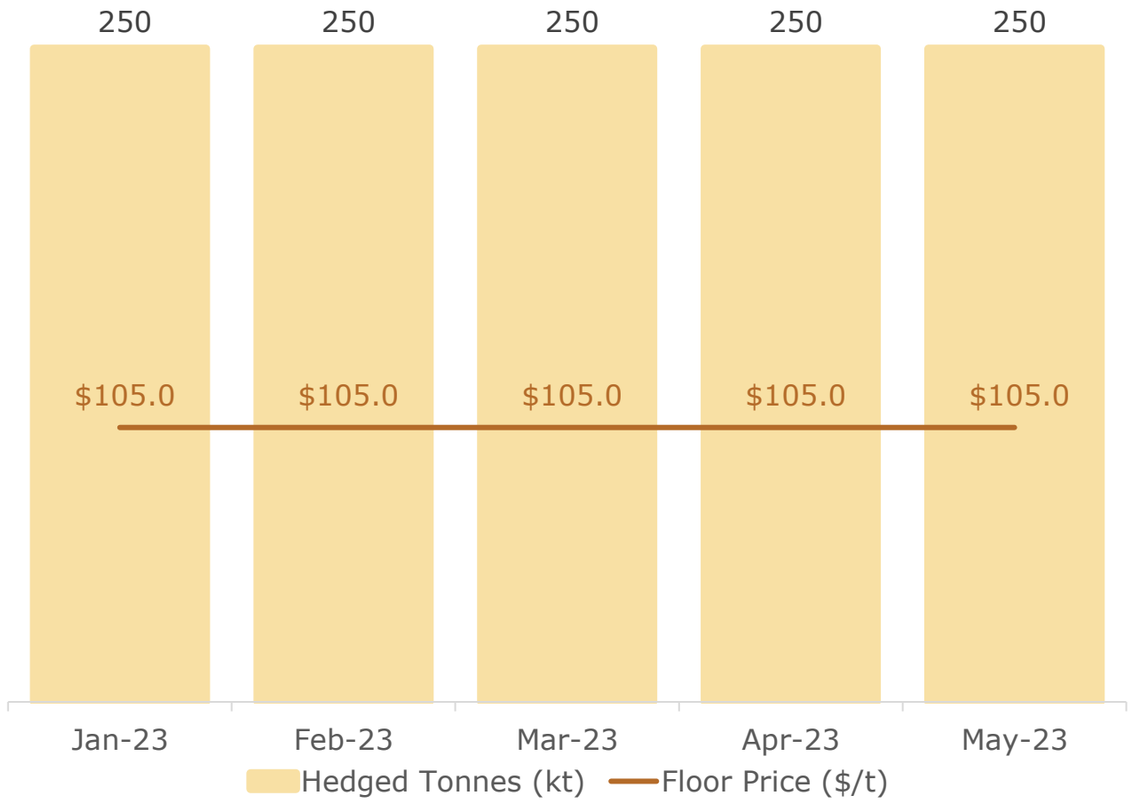
761

Current Hedge Portfolio

HEDGE COMMENTS

- Tacora has monthly P62 put options on its iron ore with Cargill for vessels sailing from Jan 2023 – May 2023 for up to 250kt a month at a floor price of $105
- Tacora will physically settle the options with Cargill if they are in the money, so the financial impacts of these agreements will be recorded in revenue instead of other income (expenses)

HEDGE STATISTICS



Subsequent Events

Advance Payment Facility Agreement Amendment
On April 29, 2023, the Company entered into the APF Amendment which amends certain terms under the APF Agreement including, among others, extending the termination date for the repayment of all outstanding advances made by Cargill under the APF Agreement from May 1, 2023 to June 14, 2023, and which can further be extended to July 14, 2023 subject to the satisfaction of certain conditions. In connection with and as a condition to Cargill's entry into the APF Amendment, the Company issued to Cargill penny warrants exercisable for up to 25% of the Common Shares of the Company on a fully diluted basis.

Senior Secured Priority Notes
On May 11, 2023, the Company completed a consent solicitation process to effect certain amendments to the indenture governing the existing 2026 Notes. In addition, the Company completed the sale of $27 million aggregate principal amount of its 9.0% Cash / 4.0% PIK Senior Secured Priority Notes due 2023 (the "Senior Secured Priority Notes"). In connection with the transaction, Tacora issued penny warrants exercisable for a two-year period into voting common shares of Tacora to the certain of the Senior Priority Noteholders which in aggregate are exercisable for approximately 31.6% of the voting common shares of Tacora on a fully diluted basis.

Amended and Restated Advance Payment Facility Agreement
On May 29, 2023, the Company entered into the Amended and Restated Advance Payments Facility (the A&R APF Agreement") which amends certain terms under the existing APF Agreement amendment in order to provide for a $25 million senior hedging facility (the "Margining Facility") to be made available by Cargill that allows for the Company to incur certain margin amounts owing by the Company under the Offtake Agreement to be deemed as advances by Cargill in favor of the Company.

Indenture Amendments
On June 23, 2023, the Company completed a consent solicitation (the "Consent Solicitation") to effect certain proposed amendments to the indenture to the base indenture dated as of May 11, 2023 (the "Base Indenture"), among the Company, the guarantors party thereto from time to time and Computershare Trust Company, National Association, as trustee and notes collateral agent, as amended and supplemented by the first supplemental indenture dated as of May 11, 2023 (the "First Supplemental Indenture"), governing the 8.250% Senior Secured Notes due 2026 (the "2026 Notes") and the second supplemental indenture dated as of May 11, 2023 (the "Second Supplemental Indenture" and, together with the Base Indenture and the First Supplemental Indenture, the "Indenture Documents"), governing the 9.00% Cash / 4.00% PIK Senior Secured Priority Notes due 2023 (the "2023 Notes" and the 2026 Notes, each, a "series of Notes" and together, the "Notes"). Pursuant to the Consent Solicitation, the Company solicited consents to certain amendments to the Indenture Documents to provide for, among other things: (1) the proceeds of indebtedness incurred pursuant to a Senior Secured Hedging Facility (as defined in the Indenture Documents) to be used to fund the Company's working capital needs; (2) an increase in the amount of indebtedness and liens with payment priority over the 2026 Notes that could be incurred under the Indenture Documents; (3) with respect to the 2026 Notes only, an extended grace period of 120 days before a default in the payment of interest on the Notes constitutes an Event of Default (as defined in the First Supplemental Indenture); and (4) with respect to the 2023 Notes only, the amendment of certain provisions relating to the Minimum Liquidity Requirement (as defined in the Second Supplemental Indenture) (collectively, the "Proposed Amendments").

Amended and Restated Advance Payment Facility Agreement as amended by Amendment No. 1
On June 27, 2023, the Company entered into an amending agreement in order to, among other things, provide for the Company's ability to request for additional prepay advances subject to Cargill's sole discretion to permit the Company to fund ongoing operations and general corporate expenses (the "Amendment No. 1") in addition to extending the termination date for the repayment of all outstanding advances made by Cargill under the APF Agreement to September 12, 2023.

Thank You!

TACORA RESOURCES

WWW.TACORARESOURCES.COM

EXHIBIT "EE"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Annual Return - Extra-Provincial Company

Filed For: September 30, 2019

Corporation Name:
TACORA RESOURCES INC.

Corporation Number: 80461

1. The names and addresses of the persons who at the date of the return are the directors of the Company:

Torben Thordsen Suite 120 102 NE Third Street, Grand Rapids, MN, 55744, United States
Nick Carter Suite 120 102 NE Third Street, Grand Rapids, MN, 55744, United States
Phil Mulvihill Suite 120 102 NE Third Street, Grand Rapids, MN, 55744, United States
Sam Byrd Suite 120 102 NE Third Street, Grand Rapids, MN, 55744, United States
Larry Lehtinen Suite 120 102 NE Third Street, Grand Rapids, MN, 55744, United States
David Durrett Suite 120 102 NE Third Street, Grand Rapids, MN, 55744, United States
James Warren Suite 120 102 NE Third Street, Grand Rapids, MN, 55744, United States

2. The full address of the Registered Office outside of Newfoundland and Labrador is:

No Change

Filed By: Joe Broking
Registry of Companies (E-form 28)

Date: October 16, 2019

EXHIBIT "FF"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Phil Mulvihill

Partnerships & Investments Lead @ Cargill Metals & Non Executive Director at Tacora Resources Inc.

Singapore

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Cargill Metals

London Business School

Experience

Cargill Metals

8 years

Partnerships & Investments Lead

Jun 2019 - Present · 4 years

Singapore

Solutions & Structuring Lead

Jun 2015 - Jun 2019 · 4 years 1 month

Non Executive Director
Tacora Resources Inc.
Nov 2018 - Present · 4 years 7 months
Singapore, Singapore

Projects & Investments Lead Asia - Cargill Energy, Transportation & Industrial
Cargill
Oct 2010 - Jun 2015 · 4 years 9 months

Director
GE Energy Financial Services
2004 - Aug 2010 · 6 years

Associate
JPMorgan
Oct 1996 - Aug 2003 · 6 years 11 months

Education

London Business School
MiF · Masters in Finance
2003 - 2004

1995 - 1996

University College Dublin
B.COMM · Bachelor of Commerce
1992 - 1995

770

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Business unit leader Cargill Metals Supply Chain
Geneva, Switzerland

Leon Davies
Sustainability Lead / Atlantic Customer Lead - Cargill Metals
London

DAVID NIKNEJAD
International Steel Lead at Cargill Metals
Dubai, United Arab Emirates

Qaiser Khan
Innovation | Agritech
Nairobi County, Kenya

Joffre Bariquelo
Steel and Raw-materials Sales & Marketing, Sourcing and Business Development
London

Ileana Stan
Trader at Cargill
Amsterdam Area

Lauro Tonacatl
Cargill Corporate Ventures | EMEA

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Partnerships & Investments Lead @ Cargill Metals & Non Executive Director at Tacora Resources Inc.

Partnerships & Investments Lead at Cargill Metals

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EXHIBIT "GG"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Company profile - Proterra M&M MGCA BV (69075506)

Chamber of Commerce, 04 July 2023 - 18:44

Extract

Chamber of Commerce number 69075506

Legal entity

RSIN	857719464
Legal form	Private company
Statutory name	Proterra M&M MGCA BV
Registered office	Amsterdam
First registration commercial register	29-06-2017
Date of deed of incorporation	28-06-2017
Date of deed of last amendment to the Articles of Association	02-11-2018
Issued capital	USD 10,000.00
Paid-up capital	USD 10,000.00
Annual statement deposit	The annual accounts for the 2021 financial year have been filed on 07-09-2022.

Company

Trade name	Proterra M&M MGCA BV
start date company	28-06-2017 (date of registration: 29-06-2017)
Activities	SBI code: 6420 - Financial Holdings
Working people	0

Branch

Location number	000037459716
Trade name	Proterra M&M MGCA BV
visiting address	Strawinskylaan 1457, Tower Ten, 14th floor, 1077XX Amsterdam
Date of settlement	28-06-2017 (date of registration: 29-06-2017)
Activities	SBI code: 6420 - Financial Holdings Holding activities
Working people	0

Sole shareholder

Name	Proterra M&M MGCA Cooperative UA
visiting address	Strawinskylaan 1457, Tower Ten, 14th floor, 1077XX Amsterdam
Registered under Chamber of Commerce number	69071314
Sole shareholder since	28-06-2017 (date of registration: 29-06-2017)

Drivers

Name [775]	Warren Jr., James Stewart
Date of birth	07-09-1970
Date in office	28-06-2017 (date of registration: 29-06-2017)
Title	director a
Authority	Jointly authorized (with other director(s), see articles of association)
Name	Byrd, Rupert Samuel Norman
Date of birth	11-14-1974
Date in office	04-01-2018 (date of registration: 18-01-2018)
Title	director a
Authority	Jointly authorized (with other director(s), see articles of association)
Naam	Mulvihill, Philip Patrick
Geboortedatum	13-03-1974
Datum in functie	20-11-2018 (datum registratie: 23-11-2018)
Titel	Bestuurder C
Bevoegdheid	Gezamenlijk bevoegd (met andere bestuurder(s), zie statuten)
Naam	Slob, Dirk
Geboortedatum	02-03-1971
Datum in functie	04-12-2019 (datum registratie: 20-01-2020)
Titel	Directeur B
Bevoegdheid	Gezamenlijk bevoegd (met andere bestuurder(s), zie statuten)
Naam	Ulbrich, Heino Frederich
Geboortedatum	12-05-1985
Datum in functie	04-12-2019 (datum registratie: 20-01-2020)
Titel	Directeur B
Bevoegdheid	Gezamenlijk bevoegd (met andere bestuurder(s), zie statuten)
Naam	Schuurman, Yuri
Geboortedatum	29-08-1988
Datum in functie	22-04-2021 (datum registratie: 07-05-2021)
Titel	bestuurder B
Bevoegdheid	Gezamenlijk bevoegd (met andere bestuurder(s), zie statuten)

Data was created on 04/07/2023 at 6:44 PM.

History

34 69075506 Proterra M&M MGCA BV
Strawinskylaan 1457 Tower Ten, 1077XX Amsterdam

Old statutory names as recorded since 01-10-1993

*** No history for this part***

Old trade names as registered since 01-10-1993

*** No history for this part***

Old business addresses as recorded since 01-10-1993

Address	Strawinskylaan 3127 8th floor, 1077ZX Amsterdam
Date entry	***Unknown***
Address	Strawinskylaan 1209 A Tower, 12e, 1077XX Amsterdam

776
Date entry 04-12-2019

Old legal forms as recorded since 01-10-1993

*** No history for this part***

Old company descriptions as recorded since 01-10-1993

*** No history for this part***

Official details Resigned official(s) of the legal press.

Drivers):

Name	Luijks, Adrianus Cornelis Lucia Maria / 3
Date of birth	13-08-1963
Entry into office	28-06-2017
Title	Director B
Authority	Jointly authorized (with other director(s), see articles of association)
off function	16-02-2018

Name	van den Broek, Clemens Cornelis / 4
Date of birth	04-03-1974
Entry into office	28-06-2017
Title	Director B
Authority	Jointly authorized (with other director(s), see articles of association)
off function	01-01-2018

Name	Waller, Matthew David / 5
Date of birth	5/31/1969
Entry into office	28-06-2017
Title	director a
Authority	Jointly authorized (with other director(s), see articles of association)
off function	20-11-2018

Name	van Dijk, Bart / 7
Date of birth	9/23/1978
Entry into office	01-01-2018
Title	driver B
Authority	Jointly authorized (with other director(s), see articles of association)
off function	04-12-2019

Name	Klein, Laurentius Ireneus Winfridus / 8
Date of birth	07-09-1981
Entry into office	01-01-2018
Title	driver B
Authority	Jointly authorized (with other director(s), see articles of association)
off function	01-01-2018

Name [777]	Klein, Laurentius Ireneus Winfridus / 10
Date of birth	07-09-1981
Entry into office	04-01-2018
Title	Director B
Authority	Jointly authorized (with other director(s), see articles of association)
off function	04-12-2019

Name	Helsloot-van Riemsdijk, Carina / 11
Date of birth	07-12-1977
Entry into office	16-02-2018
Title	Director B
Authority	Jointly authorized (with other director(s), see articles of association)
off function	04-12-2019

Name	Siemssen, Jan Hendrik / 13
Date of birth	15-04-1962
Entry into office	04-12-2019
Title	Director B
Authority	Jointly authorized (with other director(s), see articles of association)
off function	13-11-2020

Name	Jurczak, Ewa / 16
Date of birth	07-05-1986
Entry into office	13-11-2020
Title	Director B
Authority	Jointly authorized (with other director(s), see articles of association)
off function	22-04-2021

Other official details Resigned

*** No history for this part***

Deposits

general data

name	Proterra M&M MGCA BV
registered under number	69075506

Deposits

Financial year	2021
Deposit date	9/7/2022
Scope	small
Month end of fiscal year	12
Type of annual accounts	Annual accounts
Date of adoption of the annual report	9/1/2022

778

Financial year	2020
Deposit date	6/21/2021
Scope	small
Month end of fiscal year	12
Type of annual accounts	Annual accounts
Date of adoption of the annual report	6/17/2021

Financial year	2019
Deposit date	15-12-2020
Scope	small
Month end of fiscal year	12
Type of annual accounts	Annual accounts
Date of adoption of the annual report	14-12-2020

Financial year	2018
Deposit date	13-6-2019
Month end of fiscal year	12
Type of annual accounts	Annual accounts
Date of adoption of the annual report	11-6-2019

Legal data

Legal entity :	
Legal form	Private company with regular structure
Registered office	Amsterdam
First registration in the Commercial Register	6/29/2017
Memorandum of association	6/28/2017
Deed last amendment of the articles of association	2-11-2018
Issued capital	USD 10,000.00
Paid-up capital	USD 10,000.00

Corporate relationships

Zoom in on one level

Name	Place	Chamber of Commerce number
100 % Proterra M&M MGCA Cooperative UA	Amsterdam	69071314
Proterra M&M MGCA BV	Amsterdam	69075506

By clicking on a registration you can view more information about that registration.

Financial Statement(s)

Most recent company annual accounts of registration no. : 69075506

Legal entity name:	Proterra M&M MGCA BV
Address:	Strawinskylaan 1457 Tower Ten, 1077XX Amsterdam
Registered office:	Amsterdam

779
Date of establishment: 6/28/2017
Legal form: Private company with regular structure

General information about the annual accounts

Financial year:	**2021**	**2020**	**2019**
Balance date:	31-12-2021	12-31-2020	12-31-2019
Date of deposit:	9/7/2022	6/21/2021	15-12-2020
Established:	final	final	final
Profit appropriation:	for	for	for
Length of financial year in months:	12	12	12
Employees:	0	0	0
100% daughters:			
Other participations:			

balance

Financial year:	**2021**	**2020**	**2019**
Type of annual accounts:	corporate	corporate	corporate
Profit appropriation:	for	for	for
Amount:	x 1	x 1	x 1
Currencies:	USD	USD	USD
Assets			
financial fixed assets	165,770,379	165,770,379	150,770,379
FIXED ASSETS	**165,770,379**	**165,770,379**	**150,770,379**
receivables and accruals	209,743	102,400	830
liquid assets	430,033	334.107	214,545
CURRENT ASSETS	**639,776**	**436,507**	**215,375**
TOTAL ASSETS	**166,410,155**	**166,206,886**	**150,985,754**
Liabilities			
paid-up and called-up capital	10,000	10,000	10,000
share premium	165,908,379	165,908,379	150,908,379
other reserves	288,507		
undivided profit	203,269	288,507	67,375
EQUITY	**166,410,155**	**166,206,886**	**150,985,754**
TOTAL LIABILITIES	**166,410,155**	**166,206,886**	**150,985,754**

There are no profit and loss accounts in the above financial statements

Key Figures

Financial year:	**2021**	**2020**	**2019**
Liquidity			
gold balance	1.00	1.00	1.00
Solvency			

equity/balance sheet total	1.00	1.00	1.00
Other key figures			
number of employees	0	0	0
Amount:	x 1	x 1	x 1
Currencies:	USD	USD	USD
working capital	639,776	436,507	215,375

Source: Chamber of Commerce annual accounts filed

EXHIBIT "HH"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Newfoundland Labrador

Annual Return - Extra-Provincial Company

Filed For: September 30, 2022

Corporation Name:
TACORA RESOURCES INC.

Corporation Number: 80461

1. The names and addresses of the persons who at the date of the return are the directors of the Company:

Nick Carter 102 NE 3rd Street, Suite 120 Grand Rapids, MN 55744
Torben Thordsen 102 NE 3rd Street, Suite 120 Grand Rapids, MN 55744
Rupert Sam Byrd 102 NE 3rd Street, Suite 120 Grand Rapids, MN 55744
James Stewart Warren Jr. 102 NE 3rd Street, Suite 120 Grand Rapids, MN 55744
David James Durrett 102 NE 3rd Street, Suite 120 Grand Rapids, MN 55744
Larry Jon Lehtinen 102 NE 3rd Street, Suite 120 Grand Rapids, MN 55744
Phil Mulvihill 102 NE 3rd Street, Suite 120 Grand Rapids, MN 55744
Joseph Andrew Broking II 102 NE 3rd Street, Suite 120 Grand Rapids, MN 55744
Andrew Ham 102 NE 3rd Street, Suite 120 Grand Rapids, MN 55744
Peter Steiness Larsen 102 NE 3rd Street, Suite 120 Grand Rapids, MN 55744
Jacques Perron 102 NE 3rd Street, Suite 120 Grand Rapids, MN 55744

2. The full address of the Registered Office outside of Newfoundland and Labrador is:

No Change

Filed By: Hope Wilson
Registry of Companies (E-form 28)

Date: October 07, 2022

EXHIBIT "II"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

784

From: Samuel Morrow <smorrow@scullyroyalty.com>
Sent: Tuesday, October 18, 2022 11:55 PM
To: Joe Broking
Cc: Heng Vuong
Subject: FW: Scully Royalty calculation question
Attachments: 221006 - Tacora Workbook.xlsx

Dear Joe

Do you have a few minutes over the next few days to touch base on this? Weekend OK if preferred

Thanks so much,

Sam

From: Hope Wilson <hope.wilson@tacoraresources.com>
Date: Thursday, October 13, 2022 at 11:43 AM
To: Samuel Morrow <smorrow@scullyroyalty.com>
Cc: Heng Vuong <heng.vuong@tacoraresources.com>, Joe Broking <joe.broking@tacoraresources.com>
Subject: RE: Scully Royalty calculation question

Hi Sam,

Please see attached. For the Industry Service rate we used Platts 65 less the Platts Freight Rate (China-Brazil) increased by 24% to try and get a freight rate comparable to C3. This calculation doesn't factor in port related costs.

Our agreement with Cargill is arm's length, which is why we use (i) for our calculation of Net Revenues.

(j) "**Net Revenues**" shall mean:

(i) in the event that the Lessee sells Iron Ore Products under an arm's length, bona fide contract of sale, the amount per Metric Tonne (weight determined by vessel draft survey) actually received by or otherwise payable or credited to the account of the Lessee and its affiliates calculated f.o.b. Pointe Noire, Québec or such other applicable port on the St. Lawrence seaway from which such Iron Ore Products is shipped to the Lessee's customers (the "**Port**"), or in the case of sales ex-mine gate or ex-rail, calculated at the point of actual sale, including, without limitation, all payments, incentives, bonuses, allowances, profit sharing or other consideration received by, credited or payable to the Lessee and/or its affiliates in respect thereof, less: (A) the Deductible Expenses; and (B) any royalties or overriding royalties measured by production of Iron Ore Products that are imposed on the Lessee under applicable laws by the Province of Newfoundland and are actually paid to such Province by the Lessee in respect of such sale of such Iron Ore Products (it being acknowledged that no such royalties or overriding royalties exist on the date hereof); and

(ii) in the event that the Lessee otherwise sells Iron Ore Products, including, without limitation, in a non-arm's length transaction, the amount per

24025.9}

-3-

Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "**Industry Service**") or, if such Industry Service is unavailable, then by such other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port.

Regards,

Hope Wilson
Chief Accounting Officer

Tacora Resources Inc.
102 NE Third Street
Suite 120
Grand Rapids, MN 55744

786

Mobile: (218) 966-6770
Email: hope.wilson@tacoraresources.com
Website: www.tacoraresources.com

From: Samuel Morrow <smorrow@scullyroyalty.com>
Sent: Wednesday, October 12, 2022 8:19 PM
To: Hope Wilson <hope.wilson@tacoraresources.com>
Cc: Heng Vuong <heng.vuong@tacoraresources.com>; Joe Broking <joe.broking@tacoraresources.com>
Subject: Re: Scully Royalty calculation question

Hi Hope,

Just wanted to follow up on this. Can you please keep me updated on timing?

Thanks so much,

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From: Samuel Morrow <smorrow@scullyroyalty.com>
Date: Thursday, October 6, 2022 at 5:03 PM
To: Hope Wilson <hope.wilson@tacoraresources.com>
Cc: heng.vuong@tacoraresources.com <heng.vuong@tacoraresources.com>, Joe Broking <joe.broking@tacoraresources.com>
Subject: Scully Royalty calculation question

Hi Hope,

Hope you are keeping well.

I spoke to Joe briefly today about an exercise we are hoping you could help us complete. Our royalty agreement has two potential calculations for Net Revenue depending on different circumstances. We're not looking to make a determination on the circumstances at this point, but would like to see what the historical royalty calculations under the alternative definition of Net Revenues would have been. It looks like the alternative Net Revenue definition might avoid some of the big swings in mark to market, etc. on a quarterly basis from the in-transit iron ore.

The calculation of Net Revenue under the alternative definition is (full excerpt below):

787

"the amount per Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "Industry Service"), or, if such Industry Service is unavailable, then by other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port"

Would it be possible to calculate this for all of the historical quarters of production? I have attached a draft sample table of what it might look like – I believe that it just needs an insert of the "Industry Service" for the 12 periods. Feel free to use the attached table or any other format you prefer.

I'm including my full coordinates on this email for Heng's benefit (nice to meet you, Heng, and congrats on your new role as CFO of Tacora). Happy to have a call to discuss if helpful.

Thanks so much in advance for your help here!

Sincere Regards,

Sam Morrow, CFA
Scully Royalty Ltd.
+1 339 221 0729
smorrow@scullyroyalty.com

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(i) in the event that the Lessee sells Iron Ore Products under an arm's length, bona fide contract of sale, the amount per Metric Tonne (weight determined by vessel draft survey) actually received by or otherwise payable or credited to the account of the Lessee and its affiliates calculated f.o.b. Pointe Noire, Québec or such other applicable port on the St. Lawrence seaway from which such Iron Ore Products is shipped to the Lessee's customers (the "**Port**"), or in the case of sales ex-mine gate or ex-rail, calculated at the point of actual sale, including, without limitation, all payments, incentives, bonuses, allowances, profit sharing or other consideration received by, credited or payable to the Lessee and/or its affiliates in respect thereof, less: (A) the Deductible Expenses; and (B) any royalties or overriding royalties measured by production of Iron Ore Products that are imposed on the Lessee under applicable laws by the Province of Newfoundland and are actually paid to such Province by the Lessee in respect of such sale of such Iron Ore Products (it being acknowledged that no such royalties or overriding royalties exist on the date hereof); and

(ii) in the event that the Lessee otherwise sells Iron Ore Products, including, without limitation, in a non-arm's length transaction, the amount per

Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "**Industry Service**") or, if such Industry Service is unavailable, then by such other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port.

A. **AND** the Lessee hereby covenants with the Lessor as follows:

1. That the Lessee will, during the term of this Indenture, pay to the Lessor on or before the 25th day of January, April, July and October (hereinafter called "**Quarterly Payment Dates**") in each and every year or if such day falls on a Sunday or a holiday then on the next ensuing day, as royalty for each Metric Tonne of Iron Ore Products shipped from the Demised Premises (based on weight determined from certified railroad scale at the Scully mine) during the calendar quarter immediately preceding the first day of the month in which payment is to be made as aforesaid an amount equal to seven per cent (7.0%) of the Net Revenues from Iron Ore Products produced or derived from the Demised Premises (the royalty so paid or payable being hereinafter called "**Earned Royalties**") provided, however, that, in the case of Iron Ore Products that are solely produced from Disposed Materials on a segregated basis from other sources of Iron Ore Products and which Disposed Materials originated from iron ore mining at the Demised Premises, the Earned Royalties shall be calculated at a rate of four and two-tenths percent (4.2%) of the Net Revenues from such Iron Ore Products, and further provided that, for each calendar quarter during which this Indenture remains in effect, and regardless of whether the Lessee shall conduct on the Demised Premises any mining or other operations, the Lessee shall, on each of the Quarterly Payment Dates, pay the Lessor a quarterly minimum royalty (hereinafter called "**Minimum**") equal to $812,475 (Canadian Funds), the whole subject to the following conditions, namely:

	Shipments (Tonnage)	Gross Value Received	Royalty	Royalty Tax	CAD Net Royalty	Fx CAD to USD	USD Net Royalty	Industry Service	Alternative Net Revenue	Alternative Royalty	Alternative Royalty Tax	Alternative Net Royalty
Q1 2019	0	0	0	0	0			0	-	-	-	-
Q2 2019	0	0	0	0	0			0	-	-	-	-
Q3 2019	295,291	22,786,162	1,449,253	289,851	1,159,402	0.7560	876,470	79.6012	23,505,518	1,645,386	329,077	1,316,309
Q4 2019	541,872	58,007,856	3,840,442	768,088	3,072,353	0.7608	2,337,344	72.854	39,477,543	2,763,428	552,686	2,210,742
Total	837,163	80,794,018	5,289,695	1,057,939	4,231,756		3,213,814		62,983,061	4,408,814	881,763	3,527,051
Q1 2020	665,053	68,325,610	4,512,080	902,416	3,609,664	0.7351	2,653,464	86.5692	57,573,106	4,030,117	806,023	3,224,094
Q2 2020	804,224	95,132,981	6,329,255	1,265,851	5,063,404	0.7260	3,676,031	93.5392	75,226,470	5,265,853	1,053,171	4,212,682
Q3 2020	706,627	105,570,064	7,099,905	1,419,981	5,679,924	0.7542	4,283,799	106.7436	75,427,910	5,279,954	1,055,991	4,223,963
Q4 2020	832,636	185,385,024	12,635,187	2,527,037	10,108,150	0.7692	7,775,189	126.9024	105,663,507	7,396,445	1,479,289	5,917,156
Total	3,008,540	454,413,679	30,576,428	6,115,286	24,461,142		18,388,483		313,890,992	21,972,369	4,394,474	17,577,896
Q1 2021	802,702	188,781,537	12,884,578	2,576,916	10,307,662	0.7887	8,129,310	168.8548	135,540,086	9,487,806	1,897,561	7,590,245
Q2 2021	846,396	268,041,925	18,410,285	3,682,057	14,728,228	0.8172	12,035,417	199.874	169,172,554	11,842,079	2,368,416	9,473,663
Q3 2021	676,183	16,068,211	844,907	168,981	675,926	0.7951	537,429	150.6096	101,839,651	7,128,776	1,425,755	5,703,020
Q4 2021	807,061	109,012,730	7,296,659	1,459,332	5,837,327	0.7938	4,633,476	91.3652	73,737,290	5,161,610	1,032,322	4,129,288
Total	3,132,342	581,904,403	39,436,430	7,887,286	31,549,144		25,335,631		480,289,581	33,620,271	6,724,054	26,896,217
Q1 2022	767,630	173,115,052	11,789,585	2,357,917	9,431,668	0.7909	7,459,192	141.2864	108,455,679	7,591,898	1,518,380	6,073,518
Q2 2022	923,553	89,787,538	5,889,939	1,177,988	4,711,951	0.7828	3,688,673	123.1048	113,693,807	7,958,567	1,591,713	6,366,853
Q3 2022				0	0				-	-	-	-
Q4 2022				0	0				-	-	-	-
Total	1,691,183	262,902,589	17,679,524	3,535,905	14,143,619		11,147,864		222,149,487	15,550,464	3,110,093	12,440,371

2019	(313,238)
2020	810,587
2021	(1,560,585)
2022	(1,292,507)
Total	**(2,355,743)**

EXHIBIT "JJ"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

From: Samuel Morrow <smorrow@scullyroyalty.com>
Sent: Monday, February 6, 2023 8:57 PM
To: mjsmith@iem-management.com
Subject: FW: Scully Royalty calculation question
Attachments: 230201 - Tacora Workbook.xlsx

From: Hope Wilson <hope.wilson@tacoraresources.com>
Date: Monday, February 6, 2023 at 3:43 PM
To: Samuel Morrow <smorrow@scullyroyalty.com>
Subject: RE: Scully Royalty calculation question

Hi Sam,

Ahh, thanks!

Please see updated file attached and let me know if you need anything else.

Regards,

Hope Wilson
Chief Accounting Officer

Tacora Resources Inc.
102 NE Third Street
Suite 120
Grand Rapids, MN 55744

Mobile: (218) 966-6770
Email: hope.wilson@tacoraresources.com
Website: www.tacoraresources.com

From: Samuel Morrow <smorrow@scullyroyalty.com>
Sent: Monday, February 6, 2023 8:47 AM

793

To: Hope Wilson <hope.wilson@tacoraresources.com>
Subject: Re: Scully Royalty calculation question

Hi Hope

I think one is the file that you updated a few months ago and the other is current but with a few open items to be filled in (I added some Q3/Q4 numbers to [hopefully] reduce the amount of effort from your side)

Happy to have a call to discuss if helpful

Thanks so much again!

Sincere Regards,

Sam

From: Hope Wilson <hope.wilson@tacoraresources.com>
Date: Monday, February 6, 2023 at 9:38 AM
To: Samuel Morrow <smorrow@scullyroyalty.com>
Subject: RE: Scully Royalty calculation question

Hi Sam – what's the difference between these 2 files?

Regards,

Hope Wilson
Chief Accounting Officer

Tacora Resources Inc.
102 NE Third Street
Suite 120
Grand Rapids, MN 55744

Mobile: (218) 966-6770
Email: hope.wilson@tacoraresources.com
Website: www.tacoraresources.com

From: Samuel Morrow <smorrow@scullyroyalty.com>
Sent: Wednesday, February 1, 2023 1:50 PM

794

To: Hope Wilson <hope.wilson@tacoraresources.com>
Subject: Re: Scully Royalty calculation question

Hi Hope

Could you please update the attached workbook when you have a moment?

Thanks so much in advance!

Sincere Regards,

Sam

From: Hope Wilson <hope.wilson@tacoraresources.com>
Date: Thursday, October 13, 2022 at 11:43 AM
To: Samuel Morrow <smorrow@scullyroyalty.com>
Cc: Heng Vuong <heng.vuong@tacoraresources.com>, Joe Broking <joe.broking@tacoraresources.com>
Subject: RE: Scully Royalty calculation question

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24025.9}

Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "**Industry Service**") or, if such Industry Service is unavailable, then by such other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port.

Regards,

Hope Wilson
Chief Accounting Officer

Tacora Resources Inc.
102 NE Third Street
Suite 120
Grand Rapids, MN 55744

796

Mobile: (218) 966-6770
Email: hope.wilson@tacoraresources.com
Website: www.tacoraresources.com

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Cc: Heng Vuong <heng.vuong@tacoraresources.com>; Joe Broking <joe.broking@tacoraresources.com>
Subject: Re: Scully Royalty calculation question

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To: Hope Wilson <hope.wilson@tacoraresources.com>
Cc: heng.vuong@tacoraresources.com <heng.vuong@tacoraresources.com>, Joe Broking <joe.broking@tacoraresources.com>
Subject: Scully Royalty calculation question

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The calculation of Net Revenue under the alternative definition is (full excerpt below):

797

"the amount per Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "Industry Service"), or, if such Industry Service is unavailable, then by other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port"

Would it be possible to calculate this for all of the historical quarters of production? I have attached a draft sample table of what it might look like – I believe that it just needs an insert of the "Industry Service" for the 12 periods. Feel free to use the attached table or any other format you prefer.

I'm including my full coordinates on this email for Heng's benefit (nice to meet you, Heng, and congrats on your new role as CFO of Tacora). Happy to have a call to discuss if helpful.

Thanks so much in advance for your help here!

Sincere Regards,

Sam Morrow, CFA
Scully Royalty Ltd.
+1 339 221 0729
smorrow@scullyroyalty.com

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Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "**Industry Service**") or, if such Industry Service is unavailable, then by such other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port.

A. **AND** the Lessee hereby covenants with the Lessor as follows:

1. That the Lessee will, during the term of this Indenture, pay to the Lessor on or before the 25th day of January, April, July and October (hereinafter called "**Quarterly Payment Dates**") in each and every year or if such day falls on a Sunday or a holiday then on the next ensuing day, as royalty for each Metric Tonne of Iron Ore Products shipped from the Demised Premises (based on weight determined from certified railroad scale at the Scully mine) during the calendar quarter immediately preceding the first day of the month in which payment is to be made as aforesaid an amount equal to seven per cent (7.0%) of the Net Revenues from Iron Ore Products produced or derived from the Demised Premises (the royalty so paid or payable being hereinafter called "**Earned Royalties**") provided, however, that, in the case of Iron Ore Products that are solely produced from Disposed Materials on a segregated basis from other sources of Iron Ore Products and which Disposed Materials originated from iron ore mining at the Demised Premises, the Earned Royalties shall be calculated at a rate of four and two-tenths percent (4.2%) of the Net Revenues from such Iron Ore Products, and further provided that, for each calendar quarter during which this Indenture remains in effect, and regardless of whether the Lessee shall conduct on the Demised Premises any mining or other operations, the Lessee shall, on each of the Quarterly Payment Dates, pay the Lessor a quarterly minimum royalty (hereinafter called "**Minimum**") equal to $812,475 (Canadian Funds), the whole subject to the following conditions, namely:

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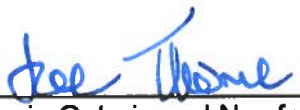
	Shipments (Tonnage)	Gross Value Received	Royalty	Royalty Tax	CAD Net Royalty	Fx CAD to USD	USD Net Royalty	Industry Service	Alternative Net Revenue	Alternative Royalty	Alternative Royalty Tax	Alternative Net Royalty
Q1 2019	0	0	0	0	0			0	-	-	-	-
Q2 2019	0	0	0	0	0			0	-	-	-	-
Q3 2019	295,291	22,786,162	1,449,253	289,851	1,159,402	0.7560	876,470	79.6012	23,505,518	1,645,386	329,077	1,316,309
Q4 2019	541,872	58,007,856	3,840,442	768,088	3,072,353	0.7608	2,337,344	72.854	39,477,543	2,763,428	552,686	2,210,742
Total	837,163	80,794,018	5,289,695	1,057,939	4,231,756		3,213,814		62,983,061	4,408,814	881,763	3,527,051
Q1 2020	665,053	68,325,610	4,512,080	902,416	3,609,664	0.7351	2,653,464	86.5692	57,573,106	4,030,117	806,023	3,224,094
Q2 2020	804,224	95,132,981	6,329,255	1,265,851	5,063,404	0.7260	3,676,031	93.5392	75,226,470	5,265,853	1,053,171	4,212,682
Q3 2020	706,627	105,570,064	7,099,905	1,419,981	5,679,924	0.7542	4,283,799	106.7436	75,427,910	5,279,954	1,055,991	4,223,963
Q4 2020	832,636	185,385,024	12,635,187	2,527,037	10,108,150	0.7692	7,775,189	126.9024	105,663,507	7,396,445	1,479,289	5,917,156
Total	3,008,540	454,413,679	30,576,428	6,115,286	24,461,142		18,388,483		313,890,992	21,972,369	4,394,474	17,577,896
Q1 2021	802,702	188,781,537	12,884,578	2,576,916	10,307,662	0.7887	8,129,310	168.8548	135,540,086	9,487,806	1,897,561	7,590,245
Q2 2021	846,396	268,041,925	18,410,285	3,682,057	14,728,228	0.8172	12,035,417	199.874	169,172,554	11,842,079	2,368,416	9,473,663
Q3 2021	676,183	16,068,211	844,907	168,981	675,926	0.7951	537,429	150.6096	101,839,651	7,128,776	1,425,755	5,703,020
Q4 2021	807,061	109,012,730	7,296,659	1,459,332	5,837,327	0.7938	4,633,476	91.3652	73,737,290	5,161,610	1,032,322	4,129,288
Total	3,132,342	581,904,403	39,436,430	7,887,286	31,549,144		25,335,631		480,289,581	33,620,271	6,724,054	26,896,217
Q1 2022	767,630	173,115,052	11,789,585	2,357,917	9,431,668	0.7909	7,459,192	141.2864	108,455,679	7,591,898	1,518,380	6,073,518
Q2 2022	923,553	89,787,538	5,889,939	1,177,988	4,711,951	0.7828	3,688,673	123.1048	113,693,807	7,958,567	1,591,713	6,366,853
Q3 2022	723,003	53,111,458	3,408,429	681,686	2,726,743	0.7663	2,089,503	86.0772	62,234,074	4,356,385	871,277	3,485,108
Q4 2022	683,744	107,040,899	7,200,289	1,440,058	5,760,231	0.7369	4,244,714	85.532	58,481,992	4,093,739	818,748	3,274,992
Total	3,097,930	423,054,946	28,288,242	5,657,648	22,630,594		17,482,082		342,865,552	24,000,589	4,800,118	19,200,471

EXHIBIT "KK"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024



A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

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Tacora Resources Inc.
102 NE 3rd Street
Suite 120
Grand Rapids, MN 55744
Ph: 218-999-7018
Fax: 218-999-5827

STRICTLY PRIVATE AND CONFIDENTIAL

July 24, 2023

1128349 B.C. Ltd.
400 Burrard Street, Suite 1860
Vancouver, BC V6C 3A6
Canada

Attention: Mr. Michael J. Smith, President & Chief Executive Officer
Mr. Ken Yuen

Re: Tacora Mine, Second Quarter Ended June 30, 2023 – Royalty

Dear Michael:

Tacora has calculated a royalty for the quarter ended June 30, 2023 in the amount of Cdn$5,865,004.23

Upon making the royalty payment we will withhold Cdn$1,173,000.85 for remittance to the Minister of Finance, Government of Newfoundland and Labrador for Minerals Rights withholding tax per their instructions.

Provided as an attachment to this letter are the reported values in accordance with section A.3. of the Amendment and Restatement of Consolidation of Mining Leases – 2017 between 1128349 B.C. LTD. (formerly called MFC BANCORP LTD.), and Tacora Resources Inc.

Sincerely,

Heng Vuong
Executive Vice-President and Chief Financial Officer

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Tacora Resources Inc.
102 NE 3rd Street
Suite 120
Grand Rapids, MN 55744
Ph: 218-999-7018
Fax: 218-999-5827

Table 1- Earned Royalties from Mined Ore

Royalties from Mined Ore from Pit Ore Mined and Products Produced				
Starting Date	Ending Date	Total Tonnage Mined (tonnes)	Iron Ore Products Produced (tonnes)	Ave. %Fe of Iron Ore Products
4/1/2023	6/30/2023	2,967,156	850,454	65.60%

Calculation of Earned Royalties									
Starting Date	Ending Date	Gross Value Received ($)	Gross Tonnes Shipped	Deducible Expenses Cap ($)	Deductible Expenses ($)	Net Revenue from Iron Ore Products ($)	Withheld Taxes ($)	Credits or Payments ($)	Earned Royalties ($)
4/1/2023	6/30/2023	$89,303,075.52	855,017	$ 3.31	2,830,105.38	$86,472,970.14	$0.00	($188,103.68)	$5,865,004.23

Table 2- Earned Royalties from Tailings, Waste Rock, Spoil and Mine Waste

		Royalties from Tailings, Waste Rock, Spoil and Mine Waste														
		Tailings, Waste Rock, Spoil and Mine Waste Mined				Iron Ore Products from Tailings, Waste Rock, Spoil and Mine Waste					Calculation of Earned Royalties					
Starting Date	Ending Date	Tailings (tonnes)	Waste Rock (tonnes)	Spoil and Mine Waste (tonnes)	Total Tonnage Mined (tonnes)	Tailings (tonnes)	Waste Rock (tonnes)	Spoil and Mine Waste (tonnes)	Total Iron Ore Products Produced (tonnes)	Ave %Fe of Iron Ore Products	Deductible Expenses ($)	Gross Value Received ($)	Withheld Taxes ($)	Credits or Payments ($)	Net Revenue from Iron Ore Products ($)	Earned Royalties ($)
4/1/2023	6/30/2023	-	-	-	-	-	-	-	-	-	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

EXHIBIT "LL"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

IAS 24 Related Party Disclosures

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Standard 2024 Issued

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The objective of IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

A related party is a person or an entity that is related to the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel.
- An entity is related to a reporting entity if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity, or it is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

Related active projects

Related completed projects

Key Management Personnel (Amendments to IAS 24)

Related Party Disclosures (Amendments to IAS 24)

Related IFRS Standards

Related IFRIC Interpretations

Unconsolidated amendments

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. If an entity has had related party transactions during the periods covered by the financial statements, IAS 24 requires it to disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.

IAS 24 requires an entity to disclose key management personnel compensation in total and by category as defined in the Standard.

Standard history

In April 2001 the International Accounting Standards Board (Board) adopted IAS 24 *Related Party Disclosures*, which had originally been issued by the International Accounting Standards Committee in July 1984.

In December 2003 the Board issued a revised IAS 24 as part of its initial agenda of technical projects that included amending disclosures on management compensation and related party disclosures in separate financial statements. The Board revised IAS 24 again to address the disclosures in government-related entities.

In November 2009 the Board issued a revised IAS 24 to simplify the definition of ‘related party’ and to provide an exemption from the disclosure requirements for some government-related entities.

Other Standards have made minor consequential amendments to IAS 24. They include IFRS 10 *Consolidated Financial Statements* (issued May 2011), IFRS 11 *Joint Arrangements* (issued May 2011), IFRS 12 *Disclosure of Interests in Other Entities* (issued May 2011), IAS 19 *Employee Benefits* (issued June 2011), *Investment Entities* (Amendments to IFRS 10, IFRS 12 and IAS 27) (issued October 2012) and *Annual Improvements to IFRSs 2010–2012 Cycle* (issued December 2013).

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Implementation support

IAS 24 Related Party Disclosures

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EXHIBIT "MM"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

From: Skinner, Doug <doug.skinner@mcinnescooper.com>
Sent: Tuesday, October 10, 2023 9:16 PM
To: craig.garson@garson-law.ca; Gale B. Welsh_R; 'Terry Rowe'
Cc: Colm St. Roch Seviour; G. John Samms; McGrath, Beth; Chafe, Morgan
Subject: RE: 1128349 BC Ltd v. Tacora Resources Inc. Arbitration [IWOV-Active.FID4763645]
Attachments: Tacora Resources Inc.Initial.ORder.10-OCT-2023.pdf

This is an external email.

Dear Tribunal & Counsel,

I write to advise that earlier today the Ontario Superior Court of Justice issued an order under the *Companies' Creditors Arrangement Act* ("**CCAA Order**") involving the Respondent, Tacora Resources Inc. ("**Company**"). As per the CCAA Order clause 10, all proceedings involving the Company are stayed and suspended pending further order of the Court. As such, the within arbitration, being such a proceeding, is now under a stay order. I will provide a copy of the as issued CCAA Order as soon as it is available.

It would be helpful if the Tribunal could advise of fees incurred to date on the matter so that we can consult with the Court-appointed monitor for payment.

We will otherwise keep the Tribunal and Counsel informed of developments on this matter as it progresses in the Ontario Superior Court and advise on any change to this status as soon as we are able.

Kind regards,
Doug Skinner

Doug Skinner
Board Director/Partner
McInnes Cooper

tel +1 (709) 724 8249 | fax +1 (709) 722 1763 | mobile +1 (709) 749 9504

5th Floor
10 Fort William Place
PO Box 5939 St. John's, NL, A1C 5X4

asst Karen Puglisevich | +1 (709) 724 3618

EXHIBIT "NN"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

No.	Requesting Party	Documents or Category of Documents Requested/Category of Written Discovery Requested	Relevance According to Requesting Party	
			Ref.to Pleadings	**Comments**
1.	Plaintiff	All documents addressing or discussing whether Cargill Intl was non-arm's length to Tacora since January, 2017.	Paragraph 5 of Detailed Arbitration Statement of Claim (the "DASOC") and Paragraph 4 of Tacora's Statement of Defence (the "Defence").	The documents are relevant as Tacora has maintained that Cargill Intl was arm's length from Tacora. This is a central issue in this case and is additionally relevant to whether Tacora met its duty of honesty and good faith in contractual performance.
2.	Plaintiff	All documents addressing or discussing the meaning of "arms length" and/or "non-arm's length" in the definition of "Net Revenues" in Article (j) of the Wabush Lease.	Paragraphs 24-26 of DASOC.	The documents are relevant as Tacora has maintained that Cargill Intl was arm's length to Tacora. Tacora's, Cargill Intl's and Cargill Inc.'s understanding of the meaning of "arm's length" and/or "non-arm's length" is relevant to the Plaintiff's assertion of a Cargill Intl-Tacora non-arm's length relationship.
3.	Plaintiff	All documents addressing or discussing the meaning of "Net Revenues" in Article (j) of the Wabush Lease.	Paragraphs 24-26 of DASOC.	The documents are relevant as the meanings of "Net Revenues" and each branch of the definition under Articles (j)(i) and (j)(ii) of the Wabush Lease bear directly on whether Tacora has utilized the proper net revenue base in calculating and paying the Royalty.
4.	Plaintiff	All documents relating to the selection of the "Platts 62%" index instead of the "Platts 65%" index as the reference for pricing Iron Ore Products under the Cargill Agreement.	Paragraphs 87-90 DASOC.	The Cargill Agreement selects the 62% Platts index notwithstanding that there exists a higher 65% Platts index and Tacora's Iron Ore Products contain an average of 65.89% iron content. The documents are relevant to the Plaintiff's assertion that the Cargill Agreement is not an arm's length agreement and that it does not return the market value of Iron Ore Products to Tacora, thereby undervaluing the Royalty.

5.	Plaintiff	All documents related to Cargill Inc's or Cargill Intl's direct or indirect ownership in Tacora not appended to the Plaintiff's Detailed Statement of Claim or Tacora's Statement of Defence since January, 2017, including, to the extent they are in Tacora's possession or control, any ownership interest of either Cargill Inc or Cargill Intl in Proterra or Proterra's funds (or their predecessors, such as Black River Capital Partners Fund (Metals and Mining A) LP or Black River Capital Partners Fund (Metals and Mining B) LP).	Paragraph 39(f), (g), and (h); 51 of DASOC.	The documents are relevant to the dispute as the Plaintiff alleges Cargill Intl has always been non-arm's length to Tacora since the inception of the Wabush Lease.
6.	Plaintiff	All communications between Phil Mulvihill and any of Tacora personnel, in relation to the Cargill Agreement.	Paragraph 39(j) of DASOC.	The documents are relevant as the Plaintiff alleges that Phil Mulvihill is one of the sources of Cargill Intl's/Cargill Inc's influence upon Tacora, which influence is an indicator of non-arm's length dealings.
7.	Plaintiff	All amendments to the Advance Payments Facility Agreement and negotiation documents relating to the original Advance Payments Facility Agreement and amendments thereof.	Paragraph 39(l) of DASOC.	These documents are relevant as the Plaintiff alleges that the Advance Payments Facility Agreement is one of the sources of Cargill Intl's/Cargill Inc's influence upon Tacora, and is an indicator of non-arm's length dealings.
8.	Plaintiff	Documents evidencing the source of funds for the acquisition of the Wabush mine.	Paragraphs 51 and 52 of DASOC.	These documents are relevant as Plaintiff alleges that Tacora was a special purpose vehicle and it appears that these critical funds were supplied from Cargill Intl and/or Cargill Inc. via Proterra and its corresponding funds (Black River Capital Partners Fund (Metals and Mining A) LP and Black River Capital Partners Fund (Metals and Mining B) LP).

9.	Plaintiff	Documents evidencing the source of the funds for the $36.76M cash deposit for the Wabush mine rehabilitation and closure plan.	Paragraphs 51 and 52 of DASOC.	These documents are relevant as the Plaintiff alleges that Tacora was a special purpose vehicle and it appears these critical funds were supplied from Cargill Intl and/or Cargill Inc. via Proterra and its corresponding funds (Black River Capital Partners Fund (Metals and Mining A) LP and Black River Capital Partners Fund (Metals and Mining B) LP).
10.	Plaintiff	All negotiation documents in relation to (a) Cargill Inc's equity investment referred to in Tacora's press release issued by Tacora on November 27, 2018 and (b) any linkage from that investment to the extension of the Cargill Agreement.	Paragraph 57 of DASOC.	These documents are relevant to the Plaintiff's allegation that Cargill Inc.'s equity investment in Tacora had a material impact on the Cargill Agreement as of 2018.
11.	Plaintiff	Documents evidencing Tacora's capital structure since its inception to current date, including: (a) the number and percentage of common shares issued to each Tacora shareholder, and the timing of such issuance; (b) the number of preferred shares issued to each Tacora shareholder and any other parties, and the timing of such issuance; (c) the number of warrants to purchase Tacora shares, including penny warrants, issued to each Tacora shareholder and any	Paragraph 61 of DASOC.	Cargill Intl's and/or Cargill Inc.'s direct or indirect shareholdings and rights to acquire shares in Tacora are relevant to the determination of the Plaintiff's assertion that the relationship between Tacora and Cargill Intl was non-arm's length.

		other parties, and the timing of such issuance; (d) the number of options to purchase Tacora shares issued to each Tacora shareholder and any other parties, and the timing of such issuance; and (e) the number and class of any other securities issued by Tacora to its shareholders, and the timing of any such issuance(s).		
12.	Plaintiff	All documents leading up to the following statement in Tacora's Offering Memorandum dated May 5, 2021: "Cargill, Inc., the parent entity of Cargill International Trading Pte Ltd. ("Cargill"), has an indirect interest in approximately 10% of the voting stock of Tacora through its direct and indirect interest in Proterra M&M MGCA B.B., which is Tacora's controlling shareholder. Phil Mulvihill, a member of Tacora's Board of Directors, is an employee of Cargill."	Paragraph 63 of DASOC.	These communications are relevant to the extent to which Tacora felt it necessary to make this admission in May, 2021, rather than beforehand given Cargill Inc's pre-existing interest in Proterra's funds, whether through Black River Capital Partners or Proterra M&M MGCA B.B..
13.	Plaintiff	All documents in relation to Tacora's decision to admit that Cargill Inc./Cargill Intl was a related party in its Financial Statements referred to in Exhibit CX-000023.	Paragraph 66 of DASOC.	These documents are relevant to Cargill Inc.'s/Cargill Intl's status as a non-arm's length party in Tacora's subjective view.

14.	Plaintiff	All negotiation documents and communications in relation to the Fixed Price Side Letter between Tacora and Cargill Intl referencing the Cargill Agreement.	Paragraph 68-69 of DASOC.	These documents are relevant to Cargill Inc.'s/Cargill Intl's influence over Tacora and their status as non-arm's parties to Tacora.
15.	Plaintiff	A copy of the Amended and Restated Advance Payments Facility Agreement and negotiation/communication documents related to same referencing the Cargill Agreement.	Paragraph 74 of DASOC.	These documents are relevant to Cargill Inc's/Cargill Intl's non-arms length status and the their level of influence over Tacora.
16.	Plaintiff	All documents in relation to the composition of Tacora's Board of Directors before 2019.	Paragraph 76 of DASOC.	The Plaintiff alleges Cargill Inc./Cargill Intl/ Proterra's relationships with members on Tacora's Board of Directors is an indicator of Cargill Intl's influence upon Tacora and the resultant non-arm's length relationship between Cargill Intl and Tacora.
17.	Plaintiff	All minutes of Tacora's Board of Directors meetings in relation to: the Cargill Agreement; equity investments by Cargill Inc/Cargill Intl; the Fixed Price Side Letter; the Advance Payments Facility Agreement and amendments thereto.	Paragraph 77 of DASOC.	These documents are relevant as they would evidence Tacora's motivations in relation to the Cargill Agreement, equity investments by Cargill Inc/Cargill Intl, the Fixed Price Side Letter and the Advance Payments Facility Agreement and amendments thereto. Furthermore, the Board's documented thinking on these matters will inform the extent of Proterra/Cargill Inc/Cargill Intl influence on Tacora, which is relevant to the non-arm's length analysis.
18.	Plaintiff	All documents relating to (a) each amount listed in the column "Industry Service" in the spreadsheet provided to the Plaintiff's Samuel Morrow by Tacora's Chief Accounting Officer Hope Wilson on February 3, 2023, which spreadsheet is annexed to Exhibit CX-000033	Paragraphs 84 and 85 of DASOC.	The "Industry Service" values are central to the determination of the market price of iron ore under the Article j(ii) branch of the definition of Net Revenues. The requested documents relate to Hope Wilson's selection of the relevant "Industry Service", and the calculation of each amount listed, which she used to calculate the total of $2,355,743 (USD) which the Plaintiff alleges to be part of the Royalty underpayment for the period Q3 2019-Q4 2022.

		and is hereinafter referred to as "CAO Wilson's Spreadsheet", and (b) the calculation of each such amount.		The Plaintiff requires these documents to assess Hope Wilson's calculations in relation to the Plaintiff's claim for underpayment of the Royalty by reason of Tacora's failure to use Non-Arm's Length Net Revenues in calculating the Royalty, and for the purpose of calculating the Plaintiff's related Royalty underpayment claim amount.
19.	Plaintiff	All documents relating to (a) each amount listed in the column "Alternative Net Revenue" in CAO Wilson's Spreadsheet, and (b) the calculation of each such amount.	Paragraphs 80-83 of the DASOC.	The documents are relevant to Hope Wilson's calculation of the total amount of $2,355,743 (USD) under the Article j(ii) branch of the definition of Net Revenues, which amount the Plaintiff alleges to be part of the Royalty underpayment (for the period Q3 2019-Q4 2022). The Plaintiff requires these documents to assess Hope Wilson's calculations in relation to the Plaintiff's claim for underpayment of the Royalty by reason of Tacora's failure to use Non-Arm's Length Net Revenues in calculating the Royalty, and for the purpose of calculating the Plaintiff's related Royalty underpayment claim amount.
20.	Plaintiff	For each of the amounts listed in the columns "Industry Service" and "Alternative Net Revenue" in CAO Wilson's Spreadsheet, the documents evidencing the associated "Platts 65" price.	Paragraph 84 of the DASOC.	In Exhibit CX-000032 Hope Wilson states that in determining the Industry Service rate Tacora used "Platts 65". The Plaintiff requires these "Platts 65" documents to assess Tacora's calculation of the Industry Service rate, upon which Tacora's Alternative Net Revenue is calculated. Tacora's calculations of the Industry Service Rate and the Alternative Net Revenue are relevant as they appear to admit the amount of the Plaintiff's claim for underpayment of the Royalty by reason of Tacora's failure to use Non-Arm's Length Net Revenues in calculating the Royalty. They are relevant for the purpose of calculating the Plaintiff's related Royalty underpayment claim amount.
21.	Plaintiff	For each of the amounts listed in the columns "Industry Service" and "Alternative Net	Paragraph 84 of DASOC.	In Exhibit CX-000032 Hope Wilson states that Tacora used "the Platts Freight Rate (China-Brazil) increased by 24% to try to get a freight rate comparable to C3" in determining the Industry Service rate which was used to calculate the

		Revenues" in CAO Wilson's Spreadsheet, (a) the documents evidencing the corresponding "Platts Freight Rate (China-Brazil) increased by 24% to try to get a freight rate comparable to C3"; and (b) all documents relating to or supporting Tacora's use of a 24% increase in Platts Freight Rate (China-Brazil) in achieving each such amount.		Alternative Net Revenue. The Plaintiff requires these documents to assess Tacora's calculation of the Industry Service rate in relation to the Plaintiff's claim for underpayment of the Royalty by reason of Tacora's failure to use Non-Arm's Length Net Revenues in calculating the Royalty (and for the purpose of calculating the Plaintiff's related Royalty underpayment claim amount).
22.	Plaintiff	For each of the amounts listed in the columns "Industry Service" and "Alternative Net Revenue" in CAO Wilson's Spreadsheet, all documents relating to the corresponding "C3" rate.	Paragraph 84 of the DASOC.	In Exhibit CX-000033 Hope Wilson states that for the Industry Service rate Tacora was trying "to get a freight rate comparable to C3". The Plaintiff requires these documents to assess the baseline for Tacora's use of a 24% increase in the Platts Freight Rate (China-Brazil) to try to get a freight rate comparable to C3.
23.	Plaintiff	In relation to the "port related costs" referred to by Hope Wilson in Exhibit CX-000032, documents evidencing the elements of such port related costs and documents explaining how such port related costs are relevant to the calculation of the Alternative Net Revenue.	Paragraph84 of the DASOC, Exhibit CX-000032.	Hope Wilson states of the Industry Service rate used in her calculations in CX-000032: "This calculation doesn't factor in port related costs". It is relevant to the quantification of the Plaintiff's claim for Royalty underpayment to know Tacora's position as to the port related costs factor on Hope Wilson's Alternative Net Revenue computations.
24.	Plaintiff	All Tacora internal communications in relation to the exchange of emails between Samuel Morrow and	Paragraph 84 of DASOC.	The documents are relevant to Hope Wilson's assertion that the Royalty has been calculated on an arm's length basis in her email entered as Exhibit CX-000032. These documents would

		Hope Wilson documented in Exhibits CX-000032 and CX-000033.		evidence Tacora's reaction to the Plaintiff's request that the Royalty be calculated on the basis of Non-Arm's Length Net Revenues.
25.	Plaintiff	Documents identifying shipment destinations for Iron Ore Products shipped by Tacora for the period Q3, 2019 up until current date.	Paragraph 92 of the DASOC.	The documents are relevant to the Plaintiff's assessment of Hope Wilson's statement in CX-000033 that, in calculating the appropriate freight rate to be used to calculate the Industry Service rate, there was a need to increase the China-Brazil freight rate by 24%, presumably to reflect additional freight costs for shipping from Point Noire, Quebec or Sept-Iles, Quebec. The Plaintiff pleads that many Cargill Intl shipments of Iron Ore Products were sold and transported to the Middle East and Europe, with lower freight rates than to China. The Plaintiff requires the requested documents identifying these shipment destinations to verify this assertion and to assess relevant freight rates in the calculation of its Royalty underpayment claim.
26.	Plaintiff	Documents evidencing Cargill Inc.'s ownership interest in Cargill Intl, described in the Defence to be an Affiliate of Cargill.	Paragraph 49(a) of DASOC; and Paragraph 66 of the Defence.	These documents are relevant to the Plaintiff's assertion that Cargill Intl is a wholly-owned subsidiary of Cargill Inc., and Tacora's reference in paragraph 66 of the Defence to Cargill Intl as being an Affiliate of Cargill Inc.

EXHIBIT "OO"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Tacora Resources Inc.
102 NE 3rd Street
Suite 120
Grand Rapids, MN 55744
Ph: 218-999-7018
Fax: 218-999-5827

STRICTLY PRIVATE AND CONFIDENTIAL

October 24, 2023

1128349 B.C. Ltd.
400 Burrard Street, Suite 1860
Vancouver, BC V6C 3A6
Canada

Attention: Mr. Michael J. Smith, President & Chief Executive Officer
Mr. Ken Yuen

Re: Tacora Mine, Third Quarter Ended September 30, 2023 – Royalty

Dear Michael:

As you may be aware, on October 10, 2023, Tacora Resources Inc. ("**Tacora**") sought and obtained from the Ontario Superior Court of Justice (Commercial List) in Toronto, an initial order ("**Initial Order**") under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") under court file number CV-23-00707394-00CL. FTI Consulting Canada Inc. was appointed as Monitor (the "**Monitor**"). A copy of the Initial Order is available on the Monitor's case website at http://cfcanada.fticonsulting.com/Tacora/.

Please find enclosed the royalty details for the Quarter. However, pursuant to the Initial Order, Tacora is prohibited from making payments of amounts owing in respect of activities prior to the filing date. Accordingly, at this time Tacora is unable to make payments owing to you in respect of the Quarter.

Provided as an attachment to this letter are the reported values in accordance with section A.3. of the Amendment and Restatement of Consolidation of Mining Leases – 2017 between 1128349 B.C. LTD. (formerly called MFC BANCORP LTD.), and Tacora Resources Inc.

Sincerely,

Heng Vuong

Heng Vuong
Executive Vice-President and Chief Financial Officer

821

Tacora Resources Inc.
102 NE 3rd Street
Suite 120
Grand Rapids, MN 55744
Ph: 218-999-7018
Fax: 218-999-5827

Table 1- Earned Royalties from Mined Ore

Royalties from Mined Ore from Pit Ore Mined and Products Produced				
Starting Date	Ending Date	Total Tonnage Mined (tonnes)	Iron Ore Products Produced (tonnes)	Ave. %Fe of Iron Ore Products
7/1/2023	9/30/2023	3,221,320	857,690	65.26%

Calculation of Earned Royalties									
Starting Date	Ending Date	Gross Value Received ($)	Gross Tonnes Shipped	Deducible Expenses Cap ($)	Deductible Expenses ($)	Net Revenue from Iron Ore Products ($)	Withheld Taxes ($)	Credits or Payments ($)	Earned Royalties ($)
7/1/2023	9/30/2023	$119,270,229.84	854,962	$ 3.31	2,829,924.19	$116,440,305.65	$0.00	($188,091.64)	$7,962,729.76

Table 2- Earned Royalties from Tailings, Waste Rock, Spoil and Mine Waste

		Royalties from Tailings, Waste Rock, Spoil and Mine Waste														
		Tailings, Waste Rock, Spoil and Mine Waste Mined				Iron Ore Products from Tailings, Waste Rock, Spoil and Mine Waste					Calculation of Earned Royalties					
Starting Date	Ending Date	Tailings (tonnes)	Waste Rock (tonnes)	Spoil and Mine Waste (tonnes)	Total Tonnage Mined (tonnes)	Tailings (tonnes)	Waste Rock (tonnes)	Spoil and Mine Waste (tonnes)	Total Iron Ore Products Produced (tonnes)	Ave %Fe of Iron Ore Products	Deductible Expenses ($)	Gross Value Received ($)	Withheld Taxes ($)	Credits or Payments ($)	Net Revenue from Iron Ore Products ($)	Earned Royalties ($)
7/1/2023	9/30/2023	-	-	-	-	-	-	-	-	-	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

EXHIBIT "PP"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

STEWART McKELVEY
LAWYERS • AVOCATS

Cabot Place, 1100 – 100 New Gower Street, P.O. Box 5038
St. John's NL A1C 5V3 Canada tel: 709.722.4270 fax: 709.722.4565 stewartmckelvey.com

File Reference: SM052703-4

Joe Thorne
Direct Dial: 709.570.8850
joethorne@stewartmckelvey.com

November 16, 2023

Via Email (Jodi.Porepa@fticonsulting.com; jdietrich@cassels.com)

FTI Consulting Canada Inc.
Toronto-Dominion Centre, Suite 2010
79 Wellington Street West
Toronto, ON M5K 1G8

Dear Sir/Madame:

Re: Tacora Resources Inc. ("Tacora")
– Proceedings Under the Companies' Creditors Arrangement Act ("CCAA")

We represent 1128349 B.C. Ltd. ("**1128349**"). 1128349 is the lessor under the Amendment and Restatement of Consolidation of Mining Leases – 2017 made between 0778539 B.C. Ltd. and Tacora (the "**Wabush Lease**").

As the Monitor is aware pursuant to its role as monitor in the ongoing CCAA proceedings in respect of Wabush Mines/Bloom Lake, the Wabush Lease leases the Wabush Mine property and premises to Tacora.

This letter documents 1128349's position respecting certain of its rights under the Wabush Lease, in anticipation of a solicitation process in Tacora's CCAA proceeding.

This letter also follows a discussion between the undersigned and the Monitor and its counsel with respect to 1128349's pre- and post-filing rights with respect to the Wabush Lease. We are copying Tacora on this correspondence as well, given the nature of the issues set out below.

Nature of 1128349's Royalty Interest

As lessor under the Wabush Lease, 1128349 is entitled to a seven percent (7%) royalty on "Net Revenues" derived from the Wabush Mine (the "**Royalty**").[1]

1128349's Royalty is an interest in the Wabush Mine lands. Clause A(12) of the Wabush Lease provides as follows:

> *12. The parties hereto acknowledge and agree that the obligations to pay Earned Royalties hereunder till be a covenant running with the Demised Premises, will be enforceable as an in rem interest in land which shall run with the Demised Premises and will be binding upon and enure to the benefit of the parties and their*

[1] The Royalty is granted by clause A(1) and "Net Revenues" is defined at paragraph (j).

> *respective successors and permitted assigns and form an integral part of this Indenture and the lease of the Demised Premises contemplated hereunder.*

For certainty, we understand that the Monitor acknowledges that the Royalty is an interest in land, with all attendant pre- and post-filing rights.

1128349's Pre-filing Claim

Prior to the October 10, 2023 Initial Order, 1128349 had initiated and pursued an arbitration claim for unpaid and underpaid Royalty amounts. A copy of the Detailed Amended Statement of Claim filed by 1128349 against Tacora is attached to this correspondence.

1128349's pre-filing claims include, without limitation, claims totalling $17,555,111.49 for the following unpaid and underpaid Royalty amounts:

(a) $5,865,004.23 on account of unpaid Q2, 2023 Royalty;

(b) a minimum of $3,727,377.50 on account of Royalty underpaid to Q4, 2022 by reason of Tacora's failure to calculate the Royalty on the basis of non-arm's length Net Revenues; and

(c) $7,962,729.76 on account of unpaid Q3, 2023 Royalty.

1128349 continues to assess the amount of Royalty underpayment which is attributable to Tacora's failure to calculate the Royalty on the basis of non-arm's length Net Revenues. It currently anticipates that this claim will exceed the amount stated in (b) above.

1128349's Post-Filing Claim

Referencing paragraph 9 of the ARIO, dated October 30, 2023 and section 11.01(a) of the CCAA, it is 1128349's position that it must be paid the Royalty through the post-filing period.

Paragraph 9 of the ARIO provides in material part as follows:

> *9. ... the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including for greater certainty... any other amounts payable to the landlord under the lease)... for the period commencing from and including the date of the Order...*

It is 1128349's position that the Royalty is in the nature of "rent", or is alternatively an amount payable to 1128349 under the Wabush Lease, within the meaning of paragraph 9 of the ARIO.

Again for certainty, we understand that the Monitor acknowledges that the Royalty would be due in the post-filing period on the schedule set out in the Wabush Lease.

The view that the Royalty equates to rent is supported by the Ontario Court of Appeal's decision in the mining royalty case of *Re Dawson and Ball*.[2] In that case, McRuer J.A. accepted the English

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[2] *Re Dawson and Ball*, 1945 CanLII 103 (ONCA).

law position "...that a royalty is compensation for the right to occupy land, and that in its essence it is rent".[3] The position that royalties are in the nature of rent-charges has been affirmed by the Supreme Court of Canada in *Berkheiser* and *Dynex Petroleum*.[4] This position is further fortified by Professor Barton's statement in *Canadian Law of Mining*:

> *Royalties paid to freehold mineral owners have always been comprehended as interests in land on the same footing as rent.*[5]

Section 11.01(a) of the CCAA is also supportive. It provides in material part as follows:

> *11.01 No order... has the effect of*
>
> > *(a) prohibiting a person from requiring immediate payment for... use of leased or licensed property... after the order is made...*

This principle, which is further reflected in paragraph 19 of the ARIO, entitles 1128349 to be paid the Royalty for Tacora's use of the Wabush Mine property leased under the Wabush Lease.

Alternatively, as noted, it is apparent that the Royalty is an amount which is "payable to the landlord under the lease" within the meaning of paragraph 9 of the ARIO.

In either case, as a royalty or as rent, the Royalty remains payable in the post-filing period.

We request that Tacora and the Monitor confirm that the Royalty will be paid to 1128349 during the course of these CCAA proceedings. In particular, we request confirmation that the Q4 2023 Royalty payment for post-filing production will be paid on January 25, 2024 as provided in the Wabush Lease.

We ask that Tacora and the Monitor confirm their positions to us on or before December 1, 2023. Our client, as the Monitor is aware, has a significant interest in this issue, and in the absence of confirmation we expect to be instructed to seek an order from Justice Kimmel confirming Tacora's post-filing obligations to our client.

Related, we request that the Monitor advise whether or not the post-filing Royalty is budgeted in Tacora's approved cashflow and/or the DIP financing.

1128349's Consent to Assignment is Required under the Wabush Lease

Clause C(10) of the Wabush Lease requires that 1128349 consent to any assignment of Tacora's interest under the Wabush Lease. The clause provides for 1128349's and Tacora's mutual agreement:

> *10. That the Lessee shall not have the right to assign the demise hereby granted or any right or interest of the Lessee therein or sublet the Demised Premises in*

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[3] *Re Dawson and Ball*, 1945 CanLII 103 (ONCA).

[4] See *Berkheiser v Berkheiser and Glaister,* 1957 CanLII 56 (SCC) at pp. 394-395 and *Bank of Montreal v Dynex Petroleum Ltd.* [2001] S.C.J. at para. 11.

[5] Barton, *Canadian Law of Mining*, at p. 891.

> *whole or in part excepting with the consent in writing of the Lessor, which consent shall not be unreasonably withheld…*

It is 1128349's position that no consent to any assignment of Tacora's rights or interests under the Wabush Lease, nor any other consents for any other purpose (i.e. financing), will be forthcoming unless the Royalty is paid during the CCAA process and 1128349's pre-filing claims are paid in full (as cure costs of any transaction, or otherwise).

1128349's Termination and Purchase Rights under the Wabush Lease

Under the Wabush Lease, 1128349 has the right to terminate upon breach and the right, post-termination, to purchase all or part of the Wabush Mine buildings, plant, machinery, and all of Tacora's articles and things at the mine.

We note that prior to the Initial Order, our client had delivered notice of termination of the Wabush Lease. But for the stay, that termination would have been effective October 25, 2023. Our client reserves its rights with respect to lifting the stay to enforce that termination and to enforce all of its reversionary rights pursuant to the Wabush Lease.

Please advise should you require any further information in relation to 1128349's claims or positions as outlined above.

Best,

Stewart McKelvey

Joe Thorne
Partner

JJT/sg

c. Ashley Taylor (ataylor@stikeman.com)
Lee Nicholson (leenicholson@stikeman.com)
Counsel for Tacora

IN THE MATTER OF an Indenture entitled "Amendment and Restatement of Consolidation of Mining Leases – 2017" dated November 17, 2017 made by and between 0778539 B.C. Ltd. (formerly called MFC Bancorp Ltd.) as lessor and Tacora Resources Inc. as lessee (the said Indenture being hereinafter referred to as the "Wabush Lease");

AND IN THE MATTER OF disputes, questions, differences and/or issues of agreement arising in respect of the Wabush Lease and in particular under clauses C(4) and (5) of the Wabush Lease;

AND IN THE MATTER OF Procedural Order No. 1;

BETWEEN

1128349 B.C. LTD.

PLAINTIFF

AND

TACORA RESOURCES INC.

DEFENDANT

DETAILED ARBITRATION STATEMENT OF CLAIM

Colm St. R. Seviour, K.C./G. John Samms
STEWART McKELVEY
Suite 1100, Cabot Place
100 New Gower Street
St. John's, NL A1C 6K3
Solicitors for the Plaintiff

Doug Skinner/Beth McGrath K.C.
MCINNES COOPER
10 Fort William Pl., 5th Floor
Baine Johnston Centre
St. John's, NL
A1C 1K4
Solicitors for the Defendant

Table of Contents

THE PARTIES

1. The Plaintiff 1128349 B.C. Ltd. ("1128349") is a British Columbia corporation which is registered extra-provincially in Newfoundland and Labrador, and which has a registered and records office situate at P.O. Box 5038, Suite 1100, 100 New Gower Street, St. John's, Newfoundland and Labrador, A1C 5V3.

2. The Defendant Tacora Resources Inc. ("Tacora") is an Ontario corporation which is registered extra-provincially in Newfoundland and Labrador, and which has a registered and records office situate at P.O. Box 5939, 10 Fort William Place, St. John's, Newfoundland and Labrador, A1C 5X4.

OVERVIEW

The Claim

3. 1128349 leases lands to Tacora under the Wabush Lease[1] so that Tacora can mine them for iron ore, from which it produces Iron Ore Products. Tacora uses the proceeds of sale of Iron Ore Products to pay its rent to 1128349, in the form of the Royalty.

4. The essential commercial agreement between 1128349 and Tacora is that 1128349 is paid the Royalty based upon either Tacora's bona fide arm's length contract of sale with an offtake customer or, where Tacora and the offtake customer are non-arm's length to one another as the case may be at the time of each Royalty transaction (i.e. a quarterly payment), the Royalty is determined by reference to the fair market value of the Iron Ore Products as determined by an industry pricing formula. To the extent Tacora wishes to provide a discount to a non-arm's length offtake customer, it does so at its own peril.

5. At all times material to this action, Tacora's offtake agreement has been with Cargill Intl. At the time of the execution of the Wabush Lease, Tacora represented that Cargill Intl was arm's length from them and 1128349 had no reason to believe otherwise. Indeed, it had no duty to investigate otherwise as it ought to have been able to rely upon Tacora's duty of good faith in contractual relations to disclose whether or not Cargill Intl was non-arm's length in accordance with the terms of the Wabush Lease. 1128349 therefore pleads and relies upon the Supreme Court of Canada's holding in *Bhasin v Hrynew* for the proposition

[1] All capitalized terms have the meanings ascribed to them herein.

that Tacora owed 1128349 a duty to disclose and admit its non-arm's length relationship with Cargill Intl.[2]

6. 1128349 has learned that Cargill Intl, and its parent and sister companies, have since the inception of the Wabush Lease been non-arm's length to Tacora through equity, financing and governance arrangements by virtue of:

   (a) their direct and indirect ownership in Tacora since inception of the Wabush Lease;

   (b) having initially been significant financiers, and more recently the primary financiers of Tacora, and thereby possessing significant levers of control and influence;

   (c) having had direct representation on the board of directors of Tacora since at least 2019; and

   (d) having had significant influence over and a non-arm's length relationship with the private equity firm majority owner of Tacora's common shares.

7. As a result, the essential agreement underpinning the Wabush Lease is compromised. 1128349 is being underpaid secondary to non-arm's length transactions and, as is further particularized below, Tacora admits this to be the case by comparison of revenues incoming via Cargill Intl as against standard industry pricing as prescribed in the Wabush Lease.

8. In addition to the Royalty underpayment, Tacora has now admitted the amount of $5,865,004.23 (CDN) as being the Royalty amount payable on the quarterly payment date of July 25, 2023, but has refused to pay this Royalty payment to 1128349.

9. 1128349 therefore claims against Tacora in the amount of at least **$9,592,381.73 (CDN)** for breach of the Wabush Lease as follows:

   (a) First, 1128349 claims that Tacora is not at arm's length to Cargill Intl or its parent company Cargill Inc. and that Tacora improperly calculated and underpaid the

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[2] **CLA-001,** *Bhasin v Hrynew,* 2014 SCC 71. At paragraph 73, the Court stated:

"*This means simply that parties must not lie or otherwise knowingly mislead each other about matters directly linked to the performance of the contract."*

Furthermore, the Supreme Court of Canada cited Professor McCamus at paragraph 47 for the proposition that there were three broad types of situations in which a duty of good faith performance of some kind had been found to exist even before *Bhasin*; those are all engaged here: (1) where the parties must cooperate in order to achieve the objects of the contract; (2) where one party exercises a discretionary power under the contract; and (3) where one party seeks to evade contractual duties.

Royalty under the Wabush Lease by calculating the Royalty based on revenues under the non-arm's length Cargill Agreement. Tacora's Chief Accounting Officer, Hope Wilson, calculated this underpayment to be the amount of $3,727,377.50 (CDN) for the period between the third quarter of 2019 and the fourth quarter of 2022, although 1128349 believes there to be errors in this calculation.

(b) Secondly, 1128349 claims against Tacora for Tacora's non-payment of the second quarter 2023 Royalty in the amount of $5,865.004.23 (CDN). This amount has been the amount determined by Tacora to be owed to 1128349 as Royalty for the second quarter of 2023.

The Wabush Lease

10. Pursuant to the November 17, 2017 mining lease known and described as the Amendment and Restatement of Consolidation of Mining Leases – 2017 made between 0778539 B.C. Ltd. (formerly a British Columbia corporation called MFC Bancorp Ltd., which on July 18, 2017 was continued as a Marshall Islands corporation[3] as lessor and the Defendant Tacora as lessee (the "Wabush Lease")[4], 0778539 B.C. Ltd. leased those lands adjacent to Long Lake and Little Wabush Lake in the Labrador portion of the province of Newfoundland and Labrador (described and defined in the Wabush Lease as the "Demised Premises") to Tacora until May 20, 2055.

11. 0778539 held its interest as lessor under the Wabush Lease in trust for and on behalf of its affiliated company, the Plaintiff 1128349, as is stated in clause A(11) of the Wabush Lease.

12. On or about July 18, 2017, 0778539 was continued under the laws of the Republic of Marshall Islands, and on or about January 30, 2018, 0778539 changed its corporate name to LTC Pharma (Int) Ltd. ("LTC").[5]

13. By an Indenture of Assignment dated as of March 6, 2018 and made between LTC as assignor and 1128349 as assignee, LTC assigned to 1128349 all the right, title and

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[3] **Exhibit CX-000001**, 0778539 BC Ltd Certificate of Registration of Redomiciliation (18 July 2017).

[4] **Exhibit CX-000002**, Amendment and Restatement of Consolidation of Mining Leases, 2017 (17 November, 2017).

[5] **Exhibit CX-000001**, *supra* note 3.

interest of LTC in and to, amongst other things, the Wabush Lease and the lands, premises, rights and benefits demised thereunder.[6]

14. Tacora acquired and commenced operation of the mine located within the Demised Premises, which is known as the Wabush Mine, in 2017. In June, 2019, Tacora achieved commercial production from the Wabush Mine.[7]

15. The relationship between the Plaintiff 1128349 and the Defendant Tacora is governed by the Wabush Lease.

Wabush Lease Rights and Obligations, and the Royalty

16. The Wabush Lease grants to Tacora the exclusive right to explore, investigate, develop, produce, extract, remove, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore, crude iron-bearing material, including iron ore concentrate and any metal, material or composition produced from iron ore or crude iron-bearing material (together the "Iron Ore Products").

17. The Wabush Lease requires Tacora to pay a royalty (the "Royalty") to 1128349. The Royalty is payable on net revenues on account of Iron Ore Products produced or derived from the Demised Premises. The Royalty so paid is defined in the Wabush Lease as the "Earned Royalties".

18. A minimum Royalty of CDN ($812,475.00) (the "Minimum") is payable each quarter in which there is no Royalty payable on Iron Ore Products net revenues. The Minimum is a credit against later-due Earned Royalties.

19. Currently, 1128349 is the sole owner of the Royalty.

20. The Wabush Lease requires Tacora, *inter alia*:

    (a) to pay the Royalty to 1128349 quarterly, on or before the 25th day of January, April, July and October (the "Quarterly Payment Dates") in each year; and

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[6] **Exhibit CX-000003**, Indenture of Assignment between LTC Pharma (Int) Ltd and 1128349 BC Ltd (6 March, 2018).

[7] **Exhibit CX-000004**, Tacora Resources Inc Consolidated Financial Statements for the year ended December 31, 2019 (31 December, 2019) at Note 1 – Corporate information.

(b) to submit quarterly reports of all tonnages and analyses of Iron Ore Products shipped by Tacora during the immediately preceding calendar quarter, with the practice being that Tacora provides the tonnages of Iron Ore Products shipped from Pointe-Noire on a quarterly basis along with the Royalty calculation for that quarter (the "Quarterly Reports") but not the chemical analyses of the Iron Ore Products shipped.

21. The Wabush Lease provides in a detailed manner the basis upon which the Royalty is to be calculated and paid to the Plaintiff by Tacora.

Royalty Calculation

22. The amount of the Royalty which is required to be paid by Tacora as lessee to 1128349 as lessor is stated in clause A(i) of the Wabush Lease to be

> *…an amount equal to seven per cent (7.0%) of the Net Revenues from Iron Ore Products produced or derived from the Demised Premises. …*

23. "Net Revenues" as referred to in the clause A(j) is the revenue base on which the Royalty must be calculated.

24. The definition of "Net Revenues" under the Wabush Lease distinguishes between sales of Iron Ore Products under an arm's length, *bona fide* contract of sale, and sales of Iron Ore Products in a non-arm's length transaction, as follows:

(a) For arm's length sales of Iron Ore Products, "Net Revenues" is defined under clause (j)(i) as follows:

> *(i) in the event that the Lessee sells Iron Ore Products under an arm's length, bona fide contract of sale, the amount per Metric Tonne (weight determined by vessel draft survey) actually received by or otherwise payable or credited to the account of the Lessee and its affiliates calculated f.o.b. Pointe Noire, Québec or such other applicable port on the St. Lawrence seaway from which such Iron Ore Products is shipped to the Lessee's customers (the "Port"), or in the case of sales ex-mine gate or ex-rail, calculated at the point of actual sale, including, without limitation, all payments, incentives, bonuses, allowances, profit sharing or other consideration received by, credited or payable to the Lessee and/or its affiliates in respect thereof, less: (A) the Deductible Expenses; and (B) any royalties or overriding royalties measured by production of Iron Ore Products that*

> *are imposed on the Lessee under applicable laws by the Province of Newfoundland and are actually paid to such Province by the Lessee in respect of such sale of such Iron Ore Products (it being acknowledged that no such royalties or overriding royalties exist on the date hereof); and*

In this Arbitration Statement of Claim, "Net Revenues" calculated under clause (j)(i) shall be referred to as "Arm's Length Net Revenues".

(b) For non-arm's length sales of Iron Ore Products, "Net Revenues" is defined in clause (j)(ii) as follows:

> *(ii) in the event that the Lessee otherwise sells Iron Ore Products… in a non-arm's length transaction, the amount per Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "Industry Service") or, if such Industry Service is unavailable, then by such other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port.*

In this Arbitration Statement of Claim, "Net Revenues" calculated under clause (j)(ii) shall be referred to as "Non-Arm's Length Net Revenues".

25. 1128349 repeats the preceding paragraphs hereof and states that it was intended by 1128349 and Tacora that the Royalty was to be based on fair market value proceeds for Tacora's sale of Iron Ore Products, whether determined by reference to arm's length transactions or to prices published in the industry for Iron Ore Products of equivalent types and qualities. It was intended that 1128349 should not be underpaid the Royalty by reason of lower revenues from non-arm's length sales of Iron Ore Products.

26. Additionally, in the event of *any* non-arm's length transactions, the objective expectations of 1128349 and Tacora were for the Non-Arm's Length Net Revenues calculation to determine the Royalty. The commercial rationale for the Non-Arm's Length Net Revenues calculation was not solely related to whether or not Tacora actually received arm's length consideration from non-arm's length customers; rather, it was also the acknowledgement of both 1128349 and Tacora that it would have been unreasonable to require 1128349 to

audit Royalty payments to determine whether or not non-arm's length transactions were at arm's length pricing.

ROYALTY IMPROPERLY CALCULATED BY TACORA ON CARGILL AGREEMENT NON-ARM'S LENGTH NET REVENUES

27. Tacora commenced commercial production and sale of Iron Ore Products in the third quarter of 2019. Prior to that quarter, it had paid the Minimum to 1128349.

28. On October 25, 2019, Tacora commenced calculating the Earned Royalties which were payable to 1128349. The October 25, 2019 Royalty payment related to Iron Ore Products produced and sold in the third calendar quarter of 2019.[8]

29. Tacora purports to have calculated and paid the Royalty on the basis of Arm's Length Net Revenues. In particular, the basis for Tacora's calculation of the Royalty has been revenues from the November 9, 2018 Iron Ore Sale and Purchase Contract made between Cargill International Trading Pte Ltd. ("Cargill Intl") and Tacora (the "Cargill Agreement").[9]

30. Tacora had previously advised 1128349 that Tacora and Cargill Intl are at arm's length, that the Cargill Agreement is an arm's length agreement, and that for these reasons it utilizes the Cargill Agreement revenues as Arm's Length Net Revenues in the calculation and payment of the Royalty.

31. 1128349 states and the fact is that Cargill Intl is and was at all times material to this proceeding a non-arm's length party to Tacora by reason of Cargill Inc's common and concurrent control, influence and/or bonds of dependence over both Cargill and Tacora

32. 1128349 states that because Tacora and Cargill Intl/Cargill Inc are non-arm's length to each other, the Cargill Agreement is not an arm's length contract of sale within the meaning of Arm's Length Net Revenues.

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[8] **Exhibit CX-000005**, Royalty Payment from Tacora Resources Ltd to 1128349 BC Ltd for Third Quarter 2019 (25 October 2019).

[9] **Exhibit CX-000006**, Iron Ore Sale and Purchase Contract between Tacora Resources Inc and Cargill International Trading Pte Ltd (9 November, 2018).

33. 1128349 repeats the preceding paragraphs hereof and states that Tacora has improperly calculated the Royalty on the basis of revenues from the Cargill Agreement. Such revenues are not Arm's Length Net Revenues.

34. Under the Wabush Lease, it was and remains Tacora's obligation to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues, which it has failed to do.

Contracting Parties are Non-Arm's Length if they are Related with Bonds of Dependence or Influence

35. The Wabush Lease does not define either "an arm's length, bona fide contract of sale" or a "non-arm's length transaction" as set out in the "Net Revenues" definition at clause A(j). Therefore, the common law understanding of non-arm's length applies.

36. The leading case on the non-arm's length test from a common law perspective is *Re Tremblay,* wherein the Court emphasized the analysis turns on questions as to whether the parties are "related"; whether there is "influence"; whether there are "bonds of dependence; or, "leverage sufficient to diminish or influence the free decision-making of the other":

> *The meaning of "otherwise at arm's length," is, however, elusive. The concept has its source in the Income Tax Act, but the case law, as it relates to bankruptcy is practically non-existent. The doctrine provides that the court has wide discretion to say whether or not persons who are not related were dealing at arm's length when a particular transaction took place. In the absence of a better definition, a transaction at arm's length could be considered to be a transaction between persons between whom there are no bonds of dependence, control or influence, in the sense that neither of the two co-contracting parties has available any moral or psychological leverage sufficient to diminish or possibly influence the free decision-making of the other.*
>
> *Conversely, the transaction is not at arm's length where one of the co-contracting parties is in a situation where he may exercise a control, influence, or moral pressure on the free will of the other. Where one of the co-contracting parties is, by reason of his influence or superiority, in a position to pervert the ordinary rule of supply and demand and force the other to transact for a consideration which is substantially different than adequate,*

> *normal, or fair market value, the transaction in question is not at arm's length.*[10]

37. Black's Law Dictionary invokes similar principles of relatedness as the key determinant of non-arm's length dealings:

> *Arm's length transaction:* ***Said of a transaction negotiated by unrelated parties****, each acting in his or her own self-interest; the basis for a fair market value determination. Commonly applied in areas of taxation when there are dealings between related corporations* e.g. *parent and subsidiary…* ***The standard under which unrelated parties, each acting in his or her own best interest, would carry out a particular transaction.*** [11]
>
> *[emphasis added]*

38. The hallmarks of a non-arm's length relationship are therefore whether:

(a) The contracting parties are related;

(b) There are bonds of dependence or influence; or,

(c) There exists the ability of one party to exercise control, influence or moral pressure on the other party's will.

39. 1128349 states that these factors are met in the circumstances. Based upon reliance documents particularized in more detail below, 1128349 expects the evidence at arbitration to establish that Cargill Intl and Tacora are non-arm's length of one another by virtue of, *inter alia*, the following:

(a) Cargill Intl is Tacora's sole customer,

(b) Tacora would cease to exist but for Cargill Intl;

(c) The Cargill Agreement is not market and is favourable to Cargill Intl;

(d) Cargill Intl frequently prepays for Tacora's product in the interest of keeping the favourable terms of the Cargill Agreement;

(e) Cargill Inc is the parent company of Cargill Intl;

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[10] **CLA-002**, *Gingras, Robitaille, Marcoux Ltee v Beaudry*, 1980 CarswellQue 59 at paras 21-25, 36 CBR (NS) 111 [*Tremblay*, *Re*]; see also **CLA-003,** Bankruptcy and Insolvency Law of Canada, 4th Edition § 1:66 Related Persons

[11] **CLA-004**, Henry Campbell Black, *Black's Law Dictionary* (St Paul, MN: West Publishing Co 1990) sub verbo "arm's length transaction".

(f) Cargill Inc and/or Cargill Intl have had an ownership interest in Tacora which predates commercial production, which has steadily grown over time;

(g) Cargill Inc has direct and indirect ownership interest in Tacora via Cargill Inc's relationship with Proterra Investment Partners (and certain funds thereunder);

(h) Proterra has been Tacora's majority shareholder since at least July 2017, ranging from 68% to 77% of Tacora's Common Shares, ignoring Cargill Inc's and Cargill Intl's effective shareholdings through penny warrants;

(i) Tacora's Board of Directors has been under de facto control by Proterra and Cargill Inc executives since execution of the Cargill Agreement;

(j) Cargill Inc has always had a Tacora board seat by virtue of Phil Mulvihill's appointment, who is Cargill Inc's "Partnerships and Investments Lead". Mr. Mulvihill also sits on Proterra's Board of Directors;

(k) Cargill Inc invested an additional $15,000,000 (US) in preferred shares of Tacora in Q4 2022;

(l) Cargill Intl invested $35,000,000 (US) under a January 2023 advance payments facility agreement, which agreement and amendments thereto bound Tacora by numerous management conditions;

(m) Cargill Intl holds significant penny warrants for at least 25% of the common shares of Tacora;

(n) Other facts as they may appear.

40. There exists substantial reliable documentary evidence to support the Cargill Intl. – Tacora non-arm's length relationship. The documents include both admissions and reliable third-party documents.

41. As to the admissibility of 1128349's reliance documents, 1128349 references first the Panel's authority under section 11 of Procedural Order No. 1, which states:

> *11. Tribunal to determine evidence: The Tribunal shall have the power to determine the admissibility, relevance, materiality and weight of any evidence adduced by the Parties.*

42. This authority is fortified by Article 19 of the Model Law at Schedule B of the *International Commercial Arbitration Act,* RSNL 1990, c I-15, which provides:

> *Article 19. Determination of rules of procedure*
>
> *(2)…The power conferred upon the arbitral tribunal includes the power to determine the admissibility, relevance, materiality and weight of any evidence.*

43. 1128349 states that it will be relying upon reliable and highly probative hearsay evidence in addition to considerable Tacora admissions in the arbitration, including admissions against interest.

44. The rule of hearsay typically does not apply strictly to proceedings before administrative tribunals, which are often authorized to receive and act upon evidence that is "credible or trustworthy in the circumstances", whether or not it would be admissible in proceedings before a court.[12]

45. Generally, an arbitration panel has the discretion to accept reliable hearsay evidence, particularly hearsay evidence of good quality. The principle was stated as follows by Smith J.A. for the British Columbia Court of Appeal in *British Columbia (Securities Commission) v Alexander:*

> *In general, hearsay evidence that is relevant or logically probative to a material fact in issue (i.e. that demonstrates a connection between the evidence and a fact in issue) is admissible before administrative tribunals "where it can be fairly regarded as reliable"...*[13]

46. The principle has been further affirmed:

> *…However, in some of their statements, though not perhaps in their decisions, arbitrators have at times been overly cautious… The courts themselves have relied on hearsay for critical issues, even in serious criminal cases, but the hearsay evidence in the circumstances of the case was viewed as trustworthy and cogent. There is no reason why arbitrators should not do likewise in appropriate cases.*
>
> *…Furthermore, it is reviewable error to reject evidence out of hand simply because it is hearsay without considering whether it is reliable.*[14]

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[12] **CLA-005**, Halsbury's Laws of Canada (online), *Evidence*, "Hearsay: Introduction: Relaxation of the Rule Against Hearsay" (IV.1.(3)) at HEV-85 "Relaxation of the rule in other proceedings" (2022 Reissue).

[13] **CLA-006,** *British Columbia (Securities Commission) v Alexander,* 2013 BCCA 111 at para 63.

[14] **CLA-007**, Morley R Gorsky et al, *Evidence and Procedure in Canadian Labour Arbitration* (Toronto: Thomson Reuters) (loose leaf updated 2023, release 3) at §11:14 "Hearsay in Arbitration".

DETAILED FACTUAL ASSERTIONS: TACORA AND CARGILL INTL HAVE BEEN NON-ARM'S LENGTH SINCE WABUSH LEASE INCEPTION

47. 1128349 states that, while unknown to 1128349 at the time of execution of the Wabush Lease, the fact is that Cargill Intl and Tacora have at all material times to this action been non-arm's length to one another. While by 2021 this had become abundantly clear based upon Tacora admissions, close inspection of complex arrangements as between Cargill Inc, Cargill Intl, Proterra Investment Partners, and Tacora indicate that Tacora and Cargill Intl have been non-arm's length to one another from the inception of the Cargill Agreement.

48. The detailed evidence which supports 1128349's assertions of non-arm's length dealings relates to three categories of relatedness:

    (A) Equity: Various equity holdings by Cargill Intl together with parent and sister companies in Tacora;

    (B) Financing: Various financing arrangements whereby Cargill Intl together with parent and sister companies may obtain even more equity, in addition to control and influence;

    (C) Governance: Cargill Intl together with parent and sister companies have always had majority control of Tacora's Board of Directors.

(A1) Equity: Cargill Inc is Simultaneously 100% Owner of Cargill Intl and Indirect Owner of Tacora

49. Insofar as the Cargill Agreement between Tacora and Cargill Intl is concerned, Cargill Inc, Cargill Intl, and Proterra Investment Partners ("Proterra") are effectively non-arm's length counterparties to the Cargill Agreement. This is evidenced as follows:

    (a) Cargill Intl is a wholly-owned subsidiary of Cargill Inc, one of the largest privately-owned U.S. corporations;[15]

    (b) As is further particularized below, Cargill Inc has a direct and indirect ownership interest in Proterra Investment Partners.

    (c) As is particularized below, Proterra Investment Partners was at all times material to this action the parent of Tacora.

[15] **Exhibit CX-000007**, Tacora Resources Inc Offering Memorandum (5 May 2021) at 75.

50. On July 19, 2017, Tacora announced that it had closed the acquisition of substantially all of the assets associated with the Scully Mine located in Wabush, Newfoundland and Labrador through the court-supervised *Companies' Creditors Arrangement Act (Canada)* process. The press release noted that Tacora had entered into a five-year iron ore sales agreement with Cargill Intl whereby Cargill Intl would purchase from Tacora 100% of the iron ore concentrate through 2022. Tacora's CEO at the time, Larry Lehtinen, is quoted in the press release as stating (emphasis added):

> *We are grateful for the support Tacora has received from a wide array of stakeholders in the Scully Mine including:* ***our financial partners at Proterra Investment Partners****; the leadership and staff of the Government of Newfoundland and Labrador; the leadership at the USW;* ***and our valued customer Cargill****".*[16]

51. Tacora was a special purpose vehicle created by MagGlobal LLC and incorporated under the laws of British Columbia for the purposes of consummating the Asset Purchase Agreement following CCAA proceedings in relation to the Wabush mine predecessors.[17] At the time, MagGlobal LLC had a commitment for an equity subscription from funds controlled by Proterra, who would fully fund the purchase price and working capital.[18] The funds controlled by Proterra were Black River Capital Partners Fund (Metals and Mining A) LP and Black River Capital Partners Fund (Metals and Mining B) LP.[19] As is further discussed below, these funds had been Cargill Inc controlled.

52. By July 2017, Proterra owned at least 68.6% of Tacora. According to a government briefing note prepared for the Premier and Minister of Natural Resources of Newfoundland and Labrador dated January 18, 2018, Tacora met with Premier Dwight Ball and Minister Siobhan Coady on January 23, 2018 to seek certainty in permitting timelines, owing to their potential impacts on financing. The briefing indicated that on July 13, 2017, the Minister accepted a rehabilitation and closure plan for the Wabush Scully Mine Project with an associated financial assurance of $36.76 million by way of a cash deposit, with assurance to be increased to $41.74 million prior to starting operations. The briefing note

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[16] **Exhibit CX-000008**, Tacora Resources Inc, Press Release, "Tacora Resources Inc. Announces the Purchase of the Scully Mine, an Agreement with the USW on a New Collective Bargaining Agreement and the Execution of a Long Term Offtake Agreement with Cargill" (19 July 2017).

[17] **Exhibit CX-000009**, Affidavit of Larry Lehtinen, sworn 19 June 2017 at para 4.

[18] *Ibid* at para 5.

[19] *Ibid*.

indicated that Tacora was "controlled by Proterra (68.6%) a private investment firm, via Proterra's US$42 million equity investment in Tacora's purchase of Wabush Mines.[20] This statement was again stated in a Decision/Direction Note provided to the Minister of Natural Resources dated October 18, 2018.[21] 1128349 states that it intends to confirm this highly reliable hearsay evidence through document requests and/or discovery.

53. The Meeting Note went on to state that Tacora had entered into a five year offtake agreement with Cargill Intl:

> *Tacora has entered into a long term (five-year) offtake agreement with Cargill, an international metals supply chain company, for 100 percent of its concentrate product. Iron ore concentrate will be sold as feed for sinter plants and pelletizing plants.*[22]

54. Cargill Inc had an interest in Proterra at this time. Indeed, Proterra is a product of the spinoff of a wholly owned Cargill Inc subsidiary, in which Cargill Inc retained an interest. As reported in an article published by Reuters dated January 25, 2016, Cargill had spun off its subsidiary Black River Asset Management LLC. Proterra was one of the emerging entities from Black River after Cargill Inc announced the Black River breakup. The article stated that Proterra would be "employee owned", and quoted Proterra as saying that "it would retain all of its fund commitments and limited partners**, including Cargill**" (emphasis added).[23] 1128349 states it will be seeking confirmation of Proterra's hearsay admission in relation to Cargill's ownership interest in it via document requests and discovery.

55. The Reuters article quoted Ned Dau as Proterra's Chief Marketing Officer and Head of Investor Relations. Ned Dau's LinkedIn profile indicates that he had worked with Black River Asset Management, a division of Cargill, serving as Managing Director, Head of PE Marketing and Investor Relations.[24]

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[20] **Exhibit CX-000010**, Access to Information Request Response from Government of Newfoundland and Labrador Department of Natural Resources (4 April 2018) at 5 of 7.

[21] **Exhibit CX-000011**, Access to Information Request Response from Government of Newfoundland and Labrador Department of Natural Resources (15 October 2019) at 3-4 of 16.

[22] *Ibid* at 3 of 16.

[23] **Exhibit CX-000012**, Karl Plume "Cargill subsidiary Black River spins off private equity firm", *Reuters* (25 January 2016).

[24] **Exhibit CX-000013**, LinkedIn Profile of Ned Dau (30 July 2023).

56. In an article published by Bloomberg News on January 25, 2016, Proterra was stated to be previously part of Cargill's Black River Asset Management subsidiary – it stated Proterra managed more than $2.1 billion of committed capital and that Cargill Inc would "continue to be an investor, Proterra said …".[25]

57. In a press release issued by Tacora on November 27, 2018, nearly a year pre-production and before any Royalties were payable, Tacora admitted that Cargill Inc/Cargill Intl and Proterra were Tacora's "long term strategic equity investors".[26] Furthermore, Tacora admitted that Cargill Inc's equity investment in Tacora resulted in an extension on the offtake agreement between the parties:

> *As part of the financing Cargill has made an equity investment and extended its long-term offtake agreement. Lee Kirk, Managing Director of Cargill's Metals business commented, "By extending this agreement through 2033, Cargill is better positioned to provide our customers around the world with greater access to high quality iron ore. This investment is closely aligned with our strategic ambitions. As committed partners to the ferrous industry, we will continue to access our future investments and partnership opportunities that capture long-term value for our customers."*[27]

58. In Tacora's Consolidated Financial Statements for the year ended December 31, 2019, Tacora admitted that "the controlling and ultimate parent of Tacora is Proterra M&M MGCA B.V.".[28] Tacora repeated this admission in its Consolidated Financial Statements for the years ended December 31, 2021 and 2020.[29]

59. For its part, Proterra Investment Partners admits via its "About" page on its website, https://www.proterrapartners.com/, that:

    (a) Proterra launched as a standalone investment advisor and private equity fund manager for the Black River Asset Management private equity funds ("the Funds");

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[25] **Exhibit CX-000014**, Shruti Date Singh "Former Cargill private equity firm spun off, renamed Proterra", *Bloomberg News* (25 January 2016).

[26] **Exhibit CX-000015**, Tacora Resources Inc, News Release, "Tacora Resources Inc. Announces Completion of Scully Mine Restart Financing" (27 November 2018).

[27] *Ibid.*

[28] **Exhibit CX-000004**, *supra* note 7 at Note 1 – Corporate Information.

[29] **Exhibit CX-000016**, Tacora Resources Inc Consolidated Financial Statements for the years ended December 31, 2021 and 2020 (31 December 2021) at 8, Note 1 – Corporate Information.

(b) The Funds spun out from Black River Asset Management, a wholly-owned subsidiary of Cargill Inc; and,

(c) Proterra's investment strategies are influenced "by the senior leadership team's longstanding tenure with Cargill".[30]

60. In a press release dated October 15, 2021, Proterra Investment Partners announced that David Dines would be joining them as a Strategic Advisor. Mr. Dines had previously worked for Cargill Inc for many years, culminating as Cargill Inc's Chief Financial Officer.[31]

61. In a Presentation to Bondholders dated March 3, 2023, Tacora admitted that Proterra Investment Partners owned 77.9% of Tacora's common equity. Proterra Investment Partners' 77.9% common equity stake[32] consisted of its consolidated ownership of Proterra M&M MGCA B.V. (70.3%) and Proterra M&M Co-Invest (7.5%) ("the Funds"), with the Funds holding Tacora's corporate shares.[33] Proterra Investment Partners' stake, through the Funds, was 57.6% on a diluted basis once Cargill Intl's and Cargill Inc's respective diluted shareholdings were taken into account, which does not take into account the additional common equity entitlements Cargill Intl would be entitled to if they exercised their penny warrants or additional equity held by Cargill Inc/Cargill Intl by way of investment in the private Proterra funds.[34]

(A2)Equity: Cargill Inc has Direct Equity Ownership in Tacora

62. In an Investor Presentation dated May 2021, Tacora admitted that its "equity investors include **Proterra**, Orion, **Cargill**, Tschudi Group and Mag Global" (emphasis added).[35] It further indicated that Proterra held 76% of Tacora's diluted ownership.[36]

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[30] **Exhibit CX-000017**, "About" (retrieved 4 July 2023), online, *Proterra Investment Partners*.

[31] **Exhibit CX-000018**, Proterra Investment Partners, News Release, "Recently retired Cargill CFO David Dines Joins Proterra Investment Partners" (15 October 2021).

[32] Proterra Investment Partners is a corporate entity that manages two of the subject funds: Proterra M&M MGCA B.V. and Proterra M%M Co-Invest LLC. Those funds are vehicles for private investments, including by Cargill Inc/Cargill Intl. See further **Exhibit CX-00019** at 28 note 3.

[33] **Exhibit CX-000019**, Tacora Resources Inc Presentation to Bondholders (3 March 2023) at 28.

[34] *Ibid*.

[35] **Exhibit CX-000020**, Tacora Resources Inc Investor Presentation (1 May 2021) at 15. This statement was repeated in an Investor Presentation dated February 1, 2022: see **Exhibit CX-000021**, Tacora Resources Inc Investor Presentation (1 February 2022) at 8.

[36] **Exhibit CX-000020**, *supra* note 34 at 8.

63. In a Tacora Offering Memorandum dated May 5, 2021, Tacora admitted Cargill Inc's significant shareholding in it, along with Cargill Inc's ownership interest in Proterra M&M MGCA B.V., which it characterized as "Tacora's controlling shareholder":

> *TRANSACTIONS WITH DIRECT AND INDIRECT SHAREHOLDERS*
>
> ***Cargill, Inc., the parent entity of Cargill International Trading Pte Ltd. ("Cargill"), has an indirect interest in approximately 10% of the voting stock of Tacora through its direct and indirect interest in Proterra M&M MGCA B.V., which is Tacora's controlling shareholder.*** *Phil Mulvihill, a member of Tacora's Board of Directors, is an employee of Cargill.*
>
> *Cargill is party to the Cargill Offtake Agreement and related Stockpile Agreement, see "Business – Material Agreements—Cargill Offtake Agreement" pursuant to which Tacora has agreed to sell all of the iron ore it produces at the Scully Mine to Cargill. Cargill may extend the Cargill Offtake Agreement through the life of the Scully Mine through extension rights… (emphasis added)*[37]

64. On November 21, 2022, Tacora published a Material Change Report indicating that on November 10, 2022, Cargill Inc made a $15 million preferred equity subscription into Tacora, through which Cargill Inc gained even more control over Tacora, including another director nomination, shareholder consent, and participation in connection with specified liquidity events:

> *On November 10, 2022, the Company completed a non-brokered private placement of 15,000,000 Preferred Shares at a price of US$1.00 per Preferred Share for aggregate proceeds of US$15,000,000 less transaction costs and expenses in accordance with the terms and conditions of a subscription agreement entered into between the Company and Cargill, Incorporated (collectively, the "Preferred Equity Subscription").*
>
> *In connection with the Preferred Equity Subscription, the Company, among other things, (i) amended its constating documents to create and authorize for issuance, the Preferred Shares and (ii) entered into an amended and restated shareholders agreement with existing holders of common shares of the Company and Cargill, Incorporated to provide for certain rights and restrictions in respect*

[37] **Exhibit CX-000007**, *supra* note 15 at 75.

> *of director nomination, shareholder consent, and participation in connection with specified liquidity events.*[38]

65. Tacora characterized Cargill Inc's $15 million preferred equity subscription in the following terms in its Annual Report for years ended 2021 and 2022 dated June 1, 2023 (the "Tacora Report"):

> *On November 10, 2022, the Company entered into a Subscription Agreement ("Agreement") with Cargill. Under the Agreement the Company issued 15,000,000 non-voting, Series C Preferred Shares ("Preferred Shares") to Cargill in exchange for $15 million cash consideration.*
>
> *The Agreement includes a number of embedded features including put, call, optional conversions, and down-round features. The agreement includes the option for Cargill to convert the Preferred Shares into Common Shares at any point throughout the life of the agreement. Additionally, the Agreement includes an automatic conversion in which the Preferred Shares automatically convert to Common Shares upon the closing of a liquidity event which is defined as either an IPO or the sale of the majority of the voting or equity securities in the Company.*
>
> *The Agreement includes a number of redemption rights held by the Company including the option to redeem the Preferred Shares, at any point, at the liquidation preference which is defined as the initial issuance price of $1 per share which increase at a rate of 15% per year. To the extent that the Company has not redeemed the Preferred Shares and the holder has not converted the Preferred Shares, all outstanding Preferred Shares shall be mandatorily redeemed five years from the agreement close date at an amount equal to 1.5 times the liquidation preference.*
>
> *A down-round feature included in the Agreement outlines that the conversion price, which is defined as $1 per share, shall be reduced in the event that the Company issues or sells any Common Shares at a price lower than the conversion price.*[39]

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[38] **Exhibit CX-000022**, Tacora Resources Inc Material Change Report (21 November 2022).

[39] **Exhibit CX-000023**, Tacora Resources Inc Consolidate Financial Statements for the years ended December 31, 2022 and 2021 (1 June 2023) at Note 25 – Preferred Shares (Page 148 of PDF Volume 2 Book of Exhibits)

66. Tacora has admitted that Cargill, presumably referring to Cargill Inc given their reference to the $15 million preferred share investment, was a "related party" to Tacora as of December 31, 2022.[40]

67. On May 15, 2023, Tacora announced by way of press release the results of a consent solicitation which provided that Cargill Intl and Cargill Inc would be included as Permitted Holders under the indenture relating to the 2026 Secured Priority Notes. In connection with this, Tacora issued additional penny warrants to "certain members of the Ad Hoc Bondholder Group which in aggregate are exercisable to approximately 31.6% of the voting common shares of Tacora on a fully diluted basis".[41] The Plaintiff states it will be seeking particulars as to Cargill Inc's, Cargill Intl's, or Proterra's status as noteholder under the 2026 Secured Priority Notes and any penny warrants held thereby through document requests and/or discovery.

(B1)Financing: Cargill Intl Fixed Price Side Letter Connotes Non-Arm's Length Dealings

68. On September 14, 2021, Tacora and Cargill Intl executed a Fixed Price Side Letter, with its stated purpose being for Cargill Intl to provide Tacora insulation from anticipated iron ore market price movements.[42]

69. The Fixed Price Side Letter modified the terms of the Cargill Agreement, which itself connotes non-arm's length dealings. Its stated purpose was to provide Tacora with market insulation by way of a prepayment and hedging scheme. It also fixed the price for certain quantities of Iron Ore Products at [redacted] thereby providing price certainty to Cargill Intl.

(B2) Financing: Cargill Intl Advance Payments Facility Agreement and Related Amendments Connote Non-Arm's Length Dealings

70. The Tacora Report states that on January 3, 2023, Tacora entered into an Advance Payments Facility Agreement (the "APFA") with Cargill Intl.[43] As stated in the Annual Report:

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[40] *Ibid* at "Related Party Transactions" (Page 167 of PDF Volume 2, Book of Exhibits)

[41] **Exhibit CX-000024**, Tacora Resources Inc, News Release, "Tacora Announces Results of Consent Solicitation and Issuance of 9.00% Cash / 4.00% PIK Senior Secured Priority Notes Due 2023" (15 May 2023).

[42] **Exhibit CX-000025**, Offtake Contract: Fixed Price Side Letter (14 September 2021).

[43] **Exhibit CX-000023**, *supra* note 39.

> *The purpose of the agreement is to provide the Company with up to $35 million in advance payment in exchange for future deliveries of iron ore to Cargill. The agreement includes an offsetting $15 million floor price premium to be advanced from the Company to Cargill as consideration for guaranteeing a floor price on iron ore; resulting in a net potential advance payment of $20 million.*
>
> *…*
>
> *The advanced payment agreement also includes penny warrants issued to Cargill as additional consideration. The warrants are exercisable into Common Shares, representing a non-dilutive 10% equity ownership in the Company on a fully-diluted basis and immediately exercisable for a two-year period and expiring on January 5, 2025.* [44]

71. The Tacora Report continued that on January 10, 2023, Tacora received a net $10 million of the advance payment from Cargill Intl, which it referred to as the "initial advance". On February 24, 2023, the Company received an additional $5 million under the APFA, which it referred to as the "subsequent advance". [45]

72. The Tacora Report continued that on April 29, 2023, Tacora entered into an Advance Payment Facility Agreement Amendment, which *inter alia*, extended the termination date for the repayment of all outstanding advances made by Cargill Intl under the APFA. In exchange, Tacora issued to Cargill Intl penny warrants exercisable for up to 25% of the common shares in Tacora on a fully diluted basis.[46] This is further confirmed by Tacora by way of a Material Change Report dated April 29, 2023.[47]

73. The Tacora Report continued that on May 11, 2023, Tacora issued further penny warrants exercisable for a two-year period into voting common shares to "certain of the Senior Priority Noteholders which in aggregate are exercisable for approximately 31.6% of the voting common shares of Tacora on a fully diluted basis".[48] 1128349 intends to determine by way of document requests or discovery who these Priority Noteholders are as it would appear to include Cargill Inc, Cargill Intl, Proterra, or any combination thereof.

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[44] *Ibid* at Note 26, Subsequent Events (Page 149 of PDF Volume 2 Book of Exhibits).

[45] *Ibid*.

[46] *Ibid* at Notes to the Consolidated Financial Statements (Page 150 of PDF Volume 2 Book of Exhibits).

[47] **Exhibit CX-000026**, Tacora Resources Inc Material Change Report (29 April 2023).

[48] **Exhibit CX-000023**, *supra* note 39 at Notes to the Consolidated Financial Statements (page 150 of PDF Volume 2, Book of Exhibits).

74. The Tacora Report continued that on May 29, 2023, Tacora entered into an "Amended and Restated Advance Payments Facility" with Cargill Intl. This was to "provide for a $25 million senior hedging facility to be made available by Cargill that allows for the Tacora to incur certain margin amounts owing by Cargill under the Offtake Agreement to be deemed as advances by Cargill" in favor of Tacora.[49]

75. According to a Conference Call Presentation relating to the 1st quarter of 2023, Tacora admitted that on June 27, 2023, it had entered into a further Amended and Restated Payment Facility Agreement as amended by Amendment No. 1, which allowed for additional prepayment advances in Cargill Intl's sole discretion.[50]

(C) Governance: Cargill Inc has always had Direct and Indirect Control through Tacora Governance Structure

76. Governance of Tacora at all relevant times also reflected Tacora's non-arm's length relationship with Cargill Inc, Cargill Intl, Proterra, or any combination thereof. These non-arm's length parties exercised de facto control of Tacora through Tacora's Board of Directors. This is evidenced by:

(a) As of September 30, 2019, Tacora's Board of Directors consisted of the following individuals:[51]

(i) Torben Thorsden, who was appointed by Proterra;[52]

(ii) Nick Carter, who was appointed by Proterra;[53]

(iii) Phil Mulvihill, who was appointed by Proterra;[54]

(A) Phil Mulvihill is the Partnerships and Investment Lead at Cargill Metals and had been Cargill Inc's Projects and Investments Lead in Asia from October 2010 to June 2015;[55]

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[49] *Ibid.*

[50] **Exhibit CX-000027**, Tacora Resources Inc Conference Call Presentation 1st Quarter 2023 (1 July 2023) at 12.

[51] **Exhibit CX-000028**, Tacora Resources Inc Board of Directors as at September 2019 (30 September 2019).

[52] **Exhibit CX-000007**, *supra* note 14 at 74.

[53] *Ibid*.

[54] *Ibid*.

[55] **Exhibit CX-000029**, LinkedIn Profile of Phil Mulvihill (17 May 2023).

(B) Since 2019, Phil Mulvihill has been Cargill Inc's "Partnerships & Investments Lead" while also simultaneously serving as a Tacora Director;[56]

(C) Phil Mulvihill is a Director at Proterra M&M M.G.C.A.B.V;[57]

(iv) Rupert Sam Byrd, who was appointed by Proterra[58] and is also on Proterra M&M M.G.C.A.B.V.'s Board of Directors;[59]

(v) Larry Lehtinen;

(vi) David James Durrett, who was appointed by Proterra;[60] and,

(vii) James Warren, who was appointed by Proterra[61] and is also on Proterra M&M M.G.C.A.B.V.'s Board of Directors[62];

(b) As of September 30, 2020, the Tacora Board of Directors remained the same, excepting the addition of Thierry Martel;

(c) As of September 30, 2021, the Tacora Board of Directors was the same as that of September 30, 2019;

(d) As of September 30, 2022, by which time Tacora had admitted Cargill Inc and Cargill Intl were non-arm's length based upon May 5, 2021, Offering Memorandum, the Board of Directors consisted of the same individuals as existed on September 30, 2019, with the addition of the following individuals, leaving the Cargill and Proterra directors in majority position:[63]

(i) Joe Broking, CEO of Tacora;

(ii) Andrew Harn;

(iii) Peter Steiness; and,

(iv) Jacques Perron.

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[56] *Ibid*.

[57] **Exhibit CX-000030**, Company Profile, Proterra M&M MGCA BV (4 July 2023).

[58] **Exhibit CX-000007**, *supra* note 15 at 74.

[59] **Exhibit CX-000030**, *supra* note 57.

[60] **Exhibit CX-000007**, *supra* note 15 at 74.

[61] *Ibid*.

[62] **Exhibit CX-000030**, *supra* note 57.

[63] **Exhibit CX-000031**, Tacora Resources Inc Board of Directors as at September 30, 2022 (30 September 2022).

QUANTIFICATION OF UNDERPAID ROYALTY BASED ON NON-ARM'S LENGTH CARGILL AGREEMENT

77. 1128349 repeats the foregoing and states that it has been underpaid the Royalty by reason of Tacora's failure to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues.

78. 1128349 states that the amount of underpaid Royalty is measured by the difference in the amount of Royalty which should have been calculated and paid to 1128349 on the basis of Non-Arm's Length Net Revenues and the amount of the Royalty actually paid to 1128349 by Tacora commencing October 25, 2019.

79. For the period October, 2019 – July 25, 2023, the Royalty statements issued by Tacora (the Royalty Statements") reflected the amount of Royalty payable to 1128349 to be:

Quarterly Payment Date	Earned Royalties	Withholding Tax
October 25, 2019	1,449,252.60	162,495.00
January 25, 2020	3,840,441.55	162,495.00
April 24, 2020	4,512,080.20	902,801.22
July 24, 2020	6,329,255.12	1,265,851.02
October 20, 2020	7,099,904.74	1,419,980.95
January 20, 2021	12,635,187.49	2,527,037.88
April 20, 2021	12,884,577.98	2,576,915.60
July 20, 2021	18,410,285.47	3,682,057.09
October 20, 2021	844,907.10	168,981.42
January 20, 2022	7,296,659.08	1,459,331.82
April 20, 2022	11,789,584.67	2,357,916.93
July 20, 2022	5,889,939.23	1,177,987.85
October 20, 2022	3,408,429.22	681,685.84
January 20, 2022	7,200,288.89	1,440,057.78
April 28, 2023	8,727,175.84	1,745,435.17
July 24, 2023*	5,865,004.23	1,173,000.85

**The Royalty calculated in this Royalty Statement has not been paid.*

Tacora's admission of $3,727,377.50 (CDN) Royalty underpayment

80. Exhibit CX-000032 is an exchange of emails dated from October 6, 2022 to October 18, 2022 between Sam Morrow, 1128349's Director, and Hope Wilson, Tacora's Chief Accounting Officer.[64]

81. This exchange of emails addressed Mr. Morrow's request that Ms. Wilson calculate the amount of Royalty which would have been paid in the event that Non-Arm's Length Net Revenues were utilized as the base to calculate the Royalty.

82. Ms. Wilson's response included alternative Royalty payments calculated in the spreadsheet comprising part of Exhibit CX-000032. The spreadsheet reflects that, employing Non-Arm's Length Net Revenues as the base for the Royalty calculation, an additional Royalty amount of $2,355,743 (USD) ($3,156,695.62 (CDN)[65]) would have been paid to 1128349 for the time period from the third quarter of 2019 up until the second quarter of 2022.

83. Exhibit CX-000033 is a further exchange of emails on February 6, 2023 between Mr. Morrow and Ms. Wilson.[66] In that exchange of emails, Ms. Wilson annexed a further spreadsheet which documented that, employing the Non-Arm's Length Net Revenues as the base to calculate the Royalty, an additional Royalty amount of $2,781,625 (USD) ($3,727,377.50 (CDN)[67]) would have been paid to 1128349 by Tacora for the period from the third quarter of 2019 up until the fourth quarter of 2022.

Basis for Hope Wilson's calculations

84. In her October 13, 2023 email, Ms. Wilson explained the basis for her alternative Royalty calculations. She stated that "for the Industry Service rate we used Platts 65 less the Platts Freight Rate (China-Brazil) increased by 24% to try to get a freight rate comparable to C3".

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[64] **Exhibit CX-000032**, Email exchange dated from October 6, 2022 to October 18, 2022 between Samuel Morrow and Hope Wilson.

[65] Utilizing an exchange rate of $1.34 US/CDN.

[66] **Exhibit CX-000033**, Emails on February 6, 2023 between Samuel Morrow and Hope Wilson.

[67] Utilizing an exchange rate of $1.34 US/CDN.

85. Ms. Wilson's alternative Royalty calculation method engaged the definition of Non-Arm's Length Revenues, which directs use of "the amount per Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "**Industry Service**")".

86. The "Platts 65" used by Ms. Wilson as the Industry Service rate is understood to be the Platts 65% IODEX price index published by Platts/S&P Global Inc. Platts 65 is a daily assessment of the spot market price of high grade (65%) iron ore fines delivered at the port of Qingdao, China. It is a widely-quoted price index in the international seaborne-traded market.

87. The Cargill Agreement specifies in part that the purchase price for Tacora's Iron Ore Products thereunder is to be calculated by reference to the Platts 62% index. The Platts 62% index is a daily assessment of the spot market price for mid-grade (60% to 63.5%) iron ore fines delivered to Qingdao, China.

88. Tacora's Royalty Statements reflect that the percentage of iron content in Iron Ore Products sold between the third quarter of 2019 until the second quarter of 2023 ranged from a low of 65.29% to a high of 65.89%. The average of these iron content values is 65.56%.

89. The actual average 65.56% grade of Iron Ore Products sold by Tacora to Cargill Intl is higher than both the high grade iron ore fines priced by the Platts 65 index and the mid-grade iron ore fines priced by the Platts 62 index.

90. Both the Cargill Agreement's use of the Platts 62% index and Ms. Wilson's use of the Platts 65% index understate the value of the higher grade Iron Ore Products produced and sold by Tacora.

91. Notwithstanding such understatement, Ms. Wilson's alternative royalty calculations, applying the Non-Arm's Length Revenues definition, were based on market values for seaborne iron ore sold in the international market (the Industry Standard). It follows that she found that Cargill Intl had paid Tacora less than market value for the Iron Ore Products, with a consequential significant negative impact on the Royalty payable to 1128349.

92. Ms. Wilson's October 13, 2022 alternative Royalty calculation explanation indicates further that, in computing the relevant freight rate (for Cape Size carriers from Sept Iles, Quebec to China) she added a premium of 24% to the conventional Brazil-China freight rate. 1128349 understands this to be an attempt to capture the freight from Sept Iles, Quebec to China, a longer distance. 1128349 believes that this approach overlooks the fact that many Cargill Intl shipments of Iron Ore Products were sold and transported to the Middle East and Europe, with lower freight rates than to China.

93. 1128349 states that Ms. Wilson's calculations as aforesaid represent an admission by Tacora that the Royalty for the period from the third quarter of 2019 to the fourth quarter of 2022 would have been at least $3,727,377.50 (CDN) more than was actually paid to 1128349 if the Non-Arm's Length Revenues calculation had been employed.

94. 1128349 expects to produce supplementary evidence as to the calculation of the Royalty on the basis of the non-arm's length Royalty method prescribed under the Wabush Lease.

95. 1123849 repeats the preceding paragraphs hereof and states that Tacora's underpayment of the Royalty by reason of its calculation and payment based on non-arm's length Cargill Agreement revenues is at least $2,781,625 (US) ($3,727,377.50 (CDN)). 1128349 will provide the calculation for the total Royalty underpayment at the hearing of the arbitration.

TACORA'S NON-PAYMENT OF Q2 2023 ROYALTY PAYMENT

96. On the Quarterly Payment Date of July 25, 2023, Earned Royalties of $5,865,004.23 were payable. Net of withholding tax to be remitted to the Government of Newfoundland and Labrador, Tacora was required to pay Royalty to 1128349 in the amount of $4,692,003.38 (CDN) (the "Q2 2023 Royalty Payment"). See Exhibit CX-000034 for Tacora's calculation of and admission as to the amount of the Royalty which was due and payable on July 25, 2023.[68]

97. Tacora failed to make the Q2 2023 Royalty Payment to 1128349 and thereby breached its Royalty payment obligation under the Wabush Lease.

[68] **Exhibit CX-000034**, Letter from Tacora Resources Inc. to 1128349 B.C. Ltd. July 24, 2023.

TACORA'S BREACHES OF THE WABUSH LEASE

98. 1128349 repeats the preceding paragraphs hereof and states that Tacora is in breach of the Wabush Lease

(a) By failing to disclose and admit the Tacora-Cargill Intl non-arm's length relationship, contrary to its duty to honestly and in good faith perform the Cargill Agreement;

(b) by failing to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues, applying clause (j)(ii), and

(c) by failing to make the Q2 2023 Royalty Payment.

99. In consequence of Tacora's breaches of the Wabush Lease as aforesaid, 1128349 has suffered damages, including without limitation:

(a) the amount of Royalty underpayment by reason of Tacora's failure to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues, applying clause (j)(ii), and

(b) the amount of $5,865,004.23 (CDN) being the amount of the unpaid July 25, 2023 Royalty Payment.

100. Clause C(9) of the Wabush Lease provides for arbitration in the event of:

> *… any dispute, question or difference [which] shall arise at any time between the Lessor and the Lessee as to any matter contained in this Indenture or touching or concerning the provisions of this Indenture or the construction, meaning, operation or effect thereof or arising out of or in relation to this Indenture…*

101. 1128349 repeats the preceding paragraphs hereof and seeks the following award, orders and/or relief against Tacora:

(a) a declaration that Tacora is non-arm's length to Cargill;

(b) declarations that the Cargill Agreement is not an arm's length agreement and that revenues under the Cargill Agreement do not constitute Arm's Length Net Revenues;

(c) an order directing Tacora to re-calculate the Royalty based on Non-Arm's Length Net Revenues in accordance with clause (j)(ii);

(d) damages represented by the amount of Royalty underpaid by reason of Tacora's failure to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues in accordance with clause (j)(ii);

(e) damages represented by the unpaid July 25, 2023 Royalty payment in the amount of $5,865,004.23 (CDN);

(f) general and special damages for breach of the Wabush Lease;

(g) interest on the amount of underpaid and/or unpaid Royalty, at commercial rates;

(h) aggravated and/or punitive damages in relation to Tacora's breach of its duty of honest performance;

(i) its costs on a full indemnity basis.

DATED AT St. John's, Newfoundland and Labrador, Canada, this 22nd day of August, A.D. 2023.

Colm St. R. Seviour, K.C. and
G. John Samms
STEWART MCKELVEY
Whose address for service is:
Suite 1100, Cabot Place
100 New Gower Street
St. John's, NL A1C 6K3
Solicitors for the Plaintiff

TO: Douglas B. Skinner and Beth McGrath, K.C.
McInnes Cooper
5th Floor
10 Fort William Place
PO Box 5939
St. John's, NL A1C 5X4
Solicitors for the Defendant

AND Craig C. Garson, K.C.
Garson Law

TO: TD Centre
1791 Barrington Street, Suite 1905
Halifax, NS B3J 3K9
Chair of the Arbitration Panel

EXHIBIT "QQ"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Cassels

November 29, 2023

Via E-Mail

jdietrich@cassels.com
tel: +1 416 860 5223

Stewart McKelvey
Cabot Place
1100 - 100 New Gower Street
St. John's NL
A1C 5V3

Attention: Joe Thorne
Partner
joethorne@stewartmckelvey.com

Dear Sir:

Re: In the Matter of a Plan of Compromise or Arrangement of Tacora Resources Inc. ("Tacora") Court File #CV-23-00707394-00CL

We are counsel to FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor of Tacora (in such capacity the "**Monitor**"). We refer to your letter to the Monitor dated November 16, 2023 (the "**November 16 Letter**")[1] regarding the Wabush Lease.

The November 16 Letter states that the Monitor has previously acknowledged certain matters regarding your client's rights under the Wabush Lease. For the record, we do not recall doing so. However, the Monitor does not take an issue with your client's position that as owner of the mining rights it holds an interest in land.

Separately, you requested certain confirmations regarding the intended treatment of the Royalty due by Tacora to 1128349 during the course of the CCAA proceedings including the next Royalty payment due on January 25, 2024. In this respect, the Monitor understands that it is Tacora's intention to pay post-filing Royalty amounts owing to 1128349 as calculated in accordance with Tacora's past practice. Specifically, the portion of the Royalty payment related

[1] Capitalized terms not otherwise defined herein have the meaning provided to them in the November 16 Letter.

to the period following October 10, 2023 is contemplated to paid in accordance with Tacora's cash flow and DIP financing agreement, and in the ordinary course.

Yours truly,

Cassels Brock & Blackwell LLP

Jane O. Dietrich
Partner

cc: Paul Bishop and Jodi Porepa, FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor of Tacora

Ashley Taylor and Lee Nicolson, Stikeman Elliott LLP, counsel to Tacora

EXHIBIT "RR"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

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Tacora Resources Inc.
102 NE 3rd Street
Suite 120
Grand Rapids, MN 55744
Ph: 218-999-7018
Fax: 218-999-5827

STRICTLY PRIVATE AND CONFIDENTIAL

January 24, 2024

1128349 B.C. Ltd.
400 Burrard Street, Suite 1860
Vancouver, BC V6C 3A6
Canada

Attention: Mr. Michael J. Smith, President & Chief Executive Officer
Mr. Ken Yuen

Re: Tacora Mine, Fourth Quarter Ended December 31, 2023 – Royalty

Dear Michael:

As you may be aware, on October 10, 2023, Tacora Resources Inc. ("**Tacora**") sought and obtained from the Ontario Superior Court of Justice (Commercial List) in Toronto, an initial order ("**Initial Order**") under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") under court file number CV-23-00707394-00CL. FTI Consulting Canada Inc. was appointed as Monitor (the "**Monitor**"). A copy of the Initial Order is available on the Monitor's case website at http://cfcanada.fticonsulting.com/Tacora/.

Please find enclosed the royalty details for the Quarter ended December 31, 2023. However, pursuant to the Initial Order, Tacora is prohibited from making payments of amounts owing in respect of activities performed or earned prior to the filing date. Tacora has calculated a royalty for the quarter ended December 31, 2023 in the amount of Cdn$11,901,792.91. The postfiling amount of Cdn$10,287,336.10 will be paid as required by the Initial order.

Upon making the postfiling royalty payment we will withhold Cdn$2,057,467.22 for remittance to the Minister of Finance, Government of Newfoundland and Labrador for Minerals Rights withholding tax per their instructions.

Provided as an attachment to this letter are the reported values in accordance with section A.3. of the Amendment and Restatement of Consolidation of Mining Leases – 2017 between 1128349 B.C. LTD. (formerly called MFC BANCORP LTD.), and Tacora Resources Inc.

Sincerely,

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Tacora Resources Inc.
102 NE 3rd Street
Suite 120
Grand Rapids, MN 55744
Ph: 218-999-7018
Fax: 218-999-5827

Heng Vuong

Heng Vuong
Executive Vice-President and Chief Financial Officer

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Tacora Resources Inc.
102 NE 3rd Street
Suite 120
Grand Rapids, MN 55744
Ph: 218-999-7018
Fax: 218-999-5827

Table 1- Earned Royalties from Mined Ore

Royalties from Mined Ore from Pit Ore Mined and Products Produced				
Starting Date	Ending Date	Total Tonnage Mined (tonnes)	Iron Ore Products Produced (tonnes)	Ave. %Fe of Iron Ore Products
10/1/2023	12/31/2023	3,019,180	1,010,700	65.35%

Calculation of Earned Royalties									
Starting Date	Ending Date	Gross Value Received ($)	Gross Tonnes Shipped	Deducible Expenses Cap ($)	Deductible Expenses ($)	Net Revenue from Iron Ore Products ($)	Withheld Taxes ($)	Credits or Payments ($)	Earned Royalties ($)
10/1/2023	12/31/2023	$176,576,176.50	1,015,142	$ 3.31	3,360,118.56	$173,216,057.94	$0.00	($223,331.14)	$11,901,792.91

Table 2- Earned Royalties from Tailings, Waste Rock, Spoil and Mine Waste

		Royalties from Tailings, Waste Rock, Spoil and Mine Waste														
		Tailings, Waste Rock, Spoil and Mine Waste Mined				Iron Ore Products from Tailings, Waste Rock, Spoil and Mine Waste					Calculation of Earned Royalties					
Starting Date	Ending Date	Tailings (tonnes)	Waste Rock (tonnes)	Spoil and Mine Waste (tonnes)	Total Tonnage Mined (tonnes)	Tailings (tonnes)	Waste Rock (tonnes)	Spoil and Mine Waste (tonnes)	Total Iron Ore Products Produced (tonnes)	Ave %Fe of Iron Ore Products	Deductible Expenses ($)	Gross Value Received ($)	Withheld Taxes ($)	Credits or Payments ($)	Net Revenue from Iron Ore Products ($)	Earned Royalties ($)
10/1/2023	12/31/2023	-	-	-	-	-	-	-	-	-	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

EXHIBIT "SS"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

STEWART MCKELVEY
LAWYERS • AVOCATS

Cabot Place, 1100 – 100 New Gower Street, P.O. Box 5038
St. John's NL A1C 5V3 Canada tel: 709.722.4270 fax: 709.722.4565 stewartmckelvey.com

File Reference: SM052703-4

Joe Thorne
Direct Dial: 709.570.8850
joethorne@stewartmckelvey.com

February 15, 2024

Via Email (Jodi.Porepa@fticonsulting.com; jdietrich@cassels.com)

FTI Consulting Canada Inc.
Toronto-Dominion Centre, Suite 2010
79 Wellington Street West
Toronto, ON M5K 1G8

Sir/Madame:

Re: Tacora Resources Inc. ("Tacora")
– Proceedings Under the Companies' Creditors Arrangement Act ("CCAA")

As you are aware, we are counsel to 1128349 B.C. Ltd. ("**1128349**").

We write to formally document and quantify 1128349's claims against Tacora as the holder of the royalty (the **"Royalty**") reserved and granted under the Amendment and Restatement of Consolidation of Mining Leases – 2017 (the **"Wabush Lease**"). As you are aware from our prior November 16, 2023 correspondence, the Royalty comprises an interest in the lands demised by the Wabush Lease.

Prior to Tacora obtaining its Initial Order on October 10, 2023, the aggregate Royalty amount of at least CDN$22,737,444.52 was due and payable to 1128349.

This amount is comprised of unpaid quarterly Royalty payments from Q2-Q3 2023, a partially unpaid quarterly Royalty payment for Q4 2023, and underpaid Royalty payments for the period Q1, 2020 – Q3, 2023.

UNPAID Q2 ,Q3, AND PARTIALLY UNPAID Q4 ROYALTY

Addressing first the unpaid quarterly Royalty amounts, these consist of:

(a) unpaid Q2 2023 Royalty, confirmed by Tacora in its July 24, 2023 letter to 1128349 to be in the aggregate amount of CDN$5,865,004.23;

(b) unpaid Q3 2023 Royalty, confirmed by Tacora in its October 24, 2023 letter to 1128349 to be in the aggregate amount of CDN$7,962,729.76; and

(c) partially unpaid Q4 2024 Royalty, confirmed by Tacora in its Jan 24 2024 letter to 1128349 in the aggregate amount of CDN$1,614,456.81.

UNDERPAID ROYALTY Q1 2020 – Q3 2023

As to the Royalty underpayments for the period Q1 2020 – Q3 2023, 1128349's claim is detailed in its Detailed Arbitration Statement of Claim (**"DASOC**") which has been filed in the now stayed *International Commercial Arbitration Act* arbitration. We attach a copy of the DASOC for ease of

reference at **Appendix A**. 1128349 claims in the DASOC that it has been underpaid the Royalty by reason of Tacora's non-arm's length relationship with Cargill International Trading Pte Ltd. and its parent corporation, Cargill Inc. (collectively **"Cargill"**). The Wabush Lease stipulates that this non-arm's length relationship means "Net Revenues", as defined therein, must be calculated by reference to standard industry proxies.

The DASOC cites evidence which in 1128349's submission demonstrates with clarity the historic Tacora-Cargill non-arm's length relationship.

As to the amount of Royalty which has been underpaid by reason of the Tacora-Cargill non-arm's length relationship, we attach as **Exhibit B** the January 4, 2024 opinion of David Persampieri of Charles River Associates. It is Mr. Persampieri's opinion that, had the Royalty been properly calculated on non-arm's length Net Revenues as provided in clause (j)(ii) of the Wabush Lease, additional Royalty payments of CDN$7,295,253.73 would have been owing to 1128349 for the Q1 2020 – Q3 2023 period.

POSITION

In light of Tacora's motion to approve a sale to the Noteholders' group, and Cargill's cross-motion opposing the sale and advancing its own alternative bid, we provide this letter to ensure that 1128349's position is clear at the outset: any transaction that Tacora may pursue must account for payment of 1128349's outstanding pre- and post-filing Royalty amounts, as well as the ongoing nature of the Royalty.

In the event Tacora ultimately pursues a transaction that may not require assignment of the Wabush Lease, 1128349 will contest any approval that does not fully satisfy the outstanding pre- and post-filing payments owing as set out above. 1128349 reserves all rights in relation to post-Q3 2023 royalty miscalculations flowing from the continuing failure to apply the non-arm's length Net Revenues provision of the Wabush Lease.

We would be pleased to discuss our client's position further at your convenience.

Yours truly,

Stewart McKelvey

Joe Thorne
Partner

JJT/sg

c. Ashley Taylor (ataylor@stikeman.com)
Lee Nicholson (leenicholson@stikeman.com)
Counsel for Tacora

IN THE MATTER OF an Indenture entitled "Amendment and Restatement of Consolidation of Mining Leases – 2017" dated November 17, 2017 made by and between 0778539 B.C. Ltd. (formerly called MFC Bancorp Ltd.) as lessor and Tacora Resources Inc. as lessee (the said Indenture being hereinafter referred to as the "Wabush Lease");

AND IN THE MATTER OF disputes, questions, differences and/or issues of agreement arising in respect of the Wabush Lease and in particular under clauses C(4) and (5) of the Wabush Lease;

AND IN THE MATTER OF Procedural Order No. 1;

BETWEEN

1128349 B.C. LTD.

PLAINTIFF

AND

TACORA RESOURCES INC.

DEFENDANT

DETAILED ARBITRATION STATEMENT OF CLAIM

Colm St. R. Seviour, K.C./G. John Samms
STEWART McKELVEY
Suite 1100, Cabot Place
100 New Gower Street
St. John's, NL A1C 6K3
Solicitors for the Plaintiff

Doug Skinner/Beth McGrath K.C.
MCINNES COOPER
10 Fort William Pl., 5th Floor
Baine Johnston Centre
St. John's, NL
A1C 1K4
Solicitors for the Defendant

Table of Contents

THE PARTIES

1. The Plaintiff 1128349 B.C. Ltd. ("1128349") is a British Columbia corporation which is registered extra-provincially in Newfoundland and Labrador, and which has a registered and records office situate at P.O. Box 5038, Suite 1100, 100 New Gower Street, St. John's, Newfoundland and Labrador, A1C 5V3.

2. The Defendant Tacora Resources Inc. ("Tacora") is an Ontario corporation which is registered extra-provincially in Newfoundland and Labrador, and which has a registered and records office situate at P.O. Box 5939, 10 Fort William Place, St. John's, Newfoundland and Labrador, A1C 5X4.

OVERVIEW

The Claim

3. 1128349 leases lands to Tacora under the Wabush Lease[1] so that Tacora can mine them for iron ore, from which it produces Iron Ore Products. Tacora uses the proceeds of sale of Iron Ore Products to pay its rent to 1128349, in the form of the Royalty.

4. The essential commercial agreement between 1128349 and Tacora is that 1128349 is paid the Royalty based upon either Tacora's bona fide arm's length contract of sale with an offtake customer or, where Tacora and the offtake customer are non-arm's length to one another as the case may be at the time of each Royalty transaction (i.e. a quarterly payment), the Royalty is determined by reference to the fair market value of the Iron Ore Products as determined by an industry pricing formula. To the extent Tacora wishes to provide a discount to a non-arm's length offtake customer, it does so at its own peril.

5. At all times material to this action, Tacora's offtake agreement has been with Cargill Intl. At the time of the execution of the Wabush Lease, Tacora represented that Cargill Intl was arm's length from them and 1128349 had no reason to believe otherwise. Indeed, it had no duty to investigate otherwise as it ought to have been able to rely upon Tacora's duty of good faith in contractual relations to disclose whether or not Cargill Intl was non-arm's length in accordance with the terms of the Wabush Lease. 1128349 therefore pleads and relies upon the Supreme Court of Canada's holding in *Bhasin v Hrynew* for the proposition

[1] All capitalized terms have the meanings ascribed to them herein.

that Tacora owed 1128349 a duty to disclose and admit its non-arm's length relationship with Cargill Intl.[2]

6. 1128349 has learned that Cargill Intl, and its parent and sister companies, have since the inception of the Wabush Lease been non-arm's length to Tacora through equity, financing and governance arrangements by virtue of:

   (a) their direct and indirect ownership in Tacora since inception of the Wabush Lease;

   (b) having initially been significant financiers, and more recently the primary financiers of Tacora, and thereby possessing significant levers of control and influence;

   (c) having had direct representation on the board of directors of Tacora since at least 2019; and

   (d) having had significant influence over and a non-arm's length relationship with the private equity firm majority owner of Tacora's common shares.

7. As a result, the essential agreement underpinning the Wabush Lease is compromised. 1128349 is being underpaid secondary to non-arm's length transactions and, as is further particularized below, Tacora admits this to be the case by comparison of revenues incoming via Cargill Intl as against standard industry pricing as prescribed in the Wabush Lease.

8. In addition to the Royalty underpayment, Tacora has now admitted the amount of $5,865,004.23 (CDN) as being the Royalty amount payable on the quarterly payment date of July 25, 2023, but has refused to pay this Royalty payment to 1128349.

9. 1128349 therefore claims against Tacora in the amount of at least **$9,592,381.73 (CDN)** for breach of the Wabush Lease as follows:

   (a) First, 1128349 claims that Tacora is not at arm's length to Cargill Intl or its parent company Cargill Inc. and that Tacora improperly calculated and underpaid the

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[2] **CLA-001,** *Bhasin v Hrynew,* 2014 SCC 71. At paragraph 73, the Court stated:

"*This means simply that parties must not lie or otherwise knowingly mislead each other about matters directly linked to the performance of the contract."*

Furthermore, the Supreme Court of Canada cited Professor McCamus at paragraph 47 for the proposition that there were three broad types of situations in which a duty of good faith performance of some kind had been found to exist even before *Bhasin*; those are all engaged here: (1) where the parties must cooperate in order to achieve the objects of the contract; (2) where one party exercises a discretionary power under the contract; and (3) where one party seeks to evade contractual duties.

Royalty under the Wabush Lease by calculating the Royalty based on revenues under the non-arm's length Cargill Agreement. Tacora's Chief Accounting Officer, Hope Wilson, calculated this underpayment to be the amount of $3,727,377.50 (CDN) for the period between the third quarter of 2019 and the fourth quarter of 2022, although 1128349 believes there to be errors in this calculation.

(b) Secondly, 1128349 claims against Tacora for Tacora's non-payment of the second quarter 2023 Royalty in the amount of $5,865.004.23 (CDN). This amount has been the amount determined by Tacora to be owed to 1128349 as Royalty for the second quarter of 2023.

The Wabush Lease

10. Pursuant to the November 17, 2017 mining lease known and described as the Amendment and Restatement of Consolidation of Mining Leases – 2017 made between 0778539 B.C. Ltd. (formerly a British Columbia corporation called MFC Bancorp Ltd., which on July 18, 2017 was continued as a Marshall Islands corporation[3] as lessor and the Defendant Tacora as lessee (the "Wabush Lease")[4], 0778539 B.C. Ltd. leased those lands adjacent to Long Lake and Little Wabush Lake in the Labrador portion of the province of Newfoundland and Labrador (described and defined in the Wabush Lease as the "Demised Premises") to Tacora until May 20, 2055.

11. 0778539 held its interest as lessor under the Wabush Lease in trust for and on behalf of its affiliated company, the Plaintiff 1128349, as is stated in clause A(11) of the Wabush Lease.

12. On or about July 18, 2017, 0778539 was continued under the laws of the Republic of Marshall Islands, and on or about January 30, 2018, 0778539 changed its corporate name to LTC Pharma (Int) Ltd. ("LTC").[5]

13. By an Indenture of Assignment dated as of March 6, 2018 and made between LTC as assignor and 1128349 as assignee, LTC assigned to 1128349 all the right, title and

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[3] **Exhibit CX-000001**, 0778539 BC Ltd Certificate of Registration of Redomiciliation (18 July 2017).

[4] **Exhibit CX-000002**, Amendment and Restatement of Consolidation of Mining Leases, 2017 (17 November, 2017).

[5] **Exhibit CX-000001**, *supra* note 3.

interest of LTC in and to, amongst other things, the Wabush Lease and the lands, premises, rights and benefits demised thereunder.[6]

14. Tacora acquired and commenced operation of the mine located within the Demised Premises, which is known as the Wabush Mine, in 2017. In June, 2019, Tacora achieved commercial production from the Wabush Mine.[7]

15. The relationship between the Plaintiff 1128349 and the Defendant Tacora is governed by the Wabush Lease.

Wabush Lease Rights and Obligations, and the Royalty

16. The Wabush Lease grants to Tacora the exclusive right to explore, investigate, develop, produce, extract, remove, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore, crude iron-bearing material, including iron ore concentrate and any metal, material or composition produced from iron ore or crude iron-bearing material (together the "Iron Ore Products").

17. The Wabush Lease requires Tacora to pay a royalty (the "Royalty") to 1128349. The Royalty is payable on net revenues on account of Iron Ore Products produced or derived from the Demised Premises. The Royalty so paid is defined in the Wabush Lease as the "Earned Royalties".

18. A minimum Royalty of CDN ($812,475.00) (the "Minimum") is payable each quarter in which there is no Royalty payable on Iron Ore Products net revenues. The Minimum is a credit against later-due Earned Royalties.

19. Currently, 1128349 is the sole owner of the Royalty.

20. The Wabush Lease requires Tacora, *inter alia*:

    (a) to pay the Royalty to 1128349 quarterly, on or before the 25th day of January, April, July and October (the "Quarterly Payment Dates") in each year; and

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[6] **Exhibit CX-000003**, Indenture of Assignment between LTC Pharma (Int) Ltd and 1128349 BC Ltd (6 March, 2018).

[7] **Exhibit CX-000004**, Tacora Resources Inc Consolidated Financial Statements for the year ended December 31, 2019 (31 December, 2019) at Note 1 – Corporate information.

(b) to submit quarterly reports of all tonnages and analyses of Iron Ore Products shipped by Tacora during the immediately preceding calendar quarter, with the practice being that Tacora provides the tonnages of Iron Ore Products shipped from Pointe-Noire on a quarterly basis along with the Royalty calculation for that quarter (the "Quarterly Reports") but not the chemical analyses of the Iron Ore Products shipped.

21. The Wabush Lease provides in a detailed manner the basis upon which the Royalty is to be calculated and paid to the Plaintiff by Tacora.

Royalty Calculation

22. The amount of the Royalty which is required to be paid by Tacora as lessee to 1128349 as lessor is stated in clause A(i) of the Wabush Lease to be

> *…an amount equal to seven per cent (7.0%) of the Net Revenues from Iron Ore Products produced or derived from the Demised Premises. …*

23. "Net Revenues" as referred to in the clause A(j) is the revenue base on which the Royalty must be calculated.

24. The definition of "Net Revenues" under the Wabush Lease distinguishes between sales of Iron Ore Products under an arm's length, *bona fide* contract of sale, and sales of Iron Ore Products in a non-arm's length transaction, as follows:

(a) For arm's length sales of Iron Ore Products, "Net Revenues" is defined under clause (j)(i) as follows:

> *(i) in the event that the Lessee sells Iron Ore Products under an arm's length, bona fide contract of sale, the amount per Metric Tonne (weight determined by vessel draft survey) actually received by or otherwise payable or credited to the account of the Lessee and its affiliates calculated f.o.b. Pointe Noire, Québec or such other applicable port on the St. Lawrence seaway from which such Iron Ore Products is shipped to the Lessee's customers (the "Port"), or in the case of sales ex-mine gate or ex-rail, calculated at the point of actual sale, including, without limitation, all payments, incentives, bonuses, allowances, profit sharing or other consideration received by, credited or payable to the Lessee and/or its affiliates in respect thereof, less: (A) the Deductible Expenses; and (B) any royalties or overriding royalties measured by production of Iron Ore Products that*

> *are imposed on the Lessee under applicable laws by the Province of Newfoundland and are actually paid to such Province by the Lessee in respect of such sale of such Iron Ore Products (it being acknowledged that no such royalties or overriding royalties exist on the date hereof); and*

In this Arbitration Statement of Claim, "Net Revenues" calculated under clause (j)(i) shall be referred to as "Arm's Length Net Revenues".

(b) For non-arm's length sales of Iron Ore Products, "Net Revenues" is defined in clause (j)(ii) as follows:

> *(ii) in the event that the Lessee otherwise sells Iron Ore Products… in a non-arm's length transaction, the amount per Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "Industry Service") or, if such Industry Service is unavailable, then by such other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port.*

In this Arbitration Statement of Claim, "Net Revenues" calculated under clause (j)(ii) shall be referred to as "Non-Arm's Length Net Revenues".

25. 1128349 repeats the preceding paragraphs hereof and states that it was intended by 1128349 and Tacora that the Royalty was to be based on fair market value proceeds for Tacora's sale of Iron Ore Products, whether determined by reference to arm's length transactions or to prices published in the industry for Iron Ore Products of equivalent types and qualities. It was intended that 1128349 should not be underpaid the Royalty by reason of lower revenues from non-arm's length sales of Iron Ore Products.

26. Additionally, in the event of *any* non-arm's length transactions, the objective expectations of 1128349 and Tacora were for the Non-Arm's Length Net Revenues calculation to determine the Royalty. The commercial rationale for the Non-Arm's Length Net Revenues calculation was not solely related to whether or not Tacora actually received arm's length consideration from non-arm's length customers; rather, it was also the acknowledgement of both 1128349 and Tacora that it would have been unreasonable to require 1128349 to

audit Royalty payments to determine whether or not non-arm's length transactions were at arm's length pricing.

ROYALTY IMPROPERLY CALCULATED BY TACORA ON CARGILL AGREEMENT NON-ARM'S LENGTH NET REVENUES

27. Tacora commenced commercial production and sale of Iron Ore Products in the third quarter of 2019. Prior to that quarter, it had paid the Minimum to 1128349.

28. On October 25, 2019, Tacora commenced calculating the Earned Royalties which were payable to 1128349. The October 25, 2019 Royalty payment related to Iron Ore Products produced and sold in the third calendar quarter of 2019.[8]

29. Tacora purports to have calculated and paid the Royalty on the basis of Arm's Length Net Revenues. In particular, the basis for Tacora's calculation of the Royalty has been revenues from the November 9, 2018 Iron Ore Sale and Purchase Contract made between Cargill International Trading Pte Ltd. ("Cargill Intl") and Tacora (the "Cargill Agreement").[9]

30. Tacora had previously advised 1128349 that Tacora and Cargill Intl are at arm's length, that the Cargill Agreement is an arm's length agreement, and that for these reasons it utilizes the Cargill Agreement revenues as Arm's Length Net Revenues in the calculation and payment of the Royalty.

31. 1128349 states and the fact is that Cargill Intl is and was at all times material to this proceeding a non-arm's length party to Tacora by reason of Cargill Inc's common and concurrent control, influence and/or bonds of dependence over both Cargill and Tacora

32. 1128349 states that because Tacora and Cargill Intl/Cargill Inc are non-arm's length to each other, the Cargill Agreement is not an arm's length contract of sale within the meaning of Arm's Length Net Revenues.

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[8] **Exhibit CX-000005**, Royalty Payment from Tacora Resources Ltd to 1128349 BC Ltd for Third Quarter 2019 (25 October 2019).

[9] **Exhibit CX-000006**, Iron Ore Sale and Purchase Contract between Tacora Resources Inc and Cargill International Trading Pte Ltd (9 November, 2018).

33. 1128349 repeats the preceding paragraphs hereof and states that Tacora has improperly calculated the Royalty on the basis of revenues from the Cargill Agreement. Such revenues are not Arm's Length Net Revenues.

34. Under the Wabush Lease, it was and remains Tacora's obligation to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues, which it has failed to do.

Contracting Parties are Non-Arm's Length if they are Related with Bonds of Dependence or Influence

35. The Wabush Lease does not define either "an arm's length, bona fide contract of sale" or a "non-arm's length transaction" as set out in the "Net Revenues" definition at clause A(j). Therefore, the common law understanding of non-arm's length applies.

36. The leading case on the non-arm's length test from a common law perspective is *Re Tremblay,* wherein the Court emphasized the analysis turns on questions as to whether the parties are "related"; whether there is "influence"; whether there are "bonds of dependence; or, "leverage sufficient to diminish or influence the free decision-making of the other":

> *The meaning of "otherwise at arm's length," is, however, elusive. The concept has its source in the Income Tax Act, but the case law, as it relates to bankruptcy is practically non-existent. The doctrine provides that the court has wide discretion to say whether or not persons who are not related were dealing at arm's length when a particular transaction took place. In the absence of a better definition, a transaction at arm's length could be considered to be a transaction between persons between whom there are no bonds of dependence, control or influence, in the sense that neither of the two co-contracting parties has available any moral or psychological leverage sufficient to diminish or possibly influence the free decision-making of the other.*
>
> *Conversely, the transaction is not at arm's length where one of the co-contracting parties is in a situation where he may exercise a control, influence, or moral pressure on the free will of the other. Where one of the co-contracting parties is, by reason of his influence or superiority, in a position to pervert the ordinary rule of supply and demand and force the other to transact for a consideration which is substantially different than adequate,*

> *normal, or fair market value, the transaction in question is not at arm's length.*[10]

37. Black's Law Dictionary invokes similar principles of relatedness as the key determinant of non-arm's length dealings:

> *Arm's length transaction:* ***Said of a transaction negotiated by unrelated parties****, each acting in his or her own self-interest; the basis for a fair market value determination. Commonly applied in areas of taxation when there are dealings between related corporations* e.g. *parent and subsidiary…* ***The standard under which unrelated parties, each acting in his or her own best interest, would carry out a particular transaction.*** [11]
>
> *[emphasis added]*

38. The hallmarks of a non-arm's length relationship are therefore whether:

(a) The contracting parties are related;

(b) There are bonds of dependence or influence; or,

(c) There exists the ability of one party to exercise control, influence or moral pressure on the other party's will.

39. 1128349 states that these factors are met in the circumstances. Based upon reliance documents particularized in more detail below, 1128349 expects the evidence at arbitration to establish that Cargill Intl and Tacora are non-arm's length of one another by virtue of, *inter alia*, the following:

(a) Cargill Intl is Tacora's sole customer,

(b) Tacora would cease to exist but for Cargill Intl;

(c) The Cargill Agreement is not market and is favourable to Cargill Intl;

(d) Cargill Intl frequently prepays for Tacora's product in the interest of keeping the favourable terms of the Cargill Agreement;

(e) Cargill Inc is the parent company of Cargill Intl;

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[10] **CLA-002**, *Gingras, Robitaille, Marcoux Ltee v Beaudry*, 1980 CarswellQue 59 at paras 21-25, 36 CBR (NS) 111 [*Tremblay*, *Re*]; see also **CLA-003,** Bankruptcy and Insolvency Law of Canada, 4th Edition § 1:66 Related Persons

[11] **CLA-004**, Henry Campbell Black, *Black's Law Dictionary* (St Paul, MN: West Publishing Co 1990) sub verbo "arm's length transaction".

(f) Cargill Inc and/or Cargill Intl have had an ownership interest in Tacora which predates commercial production, which has steadily grown over time;

(g) Cargill Inc has direct and indirect ownership interest in Tacora via Cargill Inc's relationship with Proterra Investment Partners (and certain funds thereunder);

(h) Proterra has been Tacora's majority shareholder since at least July 2017, ranging from 68% to 77% of Tacora's Common Shares, ignoring Cargill Inc's and Cargill Intl's effective shareholdings through penny warrants;

(i) Tacora's Board of Directors has been under de facto control by Proterra and Cargill Inc executives since execution of the Cargill Agreement;

(j) Cargill Inc has always had a Tacora board seat by virtue of Phil Mulvihill's appointment, who is Cargill Inc's "Partnerships and Investments Lead". Mr. Mulvihill also sits on Proterra's Board of Directors;

(k) Cargill Inc invested an additional $15,000,000 (US) in preferred shares of Tacora in Q4 2022;

(l) Cargill Intl invested $35,000,000 (US) under a January 2023 advance payments facility agreement, which agreement and amendments thereto bound Tacora by numerous management conditions;

(m) Cargill Intl holds significant penny warrants for at least 25% of the common shares of Tacora;

(n) Other facts as they may appear.

40. There exists substantial reliable documentary evidence to support the Cargill Intl. – Tacora non-arm's length relationship. The documents include both admissions and reliable third-party documents.

41. As to the admissibility of 1128349's reliance documents, 1128349 references first the Panel's authority under section 11 of Procedural Order No. 1, which states:

> *11. Tribunal to determine evidence: The Tribunal shall have the power to determine the admissibility, relevance, materiality and weight of any evidence adduced by the Parties.*

42. This authority is fortified by Article 19 of the Model Law at Schedule B of the *International Commercial Arbitration Act,* RSNL 1990, c I-15, which provides:

> *Article 19. Determination of rules of procedure*
>
> *(2)…The power conferred upon the arbitral tribunal includes the power to determine the admissibility, relevance, materiality and weight of any evidence.*

43. 1128349 states that it will be relying upon reliable and highly probative hearsay evidence in addition to considerable Tacora admissions in the arbitration, including admissions against interest.

44. The rule of hearsay typically does not apply strictly to proceedings before administrative tribunals, which are often authorized to receive and act upon evidence that is "credible or trustworthy in the circumstances", whether or not it would be admissible in proceedings before a court.[12]

45. Generally, an arbitration panel has the discretion to accept reliable hearsay evidence, particularly hearsay evidence of good quality. The principle was stated as follows by Smith J.A. for the British Columbia Court of Appeal in *British Columbia (Securities Commission) v Alexander:*

> *In general, hearsay evidence that is relevant or logically probative to a material fact in issue (i.e. that demonstrates a connection between the evidence and a fact in issue) is admissible before administrative tribunals "where it can be fairly regarded as reliable"...*[13]

46. The principle has been further affirmed:

> *…However, in some of their statements, though not perhaps in their decisions, arbitrators have at times been overly cautious… The courts themselves have relied on hearsay for critical issues, even in serious criminal cases, but the hearsay evidence in the circumstances of the case was viewed as trustworthy and cogent. There is no reason why arbitrators should not do likewise in appropriate cases.*
>
> *…Furthermore, it is reviewable error to reject evidence out of hand simply because it is hearsay without considering whether it is reliable.*[14]

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[12] **CLA-005**, Halsbury's Laws of Canada (online), *Evidence*, "Hearsay: Introduction: Relaxation of the Rule Against Hearsay" (IV.1.(3)) at HEV-85 "Relaxation of the rule in other proceedings" (2022 Reissue).

[13] **CLA-006,** *British Columbia (Securities Commission) v Alexander,* 2013 BCCA 111 at para 63.

[14] **CLA-007**, Morley R Gorsky et al, *Evidence and Procedure in Canadian Labour Arbitration* (Toronto: Thomson Reuters) (loose leaf updated 2023, release 3) at §11:14 "Hearsay in Arbitration".

DETAILED FACTUAL ASSERTIONS: TACORA AND CARGILL INTL HAVE BEEN NON-ARM'S LENGTH SINCE WABUSH LEASE INCEPTION

47. 1128349 states that, while unknown to 1128349 at the time of execution of the Wabush Lease, the fact is that Cargill Intl and Tacora have at all material times to this action been non-arm's length to one another. While by 2021 this had become abundantly clear based upon Tacora admissions, close inspection of complex arrangements as between Cargill Inc, Cargill Intl, Proterra Investment Partners, and Tacora indicate that Tacora and Cargill Intl have been non-arm's length to one another from the inception of the Cargill Agreement.

48. The detailed evidence which supports 1128349's assertions of non-arm's length dealings relates to three categories of relatedness:

(A) Equity: Various equity holdings by Cargill Intl together with parent and sister companies in Tacora;

(B) Financing: Various financing arrangements whereby Cargill Intl together with parent and sister companies may obtain even more equity, in addition to control and influence;

(C) Governance: Cargill Intl together with parent and sister companies have always had majority control of Tacora's Board of Directors.

(A1) Equity: Cargill Inc is Simultaneously 100% Owner of Cargill Intl and Indirect Owner of Tacora

49. Insofar as the Cargill Agreement between Tacora and Cargill Intl is concerned, Cargill Inc, Cargill Intl, and Proterra Investment Partners ("Proterra") are effectively non-arm's length counterparties to the Cargill Agreement. This is evidenced as follows:

(a) Cargill Intl is a wholly-owned subsidiary of Cargill Inc, one of the largest privately-owned U.S. corporations;[15]

(b) As is further particularized below, Cargill Inc has a direct and indirect ownership interest in Proterra Investment Partners.

(c) As is particularized below, Proterra Investment Partners was at all times material to this action the parent of Tacora.

[15] **Exhibit CX-000007**, Tacora Resources Inc Offering Memorandum (5 May 2021) at 75.

50. On July 19, 2017, Tacora announced that it had closed the acquisition of substantially all of the assets associated with the Scully Mine located in Wabush, Newfoundland and Labrador through the court-supervised *Companies' Creditors Arrangement Act (Canada)* process. The press release noted that Tacora had entered into a five-year iron ore sales agreement with Cargill Intl whereby Cargill Intl would purchase from Tacora 100% of the iron ore concentrate through 2022. Tacora's CEO at the time, Larry Lehtinen, is quoted in the press release as stating (emphasis added):

> *We are grateful for the support Tacora has received from a wide array of stakeholders in the Scully Mine including:* ***our financial partners at Proterra Investment Partners****; the leadership and staff of the Government of Newfoundland and Labrador; the leadership at the USW;* ***and our valued customer Cargill****".*[16]

51. Tacora was a special purpose vehicle created by MagGlobal LLC and incorporated under the laws of British Columbia for the purposes of consummating the Asset Purchase Agreement following CCAA proceedings in relation to the Wabush mine predecessors.[17] At the time, MagGlobal LLC had a commitment for an equity subscription from funds controlled by Proterra, who would fully fund the purchase price and working capital.[18] The funds controlled by Proterra were Black River Capital Partners Fund (Metals and Mining A) LP and Black River Capital Partners Fund (Metals and Mining B) LP.[19] As is further discussed below, these funds had been Cargill Inc controlled.

52. By July 2017, Proterra owned at least 68.6% of Tacora. According to a government briefing note prepared for the Premier and Minister of Natural Resources of Newfoundland and Labrador dated January 18, 2018, Tacora met with Premier Dwight Ball and Minister Siobhan Coady on January 23, 2018 to seek certainty in permitting timelines, owing to their potential impacts on financing. The briefing indicated that on July 13, 2017, the Minister accepted a rehabilitation and closure plan for the Wabush Scully Mine Project with an associated financial assurance of $36.76 million by way of a cash deposit, with assurance to be increased to $41.74 million prior to starting operations. The briefing note

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[16] **Exhibit CX-000008**, Tacora Resources Inc, Press Release, "Tacora Resources Inc. Announces the Purchase of the Scully Mine, an Agreement with the USW on a New Collective Bargaining Agreement and the Execution of a Long Term Offtake Agreement with Cargill" (19 July 2017).

[17] **Exhibit CX-000009**, Affidavit of Larry Lehtinen, sworn 19 June 2017 at para 4.

[18] *Ibid* at para 5.

[19] *Ibid*.

indicated that Tacora was "controlled by Proterra (68.6%) a private investment firm, via Proterra's US$42 million equity investment in Tacora's purchase of Wabush Mines.[20] This statement was again stated in a Decision/Direction Note provided to the Minister of Natural Resources dated October 18, 2018.[21] 1128349 states that it intends to confirm this highly reliable hearsay evidence through document requests and/or discovery.

53. The Meeting Note went on to state that Tacora had entered into a five year offtake agreement with Cargill Intl:

> *Tacora has entered into a long term (five-year) offtake agreement with Cargill, an international metals supply chain company, for 100 percent of its concentrate product. Iron ore concentrate will be sold as feed for sinter plants and pelletizing plants.*[22]

54. Cargill Inc had an interest in Proterra at this time. Indeed, Proterra is a product of the spinoff of a wholly owned Cargill Inc subsidiary, in which Cargill Inc retained an interest. As reported in an article published by Reuters dated January 25, 2016, Cargill had spun off its subsidiary Black River Asset Management LLC. Proterra was one of the emerging entities from Black River after Cargill Inc announced the Black River breakup. The article stated that Proterra would be "employee owned", and quoted Proterra as saying that "it would retain all of its fund commitments and limited partners**, including Cargill**" (emphasis added).[23] 1128349 states it will be seeking confirmation of Proterra's hearsay admission in relation to Cargill's ownership interest in it via document requests and discovery.

55. The Reuters article quoted Ned Dau as Proterra's Chief Marketing Officer and Head of Investor Relations. Ned Dau's LinkedIn profile indicates that he had worked with Black River Asset Management, a division of Cargill, serving as Managing Director, Head of PE Marketing and Investor Relations.[24]

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[20] **Exhibit CX-000010**, Access to Information Request Response from Government of Newfoundland and Labrador Department of Natural Resources (4 April 2018) at 5 of 7.

[21] **Exhibit CX-000011**, Access to Information Request Response from Government of Newfoundland and Labrador Department of Natural Resources (15 October 2019) at 3-4 of 16.

[22] *Ibid* at 3 of 16.

[23] **Exhibit CX-000012**, Karl Plume "Cargill subsidiary Black River spins off private equity firm", *Reuters* (25 January 2016).

[24] **Exhibit CX-000013**, LinkedIn Profile of Ned Dau (30 July 2023).

56. In an article published by Bloomberg News on January 25, 2016, Proterra was stated to be previously part of Cargill's Black River Asset Management subsidiary – it stated Proterra managed more than $2.1 billion of committed capital and that Cargill Inc would "continue to be an investor, Proterra said …".[25]

57. In a press release issued by Tacora on November 27, 2018, nearly a year pre-production and before any Royalties were payable, Tacora admitted that Cargill Inc/Cargill Intl and Proterra were Tacora's "long term strategic equity investors".[26] Furthermore, Tacora admitted that Cargill Inc's equity investment in Tacora resulted in an extension on the offtake agreement between the parties:

> *As part of the financing Cargill has made an equity investment and extended its long-term offtake agreement. Lee Kirk, Managing Director of Cargill's Metals business commented, "By extending this agreement through 2033, Cargill is better positioned to provide our customers around the world with greater access to high quality iron ore. This investment is closely aligned with our strategic ambitions. As committed partners to the ferrous industry, we will continue to access our future investments and partnership opportunities that capture long-term value for our customers."*[27]

58. In Tacora's Consolidated Financial Statements for the year ended December 31, 2019, Tacora admitted that "the controlling and ultimate parent of Tacora is Proterra M&M MGCA B.V.".[28] Tacora repeated this admission in its Consolidated Financial Statements for the years ended December 31, 2021 and 2020.[29]

59. For its part, Proterra Investment Partners admits via its "About" page on its website, https://www.proterrapartners.com/, that:

    (a) Proterra launched as a standalone investment advisor and private equity fund manager for the Black River Asset Management private equity funds ("the Funds");

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[25] **Exhibit CX-000014**, Shruti Date Singh "Former Cargill private equity firm spun off, renamed Proterra", *Bloomberg News* (25 January 2016).

[26] **Exhibit CX-000015**, Tacora Resources Inc, News Release, "Tacora Resources Inc. Announces Completion of Scully Mine Restart Financing" (27 November 2018).

[27] *Ibid.*

[28] **Exhibit CX-000004**, *supra* note 7 at Note 1 – Corporate Information.

[29] **Exhibit CX-000016**, Tacora Resources Inc Consolidated Financial Statements for the years ended December 31, 2021 and 2020 (31 December 2021) at 8, Note 1 – Corporate Information.

(b) The Funds spun out from Black River Asset Management, a wholly-owned subsidiary of Cargill Inc; and,

(c) Proterra's investment strategies are influenced "by the senior leadership team's longstanding tenure with Cargill".[30]

60. In a press release dated October 15, 2021, Proterra Investment Partners announced that David Dines would be joining them as a Strategic Advisor. Mr. Dines had previously worked for Cargill Inc for many years, culminating as Cargill Inc's Chief Financial Officer.[31]

61. In a Presentation to Bondholders dated March 3, 2023, Tacora admitted that Proterra Investment Partners owned 77.9% of Tacora's common equity. Proterra Investment Partners' 77.9% common equity stake[32] consisted of its consolidated ownership of Proterra M&M MGCA B.V. (70.3%) and Proterra M&M Co-Invest (7.5%) ("the Funds"), with the Funds holding Tacora's corporate shares.[33] Proterra Investment Partners' stake, through the Funds, was 57.6% on a diluted basis once Cargill Intl's and Cargill Inc's respective diluted shareholdings were taken into account, which does not take into account the additional common equity entitlements Cargill Intl would be entitled to if they exercised their penny warrants or additional equity held by Cargill Inc/Cargill Intl by way of investment in the private Proterra funds.[34]

(A2)Equity: Cargill Inc has Direct Equity Ownership in Tacora

62. In an Investor Presentation dated May 2021, Tacora admitted that its "equity investors include **Proterra**, Orion, **Cargill**, Tschudi Group and Mag Global" (emphasis added).[35] It further indicated that Proterra held 76% of Tacora's diluted ownership.[36]

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[30] **Exhibit CX-000017**, "About" (retrieved 4 July 2023), online, *Proterra Investment Partners*.

[31] **Exhibit CX-000018**, Proterra Investment Partners, News Release, "Recently retired Cargill CFO David Dines Joins Proterra Investment Partners" (15 October 2021).

[32] Proterra Investment Partners is a corporate entity that manages two of the subject funds: Proterra M&M MGCA B.V. and Proterra M%M Co-Invest LLC. Those funds are vehicles for private investments, including by Cargill Inc/Cargill Intl. See further **Exhibit CX-00019** at 28 note 3.

[33] **Exhibit CX-000019**, Tacora Resources Inc Presentation to Bondholders (3 March 2023) at 28.

[34] *Ibid*.

[35] **Exhibit CX-000020**, Tacora Resources Inc Investor Presentation (1 May 2021) at 15. This statement was repeated in an Investor Presentation dated February 1, 2022: see **Exhibit CX-000021**, Tacora Resources Inc Investor Presentation (1 February 2022) at 8.

[36] **Exhibit CX-000020**, *supra* note 34 at 8.

63. In a Tacora Offering Memorandum dated May 5, 2021, Tacora admitted Cargill Inc's significant shareholding in it, along with Cargill Inc's ownership interest in Proterra M&M MGCA B.V., which it characterized as "Tacora's controlling shareholder":

> *TRANSACTIONS WITH DIRECT AND INDIRECT SHAREHOLDERS*
>
> ***Cargill, Inc., the parent entity of Cargill International Trading Pte Ltd. ("Cargill"), has an indirect interest in approximately 10% of the voting stock of Tacora through its direct and indirect interest in Proterra M&M MGCA B.V., which is Tacora's controlling shareholder.*** *Phil Mulvihill, a member of Tacora's Board of Directors, is an employee of Cargill.*
>
> *Cargill is party to the Cargill Offtake Agreement and related Stockpile Agreement, see "Business – Material Agreements—Cargill Offtake Agreement" pursuant to which Tacora has agreed to sell all of the iron ore it produces at the Scully Mine to Cargill. Cargill may extend the Cargill Offtake Agreement through the life of the Scully Mine through extension rights… (emphasis added)*[37]

64. On November 21, 2022, Tacora published a Material Change Report indicating that on November 10, 2022, Cargill Inc made a $15 million preferred equity subscription into Tacora, through which Cargill Inc gained even more control over Tacora, including another director nomination, shareholder consent, and participation in connection with specified liquidity events:

> *On November 10, 2022, the Company completed a non-brokered private placement of 15,000,000 Preferred Shares at a price of US$1.00 per Preferred Share for aggregate proceeds of US$15,000,000 less transaction costs and expenses in accordance with the terms and conditions of a subscription agreement entered into between the Company and Cargill, Incorporated (collectively, the "Preferred Equity Subscription").*
>
> *In connection with the Preferred Equity Subscription, the Company, among other things, (i) amended its constating documents to create and authorize for issuance, the Preferred Shares and (ii) entered into an amended and restated shareholders agreement with existing holders of common shares of the Company and Cargill, Incorporated to provide for certain rights and restrictions in respect*

[37] **Exhibit CX-000007**, *supra* note 15 at 75.

> *of director nomination, shareholder consent, and participation in connection with specified liquidity events.*[38]

65. Tacora characterized Cargill Inc's $15 million preferred equity subscription in the following terms in its Annual Report for years ended 2021 and 2022 dated June 1, 2023 (the "Tacora Report"):

> *On November 10, 2022, the Company entered into a Subscription Agreement ("Agreement") with Cargill. Under the Agreement the Company issued 15,000,000 non-voting, Series C Preferred Shares ("Preferred Shares") to Cargill in exchange for $15 million cash consideration.*
>
> *The Agreement includes a number of embedded features including put, call, optional conversions, and down-round features. The agreement includes the option for Cargill to convert the Preferred Shares into Common Shares at any point throughout the life of the agreement. Additionally, the Agreement includes an automatic conversion in which the Preferred Shares automatically convert to Common Shares upon the closing of a liquidity event which is defined as either an IPO or the sale of the majority of the voting or equity securities in the Company.*
>
> *The Agreement includes a number of redemption rights held by the Company including the option to redeem the Preferred Shares, at any point, at the liquidation preference which is defined as the initial issuance price of $1 per share which increase at a rate of 15% per year. To the extent that the Company has not redeemed the Preferred Shares and the holder has not converted the Preferred Shares, all outstanding Preferred Shares shall be mandatorily redeemed five years from the agreement close date at an amount equal to 1.5 times the liquidation preference.*
>
> *A down-round feature included in the Agreement outlines that the conversion price, which is defined as $1 per share, shall be reduced in the event that the Company issues or sells any Common Shares at a price lower than the conversion price.*[39]

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[38] **Exhibit CX-000022**, Tacora Resources Inc Material Change Report (21 November 2022).

[39] **Exhibit CX-000023**, Tacora Resources Inc Consolidate Financial Statements for the years ended December 31, 2022 and 2021 (1 June 2023) at Note 25 – Preferred Shares (Page 148 of PDF Volume 2 Book of Exhibits)

66. Tacora has admitted that Cargill, presumably referring to Cargill Inc given their reference to the $15 million preferred share investment, was a "related party" to Tacora as of December 31, 2022.[40]

67. On May 15, 2023, Tacora announced by way of press release the results of a consent solicitation which provided that Cargill Intl and Cargill Inc would be included as Permitted Holders under the indenture relating to the 2026 Secured Priority Notes. In connection with this, Tacora issued additional penny warrants to "certain members of the Ad Hoc Bondholder Group which in aggregate are exercisable to approximately 31.6% of the voting common shares of Tacora on a fully diluted basis".[41] The Plaintiff states it will be seeking particulars as to Cargill Inc's, Cargill Intl's, or Proterra's status as noteholder under the 2026 Secured Priority Notes and any penny warrants held thereby through document requests and/or discovery.

(B1)Financing: Cargill Intl Fixed Price Side Letter Connotes Non-Arm's Length Dealings

68. On September 14, 2021, Tacora and Cargill Intl executed a Fixed Price Side Letter, with its stated purpose being for Cargill Intl to provide Tacora insulation from anticipated iron ore market price movements.[42]

69. The Fixed Price Side Letter modified the terms of the Cargill Agreement, which itself connotes non-arm's length dealings. Its stated purpose was to provide Tacora with market insulation by way of a prepayment and hedging scheme. It also fixed the price for certain quantities of Iron Ore Products at [redacted], thereby providing price certainty to Cargill Intl.

(B2) Financing: Cargill Intl Advance Payments Facility Agreement and Related Amendments Connote Non-Arm's Length Dealings

70. The Tacora Report states that on January 3, 2023, Tacora entered into an Advance Payments Facility Agreement (the "APFA") with Cargill Intl.[43] As stated in the Annual Report:

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[40] *Ibid* at "Related Party Transactions" (Page 167 of PDF Volume 2, Book of Exhibits)

[41] **Exhibit CX-000024**, Tacora Resources Inc, News Release, "Tacora Announces Results of Consent Solicitation and Issuance of 9.00% Cash / 4.00% PIK Senior Secured Priority Notes Due 2023" (15 May 2023).

[42] **Exhibit CX-000025**, Offtake Contract: Fixed Price Side Letter (14 September 2021).

[43] **Exhibit CX-000023**, *supra* note 39.

> *The purpose of the agreement is to provide the Company with up to $35 million in advance payment in exchange for future deliveries of iron ore to Cargill. The agreement includes an offsetting $15 million floor price premium to be advanced from the Company to Cargill as consideration for guaranteeing a floor price on iron ore; resulting in a net potential advance payment of $20 million.*
>
> *…*
>
> *The advanced payment agreement also includes penny warrants issued to Cargill as additional consideration. The warrants are exercisable into Common Shares, representing a non-dilutive 10% equity ownership in the Company on a fully-diluted basis and immediately exercisable for a two-year period and expiring on January 5, 2025.* [44]

71. The Tacora Report continued that on January 10, 2023, Tacora received a net $10 million of the advance payment from Cargill Intl, which it referred to as the "initial advance". On February 24, 2023, the Company received an additional $5 million under the APFA, which it referred to as the "subsequent advance". [45]

72. The Tacora Report continued that on April 29, 2023, Tacora entered into an Advance Payment Facility Agreement Amendment, which *inter alia*, extended the termination date for the repayment of all outstanding advances made by Cargill Intl under the APFA. In exchange, Tacora issued to Cargill Intl penny warrants exercisable for up to 25% of the common shares in Tacora on a fully diluted basis.[46] This is further confirmed by Tacora by way of a Material Change Report dated April 29, 2023.[47]

73. The Tacora Report continued that on May 11, 2023, Tacora issued further penny warrants exercisable for a two-year period into voting common shares to "certain of the Senior Priority Noteholders which in aggregate are exercisable for approximately 31.6% of the voting common shares of Tacora on a fully diluted basis".[48] 1128349 intends to determine by way of document requests or discovery who these Priority Noteholders are as it would appear to include Cargill Inc, Cargill Intl, Proterra, or any combination thereof.

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[44] *Ibid* at Note 26, Subsequent Events (Page 149 of PDF Volume 2 Book of Exhibits).

[45] *Ibid*.

[46] *Ibid* at Notes to the Consolidated Financial Statements (Page 150 of PDF Volume 2 Book of Exhibits).

[47] **Exhibit CX-000026**, Tacora Resources Inc Material Change Report (29 April 2023).

[48] **Exhibit CX-000023**, *supra* note 39 at Notes to the Consolidated Financial Statements (page 150 of PDF Volume 2, Book of Exhibits).

74. The Tacora Report continued that on May 29, 2023, Tacora entered into an "Amended and Restated Advance Payments Facility" with Cargill Intl. This was to "provide for a $25 million senior hedging facility to be made available by Cargill that allows for the Tacora to incur certain margin amounts owing by Cargill under the Offtake Agreement to be deemed as advances by Cargill" in favor of Tacora.[49]

75. According to a Conference Call Presentation relating to the 1st quarter of 2023, Tacora admitted that on June 27, 2023, it had entered into a further Amended and Restated Payment Facility Agreement as amended by Amendment No. 1, which allowed for additional prepayment advances in Cargill Intl's sole discretion.[50]

(C) Governance: Cargill Inc has always had Direct and Indirect Control through Tacora Governance Structure

76. Governance of Tacora at all relevant times also reflected Tacora's non-arm's length relationship with Cargill Inc, Cargill Intl, Proterra, or any combination thereof. These non-arm's length parties exercised de facto control of Tacora through Tacora's Board of Directors. This is evidenced by:

(a) As of September 30, 2019, Tacora's Board of Directors consisted of the following individuals:[51]

(i) Torben Thorsden, who was appointed by Proterra;[52]

(ii) Nick Carter, who was appointed by Proterra;[53]

(iii) Phil Mulvihill, who was appointed by Proterra;[54]

(A) Phil Mulvihill is the Partnerships and Investment Lead at Cargill Metals and had been Cargill Inc's Projects and Investments Lead in Asia from October 2010 to June 2015;[55]

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[49] *Ibid.*

[50] **Exhibit CX-000027**, Tacora Resources Inc Conference Call Presentation 1st Quarter 2023 (1 July 2023) at 12.

[51] **Exhibit CX-000028**, Tacora Resources Inc Board of Directors as at September 2019 (30 September 2019).

[52] **Exhibit CX-000007**, *supra* note 14 at 74.

[53] *Ibid*.

[54] *Ibid*.

[55] **Exhibit CX-000029**, LinkedIn Profile of Phil Mulvihill (17 May 2023).

(B) Since 2019, Phil Mulvihill has been Cargill Inc's "Partnerships & Investments Lead" while also simultaneously serving as a Tacora Director;[56]

(C) Phil Mulvihill is a Director at Proterra M&M M.G.C.A.B.V;[57]

(iv) Rupert Sam Byrd, who was appointed by Proterra[58] and is also on Proterra M&M M.G.C.A.B.V.'s Board of Directors;[59]

(v) Larry Lehtinen;

(vi) David James Durrett, who was appointed by Proterra;[60] and,

(vii) James Warren, who was appointed by Proterra[61] and is also on Proterra M&M M.G.C.A.B.V.'s Board of Directors[62];

(b) As of September 30, 2020, the Tacora Board of Directors remained the same, excepting the addition of Thierry Martel;

(c) As of September 30, 2021, the Tacora Board of Directors was the same as that of September 30, 2019;

(d) As of September 30, 2022, by which time Tacora had admitted Cargill Inc and Cargill Intl were non-arm's length based upon May 5, 2021, Offering Memorandum, the Board of Directors consisted of the same individuals as existed on September 30, 2019, with the addition of the following individuals, leaving the Cargill and Proterra directors in majority position:[63]

(i) Joe Broking, CEO of Tacora;

(ii) Andrew Harn;

(iii) Peter Steiness; and,

(iv) Jacques Perron.

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[56] *Ibid*.

[57] **Exhibit CX-000030**, Company Profile, Proterra M&M MGCA BV (4 July 2023).

[58] **Exhibit CX-000007**, *supra* note 15 at 74.

[59] **Exhibit CX-000030**, *supra* note 57.

[60] **Exhibit CX-000007**, *supra* note 15 at 74.

[61] *Ibid*.

[62] **Exhibit CX-000030**, *supra* note 57.

[63] **Exhibit CX-000031**, Tacora Resources Inc Board of Directors as at September 30, 2022 (30 September 2022).

QUANTIFICATION OF UNDERPAID ROYALTY BASED ON NON-ARM'S LENGTH CARGILL AGREEMENT

77. 1128349 repeats the foregoing and states that it has been underpaid the Royalty by reason of Tacora's failure to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues.

78. 1128349 states that the amount of underpaid Royalty is measured by the difference in the amount of Royalty which should have been calculated and paid to 1128349 on the basis of Non-Arm's Length Net Revenues and the amount of the Royalty actually paid to 1128349 by Tacora commencing October 25, 2019.

79. For the period October, 2019 – July 25, 2023, the Royalty statements issued by Tacora (the Royalty Statements") reflected the amount of Royalty payable to 1128349 to be:

Quarterly Payment Date	Earned Royalties	Withholding Tax
October 25, 2019	1,449,252.60	162,495.00
January 25, 2020	3,840,441.55	162,495.00
April 24, 2020	4,512,080.20	902,801.22
July 24, 2020	6,329,255.12	1,265,851.02
October 20, 2020	7,099,904.74	1,419,980.95
January 20, 2021	12,635,187.49	2,527,037.88
April 20, 2021	12,884,577.98	2,576,915.60
July 20, 2021	18,410,285.47	3,682,057.09
October 20, 2021	844,907.10	168,981.42
January 20, 2022	7,296,659.08	1,459,331.82
April 20, 2022	11,789,584.67	2,357,916.93
July 20, 2022	5,889,939.23	1,177,987.85
October 20, 2022	3,408,429.22	681,685.84
January 20, 2022	7,200,288.89	1,440,057.78
April 28, 2023	8,727,175.84	1,745,435.17
July 24, 2023*	5,865,004.23	1,173,000.85

**The Royalty calculated in this Royalty Statement has not been paid.*

Tacora's admission of $3,727,377.50 (CDN) Royalty underpayment

80. Exhibit CX-000032 is an exchange of emails dated from October 6, 2022 to October 18, 2022 between Sam Morrow, 1128349's Director, and Hope Wilson, Tacora's Chief Accounting Officer.[64]

81. This exchange of emails addressed Mr. Morrow's request that Ms. Wilson calculate the amount of Royalty which would have been paid in the event that Non-Arm's Length Net Revenues were utilized as the base to calculate the Royalty.

82. Ms. Wilson's response included alternative Royalty payments calculated in the spreadsheet comprising part of Exhibit CX-000032. The spreadsheet reflects that, employing Non-Arm's Length Net Revenues as the base for the Royalty calculation, an additional Royalty amount of $2,355,743 (USD) ($3,156,695.62 (CDN)[65]) would have been paid to 1128349 for the time period from the third quarter of 2019 up until the second quarter of 2022.

83. Exhibit CX-000033 is a further exchange of emails on February 6, 2023 between Mr. Morrow and Ms. Wilson.[66] In that exchange of emails, Ms. Wilson annexed a further spreadsheet which documented that, employing the Non-Arm's Length Net Revenues as the base to calculate the Royalty, an additional Royalty amount of $2,781,625 (USD) ($3,727,377.50 (CDN)[67]) would have been paid to 1128349 by Tacora for the period from the third quarter of 2019 up until the fourth quarter of 2022.

Basis for Hope Wilson's calculations

84. In her October 13, 2023 email, Ms. Wilson explained the basis for her alternative Royalty calculations. She stated that "for the Industry Service rate we used Platts 65 less the Platts Freight Rate (China-Brazil) increased by 24% to try to get a freight rate comparable to C3".

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[64] **Exhibit CX-000032**, Email exchange dated from October 6, 2022 to October 18, 2022 between Samuel Morrow and Hope Wilson.

[65] Utilizing an exchange rate of $1.34 US/CDN.

[66] **Exhibit CX-000033**, Emails on February 6, 2023 between Samuel Morrow and Hope Wilson.

[67] Utilizing an exchange rate of $1.34 US/CDN.

85. Ms. Wilson's alternative Royalty calculation method engaged the definition of Non-Arm's Length Revenues, which directs use of "the amount per Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "**Industry Service**")".

86. The "Platts 65" used by Ms. Wilson as the Industry Service rate is understood to be the Platts 65% IODEX price index published by Platts/S&P Global Inc. Platts 65 is a daily assessment of the spot market price of high grade (65%) iron ore fines delivered at the port of Qingdao, China. It is a widely-quoted price index in the international seaborne-traded market.

87. The Cargill Agreement specifies in part that the purchase price for Tacora's Iron Ore Products thereunder is to be calculated by reference to the Platts 62% index. The Platts 62% index is a daily assessment of the spot market price for mid-grade (60% to 63.5%) iron ore fines delivered to Qingdao, China.

88. Tacora's Royalty Statements reflect that the percentage of iron content in Iron Ore Products sold between the third quarter of 2019 until the second quarter of 2023 ranged from a low of 65.29% to a high of 65.89%. The average of these iron content values is 65.56%.

89. The actual average 65.56% grade of Iron Ore Products sold by Tacora to Cargill Intl is higher than both the high grade iron ore fines priced by the Platts 65 index and the mid-grade iron ore fines priced by the Platts 62 index.

90. Both the Cargill Agreement's use of the Platts 62% index and Ms. Wilson's use of the Platts 65% index understate the value of the higher grade Iron Ore Products produced and sold by Tacora.

91. Notwithstanding such understatement, Ms. Wilson's alternative royalty calculations, applying the Non-Arm's Length Revenues definition, were based on market values for seaborne iron ore sold in the international market (the Industry Standard). It follows that she found that Cargill Intl had paid Tacora less than market value for the Iron Ore Products, with a consequential significant negative impact on the Royalty payable to 1128349.

92. Ms. Wilson's October 13, 2022 alternative Royalty calculation explanation indicates further that, in computing the relevant freight rate (for Cape Size carriers from Sept Iles, Quebec to China) she added a premium of 24% to the conventional Brazil-China freight rate. 1128349 understands this to be an attempt to capture the freight from Sept Iles, Quebec to China, a longer distance. 1128349 believes that this approach overlooks the fact that many Cargill Intl shipments of Iron Ore Products were sold and transported to the Middle East and Europe, with lower freight rates than to China.

93. 1128349 states that Ms. Wilson's calculations as aforesaid represent an admission by Tacora that the Royalty for the period from the third quarter of 2019 to the fourth quarter of 2022 would have been at least $3,727,377.50 (CDN) more than was actually paid to 1128349 if the Non-Arm's Length Revenues calculation had been employed.

94. 1128349 expects to produce supplementary evidence as to the calculation of the Royalty on the basis of the non-arm's length Royalty method prescribed under the Wabush Lease.

95. 1123849 repeats the preceding paragraphs hereof and states that Tacora's underpayment of the Royalty by reason of its calculation and payment based on non-arm's length Cargill Agreement revenues is at least $2,781,625 (US) ($3,727,377.50 (CDN)). 1128349 will provide the calculation for the total Royalty underpayment at the hearing of the arbitration.

TACORA'S NON-PAYMENT OF Q2 2023 ROYALTY PAYMENT

96. On the Quarterly Payment Date of July 25, 2023, Earned Royalties of $5,865,004.23 were payable. Net of withholding tax to be remitted to the Government of Newfoundland and Labrador, Tacora was required to pay Royalty to 1128349 in the amount of $4,692,003.38 (CDN) (the "Q2 2023 Royalty Payment"). See Exhibit CX-000034 for Tacora's calculation of and admission as to the amount of the Royalty which was due and payable on July 25, 2023.[68]

97. Tacora failed to make the Q2 2023 Royalty Payment to 1128349 and thereby breached its Royalty payment obligation under the Wabush Lease.

[68] **Exhibit CX-000034**, Letter from Tacora Resources Inc. to 1128349 B.C. Ltd. July 24, 2023.

TACORA'S BREACHES OF THE WABUSH LEASE

98. 1128349 repeats the preceding paragraphs hereof and states that Tacora is in breach of the Wabush Lease

(a) By failing to disclose and admit the Tacora-Cargill Intl non-arm's length relationship, contrary to its duty to honestly and in good faith perform the Cargill Agreement;

(b) by failing to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues, applying clause (j)(ii), and

(c) by failing to make the Q2 2023 Royalty Payment.

99. In consequence of Tacora's breaches of the Wabush Lease as aforesaid, 1128349 has suffered damages, including without limitation:

(a) the amount of Royalty underpayment by reason of Tacora's failure to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues, applying clause (j)(ii), and

(b) the amount of $5,865,004.23 (CDN) being the amount of the unpaid July 25, 2023 Royalty Payment.

100. Clause C(9) of the Wabush Lease provides for arbitration in the event of:

> *… any dispute, question or difference [which] shall arise at any time between the Lessor and the Lessee as to any matter contained in this Indenture or touching or concerning the provisions of this Indenture or the construction, meaning, operation or effect thereof or arising out of or in relation to this Indenture…*

101. 1128349 repeats the preceding paragraphs hereof and seeks the following award, orders and/or relief against Tacora:

(a) a declaration that Tacora is non-arm's length to Cargill;

(b) declarations that the Cargill Agreement is not an arm's length agreement and that revenues under the Cargill Agreement do not constitute Arm's Length Net Revenues;

(c) an order directing Tacora to re-calculate the Royalty based on Non-Arm's Length Net Revenues in accordance with clause (j)(ii);

(d) damages represented by the amount of Royalty underpaid by reason of Tacora's failure to calculate and pay the Royalty on the basis of Non-Arm's Length Net Revenues in accordance with clause (j)(ii);

(e) damages represented by the unpaid July 25, 2023 Royalty payment in the amount of $5,865,004.23 (CDN);

(f) general and special damages for breach of the Wabush Lease;

(g) interest on the amount of underpaid and/or unpaid Royalty, at commercial rates;

(h) aggravated and/or punitive damages in relation to Tacora's breach of its duty of honest performance;

(i) its costs on a full indemnity basis.

DATED AT St. John's, Newfoundland and Labrador, Canada, this 22nd day of August, A.D. 2023.

Colm St. R. Seviour, K.C. and
G. John Samms
STEWART MCKELVEY
Whose address for service is:
Suite 1100, Cabot Place
100 New Gower Street
St. John's, NL A1C 6K3
Solicitors for the Plaintiff

TO: Douglas B. Skinner and Beth McGrath, K.C.
McInnes Cooper
5th Floor
10 Fort William Place
PO Box 5939
St. John's, NL A1C 5X4
Solicitors for the Defendant

AND Craig C. Garson, K.C.
Garson Law

TO: TD Centre
1791 Barrington Street, Suite 1905
Halifax, NS B3J 3K9
Chair of the Arbitration Panel

IN THE MATTER OF an Indenture entitled “Amendment and Restatement of Consolidation of Mining Leases – 2017” dated November 17, 2017 made by and between 0778539 B.C. Ltd. (formerly called MFC Bancorp Ltd.) as lessor and Tacora Resources Inc. as lessee (the said Indenture being hereinafter referred to as the “Wabush Lease”);

AND IN THE MATTER OF disputes, questions, differences and/or issues of agreement arising in respect of the Wabush Lease and in particular under clauses C(4) and (5) of the Wabush Lease;

AND IN THE MATTER OF Procedural Order No. 1 and Procedural Order No. 2;

BETWEEN

1128349 B.C. LTD. Plaintiff

AND

Tacora Resources Inc. Defendant

Opinion of David Persampieri

04 January 2024

Table of Contents

I. INTRODUCTION

A. Qualifications and Experience

1. I am a Vice President and leader of the Metals and Mining practice at Charles River Associates ("CRA"), an economics and management consulting firm. CRA's Metals and Mining practice provides advice on market, technology, investment, and economic issues to companies involved in the metals & mining industries. I have been involved in providing this type of advice to clients for over 25 years. My education includes a Master of Engineering, Bachelor of Engineering, and A.B. degrees from Dartmouth College. Details of my professional experience, publications, and past expert witness experience are described in my curriculum vitae, a copy of which is attached as Appendix A.

2. I have significant experience in issues associated with iron ore pricing and contracting issues. For example, I advised an iron ore producer on alternate pricing mechanisms in light of the changes in the seaborne market pricing mechanisms. I supported this client in arbitration proceedings with two of its clients where the mechanisms that I proposed were accepted. I also have significant experience in issues surrounding the seaborne market for iron ore generally and market pricing of high-grade iron ore concentrates specifically.

3. I am fully independent of the Parties to this arbitration, their counsel, and the members of the Tribunal. Neither CRA's nor my compensation depends on the content of my opinions or on the outcome of this proceeding. The views stated in this report represent my objective, independent and professional opinions.

B. Assignment

4. I have been asked by counsel for the Plaintiff, 1128349 B.C. LTD. ("1128349"), to provide my expert opinion as to the amount of Earned Royalties (as defined in the Wabush Lease) which would have been paid to 1128349 by utilizing the non-arms' length Net Revenues[1] method in paragraph (j)(ii) of the Wabush Lease and

[1] As defined in the Wabush Lease, Paragraph (j)(ii).

to compare that amount to the Earned Royalties reflected to have been paid or owed by Tacora Resources Inc. ("Tacora") to 1128349 in the Royalty Statements, and state the difference. I have been provided with Tacora's Royalty Statements to 1128349 for the period from Q3 2019 – Q3 2023. I have been asked to confine my analysis to the time period from 2020 to present.

5. I understand that 1128349 claims in the Detailed Arbitration Statement of Claim ("DASOC") that Tacora has underpaid the Earned Royalties by basing its calculation on the revenues under the November 2018 Iron Ore Sale and Purchase Contract between Tacora and Cargill International Trading Pte Ltd ("Cargill Agreement").[2] The DASOC also reflects 1128349's position that Cargill and Tacora are non-arm's length parties. 1128349 claims in the DASOC that Tacora has breached the Wabush Lease by failing to calculate and pay the Earned Royalties on the basis of non-arm's length Net Revenues as defined in paragraph (j)(ii) of the Wabush Lease. 1128349 alleges that this breach has resulted in Tacora underpaying the Earned Royalties to 1128349.

6. The materials that I have relied upon are noted throughout this report and listed in Appendix B. I reserve the right to supplement or modify my opinion, if warranted, as additional information or documents are made available to me. In addition, I reserve the right to prepare additional supporting materials such as summaries, graphical exhibits, charts, demonstratives, animations, enlargements, or other enhancements, including for hearings.

II. SUMMARY OF OPINIONS

7. My analysis indicates that Tacora has underpaid Earned Royalties to 1128349 in the amount of $CAD 7,295,253.73 if the Earned Royalties calculation required for non-arm's length transactions is used. I understand that this amount would be

[2] Tacora Resources Inc, and Cargill International Trading Pte Ltd, Restatement 1 Iron Ore Sale and Purchase Contract, November 9, 2018.

subject to a 20% withholding required for payment of the mineral rights tax, which must be remitted to the Government of Newfoundland and Labrador.

III. BACKGROUND

A. The Wabush Lease

8. The Wabush Lease leases those lands adjacent to Long Lake and Little Wabush Lake in the Labrador portion of the province of Newfoundland and Labrador (described and defined in the Wabush Lease as the "Demised Premises") to Tacora until May 20, 2055.[3] The Wabush Lease grants to Tacora the exclusive right to explore, investigate, develop, produce, extract, remove, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore, crude iron-bearing material, including iron ore concentrate and any metal, material or composition produced from iron ore or crude iron-bearing material (together the "Iron Ore Products").[4]

9. The Wabush Lease requires Tacora to pay a royalty ("Earned Royalties") to 1128349. The Earned Royalties are payable at an amount equal to 7% of Net Revenues from Iron Ore Products produced or derived from the Demised Premises.[5] The royalties so paid are defined in the Wabush Lease as the "Earned Royalties", which are determined on a quarterly basis.

10. According to section (j) of the Wabush Lease, "Net Revenues" shall mean:

    i. in the event that the Lessee sells Iron Ore Products under an arm's length, bona fide contract of sale, the amount per Metric Tonne (weight determined by vessel draft survey) actually received by or otherwise payable or credited to the account of the Lessee and its affiliates calculated f.o.b. Pointe Noire, Quebec or such other applicable port on the St. Lawrence seaway from which such Iron Ore Products is shipped to the Lessee's customers (the "Port"), or in

[3] Detailed Arbitration Statement of Claim, August 22, 2023, Paragraph 10.
[4] Detailed Arbitration Statement of Claim, August 22, 2023, Paragraph 16.
[5] Amendment and Restatement of Consolidation of Mining Leases 2017 - MCR Registered #4147-3970-6951 v.1, Clause A 1.

the case of sales ex-mine gate or ex-rail, calculated at the point of actual sale, including, without limitation, all payments, incentives, bonuses, allowances, profit sharing or other consideration received by, credited or payable to the Lessee and/or its affiliates in respect thereof, less: (A) the Deductible Expenses; and (B) any royalties or overriding royalties measured by production of Iron Ore Products that are imposed on the Lessee under applicable laws by the Province of Newfoundland and are actually paid to such Province by the Lessee in respect of such sale of such Iron Ore Products (it being acknowledged that no such royalties or overriding royalties exist on the date hereof); and

ii. in the event that the Lessee otherwise sells Iron Ore Products, including, without limitation, in a non-arm's length transaction, the amount per Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "Industry Service") or, if such Industry Service is unavailable, then by such other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port."[6]

B. Overview of the Seaborne Iron Ore Market

11. Iron ore is primarily used for the production of iron and steel. Roughly 1.65 billion metric tons ("MT") of iron ore are traded on the seaborne market every year[7]; that is, iron ore that is internationally traded using ocean-going bulk carrier ships. Most of the published prices and price indices for iron ore relate to seaborne traded iron ore.

12. The major iron ore products that are sold and purchased on the seaborne market include iron ore lump (>6.3mm), sinter fines (0.15mm-6.3mm), concentrates

[6] Wabush Lease, Section (j).
[7] "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 5.

(including pellet feed) (>0.15mm) and pellets (agglomerated concentrate). Iron ore fines are separated out from lump in natural raw ore through a process of mining, crushing, and screening. In contrast to lump, which contains more than 60% iron, fines need to be sintered before being used in blast furnaces.

13. Iron ore concentrates are ores that have been mechanically processed to increase their iron content and decrease impurity levels. There are ample resources of iron ore worldwide at lower in-situ grades (generally about 20-40% Fe), which can be readily enriched during beneficiation processes - using gravity or magnetic separation - to increase their purity to upward of 65% Fe in an economically viable operation. Concentrates may be further processed to make pellets (either by the producer or consumer) or can be sold as an alternative sinter feed to natural fines.

14. Concentrates that are very finely sized are known as 'pellet feed' - as the name suggests, they are suitable for pelletizing. This process creates a higher-quality and more valuable direct-charge product (pellets) than either lump or sinter. Mills may also consume some concentrates as sinter feed either because they are too coarsely sized for pelletizing or as a grade sweetener to blend with lower-grade fines. When consumed via the sintering route, concentrates are typically priced at a discount to fines of similar chemistry due to their relatively inferior productivity.[8]

15. Seaborne traded iron ore is dominated by sinter fines, which comprise 70% of the seaborne trade. Much of this is imported by China. Other products' shares of seaborne trade are lump ore (17%), pellet feed concentrate (6%), BF-grade pellets (5%) and DR-grade pellets (4%).[9]

16. Today, seaborne iron ore exports are dominated by Australia (900 million MT) and Brazil (380 million MT), which together accounted for nearly 50% of usable

[8] "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 4.
[9] "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 5.

iron ore produced in 2021.[10] Since passing Japan in 2003 to become the world's largest iron ore importer, China's iron ore imports have continued to increase. In 2020, China imported 1.2 billion MT, representing around two-thirds of world imports. Japan, the second largest importer, imported less than 200 million MT in 2020.[11]

17. From a company perspective, the seaborne market is and has been dominated by Vale (Brazil), Rio Tinto (Australia and Canada), and BHP Billiton (Australia). Taken together, these three companies accounted for approximately 55% of seaborne iron ore trade in 2021.[12] These three companies largely determine the terms of sale and pricing mechanisms used for seaborne iron ore through negotiations with some of the large importing companies, including those in China and Japan. These three companies have been the dominant suppliers of iron ore to the seaborne market for many years and have most often set the pricing environment for the industry since at least the early 1990s.[13]

IV. SEABORNE IRON ORE MARKET PRICING

A. Introduction

18. Pricing of iron ore is dependent upon a wide range of factors. These include its form (fines, pellets, lump, concentrate), its iron content (% Fe), other quality factors (the presence of SiO_2, Al_2O_3, etc.), moisture content, and the location from which the iron ore is sourced and delivered. Historically, and until March 2010, most iron ore contracts were priced using prices that were negotiated annually between major suppliers and buyers of iron ore. The first set of trading partners to reach agreement on changes to the price for the year typically announced the agreement and it served as the price "benchmark" that the other industry participants typically followed. This is often referred to as the "Annual

10 "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 5.
11 "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 5.
12 "Iron Ore Miners Increase Production Capacity," E&MJ, December 2022, p. 37.
13 "Iron Ore Manual," The Tex Report Ltd., 2009, p. 6.

Benchmark" price, which was used to calculate the price in most long-term contracts ("LTCs") for seaborne iron ore.

19. Between 2000 and 2010, massive increases in the annual tonnages of seaborne-traded iron ore were driven almost entirely by sustained demand growth from Chinese steel mills, whose share of world steel production trebled over that period from 15% to 45%. This encouraged the entry of active new market participants in the form of merchants and traders who operated outside the benchmark system in a rapidly developing spot market.

20. Annual pricing adjustments could not keep pace with highly volatile spot prices that reflected unpredictable swings in market dynamics, nor with the effects of industry-wide demand shocks in the wake of the global financial crisis. An abrupt change in April 2010 saw the benchmark system replaced by a new model, index-based pricing, which linked the prices of iron ore delivered under long-term agreements to the market-clearing prices determined by spot sales.

21. Under index-based pricing, a contractually specified spot-market index is averaged over an agreed quotation period (QP) to generate a base price for a particular product shipment. The system has evolved and matured in the period since 2010, notably with the development of a range of regularly published market assessments by independent commercial price reporting agencies (PRAs) that compete with each other to provide commercial (subscription-based) pricing assessments and real-time trading information across a range of commodity markets including minerals and metals. Most iron ore indices are estimated and published as prices denominated in US$ per dry metric tonne ("dmt"), delivered on a cost and freight ("CFR") basis to a port in North China.

22. In recent years, PRAs providing regular price indices and related information on iron ore markets included S&P Global Platts (Platts), FastMarkets (under the Metal Bulletin brand), Argus Media, Shanghai Ganglian E-Commerce (Mysteel) and Shanghai Metals Market.

23. In 2008, various indices began publishing spot price indices for 62% Fe iron ore fines delivered to China. The Platts "IODEX 62% Fe CFR China" is the most commonly quoted, although other Indices, such as Metal Bulletin's 62% Fe Fines index, proved essentially the same data with very minor differences in values. Starting in 2010, these 62% Fe Indices were often used to set the base value of iron in contracts for a variety of iron ore products and locations.

24. The 62% Fe CFR China indices, such as Platts IODEX and Metal Bulletin's 62% Fe index, represent the PRAs' assessment of the price of 62% Fe iron fines delivered to a port in China, determined using survey-assessment methodologies.[14] From 2010-2015, these 62% Fe indices were used as the basis for most pricing terms in iron ore contracts. They were the most well-established index and were the first to be used in derivative transactions. For transactions involving products and locations other than 62% Fe fines delivered to China, the pricing in such transactions had to be adjusted to account for different iron content, product characteristics, and locations.

25. In 2010, Platts launched a 65% Fe Fines Index (IOPRM00 IO fines 65% Fe CFR China) to reflect the market value of high-grade iron ore fines products. Other indices followed suit including Metal Bulletin (MBIOI-65-BZ) in 2013.[15] Metal Bulletin also launched a 66% Fe Concentrate Index (MBIOI-CO) in 2012, which tracks the value of high-grade concentrate products specifically. Starting from around 2014, the market for high-grade iron ore products began to shift from using 62% Fe fines indices to the 65% Fe fines indices. These 65% Fe indices differ from the 62% Fe indices as they reflect the market price for high-grade (63.5% Fe +) rather than mid-grade (60 – 63.5% Fe) iron ore products. Based on my experience and knowledge, most high-grade products have been priced using one of the high-grade indices since around 2018.

14 "Platts Specifications guide – Iron Ore", S&P Global, April 2020, https://www.spglobal.com/platts/plattscontent/_assets/_files/en/our-methodology/methodology-specifications/ironore.pdf, pp. 2, 7.

15 "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 16.

26. Participants did not initially use these high-grade indices as the basis for pricing in contracts because they were new and not yet well-established. However, buyers and sellers of high-grade product types have gradually adopted the 65% Fe fines indices as their base for pricing. Concentrates (which includes pellet feed) were the first high-grade products to shift to the 65% Fe index in 2014-2015, followed by "Tier One" pellets (including BHS's DRI pellets) in 2019.[16] I also understand that several concentrate suppliers, including Anglo American and Samarco use the MBIOI-CO 66% Fe concentrate index to price their concentrate sales.[17] Based on my experience and knowledge, these high-grade indices are now considered the industry standard basis for pricing high-grade iron ore products.

27. With the demise of the annual benchmark pricing system in 2010, most LTC's adopted an index-linked pricing mechanism to determine prices. Especially for LTCs with durations of more than 1 – 2 years, most of these mechanisms are based on the same basic formula for FOB[18] contracts:

FOB Base Price = (Index Average + [Fe Content Adjustment] – Freight)

i. "Index Average" is defined as the average of a specified index for a specified quotation period. While there are a variety of quotation periods used, my experience is that use of "current quarter" quotation period is most common for sales under LTCs. As noted above, starting in 2014, the 62% Fe indices have been gradually replaced by 65% Fe indices for high grade products.

ii. The "Fe Content Adjustment" is used to adjust the price to reflect Fe content of the product that is different from that of the index. For most mid-grade products, this adjustment is made using a "VIU x Fe difference" formula. Value In Use ("VIU") in this context is typically defined as the value for

16 "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 17.
17 "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 17.
18 Note: FOB means "Free On Board", which means the seller is responsible for loading the purchased cargo onto the ship, and all costs associated. The point the goods are safe aboard the vessel, the risk transfers to the buyer, who assumes the responsibility of the remainder of the transport.

every additional 1% Fe based on the Platts 1% Fe differential index (or equivalent). When multiplied by the difference in Fe content between the product being sold and the index, this provides an adjustment for Fe content. For high grade products that are priced using a 65% index, the Fe adjustment is most commonly accomplished via a pro-rata adjustment (i.e.; ([Product Fe Content – Index Fe Content] / [Index Fe Content])

iii. "Freight" is the adjustment required to reflect a sale based on FOB loadport rather than the CFR prices reflected in the indices. Initially, the freight component was typically negotiated periodically by the seller and buyer, usually with full knowledge of spot freight index levels. Over time, most LTCs adopted a specific freight index as the basis for this term.

V. DETERMINING THE MARKET – BASED PRICE FOR IRON ORE PRODUCTS

28. I understand that 1128349's position is that Cargill and Tacora are non-arm's length parties. Therefore, under the terms of the Wabush Lease, "Net Revenues" shall be "the amount per Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "Industry Service") or, if such Industry Service is unavailable, then by such other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port."[19] I interpret this as requiring the determination of the market price of Tacora's Iron Ore Products, FOB Sept Iles Port.

29. We were provided with a spreadsheet prepared by Tacora which calculates the Net Revenues and resulting Earned Royalties using the definitions provided under the terms of the Wabush Lease at paragraph (j)(ii). I understand that this

[19] Wabush Lease, Paragraph (j)(ii).

spreadsheet provides Tacora's interpretation of the calculation of Net Revenues using the Industry Service approach for the period from Q3 2019 – Q4 2022.[20]

30. As noted above, in the seaborne market for iron ore, market-based prices for long term contract sales are typically determined using an "index-linked" methodology. I have used the following formula to determine the market-based price for Tacora's iron ore concentrate product:

FOB Base Price = (Index Average + [Fe Content Adjustment] – Freight)

31. To select the appropriate index to use, I considered the specifications of Tacora's concentrate product. I understand that Tacora produces and sells what it calls "Iron Ore Premium Concentrate."[21] According to the Cargill Agreement, it has the following specifications[22]:

	Typical	Min	Max
CHEMICAL COMPOSITION (ON A DRY BASIS UNLESS OTHERWISE STATED)			
1. Fe	65.9%	65.4%	-
2. SiO2	2.60%	-	3.10%
3. Al2O3	0.2%	-	0.5%
4. Mn	1.4%	-	1.7%
5. P	<0.01%	-	0.02%
6. S	<0.01%	-	0.1%
7. H2O @ 105 Degc	3.0%	-	5.0%

20 230201 - Tacora Workbook – Original.xlsx., provided in Appendix C.
21 "Our Product," Tacora, https://tacoraresources.com/our-product/.
22 Tacora Restatement 1 Iron Ore Sale and Purchase Contract, November 9, 2018, Clause 9.1.

8. CaO	0.05%	-	0.2%
9. MgO	0.05%	-	0.2%
10. TiO2	0.04%	-	0.08%
11. K2O	0.04%	-	0.08%
12. Na2O	0.02%	-	0.06%
PHYSICAL COMPOSITION			
Greater than 0.40mm	16.0%	-	25%
Less than 0.15mm	30.0%	-	40%
Less than 0.045mm	4.0%	-	10%

32. These specifications, particularly the high (65.9% typical) Fe content and low silica and alumina (2.60% and 0.2% respectively), are consistent with a high-grade iron ore fines product. These specifications are very similar to both the Platts and Metal Bulletin 65% Fe indices, as shown in the table below.

	Tacora Concentrate	**MB 65% Fe Fines Index**[23]	**MB 65% Fe Concentrate Index**[24]	**Platts 65% Fe Fines Index**[25]
Fe	65.9% (65.4% min)	65.0% (63.5-66%)	65.0% (63-66%)	65.0%
SiO_2	2.60%	1.7%	6%	2%
Al_2O_3	0.2%	1.5%	0.5%	1.4%

23 "Iron ore indices," FastMarkets, April 2023, p. 10.
24 "Iron ore indices," FastMarkets, April 2023, p. 12.
25 "Platts Specifications guide – Global Iron Ore," S&P Global, April 2023, pp. 2, 3.

P	<0.01%	0.08%	0.02%	0.065%
H_20	3.0% (5.0% max)	9%	8%	8.5%
Size	16%>0.40mm 30%<0.15mm	90% <10mm <30%<0.15mm	>80%<0.15mm	90%<10mm

33. As shown in the table, Tacora's concentrate specifications are very much in line with the various 65% Fe indices, especially with regard to the critical specifications around Fe content and combined silica and alumina impurity levels.

34. Because Tacora's concentrate product meets the specifications for the 65% Fe indices and based on the market situation described above, where the market for such high-grade iron ore products has adopted the use of 65% Fe indices, I believe that the 65% Fe indices are the appropriate indicators to use to determine the market price. I have adopted the "current quarter" quotation period for 65% Fe Indices for the Index Average term.

35. Tacora's Iron Ore Products have Fe content greater than the 65% Fe specified in the indices. To adjust for this higher Fe content, I use a pro-rata methodology. I believe that this is the most common and appropriate approach used in the market for high-grade iron ore products that use 65% Fe Indices as their pricing basis.

36. To adjust the index-based values, which represent product delivered to China (most commonly Qingdao), to represent product sales FOB Sept Iles, I have estimated freight costs between Sept Iles and Qingdao. This freight adjustment is typically accomplished via the use of published freight indices. Both Platts and the Baltic Exchange publish relevant freight indices that represent the cost to ship iron ore from Tubarao, Brazil to Qindgdao in capesize vessels.[26] These index values are stated in $ per wet metric ton ($/wmt). To determine the appropriate

[26] "Platts Specifications Guide – Global Freight", S&P Global, October 2023, p. 24 (IOFBC00) and BCI-C3.

freight adjustment, these values must be converted from $/wmt to $/dmt. I then need to account for the increased cost to ship from Sept Iles to Qingdao compared with Tubarao to Qingdao. Shipping distance from Tubarao to Qingdao is approximately 11,000 nm, while from Sept Iles, it is approximately 14,000 nm. Since there are also fixed elements of the voyage, for loading and unloading, I estimate that the cost to ship from Sept Iles is approximately 24% higher than from Tubarao. Note that this is consistent with the estimate used by Tacora in their alternate royalty calculations in the spreadsheet that they provided, which is shown in Appendix C.[27]

37. In summary, I have calculated the "Industry Service" price for Tacora's concentrate sales as follows:

+ Platts 65% Fe Index, $/dmt. CFR Qingdao x (Actual %Fe/65% Fe)

- Index Freight Tubarao to Qingdao / (1-% moisture) x 1.24

= Market Price of Tacora's concentrate FOB Sept Iles

38. For actual %Fe, I use the values for the "Ave. %Fe of Iron Ore Products" contained in the table of each quarterly Royalty Statement. For % moisture, I use 1.6% for all quarters on the basis of the "natural moisture within the ore" defined in Clause 4.3.1 of the Tacora Iron Ore Stockpile Purchase Agreement (17 Dec 2019).[28]

39. I have compared my calculated values for the quarterly average market price of Tacora's iron ore concentrate with those provided by Tacora in its alternate royalty calculation spreadsheet as well as with the realized prices based on dividing gross revenue by "Gross Tonnes Shipped" from each of the quarterly Royalty Statements. Note that I assume the "Gross Tonnes Shipped" are reported in "dry metric tonnes" or dmt, as they match the figures in Tacora's financial

[27] 230201 - Tacora Workbook – Original.xlsx, provided in Appendix C.
[28] Tacora Resources Inc and Cargill International Trading Pte Ltd, Iron Ore Stockpile Purchase Agreement, December 17, 2019, Clause 4.3.1.

statements, which are consistent with the shipment volumes associated with the presentation of cost and price data that is reported specifically in $ per dmt. Furthermore, the alternate royalty analysis spreadsheet, provided by Tacora, treats the "Gross Tonnes Shipped" as dmt.

Industry Service ($USD/dmt)				
	CRA Industry Service ($USD/dmt)	**Tacora Industry Service ($USD/dmt)**	**Implied Gross Price from Royalty Statements ($USD/dmt)**	**Implied Net Price from Royalty Statements ($USD/dmt)**
Q1 2020	$87.22	$86.57	$76.47	$74.45
Q2 2020	$94.13	$93.54	$85.42	$83.46
Q3 2020	$107.24	$106.74	$112.17	$110.13
Q4 2020	$127.74	$126.90	$170.91	$168.82
Q1 2021	$170.26	$168.85	$185.77	$183.62
Q2 2021	$202.21	$199.87	$257.91	$255.69
Q3 2021	$151.84	$150.61	$18.86	$16.70
Q4 2021	$92.50	$91.37	$107.20	$105.04
Q1 2022	$142.39	$141.29	$178.12	$175.77
Q2 2022	$123.24	$123.10	$76.16	$73.83
Q3 2022	$86.11	$86.08	$56.28	$54.01
Q4 2022	$85.90	$85.53	$115.31	$113.12
Q1 2023	$118.22	$117.66	$118.57	$116.12
Q2 2023	$98.56	$97.84	$77.79	$75.32

Q3 2023	$99.92	$99.83	$104.01	$101.54

40. As shown on the table, my calculations result in similar prices to those calculated by Tacora in Appendix C. The small differences arise from adjustments that I make for higher Fe content in Tacora's iron ore concentrate compared with the 65% Fe index and converting the freight index values from $/wmt to $/dmt. Tacora did not make either of these adjustments in its calculations. From 2020 through Q3 2023, the market-based "Industry Service" prices that I calculate have a weighted average of $USD 119.96 per dmt, Tacora's Industry Service prices have a weighted average of average $USD 119.17 per dmt, and the weighted average of the Royalty Statements implied gross price is $USD 117.86 per dmt. Note that, per the Wabush Lease, the "gross value received" as reported in the Royalty Statements is further reduced by "Deductible Expenses" prior to calculating Earned Royalties, resulting in a weighted average implied net price of $USD 115.63 per dmt.

VI. DETERMINING EARNED ROYALTIES OWED AND UNDERPAYMENT

41. Once I have determined the appropriate market price for Tacora's iron ore concentrate product for each quarter, I multiply this by the shipments to determine Net Revenues in $USD in accordance with Clause (j)(ii) of the Wabush Lease. I then calculate gross Earned Royalties at 7% of this figure. The result is the Earned Royalties owed, based on the use of market-based prices in $USD. I convert figure to $CAD using the quarterly average of daily exchange rates published by the Bank of Canada. I understand that Earned Royalties are subject to 20% tax, which is withheld from payments made to 1128349, as Tacora remits the tax payment directly to the Government of Newfoundland and Labrador.

42. I have compared the Earned Royalties owed based on my calculations with the Earned Royalties paid or payable by Tacora according to the Royalty Statement letters. A summary of this comparison is shown in the table below. Quarterly details are shown in Appendix D. I also attach as Appendix E the detailed data

and analysis which I use to support the "Industry Service" table above and the Quarterly Earned Royalty assessment in Appendix D.

Earned Royalties Underpayment Summary - $CAD	
Time Period	**Underpayment ($CAD)**
Total Underpayment – Q1 2020 - Q1 2023 ($CAD)	$5,182,559.30
Underpayment Q2 - Q3 2023 ($CAD)	$2,112,694.43
Total Underpayment Q1 2020 - Q3 2023 ($CAD)	**$7,295,253.73**

43. Over the entire period, I find that Tacora has underpaid Earned Royalties by a total of $CAD 7,295,253.73. Of this, $CAD 2,112,694.13 is from Q2 and Q3 2023, a period when I understand that Tacora has not paid the amounts that they agree are owed for Earned Royalties. The Q2 and Q3 2023 amounts shown in the table are in addition to the amounts that Tacora indicated that they owe in their Royalty Statements. I understand that a 20% withholding on these amounts would be required for payment of the mineral rights tax, which must be remitted to the Government of Newfoundland and Labrador.

VII. CONCLUSION

44. I have calculated the Earned Royalties owed by Tacora to 1128349 using the approach required by the Wabush Lease for non-arm's length transactions for the period from Q1 2020 – Q3 2023. Specifically, I calculated the "Industry Service" price per dmt for Tacora's Iron Ore Products, FOB Sept Iles port using the appropriate iron ore industry practice. I then multiplied this by Tacora's reported shipments to determine Net Revenues, which are the basis for determining the Earned Royalties. I calculated Earned Royalties by taking 7% of Net Revenues for each quarter. I then compared the resulting Earned Royalties owed with the amounts shown in Tacora's quarterly Royalty Statements.

45. Over the period from Q1 2020 through Q3 2023, I find that Tacora's Royalty Statements indicate an understatement of Earned Royalties owed to 1128349 of $CAD 7,295,253.73.

David Persampieri

4 January 2024

APPENDIX A – DAVID PERSAMPIERI CV

Appendix A

DAVID PERSAMPIERI

Vice President

Master of Engineering
(Materials Science / Metallurgy)
Dartmouth College

A.B. Engineering Sciences
Dartmouth College

Mr. Persampieri is a Vice President and leader of CRA's Metals & Mining practice. He has over thirty years of experience in helping clients across the metals, mining and related industries deal with critical business issues, including corporate and business unit strategy, competitive analysis, and market planning and entry strategy. He also provides expert advice and testimony in disputes in the metals and mining industries. His experience encompasses raw materials, steel, aluminum, precious metals, and other ferrous and non-ferrous metals.

EXPERIENCE

1995–Present *Vice President*, Charles River Associates, Boston, MA

Expert Witness Experience

- ***Iron Ore Producer.*** Mr. Persampieri provided expert reports and testimony in a SIAC arbitration matter involving an iron ore pellet supply agreement. His report focused on the calculation of damages associated with the performance of this contract. He prepared and submitted two expert reports and provided expert testimony. The tribunal damage award followed Mr. Persampieri's calculations.
- ***Iron Ore Producer.*** Mr. Persampieri prepared and submitted an expert report in an ICC arbitration matter involving the performance of a long-term supply agreement for high-quality iron ore pellet feed. The initial report has addressed issues of liability, with a focus on the responsibilities of the parties in performing the contract as well as the evolving pricing environment for seaborne iron ore from 2008 to present. This matter is ongoing.
- ***Iron Ore Producer.*** Mr. Persampieri provided testimony in a US-based arbitration matter involving the determination of royalties payable on iron ore pellet products. At issue was the appropriate market price to use in determining royalties for specific pellet types.

- ***Steel Sheet Piling Producer.*** Mr. Persampieri provided testimony in US Federal Court in an unfair trade practices matter involving steel sheet piling products. He estimated damages incurred by his client due to deceptive marketing activities of a competitor.

- ***National Government.*** Mr. Persampieri provided advice and several reports to the Tax authorities of a major OECD country government. The government was investigating the use of offshore marketing subsidiaries by two major mining companies for their exports of iron ore.

- ***Iron Ore Producer.*** Mr. Persampieri was retained as an expert and provided testimony in an ICC Arbitration involving a long-term supply agreement for iron ore. His testimony focused on the evolution of iron ore pricing from 2009 – 2012 and the effect of changes to seaborne pricing on the parties to the agreement.

- ***Iron Ore Producer.*** Mr. Persampieri was retained as an expert witness in a US-based arbitration matter involving iron ore pricing. He developed a proposal for resolving a conflict over replacing terms in a pricing clause for iron ore that would use currently available published data. He also prepared and submitted and expert report and provided testimony in a binding arbitration hearing. The arbitration panel ruled in favor of our client in this matter.

- ***Mongolian Iron Ore Producer.*** Mr. Persampieri provided advice to a Chinese Company that was involved in a dispute with the Government of Mongolia over the rights to a significant iron ore property in Mongolia. The CRA team analyzed the value of the deposit based on a likely development profile that was based on a similar deposit located nearby. The client is using this analysis in an attempt to re-acquire the rights to the deposit through negotiations and possibly arbitration.

- ***Iron Ore Producer.*** Mr. Persampieri was qualified as an expert witness in a Canadian Arbitration matter involving royalty payments on iron ore pellet shipments. He prepared an expert report and testified before an arbitration panel in eastern Canada.

- ***Molybdenum Processing Joint Venture.*** Mr. Persampieri was retained as an expert witness in a dispute involving a molybdenum processing joint venture in Eastern Europe. He provided expert two expert reports and testimony in an ICSID arbitration hearing on matters relating to the performance of the joint venture operation, markets for molybdenum concentrates, technical grade molybdenum oxide, pure molybdenum oxide and molybdenum metal products. This matter was resolved in favor of Mr. Persampieri' s client.

- ***Graphite Cathode Supplier to the Aluminum Industry.*** Mr. Persampieri was retained as an expert witness in a dispute involving a long-term supply contract for graphite cathodes to a major aluminum producer. Mr. Persampieri provided two expert reports and testimony in an arbitration hearing on matters pertaining to the

aluminum industry and the effects of the economic downturn of 2008 – 2009 on its future prospects.

Iron and Steel – Related Experience

- ***Iron Ore Producer.*** Mr. Persampieri led an engagement to evaluate the market and competitive position of a proposed merchant DRI project to be built in the Midwest US. Our engagement included an evaluation of the cost position of the proposed facility, identification of potential customers and an evaluation of future DRI pricing in the US. Our client, a leading iron ore producer, used our analysis to justify moving forward with the project.

- ***Private Equity Firm.*** Mr. Persampieri led an engagement for a leading Private Equity firm to help it understand opportunities in iron ore and metallurgical coal. Our engagement included providing a comprehensive view of the current and future supply / demand situation for both products as well as an assessment of existing and developing mine projects around the world. The initial engagement led to a more detailed evaluation of a specific investment opportunity which the firm decided not to pursue.

- ***Aerospace Materials Producer.*** Mr. Persampieri led an effort to help an aerospace and industrial materials supplier evaluate an opportunity to make two complementary acquisitions in the specialty steel industry. CRA evaluated the current and future demand for these materials and conducted a customer satisfaction survey to evaluate the targets' strengths, weaknesses, and reputation in the industry. Based on our evaluation, we recommended that our client not pursue the opportunity.

- ***Metals Distribution Company.*** Mr. Persampieri led an engagement to assist a leading metals distribution company develop a growth strategy to maximize its value. We analyzed the firm's current competitive position in its various markets and evaluated several different potential growth strategies. Our recommendations, which were presented to the Board of Directors, included a continued focus on efficiency and growth by broadening the product portfolio and avoiding the temptation to enter into mill-type and downstream fabrication businesses. Our recommendations included a specific acquisition strategy coupled with key integration principles. Our client followed our strategy until it was acquired by a larger distribution company at a significant premium.

- ***Global Trading Company.*** Mr. Persampieri led an effort to provide a major global trading company with insights on the future global consumption and production of iron ore. This effort included a comprehensive analysis of the consumption and production of steel in major regions of the world leading to a projection of iron ore and other raw material requirements. In parallel, production of iron ore from existing and new mine operations was estimated along with an assessment of mining, processing, and transportation costs. This analysis was used to develop long-run projections for pricing trends under a number of different scenarios.

- ***Iron Ore Producer.*** Mr. Persampieri led a series of assignments to help a major supplier of iron ore develop a comprehensive strategy. These assignments included assessments of their core business (future consumption and supply outlook on a customer and supplier-specific basis) as well as analysis and recommendations for growth. In assessing growth opportunities, CRA's team evaluated international and domestic opportunities in iron ore as well as in other products where our client's skills would be relevant.

- ***Iron Ore and Coke Producer.*** Mr. Persampieri led an engagement for an investor group that was contemplating an acquisition of a group of iron ore and coke-making operations. In this assignment, CRA evaluated the short- and long-run consumption and supply situations for both iron ore and coke as well as for coking coal. This analysis was used to develop future price and volume scenarios that were a significant input into the client's valuation work.

- ***Refractories Producer.*** Mr. Persampieri led an engagement to evaluate the business prospects of a global producer of refractory products used in the steel, glass, and other industries. The CRA team analyzed underlying markets for the company's customer's products as well as trends in refractory product use. In addition, we evaluated the evolution of raw materials supply and the threat from emerging competitors, especially from China and India. Our analysis was used by our client to evaluate the potential value of the company.

- ***Leading Electrical Steel Producer.*** Mr. Persampieri led an effort to help a leading producer of grain-oriented electrical steels analyze the future demand for these products globally. Working with CRA's energy and utilities practice, CRA developed a forecast for global transformer demand which was used to develop projections for electrical steel consumption in key regions of the world. We worked with the client to interpret this information in support of a capacity expansion strategy.

- ***Mini-Mill Steel Producer.*** Mr. Persampieri led an assignment to assist the management of a small producer of steel wire rod and mesh products develop a product, market, and growth strategy. Key elements included analysis of product and customer competitive positions, product and customer profitability, and raw materials sourcing economics. Our work was used to develop a strategic plan that the company successfully implemented. The company was subsequently acquired by a larger mini-mill group.

Other Metals and Materials

- ***Aluminum Fabricated Products Producer.*** Mr. Persampieri led an engagement to evaluate a proposed facility for the production of titanium plate products. Our evaluation included an assessment of the overall economics of the facility as well as an evaluation of the market for titanium plate products in North America and globally. Our assessment helped our client decide not to pursue this investment opportunity.

- ***Aluminum Fabricated Products Producer.*** Mr. Persampieri led an effort to assist a US-based aluminum fabricated products producer evaluate the potential opportunity to expand its capacity to supply aluminum products to the aerospace industry. The CRA teal evaluated the overall growth in the aerospace market and conducted detailed interviews with industry participants to assess the effects of carbon-fiber composites and a shift to monolithic structures on the consumption of various aluminum products.

- ***Aluminum Engineered Products Producer.*** Mr. Persampieri led a series of projects to help a US-based aluminum engineered products producer develop a growth strategy. These projects included identification and evaluation of organic and acquisition-based growth options followed by a rigorous acquisition screening exercise focused on aerospace markets.

- ***Specialty Materials Producer:*** Mr. Persampieri led an effort to assist a leading specialty metals producer develop a growth strategy. This effort involved a detailed review of the markets, competitive cost structure and growth prospects within each of four operating units. Growth strategies and risks for each of these businesses were identified as a baseline. Using this baseline, the CRA effort identified key strengths that could be applied to new opportunities. CRA then led a process to identify potential new growth platforms the leveraged those strengths and identified potential acquisition targets in each attractive segment.

- ***Non-Ferrous Metals Producer.*** Mr. Persampieri led a series of efforts to assess the "realistic potential" of a non-ferrous metal fabricated products producer. We analyzed both domestic and global markets, competitors, and opportunities for operations improvement. These insights were combined into an analysis to highlight the likely opportunity to improve cash flows over a number of different scenarios. Based on our analysis and recommendations, the parent took advantage of high metal prices to dives the operation at a significant premium to the value of its projected cash flows.

- ***Non-Ferrous Metals Producer.*** Mr. Persampieri led an effort to help a major non-ferrous mining and metals company develop growth and diversification strategies. Our client was a leading producer of a single metal (and associated by-products) and was seeking advice on potential other metals and minerals that could help it grow and enhance its shareholder value. Mr. Persampieri led the effort to identify and evaluate potential growth opportunities in these other materials, including alumina, aluminum, iron ore, copper, zinc, lead, nickel, precious metals, etc. For a short list of potentially attractive metals, he devised entry strategies and identified potential acquisition targets.

- ***Aluminum Transportation Parts Producer***. Mr. Persampieri provided overall project management for an assignment to develop and evaluate strategic options for a manufacturer of forged aluminum parts for the transportation industry. This analysis was used in negotiations to form a joint-venture company to produce, market, and sell these products. Subsequent to the formation of the joint venture, Mr.

Persampieri assisted in evaluating alternatives to expand production capacity to support the growth of the business.

- ***Aluminum Sheet Products Producer***. Mr. Persampieri conducted competitive analysis for a producer of aluminum sheet products. This analysis included the development of an industry cost curve as well as an analysis of the apparent strategies of each major competitor. In addition, Mr. Persampieri performed an analysis of inter-material and inter-product competition for the major products and markets.

- ***Non-Ferrous Metals Producer***. Mr. Persampieri had overall responsibility for a comprehensive review of a major nonferrous metals producer and the development of a strategy to improve shareholder value. The review included diagnoses of all aspects of operations—mines, surface facilities, and sales and marketing strategy. A thorough analysis of current and future supply and demand was performed leading to a forecast of long-term prices. This price outlook was used to develop operating and investment strategies to improve cash flow, earnings, and shareholder value.

- ***Non-Ferrous Strip Producer***. Mr. Persampieri led an assignment to evaluate the realistic potential of a leading non-ferrous metal sheet and strip producer. We reviewed the client's market assessment along with their customer and product profitability. Based on our analysis, we identified opportunities to improve the performance of this company based on several restructuring scenarios and projected the impact on key financial metrics (cash flow, Return on Invested Capital).

1994–1995 *Managing Consultant*, AT Kearney/EDS Management Consulting Services, Cambridge, MA

Mr. Persampieri was responsible for client development, sales, and delivery of consulting engagements to industry for new management consulting services in product/market strategy development and business process reengineering. He integrated management consulting offerings into the information technology services of EDS' core business. Examples include:

- ***Mini-Mill Steel Company***. Mr. Persampieri lad an engagement to re-design business processes associated with order entry, capacity planning, plant scheduling, and shipping for a mid-west U.S. producer of steel wire rod products. This project was undertaken in conjunction with the need to upgrade information systems used to support the operation.

- ***Integrated Steel Company***. Mr. Persampieri led an effort to reduce the costs and improve the performance of outsourced machining and maintenance services for a major integrated steel company. He spearheaded an effort to involve the United

Steelworkers Union in this effort, leading to the ability of the client to better plan its outsourced work. These efforts resulted in a reduction in costs for outside machining of over 20 percent while improving the scheduling and delivery of these services.

1987–1994 *Senior Consultant*, Arthur D. Little, Inc., Cambridge, MA

Mr. Persampieri was responsible for client and case management for assignments for manufacturing companies. He managed cases in the areas of strategy development, investment/expansion analysis, and operations improvement. Examples include:

- ***Integrated Steel Company***. Mr. Persampieri led a team to assist a US integrated steel producer with a comprehensive cost reduction and efficiency improvement program. Specifically, he led a team of management and USW personnel through an exercise to reduce costs and improve productivity in the primary (BF, BOF and Casting) operations. This team identified and implemented measures in raw materials sourcing, operations scheduling and process control/quality to reduce costs by over $25 per ton of slab produced.

- ***Orthopedic Implant Manufacturer***. Mr. Persampieri provided technology-planning services using ADL's Strategic Management of Technology methodology to provide guidance in managing its technology development portfolio. He identified key emerging technologies in three areas critical to technical and market success.

- ***Mini-Mill Steel Company***. Mr. Persampieri led a team appointed by the board of directors to evaluate expansion into the production and sales of flat-rolled steel products. He analyzed market demand, competitive position, technology risks, and possible niche product/market strategies to model the financial performance and returns on a $400 million investment.

- ***Automotive Materials Supplier***. Mr. Persampieri evaluated the potential impact of aluminum, magnesium, and plastics for auto body applications. He also determined the technical and economic factors in selecting body materials and evaluated strengths and weaknesses of each when compared with steel.

- ***Integrated Steel Company***. Mr. Persampieri led a team to assist a major integrated steel mill in adopting lean manufacturing principles to reduce manufacturing cycle times, reduce inventories, and improve customer service. This effort reduced lead times by 30 percent, improved on-time delivery performance by over 40 percent, and lowered inventory by $8.0 million.

1985–1987 *Process Engineer*, Pfizer, Inc. Specialty Metal Products, Wallingford, CT

Mr. Persampieri was responsible for manufacturing process improvements aimed at improving quality, productivity, and capacity of a specialty metal strip operation. He

specified equipment and managed the installation and start-up of a $500,000 plant expansion that tripled the capacity of an emerging product line. He also implemented a shop floor Statistical Process Control program including training of hourly personnel and presentations to key customers.

PUBLICATIONS

Articles

"Issues with Feasibility Studies in Mining Arbitrations", Corporate Disputes, Jan-Mar 2014.

"Raw Materials Sourcing for EAF Steelmakers." With F. Katrak, M. Loreth, J. Agarwal, F. Brown, and G. Rainville. Metal Bulletin Monthly, May 1996.

"Materials Sourcing Strategies for EAF Steel Producers." With F. Katrak, M. Loreth, J. Agarwal, F. Brown, and G. Rainville. American Metal Market, April 22, 1996.

Conference Papers

"What now for Aluminum: The current crisis in perspective and observations for the future" Presented at TMS 2009, San Francisco, CA, February 16, 2009

"Metallurgical Coal and Coke: Short and Long Term Views" Presented at AMM State of Steel Conference, New York, NY, January 22, 2009

"Has the Global Iron Ore Market Changed Permanently?" Presented at AJM Global Iron and Steel Conference, Perth, Australia, February 23, 2006.

"Will there be a US-Based Steelmaking Industry in the Next Ten Years?" Presented at Ryan's Notes Ferro Alloys Conference, Boca Raton, FL, October 28, 2002.

"Stainless Steel: Is there a Clearing in the Distance?" Presented at Ryan's Notes Ferro Alloys Conference, Boca Raton, FL, October 25, 1999.

"US Mini-Mills: Young Tigers or Old Codgers?" Presented at Metal Bulletin Monthly 12th Annual International Mini-Mill Conference, Memphis, TN, April 27–29, 1999.

"Can Scrap-Based Mills Co-Exist with Iron Ore-Based Mills?" Presented at Mini-Mills of the Future Conference, Charlotte, NC, November 19–21, 1997.

"Can DRI/HBI Prices Be Set Independently of Scrap Prices?" Presented at the Iron Ore 1997 Conference, Charlotte, NC, November 17–19, 1997.

"What is the Role for Merchant DRI?" Presented at Metal Bulletin Monthly 2nd Electric Furnace Raw Materials Conference, Dubai, United Arab Emirates, October 9, 1997.

"Alternative Molten-Iron Units: Challenges to Be Met to Be Successful." Presented at Gorham/Intertech's Conference on Iron and Steel Scrap, and Scrap Substitutes, Charlotte, NC, March 5, 1997.

"Raw Materials Sourcing Strategies for EAF Steelmakers." Presented at Metal Bulletin Monthly 9th International Mini-Mill Conference, Cincinnati, OH, March 14, 1996.

APPENDIX B – DOCUMENTS REFERENCED

Appendix B

Materials Cited

Legal Documents

0778539 B.C. Ltd. and Tacora Resources Inc., Amendment and Restatement of Consolidation of Mining Leases – 2017, November 17, 2017.

1128349 B.C. Ltd. and Tacora Resources Inc., Detailed Arbitration Statement of Claimed, August 22, 2023.

Tacora Resources Inc and Cargill International Trading Pte Ltd, Iron Ore Stockpile Purchase Agreement v.1, December 17, 2019

Tacora Resources Inc, and Cargill International Trading Pte Ltd, Restatement 1 Iron Ore Sale and Purchase Contract, v.1, November 9, 2018.

Royalty Statements

Letter from Tacora Resources to 1128349 BC Ltd., RE: Amendment and Restatement Consolidation of Mining Leases – 2017 entered into as of September 17, 2017, between 0778539 B.C. Ltd., now assigned to 1128349 B.C. Ltd. and Tacora Resources Inc., April 28, 2023.

Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, Fourth Quarter Ended December 31, 2018 – Minimum Royalty Payment, January 17, 2019.

Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, First Quarter Ended March 31, 2019 – Minimum Royalty Payment, April 25, 2019.

Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, Second Quarter Ended June 30, 2019 – Minimum Royalty Payment, July 25, 2019.

Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, Third Quarter Ended September 30, 2019 – Minimum Royalty Payment, October 25, 2019.

Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, Fourth Quarter Ended December 31, 2019 – Minimum Royalty Payment, January 25, 2020.

Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, Second Quarter Ended June 30, 2020 – Minimum Royalty Payment, July 24, 2020.

Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, Second Quarter Ended June 30, 2023 – Royalty, July 24, 2023.

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Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, First Quarter Ended March 31, 2021 – Minimum Royalty Payment, April 20, 2021.

Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, First Quarter Ended March 31, 2022 – Royalty Payment, April 20, 2022.

Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, Second Quarter Ended June 30, 2021 – Royalty Payment, July 20, 2021.

Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, Second Quarter Ended June 30, 2022 – Royalty Payment, July 20, 2022.

Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, Third Quarter Ended September 30, 2021 – Royalty Payment, October 20, 2021.

Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, Third Quarter Ended September 30, 2022 – Royalty Payment, October 20, 2022.

Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, Fourth Quarter Ended December 31, 2020 – Minimum Royalty Payment, January 20, 2021.

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Letter from Tacora Resources to 1128349 BC Ltd., RE: Tacora Mine, Third Quarter Ended September 30, 2023 – Royalty, October 24, 2023.

Letter from Tacora Resources to the Minister of Finance, Government of Newfoundland and Labrador, RE: Scully Mine, April 24, 2020.

Public Sources

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“Iron Ore Manual,” The Tex Report Ltd., 2009.

“Iron Ore Miners Increase Production Capacity,” E&MJ, December 2022.

“Our Product,” Tacora, https://tacoraresources.com/our-product/.

“Platts Specifications Guide – Global Freight”, S&P Global, October 2023.

"Platts Specifications guide – Global Iron Ore," S&P Global, April 2023.

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"Understanding the High-Grade Iron Ore Market," FastMarkets, 2021.

Data

230201 – Tacora Workbook – Original.xlsx.

APPENDIX C – TACORA WORKBOOK (.XLSX FILE)

	Shipments (Tonnage)	Gross Value Received	Royalty	Royalty Tax	CAD Net Royalty	Fx CAD to USD	USD Net Royalty	Industry Service	Alternative Net Revenue	Alternative Royalty	Alternative Royalty Tax	Alternative Net Royalty
Q1 2019	0	0	0	0	0			0	-	-	-	-
Q2 2019	0	0	0	0	0			0	-	-	-	-
Q3 2019	295,291	22,786,162	1,449,253	289,851	1,159,402	0.7560	876,470	79.6012	23,505,518	1,645,386	329,077	1,316,309
Q4 2019	541,872	58,007,856	3,840,442	768,088	3,072,353	0.7608	2,337,344	72.854	39,477,543	2,763,428	552,686	2,210,742
Total	837,163	80,794,018	5,289,695	1,057,939	4,231,756		3,213,814		62,983,061	4,408,814	881,763	3,527,051
Q1 2020	665,053	68,325,610	4,512,080	902,416	3,609,664	0.7351	2,653,464	86.5692	57,573,106	4,030,117	806,023	3,224,094
Q2 2020	804,224	95,132,981	6,329,255	1,265,851	5,063,404	0.7260	3,676,031	93.5392	75,226,470	5,265,853	1,053,171	4,212,682
Q3 2020	706,627	105,570,064	7,099,905	1,419,981	5,679,924	0.7542	4,283,799	106.7436	75,427,910	5,279,954	1,055,991	4,223,963
Q4 2020	832,636	185,385,024	12,635,187	2,527,037	10,108,150	0.7692	7,775,189	126.9024	105,663,507	7,396,445	1,479,289	5,917,156
Total	3,008,540	454,413,679	30,576,428	6,115,286	24,461,142		18,388,483		313,890,992	21,972,369	4,394,474	17,577,896
Q1 2021	802,702	188,781,537	12,884,578	2,576,916	10,307,662	0.7887	8,129,310	168.8548	135,540,086	9,487,806	1,897,561	7,590,245
Q2 2021	846,396	268,041,925	18,410,285	3,682,057	14,728,228	0.8172	12,035,417	199.874	169,172,554	11,842,079	2,368,416	9,473,663
Q3 2021	676,183	16,068,211	844,907	168,981	675,926	0.7951	537,429	150.6096	101,839,651	7,128,776	1,425,755	5,703,020
Q4 2021	807,061	109,012,730	7,296,659	1,459,332	5,837,327	0.7938	4,633,476	91.3652	73,737,290	5,161,610	1,032,322	4,129,288
Total	3,132,342	581,904,403	39,436,430	7,887,286	31,549,144		25,335,631		480,289,581	33,620,271	6,724,054	26,896,217
Q1 2022	767,630	173,115,052	11,789,585	2,357,917	9,431,668	0.7909	7,459,192	141.2864	108,455,679	7,591,898	1,518,380	6,073,518
Q2 2022	923,553	89,787,538	5,889,939	1,177,988	4,711,951	0.7828	3,688,673	123.1048	113,693,807	7,958,567	1,591,713	6,366,853
Q3 2022	723,003	53,111,458	3,408,429	681,686	2,726,743	0.7663	2,089,503	86.0772	62,234,074	4,356,385	871,277	3,485,108
Q4 2022	683,744	107,040,899	7,200,289	1,440,058	5,760,231	0.7369	4,244,714	85.532	58,481,992	4,093,739	818,748	3,274,992
Total	3,097,930	423,054,946	28,288,242	5,657,648	22,630,594		17,482,082		342,865,552	24,000,589	4,800,118	19,200,471

APPENDIX D: QUARTERLY EARNED ROYALTIES SUMMARY

	Earned Royalties per Royalty Statement Letters ($CAD)	CRA Calculated Earned Royalties - Industry Service ($CAD)	Difference (Calculated - Actual) ($CAD)
Q1 2020	$4,514,006.09	$5,454,926.29	$940,920.20
Q2 2020	$6,329,255.12	$7,338,529.25	$1,009,274.13
Q3 2020	$7,099,904.74	$7,064,651.42	-$35,253.32
Q4 2020	$12,635,189.39	$9,698,686.15	-$2,936,503.24
Total	**$30,578,355.34**	**$29,556,793.11**	**-$1,021,562.23**
Q1 2021	$12,884,577.98	$12,111,052.81	-$773,525.17
Q2 2021	$18,410,285.47	$14,710,509.08	-$3,699,776.39
Q3 2021	$844,907.10	$9,055,001.69	$8,210,094.59
Q4 2021	$7,296,659.08	$6,584,535.52	-$712,123.56
Total	**$39,436,429.63**	**$42,461,099.10**	**$3,024,669.47**
Q1 2022	$11,789,584.67	$9,687,400.84	-$2,102,183.83
Q2 2022	$5,889,939.23	$10,170,703.11	$4,280,763.88
Q3 2022	$3,408,429.22	$5,688,468.50	$2,280,039.28
Q4 2022	$7,200,288.89	$5,582,035.42	-$1,618,253.47
Total	**$28,288,242.01**	**$31,128,607.87**	**$2,840,365.86**
Q1 2023	$8,727,175.84	$9,066,262.04	$339,086.20
Q2 2023	$5,865,004.23	$7,920,134.82	$2,055,130.59
Q3 2023	$7,962,729.76	$8,020,293.59	$57,563.83
Total	**$22,554,909.83**	**$25,006,690.46**	**$2,451,780.63**
Grand Total	**$120,857,936.81**	**$128,153,190.54**	**$7,295,253.73**

APPENDIX E: DATA AND ANALYSIS

Data and analysis backup file (.xlsx)

EXHIBIT "TT"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

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February 21, 2024 **By E-mail**

Stewart McKelvey
Cabot Place, 1100-100 New Gower Street
St. John's, Newfoundland
A1C 5V3

Attention: Joe Thorne

Dear Mr. Thorne:

Re: Tacora Resources Inc. (CV-23-00707394-00CL)

We are counsel to Tacora Resources Inc. ("**Tacora**" or the "**Company**"). We confirm receipt of your letter addressed to the Monitor dated February 15, 2024 (the "**February 15 Letter**"). Capitalized terms not otherwise defined herein have the meaning ascribed in your February 15 Letter.

As you know, the Company has entered into a Subscription Agreement dated January 29, 2024 (the "**Subscription Agreement**") with certain investors and the Company is seeking Court approval of the Subscription Agreement and transactions (the "**Transactions**") contemplated thereby. We believe the Transactions will significantly benefit Tacora and its stakeholders, including 1128349, and will allow for further substantial investments in the Scully Mine.

The Wabush Lease constitutes a "Retained Contract" under the Subscription Agreement, and it is not contemplated that the Wabush Lease would be assigned to a new entity. Notwithstanding that Wabush Lease is not being assigned and there is no requirement to pay cure costs to 1128349, the Subscription Agreement does contemplate the payment in full of the unpaid Q2 2023 and Q3 2023 royalty payments as properly calculated by Tacora in accordance with the definition of "Net Revenues" set out in (j)(i) of the Wabush Lease. The Subscription Agreement further contemplates all other pre-filing claims of 1128349 are "Excluded Liabilities", including unsubstantiated claims related to alleged underpaid royalties. However, a reserve of $3,727,378 would be provided for as "Disputed Litigation Costs" to allow the Court to determine the proper amount owing under the Wabush Lease with the benefit of time.

Given 1128349's new position on the amounts owing under the Wabush Lease, this issue will need to be determined by the Court as soon as possible. We intend on scheduling a motion before the Court to seek a determination that the only monetary defaults existing under the Wabush Lease are the unpaid Q2 2023

and Q3 2023 royalty payments and Tacora has properly used the definition of “Net Revenues” set out in (j)(i) of the Wabush Lease to calculate the amounts owing to 1128349. This motion shall be without prejudice to Tacora’s position that 1129349 is not entitled to any recovery from the Transactions beyond what is provided in the Subscription Agreement.

Tacora reserves all rights, remedies and defences in this matter.

Yours truly,

Lee Nicholson

LN/em

cc. Ashley Taylor, RJ Reid, Natasha Rambaran – Stikeman Elliott LLP
Jane Dietrich – Cassels Brock & Blackwell LLP
Jodi Porepa – FTI Consulting Canada Inc.

EXHIBIT "UU"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Court File No. CV-23-00707394 00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TACORA RESOURCES INC.

***** CONFIDENTIAL *****

This is the Rule 39.03 Examination of LEON DAVIES, a Director on behalf of Tacora Resources Inc. herein, taken via videoconference through the offices of Network Reporting & Mediation, Suite 3600, 100 King Street West, Toronto, Ontario, on the 18th day of October, 2023.

A P P E A R A N C E S:

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ELIOT KOLERS	Counsel for Tacora Resources Inc.
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GERRY APOSTOLATOS	Counsel for QNSL
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A L S O P R E S E N T:

ADAM KELLY-PENSO RYAN CLAUDE	Observing - GLC Advisors
USMAN MASOOD MICHAEL NESSIM	Observing - Director, Greenhill & Co.
CHARLIE PERRY	Observing - Representative, Town of Wabush

I N D E X O F P R O C E E D I N G S

I N D E X O F E X H I B I T S

I N D E X O F U N D E R T A K I N G S

I N D E X O F U N D E R A D V I S E M E N T S

I N D E X O F R E F U S A L S

--- UPON COMMENCING AT 10:18 A.M.

LEON DAVIES, Affirmed (via videoconference)

EXAMINATION BY MR. SWAN:

MR. SWAN: This is an examination of Leon Davies pursuant to Rule 39.03 of the *Rules of Civil Procedure* of Ontario in the proceeding involving the CCAA application of Tacora. I have just in the last fifteen minutes or so been provided with a large volume of documents by Mr. Kolers's office. I have not had an opportunity in any material way to review those documents.

I have, over the course of about ten minutes, had a look to see what the extent of the documents were and the nature of the documents, and my proposal is this: Given the number of people we have on this examination and the schedule, I'm going to proceed with the examination now, without having read the freshly-produced documents.

There was another set of documents that were also produced by Mr. Kolla about an hour before those produced by Mr. Kolers. And they fall into essentially the same category as I have just said. Before concluding the exam, at some point I am going to take a break. We are looking at those documents now, but I am going to take a break before concluding

the exam, and with the -- with the assistance of my colleagues, I am going to look at those documents and I will have some further questions based on those documents.

MR. KOLERS: That is fine, Mr. Swan. As I indicated off the record, I trust that you'll be mindful of the time that Mr. Davies has and that it's already late afternoon overseas. And also I trust from your comments, you're not being critical of the late delivery of the documents, given that they were only requested less than thirty-six hours ago?

MR. SWAN: I'm taking a neutral position. Although as I've indicated earlier, it's the view of The Ad Hoc Group that this hearing did not have to be scheduled on as expedited a schedule as it was, but there's no point in debating that now. So let's move forward.

BY MR. SWAN:

1. Q. Mr. Davies, you have been sworn or affirmed this morning?

A. Yes.

2. Q. And you'll have to speak up so that we can all hear you clearly. Can you please state your full name for the record?

A. Leon Michael Davies.

3. Q. And how old are you, Mr. Davies?

A. Forty years old.

4. Q. And where do you -- what city do you reside in?

A. I reside in Hambleton (ph) in the UK.

5. Q. I am -- as your lawyers have probably explained, I am going to ask you a number of questions today. If you don't hear the question clearly or you don't understand the question, you can ask me to repeat it. Do you understand that?

A. I do.

6. Q. And because we are conducting this examination by Zoom video conference, I'm obliged to ask you a few introductory questions. First of all, where are you physically located today for this examination?

A. I'm in the Cargill office in London.

7. Q. And is there anyone else in the specific office that you are in today, in the individual office that you're in?

A. There is not, no.

8. Q. And do you have any screens in front of you, other than the Zoom screen?

A. I have a TV monitor on the wall which is switched off.

9. Q. All right. And what about your iPhone or other personal device?

A. It's not with me.

10. Q. Thank you. I'm sure your lawyers have communicated this to you, but during the course of the examination, you should not read or receive any e-mails, or texts, or other messages. Do you understand that?

A. I do.

11. Q. And if at some point you need a break, you can let me know.

A. Okay.

12. Q. And finally, by way of introduction, there will be some questions that will potentially have a `yes' or `no' answer. You're not restricted to saying `yes' or `no', but I did want to note that the transcript does not pick up a nod of the head, and so on, so you'll have to, in each case, answer `yes' or `no' or some other indication of the affirmative verbally. Do you understand that?

A. Yes.

MR. SWAN: And can I ask which lawyer is defending Mr. Davies on this examination today?

MR. KOLERS: Mr. Swan, given that we believe that your examination was intended in relation to Mr.

Davies's role as a Board member of Tacora, I expect I'll be defending Mr. Davies. However, given that you received some documents from counsel for Cargill, that -- well, you'll hear that Mr. Davies separates his roles carefully.

And so there was stuff that was produced to you by the Goodmans firm was not available to us, and so I expect that Mr. Kolla will jump in if there's any Cargill-related issues that you start to tread into.

MR. SWAN: Thank you.

BY MR. SWAN:

13. Q. Mr. Davies, did you meet with one or more of your counsel in order to prepare for this examination?

A. I did.

14. Q. And was that the Stikemans firm or the Goodmans firm?

A. I met with both.

MR. KOLERS: And Richard, just for clarity, apropos my last comment, those meetings were separate.

MR. SWAN: Thank you.

BY MR. SWAN:

15. Q. And in order to prepare for this examination, did you review documents of any kind?

A. I did.

16. Q. Did you read the Application Record and Supplementary Application Record, or some parts of it, that were filed by Tacora in the Ontario Superior Court?

A. Some. Some parts of it, yes.

17. Q. Did you read Mr. Broking's Affidavit or Affidavits? There are two of them.

A. I have read his second Affidavit and some parts of his first Affidavit.

18. Q. And what about Mr. Bhandari's Affidavits? Again, there are two of them.

A. I've read his second Affidavit and some parts of his first Affidavit.

19. Q. And why is it that you read both of the second Affidavits in their entirety, but only some parts of the first?

A. I didn't have a lot of time to prepare. The second Affidavits were much shorter. The first, I believe, Affidavit of Mr. Broking was in excess of 600 pages.

20. Q. Right. But the 600 pages is largely attachments. The Affidavit itself was forty-eight pages -- the actual text of the Affidavit itself was forty-eight pages. Did you read the entirety of those forty-eight pages?

A. Not the entirety, no.

21. Q. And did you review -- aside from what was in the Application Records and perhaps in the Responding Record of The Ad Hoc Group -- did you read the Responding Record or part of it of The Ad Hoc Group?

A. I read part of it, I believe, yes.

22. Q. That would be the Affidavit of Thomas Gray, with attachments?

A. Correct. I read that document.

23. Q. You did read that Affidavit?

A. I did.

24. Q. Thank you. And did you review other documents to prepare for today's examination?

A. I did. I don't recall all of the documents that I read.

25. Q. Were those documents that you identified and located or were they given to you as a bundle by counsel?

A. They were provided to me by Stikeman Elliott.

26. Q. In preparation for this examination, did you speak to Mr. Broking?

A. I have spoken to Mr. Broking, but not related to this examination.

27. Q. When did you last speak to Mr. Broking? (ph)

A. I don't recall the precise date, but within the last week.

28. Q. After -- after the CCAA application was filed?

A. Yes, I believe so, yes.

29. Q. And at a high level, what was the focus of that discussion?

A. The purpose of the discussion was to get an update on how things were going operationally, following on from the -- from the filing, just to -- you know, a primary concern is to see how the -- the stability of the operations.

30. Q. And when you were preparing for this examination with counsel, either counsel, did you review specific questions that counsel might ask you?

MR. KOLERS: Sorry, I don't think that's a proper question.

MR. SWAN: Not questions that I might ask you, did you review with counsel questions that they, either Mr. Kolla or Mr. Kolers, might ask you?

MR. KOLERS: Now I don't think I understand what you're asking.

MR. SWAN: I am asking whether he reviewed

with counsel questions that might be asked by his own counsel on this 39.03 examination.

MR. KOLERS: Ah, I see.

BY MR. SWAN:

31. Q. Do you understand the question, Mr. Davies? In other words, let me be a little bit more specific. Did you review with Mr. Kolers -- and we have a circumstance where the two counsel have a relatively similar name, so I'll use their first name, as well, so there's no confusion. Did you review with Eliot Kolers of Stikemans, or with Stikemans, questions that Stikemans might ask you on this examination?

A. I do not recall.

32. Q. You do not recall one way or the other or you do not recall that happening?

A. I do not recall one way or another.

33. Q. And same question with respect to Mr. Peter Kolla of the Goodmans firm, did you review questions that he or the Goodmans firm might ask you on this examination?

A. Same answer: I do not recall.

34. Q. You do not recall one way or the other whether that happened?

A. Correct.

35. Q. Presumably, these meetings took place in the last few days. How is it that you don't recall one way or the other whether that happened?

A. I've spent a lot of time in the last few days reading documents, reviewing, in addition to trying to find information on a request I received mid afternoon yesterday, so a little over twenty-four hours ago, in addition to trying to conduct my day job. I do not recall the detail of all of those discussions.

36. Q. Right. Let's move on to a slightly different topic. I wonder if we could call up the Notice of Examination? This document is the Notice of Examination which, to use common parlance, summons you to attend this examination today. Did you receive a copy of this from counsel? We can go to the second page, if it assists you.

A. I did.

37. Q. And did you read it?

A. Yes.

38. Q. And did you take steps to attempt to locate some or all of the documents or classes of documents referred to in this Notice of Examination?

A. Yes. However, this document arrived with me a little over twenty-four hours ago, towards

the end of my working day yesterday, which left me with very little time to gather such information.

39. Q. All right. So to the extent that there were matters that you were not able to find because you didn't have sufficient time, you can just tell me about that in a moment when I ask you about some of the specific categories of documents that are sought, all right?

A. Okay.

40. Q. So the first paragraph is a general request. If need be, we'll come back to that. But let's start on the second paragraph, and that is: "Any and all documents" -- and the word "document" is defined in the first paragraph very broadly -- including all communications, agreements, drafts, Powerpoints, spreadsheets, and others.

"Any and all documents that you have in your possession, power, or control..."

And just for your benefit, "possession, power, or control" essentially means documents that you physically have -- physically or electronically have, or have access to, or the ability to obtain, all right? So the first category is:

"Any and all documents in your possession, power, or control containing communications between

you and any member of Cargill regarding Tacora's restructuring, including without limitation the approval of either The Ad Hoc Group DIP or the Cargill DIP."

So this paragraph, paragraph number 2, is addressed to communications that you had with other individuals at Cargill regarding the Tacora proposed restructuring, including the approval of either The Ad Hoc Group DIP -- "DIPs" might be more accurate, both the August, September, and October DIPs -- and the Cargill DIP. Were you able to locate any such documents?

A. Yes.

41. Q. And have you, through your counsel -- or have you provided those to your counsel?

A. I have.

42. Q. And who at Cargill were you primarily communicating with in respect of Tacora's restructuring and the DIP proposals?

A. I've had communication, in my capacity as a Director of Tacora, with Lee Kirk and with Carlo Carrelo.

43. Q. And what was the purpose of those communications with Mr. Carrelo and Mr. Kirk?

A. It was -- the purpose of that

communication was to get a update on the status of -- of whether Cargill would be providing a DIP and further to -- or in the interests of Tacora, to encourage the provision of a DIP proposal to Tacora with the interest of providing the Tacora business with options.

44. Q. So you reached out to Mr. Kirk and Mr. Carrelo to encourage them, on behalf of Cargill, to provide a DIP?

A. To -- to Mr. Kirk.

45. Q. And was that in the August/September period or in the early October period?

A. In the October period.

46. Q. And how did you communicate with Mr. Kirk and Mr. Carrelo about this? Did you communicate by e-mail, text, messaging app?

A. Primarily, I communicated with Mr. Kirk by -- by messaging, and I had a -- I had a conversation with him.

47. Q. What messaging app did you use?

A. Teams.

48. Q. And have you provided those Teams messages to your counsel?

A. I have.

49. Q. Thank you. And we can come to this

later, but, Mr. Kolers, are those among the documents that you provided just in advance of the examination? Among them?

MR. KOLERS: Those are the documents -- among the documents that I produced.

MR. SWAN: Thank you. And without being too fussy about this, I assume, Mr. Kolla, that those documents were among the documents that you produced, because they were internal Cargill communications as opposed to communications originating or to Tacora?

MR. KOLLA: Correct.

BY MR. SWAN:

50. Q. You said that in addition -- so we'll come to those in a bit, Mr. Davies, because I just received them and haven't had a chance to read them. And so before we are done, I will have a look at those. You also said, though, that in the early October period, you had a conversation with Mr. Kirk, Lee Kirk, about providing a Cargill DIP. Is that right?

A. That's correct.

51. Q. Was it one or more conversations with Mr. Kirk in this period?

A. I do not recall.

52. Q. And what was the substance of those

conversations, to the extent you recall?

A. The substance was to -- to encourage Mr. Kirk that Cargill should consider to provide a DIP to Tacora, and in return to -- to receive some updates on -- from Cargill, that I could provide back to the Board of Directors to update on the potential approval process.

53. Q. And did you provide those updates to the Board?

A. The context provided to the Board on October the 8th was related to the -- the approval process.

54. Q. Meaning what specifically?

A. That specifically at the time, Cargill were getting internal approvals to submit the DIP proposal, and that specifically this was happening over a short period of time and required various different approvals, both in Singapore and in the headquarters in Minneapolis.

And that the approvals were moving forward, but that I -- that there was -- we were not -- that there was not 100 percent certainty of the timing of the final approval, given that this was occurring, I believe, on the 8th of October, which was a Sunday, and would require the attention of Cargill's executive

management.

55. Q. Now, if I have the timeline correct, Cargill had already provided either a detailed Term Sheet or even a draft DIP agreement prior to October 8th to Tacora, is that not correct, because the company had asked for the submission of such documents by Saturday the 7th of October?

A. I understand that the company had asked Cargill, and the purpose of that discussion was to ask Cargill to increase the size of the -- of the DIP proposal, which required a further approval process.

56. Q. From what size to what size?

A. I do not recall the precise figures.

57. Q. Now, you said approvals had to come from Singapore and from Minneapolis? Did I hear that correctly?

A. Yes.

58. Q. And was the person in Singapore providing the approval, Mr. Ross Hamou-Jennings?

A. That's correct.

59. Q. And who was the person in Minneapolis?

A. I believe that the approval in Minneapolis was both from the Chief Financial Officer and the Chief Executive Officer of Cargill. But I not have the -- I do not have the precise details of that.

I was not involved in that approval process, but my understanding is that was who would be required to provide the approval.

60. Q. All right. And were those approvals provided? I presume they were.

A. I believe so, yes.

61. Q. You say that you have produced the documents on your Teams -- from your Teams messaging app in respect of this. Did you exchange e-mails with anyone at Cargill about this in that period of time?

A. No, not -- not to my knowledge.

62. Q. Was the Teams messaging app the sole method that you used to communicate with Cargill in this period of time? The --

A. I ---

63. Q. -- sole written method?

A. I believe that I communicated in written method through the Teams messaging app with Mr. Kirk related to this topic and also by telephone.

64. Q. All right. Let's look at paragraph 3, then, of the Notice of Examination. And that is -- we can just expand that slightly:

"Any and all documents in your possession, power, or control containing any notes that you took during any meeting of the Board of Directors" --

that's the Tacora Board of Directors, obviously -- "including without limitation any notes taken during the Board meetings in respect of the approval of The Ad Hoc and Cargill DIP."

Did you take any notes in Board meetings?

A. Yes.

65. Q. In what format did you take those notes?

A. I took notes in recent Board meetings in electronic format in Microsoft Word. In some of the prior Board meetings, I had -- I had written notes.

66. Q. And have you provided to your counsel the Microsoft Word documents containing your notes at Board meetings?

A. Yes.

67. Q. And have you provided to your counsel the handwritten notes that you referred to in the earlier meetings?

A. I have not had the opportunity to do so.

68. Q. Do you still have those?

A. I don't know.

69. Q. If you do have them, where do you believe they would be located?

A. In a notebook at my house.

70. Q. All right. Can you have a look for those, please? And if you have them, provide them to Mr. Kolers?

MR. KOLERS: Mr. Swan, I'm going to take that under advisement. The -- we have provided you with Mr. Davies's notes of Board meetings that we believe cover the DIP processes and all relevant issues on your motion. And so if he has a couple of notes from a meeting that was before, you know, August -- he joined the Board, I believe, in July -- I think that would be irrelevant.

So we'll consider your request, but I'm not giving an undertaking with respect to it.

MR. SWAN: All right. You have my request, you've taken it under advisement.

--- UNDER ADVISEMENT NO. 1

BY MR. SWAN:

71. Q. And of course there were discussions about a potential restructuring and other forms of corporate rehabilitation going on from the beginning of your time on the Board, were there not, Mr. Davies?

A. That is correct.

72. Q. And the company, from the moment you joined the Board in July of 2023, the company was in a

liquidity situation, was it not?

A. Yes.

73. Q. In advance of or during Board meetings, I presume, given that you're in England, most of the Board meetings that you participated in, you participated by Zoom, or Teams, or another video conference platform?

A. That's correct.

74. Q. Did you attend any Board meetings in person?

A. In this time since I joined the Board in July?

75. Q. Yes.

A. No.

76. Q. Okay. And if you wished to communicate with other Board members during a Board meeting, how did you do so?

A. During the Board meeting?

77. Q. Yes. There are occasions when a director may wish to have a written communication with another director, without necessarily articulating it orally. Did that ever happen? For example, by exchanging a text message with another director.

A. I don't recall any such incident.

78. Q. All right. Well, if you do find any

such documents, you'll provide them to your counsel? Any such texts or messaging apps from communications with other Board members during meetings?

MR. KOLERS: I'll take that under advisement.

--- UNDER ADVISEMENT NO. 2

BY MR. SWAN:

79. Q. And whether -- during a Board meeting, but more likely at other times not during a Board meeting, how did you typically communicate with Mr. Broking? What format of written communication did you use?

A. Usually via text.

80. Q. Straight texts, not a messaging app?

A. It was some -- usually via text, occasionally via WhatsApp.

81. Q. All right. And have you looked for and identified your communications with Mr. Broking and produced them? We have one up on the screen, so I assume you identified some?

A. I did.

82. Q. And you've given those to your counsel, presumably?

A. Yes.

83. Q. And I presume you must have spoken with

Mr. Broking by telephone from time to time, while a Board member?

A. Correct.

84. Q. And what about Mr. Jackson, how did you communicate with him, typically?

A. Typically via three different means: Verbal communication via telephone, on occasion via text message, and very occasionally via e-mail, usually in response to a question from Tacora.

85. Q. And have you located and produced, to the extent you are able, the communications that you had with Mr. Jackson?

A. Yes.

86. Q. You told me a few moments ago that Board meetings took place via video conference. Was it typically Teams?

A. That's correct.

87. Q. And were those Board meetings recorded, either video-recorded or audio-recorded?

A. Not that I am aware.

MR. SWAN: Mr. Kolers, do you have any information in that respect?

MR. KOLERS: I do not.

MR. SWAN: You're not ---

MR. KOLERS: They were not. I'm advised

they were not recorded.

MR. SWAN: Okay.

BY MR. SWAN:

88. Q. And sir, how did you typically communicate with FTI during this period when you were a Board member?

A. My communication with FTI has been during Board meetings.

89. Q. Well, did you receive e-mails, or slide decks, or other information from FTI in advance of or subsequent to Board meetings?

A. I do not recall.

90. Q. If there are such communications, I would ask you to provide them to your counsel?

MR. KOLERS: I'll take that under advisement.

--- UNDER ADVISEMENT NO. 3

BY MR. SWAN:

91. Q. And the same -- the very same question in respect of Greenhill. How did you communicate with Greenhill or how did Greenhill communicate with you?

A. Through the Board meeting supplemented by presentations that all have been circulated via e-mail.

92. Q. So you presumably would have received

Board slide decks or Powerpoints in advance of meetings?

A. Sometimes in advance, sometimes the slide decks would be provided during -- and presented during the Board meeting, and circulated subsequent to the Board meeting.

93. Q. And have you provided your copies of those to counsel?

A. I believe that counsel have copies of those meetings.

94. Q. Of those slide --

A. Of those ---

95. Q. -- decks?

A. Of those slide decks, apologies.

MR. SWAN: Mr. Kolers?

MR. KOLERS: Yeah, we do. And you've received what we considered to be responsive and not privileged.

MR. SWAN: And did you redact any of the advice that was given by Greenhill as opposed to lawyers?

MR. KOLERS: I would have to go back and look to see exactly what we redacted.

MR. SWAN: All right. I would ask you to advise whether you redacted any advice from Greenhill

as opposed to lawyers?

MR. KOLERS: Okay, we'll let you know that.

--- UNDERTAKING NO. 1

MR. SWAN: Same question with respect to FTI?

MR. KOLERS: We'll let you know that.

--- UNDERTAKING NO. 2

BY MR. SWAN:

96. Q. If you look at item 7 in the Notice of Examination, we've covered part of it, and that is:

"Documents relating to communications between you and Tacora Board members."

But the second part of that is:

"Communications between you and Tacora Management regarding Tacora restructuring, including the approval of or consideration of the DIPs."

Did you communicate with Tacora management -- leaving Mr. Broking out since he was a Board member, did you communicate with Tacora management about the restructuring or the DIPs?

A. In which period?

97. Q. Well, in the period from when you joined the Board up to the present.

A. And really by this question, you're asking if I communicated with -- with the CFO of

Tacora?

98. Q. Well, he would be one prominent person. You did communicate with him?

A. I have communicated with Heng, but not -- not recently. And I do not recall the content of those discussions.

99. Q. And when you say "not recently", what time period are you referencing?

A. I'd have -- I'd have to check, but certainly I don't believe that I've communicated -- communicated with Heng outside Board meetings in the October period, for example.

100. Q. What about in the August/September period?

A. I do not recall.

101. Q. And Tacora's CFO, that is Heng, who you referred to, H-E-N-G. Did he attend Board meetings or parts of Board meetings while you were on the Board?

A. He did.

102. Q. And what was the purpose of his attendance?

A. I don't know the answer.

103. Q. Did he attend -- I guess we'll see this in the Board minutes, unless it's redacted. But did he typically attend most Board meetings -- that's Heng

-- or not?

A. Typically, he would attend most Board meetings.

104. Q. And was he present throughout the Board meeting or for just part of it?

A. Typically, he would be present throughout the Board meeting.

105. Q. Okay. Who acted as the Secretary of the Board meeting, taking notes for the purpose of converting them into minutes?

A. During my time on the Board, that's been more than one person. More recently, that role has been performed by Stikeman Elliott. Previously, it was performed by Melodie Rose of Fred Law.

106. Q. And ---

A. And then there was somebody else whose -- but I don't recall all of the people who've -- who've recorded the Board minutes, from the top of my head.

107. Q. I see. All right, aside from the three directors, a lawyer from a law firm who was there to act as Secretary, formally or informally, and Heng, was there anyone else who attended Board meetings from time to time, while you were on the Board? And I should include a representative of FTI and a

representative of Greenhill, as well.

A. Yeah.

108. Q. Aside from those people, was there anyone else who attended Board meetings?

A. I believe that certain -- certain stakeholders have a right to an observer at Board meetings. I -- in recent weeks, I'm not -- I do not recall any -- any times when other -- when anybody other than the Board, management, and advisors have been in attendance at the Board meetings.

109. Q. All right. I think we can move to number 9, paragraph numbered 9 in the Notice of Examination, and that covers:

"Documents in your possession, power, or control providing analysis or views on any of Tacora's agreements with Cargill. And that would include the Offtake, the advance payment, the Stockpile Agreement, and the more recent Wetcon Agreement."

Do you have any such documents in your possession, power, or control that originated either with Tacora or that originated with Cargill?

A. I do.

110. Q. And what types of documents do you have in your possession that fall into that class or category?

A. I couldn't answer what types, but I will have -- I'm an employee of Cargill. I have many different documents that will relate to Tacora, like I would with many of our other customers.

111. Q. Well, do you have any documents that provided an analysis of, for example, the Offtake Agreement, from the perspective of Cargill?

MR. KOLLA: Mr. Swan, how is that relevant to this motion?

MR. SWAN: It is relevant, squarely so, because it is the position of the Ad Hoc Noteholder Group that the term of the Cargill DIP in respect of the maintenance of the Offtake Agreement is a serious impediment to a successful restructuring of Tacora, as communicated to the Court last Tuesday.

BY MR. SWAN:

112. Q. So, Mr. Davies, do you have any Cargill analyses of the Offtake Agreement?

MR. KOLLA: Mr. Swan, the views of Cargill on those topics is not relevant, nor is the views of any individual witness on this.

MR. SWAN: Well, I strenuously beg to differ. Are you refusing the question?

MR. KOLLA: What's the question?

BY MR. SWAN:

113. Q. Do you have any -- Mr. Davies, do you have any Cargill analysis in respect of the Offtake Agreement with Tacora?

A. Yes.

114. Q. And what is the nature of that or those analyses?

MR. KOLLA: Mr. Swan, we do not believe that is relevant. That would be the opinion of Cargill on an agreement. That agreement can be interpreted by anybody, so the opinions or the analysis about Cargill on that are not relevant.

MR. SWAN: Well, it's not the interpretation of the agreement that I'm interested in, it is more the economic impact and benefit of the agreement that I am interested in.

BY MR. SWAN:

115. Q. Do you have any such analysis, Mr. Davies?

MR. KOLLA: If you want to ask him perhaps about -- from the Cargill perspective, Mr. Swan, that is not relevant.

MR. SWAN: Well, why does it matter from whose perspective it is, if it sets out a financial analysis of the Offtake Agreement? It's evidence and relevant evidence, whether it originates from Cargill,

from Tacora, or from any third party who might have done such an analysis.

MR. KOLLA: Well, I disagree, given the context and the scope of this motion. But if you're asking about how one interprets that agreement and the benefits to Cargill of it, I do not see the relevance of.

MR. SWAN: You're refusing?

MR. KOLLA: Yes.

--- REFUSAL NO. 1

BY MR. SWAN:

116. Q. And Mr. Davies, do you know what profit Cargill has made on the Offtake Agreement in the last twelve months or any other window of time?

MR. KOLLA: Mr. Swan, how is that relevant?

MR. SWAN: The same reason I articulated a few moments ago.

MR. KOLLA: Okay, well, I do not believe that that -- that Cargill's profit on an agreement is a relevant consideration. Mr. Davies, do you know, yes or no, what the profit is? Do you know, yes or no, what the profit is?

THE DEPONENT: Off the top of my head, no, absolutely not.

MR. KOLLA: Well, then, that's the answer,

Mr. Swan. He doesn't know.

MR. SWAN: Well, he said off the top of his head.

BY MR. SWAN:

117. Q. Do you have access to that information, Mr. Davies?

A. Possibly. I don't know.

118. Q. All right. Well, I will ask the question. I'd like you to provide to us Cargill's profit on the Offtake Agreement on an annual basis going back to 2018.

MR. KOLLA: Mr. Swan, this is not a discovery. This witness is here on a Rule 39.03 examination. You are aware of the narrow scope of that. And I do not believe that asking for him to go and inform himself from other people about other topics that he does not know himself personally here, is within the scope. So that will not be -- I will not be agreeing to that.

--- REFUSAL NO. 2

MR. SWAN: And of course if it's recorded in a document, as I suspect it is, I'd like a copy of that, as well.

MR. KOLLA: Similarly, it's both not relevant and it's not within the scope of what's

permitted on a Rule 39.03.

MR. SWAN: You're refusing?

MR. KOLLA: You just heard me do that.

MR. SWAN: I just want to be clear. You're refusing for this request, as well, in terms of a document that -- document or documents that set out the profit that Cargill has made on the Offtake?

MR. KOLLA: You have not established that there are such documents, sir.

BY MR. SWAN:

119. Q. Do you believe there are such documents, Mr. Davies?

A. I do not know.

MR. KOLLA: You have your answer.

BY MR. SWAN:

120. Q. Sir, there may be such documents?

A. I do not know.

121. Q. You do not know one way or the other?

A. Correct.

122. Q. All right, well, you have my request to produce them.

MR. KOLLA: Produce what, Mr. Swan?

MR. SWAN: Pardon?

MR. KOLLA: Produce what, Mr. Swan?

MR. SWAN: To produce any documents that

reflect what Cargill's profits were on an annual or other basis under the Offtake Agreement.

MR. KOLLA: And again, you haven't established that any such documents actually exist.

MR. SWAN: Well, it would be shocking if they didn't. But this witness has only said he's not sure one way or the other. And I'm asking for them.

MR. KOLLA: Sorry, so you're asking him to go and ask other people if documents exist? Is that what your request is?

MR. SWAN: I'm asking him to produce such documents from Cargill as may exist in this respect.

MR. KOLLA: Right. So you want him to go and ask other people if other documents -- if other documents that we do not know exist, exist? Is that the request?

MR. SWAN: Well, if that's what he's -- if that's what he has to do to locate them. But I suspect he probably has access to them, but I don't want to speculate. You have my request. I want those documents.

MR. KOLLA: But, Mr. Swan, you haven't identified what documents you want.

MR. SWAN: I think I have very clearly, but I will say it again. Any documents in Cargill's

possession, power, or control that reflect a recording or an analysis of what revenue, profit, or other benefit Cargill has obtained from the Offtake Agreement, on an annual or other basis. And my request goes back to 2018.

MR. KOLLA: Okay, I do not believe that is either relevant to this examination, nor a proper question for a Rule 39.03 examination, nor have you established that such documents actually exist. So on all those bases, we will not be doing that.

MR. SWAN: Well, I've established that they might exist, so that's sufficient. And it would be very surprising if they didn't. You have my request, I expect compliance with it, and let's move forward.

--- REFUSAL NO. 3

BY MR. SWAN:

123. Q. Do you, Mr. Davies -- are you aware of any documents generated on the Tacora side in respect of the economic benefit for Cargill of the Offtake Agreement?

A. Not that I'm aware of.

124. Q. In other words, you're not aware one way or the other whether such documents exist in Tacora?

A. Correct.

125. Q. Okay. And presumably, Mr. Broking would be a better person to ask that question of, is that right?

A. I would guess so, yes.

126. Q. That was number 11. Number 12 in the Notice of Examination is:

"Any and all documents you have in your possession, power, or control in connection with the potential disclaimer of the Offtake Agreement."

Do you understand what that means, the "disclaimer of the Offtake Agreement"?

A. Yes.

127. Q. And was that a topic that you discussed with anyone?

A. And in what context?

128. Q. In the context either of your time on the Tacora Board or in the context of your role as an employee of Cargill. Did you have any discussion with anyone about the potential disclaimer of the Offtake Agreement?

MR. KOLERS: And Mr. Swan, just to be clear, when you're ---

THE DEPONENT: (inaudible)

MR. KOLERS: Just to be clear, when you're talking about the "disclaimer of the Offtake

Agreement", you're talking about -- just to help the witness understand this, you're talking about in the context of the CCAA?

MR. SWAN: Well...

MR. KOLERS: You're referring to the word "disclaimer" in the context of the CCAA?

MR. SWAN: Presumably that would be the most common context in which it would arise, but I didn't necessarily intend to limit my question that narrowly. The witness said he understood what was meant by "disclaimer", but perhaps we should ask him.

BY MR. SWAN:

129. Q. What do you understand "disclaimer of the Offtake Agreement" to mean, sir?

A. Essentially, to -- for the company to seek to leave the Offtake Agreement behind, to no longer be obliged to perform the Offtake. And by "the company", I refer to Tacora.

130. Q. Yes, thank you. And so what discussions or communications did you have with anyone about that topic?

MR. KOLLA: And I'm going to instruct the witness not to discuss any legal advice, either sought or received, from counsel on that topic.

MR. SWAN: Fair enough.

BY MR. SWAN:

131. Q. Subject to that caveat. In other words, not legal advice, what discussions did you have with anyone, other than lawyers, about the potential disclaimer by Tacora of the Offtake Agreement?

MR. KOLLA: Not quite. If the other discussions are concerning the legal advice, then that's also privileged. So properly narrowed, nothing to do with legal advice.

BY MR. SWAN:

132. Q. Do you still remember the question, Mr. Davies?

A. Could you repeat the question, please?

133. Q. Fair enough. Did you have -- aside from communications with lawyers or communication with others about legal advice, what discussions did you have with anyone about the potential disclaimer by Tacora of the Offtake Agreement?

A. I do not recall having any such discussions.

134. Q. Aside from discussions, did you exchange any written communications about this topic, again excepting lawyers and legal -- leaving out lawyers and legal advice?

A. In which period?

135. Q. Since you -- well, let's say during 2023?

A. I do not recall.

136. Q. That means you do not recall one way or the other?

A. I do not recall one way or another.

137. Q. All right, let's move on from the Notice of Examination. I have a few other background questions for you. First of all, I noted that you have a Law degree from the University of Leeds, is that right?

A. That is correct.

138. Q. And is that an undergraduate Law degree?

A. Yes.

139. Q. Is your designation from that degree an LLB, a Bachelor of Laws, or something else?

A. It's an LLB.

140. Q. Thank you. And were you -- are you or were you ever called to the Bar of England and Wales?

A. No.

141. Q. Have you been called to the Bar of any jurisdiction?

A. I have not.

142. Q. So I take it that you obtained a Law

degree, but you've never practised law?

A. That's correct.

143. Q. Thank you. And just a few items from your background. You worked at Corus, C-O-R-U-S, as a Buyer for three years, concluding in 2007. Where was that located? Where were you based?

A. I was based in Teesside in the UK at one of the steel plants.

144. Q. Thank you. And then you worked at Tata, T-A-T-A, Steel for five years?

A. Correct. Tata Steel acquired Corus around 2007, I believe.

145. Q. I see. And you were the -- an Account Manager and (inaudible) Manager of Iron Ore Procurement. And where were you based then? The same place?

A. No, I was based in London.

146. Q. You moved to London, okay. And then you were at Global Coal for a year as the Market Manager for Coking Coal, concluding in 2013. Where were you based then?

A. In London.

147. Q. And you joined Cargill in or about 2013?

A. Correct.

148. Q. And have you been based in London through that ten-year period from 2013 to the present or have you been based elsewhere at times?

A. I have been based in London throughout.

149. Q. And your current title is the Sustainability Lead and Atlantic Customer Lead in the Metals Division of Cargill?

A. In the Metals Business of Cargill, yes.

150. Q. And which of the Cargill entities is that? Is that Cargill International?

A. Could you clarify the question? Is that which is my employing entity?

151. Q. Yes. Is it Cargill International or Cargill Inc.?

A. It's neither.

152. Q. I see. Is it -- well, why don't you just tell me? Is it a UK division of Cargill?

A. Yes, I work for Cargill UK.

153. Q. And is Cargill UK a subsidiary of Cargill International propriety?

A. I'm not familiar with the corporate structure of Cargill, but I do not believe so.

154. Q. Okay. And has part -- has or was part of your role with Cargill been dealings with Tacora, aside from prior to becoming a Board member?

A. Yes.

155. Q. And what was your interrelationship with Tacora prior to becoming a Board member?

A. I've played -- I've been involved with Tacora for, I believe, close to seven years, starting from the initial discussions between Tacora and Cargill, which took place in, I believe, quarter four of 2016. I have since then -- for a period of time, I was the day-to-day manager of the relationship between Tacora and Cargill.

In recent -- in probably over the course of the last two years or so, I've played a less hands-on day-to-day role in the Cargill relationship, as there's multiple different touchpoints between the two organizations. I was an observer to the Tacora Board for a -- for a number of -- for a number of years. I couldn't give you the precise period.

156. Q. And that was Cargill's representative observer?

A. Correct.

157. Q. And in that capacity, you attended and observed most Tacora Board meetings, is that correct?

A. I attended and observed most Tacora Board meetings, except for those occasions where the Board meetings were restricted to directors or

directors and company advisors only.

158. Q. And in that capacity as an observer, who did you then report up to at Cargill?

A. In which period?

159. Q. Well, if it changed, tell me the -- tell me the people.

A. My line manager is and has been Lee Kirk for -- since sometime in 2021. Prior to that, I had a period of reporting to Philip Mulvihill. Prior to that, I had a period of reporting to David Niknejad.

160. Q. And were you in any way involved in the negotiation of any of the agreements that have been discussed here? Not the DIP, but the Offtake Agreement, the advanced payments facility agreement, the Stockpile Agreement. Were you involved in the negotiation of any of those?

A. I was involved in the negotiation of the Offtake Agreement and I was involved in subsequent amendments to the extension of the Offtake Agreement. I was involved in the negotiation of the initial onshore (ph) purchase agreement. I've been involved in numerous day-to-day negotiations in the past related to the procurement of freight, etcetera.

I was not involved in the negotiation around

the DIP. I was not involved in the negotiation for the Wetcon purchase.

161. Q. In the context of the negotiation of the Offtake Agreement, did you receive any financial analyses from Cargill?

A. Financial analysis would have been conducted at the time of the negotiation of the Offtake Agreement.

162. Q. And the amendments, presumably?

A. Correct.

163. Q. And you received those?

A. I do not recall.

164. Q. Well, if you were one of the negotiators, presumably you would have?

A. Possibly. But we -- we have an approach where multiple different people on a team work on a negotiation.

165. Q. All right.

MR. SWAN: So included within my prior request for financial analyses of the Offtake would be analyses that may have been provided to Mr. Davies at the time that the negotiation -- at the time the Offtake was being negotiated and renegotiated. Do I have that undertaking?

MR. KOLLA: No.

MR. SWAN: You're refusing?

MR. KOLLA: You have my position already. If it's included in what you've already asked for, you have my position.

MR. SWAN: That's a refusal, just to be clear?

MR. KOLLA: You have my position.

MR. SWAN: And is your position a refusal?

MR. KOLLA: The transcript is going to say exactly what the transcript says. You know it as well as I do.

MR. SWAN: Well, it shouldn't be a foul word. If you're refusing, you can just say it.

MR. KOLLA: The transcript is going to reflect exactly what I've already done. You said it was part of your prior request; you have my position about what that request was in respect of.

--- REFUSAL NO. 4

BY MR. SWAN:

166. Q. Is it Lee Kirk that you currently report to at Cargill?

A. Yes.

167. Q. And after Tacora Board meetings, how is it that you communicate with Mr. Kirk about those Board meetings?

A. I do not.

168. Q. You do not?

A. No. Unless there's a specific request made to me by the Board to communicate with Mr. Kirk, I do not communicate about Board meetings with people from Cargill. I have my role as a Tacora director and I take my fiduciary duties very seriously as a director of Cargill (sic), and I have my role as an employee of Cargill, and which is completely separate. And it is in my role as an employee of Cargill that I report to Mr. Kirk, not in my role as a director of Tacora.

169. Q. Who was it that proposed appointing you as Cargill's nominee on the Tacora Board?

A. That was my proposal.

170. Q. You proposed it? And who --

A. Yes.

171. Q. -- did you propose it to?

A. To Mr. Mulvihill.

172. Q. And why did you want to be on the Tacora Board?

A. We were at a point where the cadence of Board meetings had increased dramatically. At the time that Mr. Mulvihill had been appointed as a director of Tacora, the Board would maybe meet once

per quarter. Given the situation that Tacora has faced in recent months, those Board meetings have increased to weekly, twice weekly, sometimes multiple times in a week, and occasionally more than once in a day.

Mr. Mulvihill is based in Singapore, which is a twelve- or thirteen-hour time difference from -- from Minneapolis or from Montreal, and -- and that was simply becoming unworkable for him personally. And so I -- I offered to -- as a person with reasonable knowledge of Tacora, to step into his role on his behalf.

173. Q. And when you said "Montreal" just a moment ago, you're referring to the office that Heng works in, in Brossard?

A. I'm referring to the -- just the general time zone of east coast US being twelve hours behind Singapore or central time US being thirteen hours behind Singapore. So whether that's Montreal, or New York, or Toronto, there's obviously various different advisors who've been present at those Board meetings (inaudible) those time zones.

174. Q. Had you ever served as a Board member of a company before Tacora?

A. No.

175. Q. This is the first Board you've ever been on?

A. That's correct.

176. Q. And have you taken any external courses or training on how to be a good Board member?

A. External courses, no. I've received guidance from -- from counsel.

177. Q. Without getting into what that guidance was, you're referring to Canadian counsel or other counsel?

A. Canadian counsel.

178. Q. Perhaps the Stikemans law firm?

A. Stikemans law firm.

179. Q. And did you get a slide deck, or a Powerpoint, or any sort of instructional manual on how to be a good director?

A. Not that I recall.

180. Q. So in what form did you receive -- and again, if it was from a lawyer, then I won't probe what the advice was, but in what form did you receive that advice? Was it oral? Was it in an e-mail? What was it?

A. It was oral.

181. Q. And for how long did you receive this advice on how to be a good director? How long was

that oral advice communicated to you? Was it a ten-minute --

MR. KOLERS: Mr. Swan ---

MR. SWAN: -- meeting? Was it an hour long?

MR. KOLERS: Mr. Swan, I've let you go a long way down this road. It's just not relevant. Please move on.

--- REFUSAL NO. 5

BY MR. SWAN:

182. Q. I'd like to ask you some questions about Tacora's relationship with Cargill. And would you agree, sir, that Cargill is Tacora's not only most significant customer, but only customer, is that right? Only customer for its iron ore product?

A. As a direct principal-to-principal relationship, that is correct.

183. Q. Tacora's obliged to sell all of its iron ore product to Cargill under the Offtake Agreement, correct?

A. Correct.

184. Q. And that Offtake Agreement subsists, according to its terms, for the life of the Scully Mine?

A. Correct.

185. Q. And Cargill is also an equity holder of

Tacora?

A. Correct.

186. Q. And it's also a secured creditor of Tacora?

A. Correct.

MR. KOLERS: I just want to -- I'm just mindful of the time. We've been going for an hour-and-a-half -- over an hour-and-a-half. I wonder if it's appropriate to just take a break for a couple minutes? And perhaps you could also give us an indication of how much longer you expect to be?

MR. SWAN: I -- let's just finish this one question, while we have the document up.

BY MR. SWAN:

187. Q. These are notes to the Tacora financial statements that were included as an exhibit to Mr. Broking's Affidavit, his first Affidavit in the original Application Record. And if we could just scroll up to the prior page so that you can see the note number ---

MR. KOLERS: Mr. Swan, can you just orient us? Can you tell us what exhibit this is to the original Affidavit?

MR. SWAN: Yes.

MR. KOLERS: Sorry, to the Broking October 9

Affidavit?

MR. SWAN: Yes, it is exhibit E as in `Edward'. And as you will see within the PDF copy of the Motion Record, it's at page 181.

MR. KOLERS: This is the Consolidated Financial Statements for the years ended December 31, '22 and '21?

MR. SWAN: Correct.

BY MR. SWAN:

188. Q. If we could scroll down to the bottom of that page, you'll see that Note 9 lists related party balances. And the first part of that note concerns the compensation of management personnel who are paid through a Tacora US subsidiary. But let's then move on to the next page, page 21 of the financial statement, page PDF 182 of the Application Record under -- still under Note 9: "Related party notes, Cargill". And under that, it reads:

"As a result of the $15 million preferred share agreement described in Note 25, Cargill is a related party as of December 31, 2022."

Do you see that, Mr. Davies?

A. Yes.

189. Q. And I presume the financial statements of Tacora are prepared in a manner consistent with

IFRS standards?

MR. KOLERS: Yeah, I'm not sure you can ask this witness that question.

MR. SWAN: Well, he may know the answer to that question. If he doesn't, that's fine.

MR. KOLERS: He can let us know, then.

THE DEPONENT: I do not know the answer to that question.

MR. SWAN: All right.

BY MR. SWAN:

190. Q. But you accept what's written here in this financial statement -- in this note to the financial statement that -- from the perspective described, that Cargill is a related party to Tacora?

MR. KOLERS: The statement speaks for itself. It is what it is.

MR. SWAN: Right.

BY MR. SWAN:

191. Q. You have no reason to disagree with that, sir?

MR. KOLERS: He's not an IFRS accountant. The document is in the record, Mr. Swan, and it says what it says. You can take from that what you will.

MR. SWAN: Yes.

BY MR. SWAN:

192. Q. But my question is this: You have no knowledge or information that would lead you to disagree with that statement specifically, do you, sir?

MR. KOLERS: I don't -- I think we've established he doesn't have the knowledge to agree or disagree with the statement.

MR. SWAN: Well, he might have knowledge to disagree with it. If he doesn't have any knowledge to disagree with it, then he can tell me.

MR. KOLERS: At this point, I'm not even sure I remember the question. I don't know -- you don't need this from this witness. Move on. It's a refusal.

MR. SWAN: That's a refusal?

MR. KOLERS: Well, it's -- I'm telling you to move on.

MR. SWAN: All right.

--- REFUSAL NO. 6

MR. SWAN: Let's take a break. I'd like to keep moving forward, so I'm not going to do the...

--- OFF THE RECORD (11:42 A.M.) ---

--- UPON RESUMING (11:57 A.M.) ---

BY MR. SWAN:

193. Q. Are you ready to go, Mr. Davies?

A. Yes.

194. Q. Thank you. All right, just a few background questions before we move into the process. Do you agree with me, sir, that the iron ore concentrate from the Scully Mine is highly desirable? It's better than 65 percent-grade iron ore?

A. Not entirely, no.

195. Q. What part do you disagree with?

A. I believe the iron ore concentrate from the mine is highly desirable when it's marketed properly. But having been an iron ore buyer myself in the past, I can tell you that any savvy iron ore buyer will find ways to find fault with a product, that the mine -- that the ore from the Scully Mine historically was seen as an inferior ore due to the presence of manganese -- the high presence of manganese in the product, and that the ore from the Scully Mine has become a desirable product because of the -- the way that it's been marketed and the technical research that's been done -- done around the product by Cargill, and because of the job of the core operations team to produce a consistent and stable product. Not because of its iron ore grade at all.

And as you're told in the first day working in the steel industry, the FE content of an iron ore

is completely irrelevant. It's what else is in that, that drives the value. So, no, I don't entirely agree with your comment.

196. Q. So that was a good speech and pat on the back to Cargill for doing such a wonderful marketing job. I'm being sarcastic, of course. You agree with me that the grade is above 65 percent iron ore?

A. I do.

197. Q. Thank you. And that type of product, 65 percent and higher, commands a premium in the market relative to 62-grade iron ore, correct?

A. It depends on how the product is marketed.

198. Q. In general, 65-grade iron ore commands a premium to 62-grade iron ore, right?

A. It depends on how the product is marketed.

199. Q. I see. And do you know what the nameplate capacity of the Scully Mine is per year?

A. The nameplate capacity of the mine is 6 million tons per annum.

200. Q. But, in fact, Tacora has been producing much less than that over the last three years, hasn't it?

A. The mine consistently was producing less than that over many years of its operation, including since the restart.

201. Q. Is Cargill Inc. a parent company to Cargill International?

A. As I said before, I do not -- I'm not familiar with the corporate structure of Cargill. We have operations in, I think, seventy countries, also.

202. Q. Well, under the DIP facility, Cargill Inc. is the lender, and the facility indicates that Cargill Inc. can cause Cargill International to do certain things, such as continue existing arrangements such as the Offtake Agreement.

Do you know how it is that Cargill Inc. can cause Cargill International to take steps?

A. I do not.

203. Q. And you agree with me, I presume, that Cargill International is the party to the various operating agreements with Tacora, including the Offtake Agreement? It's Cargill International that's the party?

A. You're referring to Cargill International Trading PTE Limited of Singapore?

204. Q. Correct.

A. I believe so. But I cannot say with

certainty that all of those agreements are with Cargill International.

205. Q. Do you know an individual by the name of Matt Lehtinen?

A. Yes.

206. Q. And he is employed by Cargill?

A. He is.

207. Q. And as I understand it, he is the -- he is Cargill's Customer Manager for the Americas?

A. That's correct.

208. Q. And does that include Tacora?

A. It does now. He's a relatively new hire as a Cargill employee.

209. Q. So he's a new hire as a Cargill employee and one of the relationships that fall under his domain is Tacora, correct?

A. As I mentioned before, there's multiple touchpoints within Cargill on the Tacora relationship. Matt is now one of those touchpoints.

210. Q. And do I have it right that he was previously one of the co-founders of Tacora?

A. You do.

211. Q. And he was the Chief Operating Officer and Chief Commercial Officer of Tacora for a time, is that right?

A. Correct.

212. Q. And that he was hired by Cargill in 2023?

A. That is correct.

213. Q. And we won't spend the time to go through it, but I presume you have a general understanding of Cargill -- of Tacora, rather, secured loan structure?

A. A general understanding, yes.

214. Q. In other words, there is approximately between $260 and $270 million owing to the noteholders, you're aware of that? Or in that ballpark?

A. In that ballpark, I believe, yes.

215. Q. And that is secured debt, you know that?

A. Yes.

216. Q. And in terms of other secured debt, Cargill is a secured creditor to the tune of about $35 million, right?

A. Correct.

217. Q. And do you understand the concept of "priming" secured debt? When I use that term, you know what that means?

A. I do.

218. Q. And that means inserting another entity above existing debt into a prime or higher position, right?

A. Correct.

219. Q. And you understand that the Cargill DIP, under the proposed structure that's proposed by Tacora, would prime the noteholders to the full extent of the DIP as drawn down? Did you understand that?

A. Yes.

220. Q. I take it that's not something you spent a great deal of time talking about?

A. Could you be more specific?

MR. KOLERS: Yeah.

BY MR. SWAN:

221. Q. I take it that is not something you as a director spent a great deal of time talking about with other directors; the priming?

A. Correct.

222. Q. Were you involved in the spring of 2023 when a potential strategic purchaser or investor [redacted] was involved?

A. Involved in what sense?

223. Q. Well, involved as a potential strategic acquirer or investor in Tacora?

A. Could you be specific about what you

mean by my involvement, please?

224. Q. Were you aware that that was happening, that [redacted] was considering such a step?

A. I was.

225. Q. And you were aware in your capacity as a Board observer or in some other capacity? How were you aware of that?

A. I don't recall the origin of becoming aware of that.

226. Q. All right. And I'm advised that one of the concerns that [redacted] raised was the Offtake Agreement and the impact of the Offtake Agreement on Tacora? Were you aware of that in that role?

A. I have never heard that directly.

227. Q. Have you heard it indirectly?

A. I have heard it once said indirectly. I don't recall who said it.

228. Q. And what do you recall in general terms what you heard indirectly?

A. I think as you said, but in the context that I heard multiple different reasons given by [redacted] in different settings as to why they were not pursuing the Tacora transaction.

229. Q. One of the reasons, though, was the impact of the Offtake Agreement?

A. As I said, I never heard -- I've never heard that directly.

230. Q. But you have heard it indirectly?

MR. KOLERS: He's already answered that.

BY MR. SWAN:

231. Q. And the answer is `yes', sir?

MR. KOLERS: He's already answered, Mr. Swan. And I should note that the [redacted] stuff is confidential, so we should just keep that in mind before anything is publicly filed in relation to that.

BY MR. SWAN:

232. Q. So I'd like to take you back, sir, a couple of months to August of 2023. And Tacora and its advisors started a solicitation process for DIP proposals in early to mid August of 2023, do you remember that?

A. I do.

233. Q. And by the way, in the run-up to this or at any time, did the concept -- was the concept of having a special committee of the Board raised?

A. I don't recall.

234. Q. You don't recall one way or the other?

A. I don't recall one way or another -- or the other.

235. Q. And presumably you know what a special

committee is and why special committees are created?

A. Yes.

236. Q. And did you ever raise at any point, either as an advisor -- sorry, as an observer or as a Board member, the creation of a special committee?

A. I don't recall.

237. Q. You don't recall one way or the other whether you ever raised it?

A. Correct.

238. Q. Isn't that something you'd remember?

A. I don't recall.

239. Q. Pardon me?

A. I don't recall.

240. Q. And did anyone else ever raise it?

MR. KOLERS: He's already answered that.

BY MR. SWAN:

241. Q. So during the first DIP solicitation process, was it Greenhill that was running that process principally, Mr. Davies?

A. Yes.

242. Q. And at the end of the day, that process generated certain Term Sheets or proposals for DIPs for Tacora, correct?

A. Correct.

243. Q. And one of those came from The Ad Hoc

Group of noteholders?

A. Correct.

244. Q. Or perhaps better put, from certain noteholders described as "The Ad Hoc Group". And another, at least up to a point, came from Cargill, is that right?

A. Correct.

245. Q. And there were a couple of other parties who expressed interest or gave -- provided term sheets for other indications of interest, but they did not proceed very far, is that right?

A. That is my understanding, yes.

246. Q. All right. And so when the DIP proposals were brought before -- proposal or proposals, you tell me, were brought before the Board, how many were actively -- in the first round, the August/September round, how many were actively brought before the Board for consideration?

A. Ultimately, as I recall, there was -- there was only one DIP proposal. One binding DIP proposal that was brought forward for consideration.

247. Q. There was another from Cargill, but Cargill dropped out of the process when further terms were requested by Greenhill on behalf of the company, is that right?

A. That is what Greenhill advised.

248. Q. And Cargill provided a Term Sheet, and we're going to just call up that Term Sheet for you to see. That's the cover page.

MR. SWAN: Perhaps we could increase it by one size of magnitude magnification?

MR. KOLERS: Sorry, just can you identify what -- when this is from? It's got a date on it of October 17th, 2023, which is not -- was it yesterday?

MR. SWAN: Yeah, it's an auto-update on the date. This is the initial Term Sheet that was provided by Cargill. Yeah, and we obtained it in response to our request under Rule 30.04(2) for documents referenced in Affidavits. So don't be distracted by the date of October 17. This was provided by Cargill in the first DIP round, sir, the August/September round.

BY MR. SWAN:

249. Q. And you'll see that the party proposing the DIP at that time was Cargill International Trading?

MR. KOLERS: Can you establish whether or not Mr. Davies has actually seen this before?

BY MR. SWAN:

250. Q. Did you see this at the time, Mr.

Davies?

A. No.

251. Q. You did not see it?

A. Correct.

252. Q. You say it wasn't provided to the Board?

A. I do not recall seeing this Term Sheet. The Board -- as I said, the Board discussions related to a Term Sheet. When it came to the Board, there was -- there was only one Term Sheet on the table. As far as --

253. Q. All right, well ---

A. -- I recall, some general coverage of other Term Sheets through a Greenhill presentation. We did not spend time going into the details of those proposals. They didn't come through to a binding proposal.

254. Q. All right.

MR. SWAN: And Mr. Kolers, do we have the Greenhill presentation? We have certain material from Greenhill, but do we have the Greenhill presentation that the witness just referred to?

MR. KOLERS: I don't believe so.

MR. SWAN: All right. Can you produce a copy of that Greenhill presentation to us?

MR. KOLERS: I'm going to take that under advisement.

--- UNDER ADVISEMENT NO. 4

BY MR. SWAN:

255. Q. And sir, this was a Greenhill presentation that reviewed potential DIPs and analyzed them, is that correct, in the August/September period?

A. Correct.

256. Q. All right.

MR. SWAN: Mr. Kolers, you have my request and I have your answer.

BY MR. SWAN:

257. Q. You told me earlier in the examination that in the October period, you had discussions with Mr. Kirk about whether Cargill should submit a DIP in the October 2023 period. Did you have discussions with anyone at Cargill in the August to September period, the first DIP round, if we can call it that, did you have any discussions with anyone at Cargill about submitting a DIP, improving a DIP, or anything of that nature?

A. Not that I recall, no.

258. Q. Did you speak to Mr. Kirk about Cargill's initial submission of a Term Sheet and ultimate decision not to proceed with it?

A. I just answered. Not that I recall.

259. Q. I said: Did you have any discussions. Did you have any other communications with anyone at Cargill in the August/September period about whether Cargill should submit a DIP, the potential withdrawal of that proposal, or any terms of that?

A. Not that I recall.

260. Q. All right. I would ask you to look to see whether you have any written communications in any form with anyone at Cargill about that subject that I just identified in my prior question?

MR. KOLERS: I think that Mr. Davies has already looked for that. We can ask him to confirm that. And -- well, let's stop there for a second. Mr. Davies, have you already looked for such communications before today -- in the last twenty-four hours?

THE DEPONENT: Yeah.

MR. KOLERS: And did you find any such communications?

THE DEPONENT: I didn't.

MR. KOLERS: Sorry, that was "didn't" as in `did not'?

THE DEPONENT: I didn't. I did not.

MR. KOLERS: Okay.

BY MR. SWAN:

261. Q. And given that you perhaps did not have as much time as would have been fuller to conduct that inquiry, I would ask you, since you're `not sure' was your earlier answer to whether you had such communications, I would ask you to look again to see if you have any written communications with anyone at Cargill in respect of the first DIP round?

MR. KOLERS: I'm going to take that under advisement, with the proviso that the timing issues were of your making and this is not an examination for discovery.

MR. SWAN: Well ---

MR. KOLERS: And the witness has already looked and produced for such communications, and I suspect he would have provided them if he had any.

MR. SWAN: Well, he also said he didn't have that much time to look. And I won't debate with you on the record again why this process is as expedited as it is. We've been through that.

--- UNDER ADVISEMENT NO. 5

MR. KOLLA: Mr. Swan, I don't think you've established that any such documents actually exist, so I think you're asking him to go and ask other people and search around.

MR. SWAN: No, I'm asking him to look to see whether he has any such communications.

MR. KOLLA: And he told you. He told you that he looked and did not find any, so you have his answer on that.

MR. SWAN: He looked on a hurried basis. Since he didn't have much time, I'm asking him to look again.

MR. KOLLA: I do not believe that's permitted on a Rule 39.03 examination.

MR. SWAN: Show me the case that says that. There's no such case.

MR. KOLLA: The case is *Magnotta Winery Corp. v. The Ontario Alcohol and Gaming Commission* 2016 ONSC 3174.

MR. SWAN: And that case says that if a party does a hurried examination to see if -- a hurried look to see if he has documents, he should not be made to go back and look again? I presume it does not. So that's what I'm asking for. You have my request. It is in the heart of the subject matter of this motion.

And therefore, I've made my request and you should comply with it. I have your answer that you're taking it under advisement, but it is an important

request.

BY MR. SWAN:

262. Q. Now, sir, in this period in early September of 2023, you were aware, I assume, that Cargill was withholding payments to Tacora?

A. I was aware of what was discussed in the Board.

263. Q. Well, let's turn up Mr. Nicholson's letter of September the 8th.

MR. KOLERS: Are you screen-sharing that?

MR. SWAN: Yes.

BY MR. SWAN:

264. Q. This is a letter from Mr. Nicholson at the Stikeman Elliott firm to Mr. Chadwick at the Goodmans firm. It's perhaps slightly awkward given what's unfolded since. But in this letter dated September 8, 2023, Stikemans, on behalf of Tacora, is making a demand for payments that are in respect of product that was delivered by Tacora to Cargill.

And were you aware that Cargill was withholding payments at this time?

A. As I said, I was made aware in the Board.

265. Q. Yes. And did you have discussions with anyone at Cargill about this subject?

A. Not that I recall. I don't believe so.

266. Q. And do you know why Cargill was withholding payment?

A. I do not.

267. Q. And you would agree with me, at this time, Tacora's liquidity situation was delicate, to say the least?

A. I would agree that Tacora's liquidity situation was delicate.

268. Q. And that the withholding of payments by Cargill did not help Tacora's liquidity situation, did it?

MR. KOLERS: I think that's a rhetorical question, Mr. Swan.

MR. SWAN: It isn't. It's a question to this witness.

BY MR. SWAN:

269. Q. Do you agree with me, sir, that Cargill's withholding of payments in this September time period did not help and, indeed, potentially harmed Tacora's liquidity situation, do you agree with that?

A. I agree that withholding payments would not help Tacora's liquidity situation.

270. Q. Thank you. Let's talk a little bit

about the DIP proposal that was submitted by The Ad Hoc Group of noteholders during the August/September DIP process. The noteholder DIP was reviewed by the Board, was it not?

A. That's correct.

271. Q. And the Board adopted and approved the execution of the noteholder DIP agreement, right?

A. Correct.

MR. KOLERS: Can I just ask that we stop -- you stop screen-sharing the letter, so that we can see everyone again? Thank you.

BY MR. SWAN:

272. Q. And I take it that Greenhill recommended that the Board adopt the DIP that The Ad Hoc Group presented?

A. They did.

273. Q. As did FTI?

A. That's correct.

274. Q. And did you personally vote in favour of approving The Ad Hoc DIP in September?

A. Yes, I did.

275. Q. And the Board was unanimous?

A. That's correct.

276. Q. And the Board, at that time, thought that The Ad Hoc DIP was satisfactory for the necessary

purpose, I assume, or you wouldn't have approved it?

A. The Board was satisfied that a DIP was better than no DIP.

277. Q. And the Board was satisfied that The Ad Hoc DIP was sufficient for the purpose?

A. The Board acted upon the advice of the advisors, and the advice of the advisors was clear that a DIP is better than no DIP. And therefore, the clear advice was that the Board should approve this DIP.

278. Q. Well, you're not quite answering my question. I appreciate your answer, but you're not quite answering my question. The Board would not have approved, presumably, The Ad Hoc DIP if it wasn't satisfactory for the intended purpose, is that not right?

A. Certain reservations related to the DIP were -- were discussed and acknowledged, but the advice from the advisors was very clear that: `This is -- this is the only proposal we have on the table, and that going into a CCAA process with a DIP is better than going into the CCAA process with no DIP'.

279. Q. And the advisors also told the Board that this DIP was satisfactory for the purpose of going into the CCAA process?

MR. KOLERS: And let's just make sure that -- I'm going to remind Mr. Leon not to get into disclosing privileged information as communicated by counsel.

THE DEPONENT: Understood. I don't remember if the word "satisfactory" was used.

BY MR. SWAN:

280. Q. Whether the word "satisfactory" was used or not, the advice -- and again, let's leave out advice of counsel. But the advice of the two financial advisors, being Greenhill and FTI, the advice was that The Ad Hoc Group DIP would work, would be sufficient, was adequate for the purpose of the CCAA filing, correct?

A. I believe so. I don't recall the specific language used, but I believe so.

281. Q. That was the thrust of the recommendation, though, wasn't it?

A. I believe so.

282. Q. Thank you. And in fact, Tacora actually signed -- executed a DIP agreement with The Ad Hoc Group on September 11, 2023, you were aware of that?

A. Yes.

283. Q. However, the CCAA filing did not occur

because further resolution discussions then followed, is that right?

A. That's correct.

284. Q. During the Board discussions surrounding The Ad Hoc Group's DIP in September of 2023, did any Board members or others recuse themselves from the Board meeting at any point? Recuse or absent themselves from the Board meeting at any point?

A. No.

285. Q. Now, let's move forward.

MR. KOLERS: If it's an appropriate time, Mr. Swan, I'm wondering if we can just address timing here? I'm getting concerned. I believe it is now 5:30 p.m. in London where Mr. Davies is. We started this examination at 3:00 in the afternoon his time. And I'm not prepared to have him sit here for the rest of his evening.

MR. SWAN: I anticipate, Mr. Kolers, that we will be less than an hour.

MR. KOLERS: And that includes the time to review the documents that you've referred to?

MR. SWAN: Hopefully.

MR. KOLERS: All right. Okay, thank you.

MR. SWAN: So ---

MR. KOLERS: Mr. Davies, are you okay -- sorry. Mr. Davies, are you okay with that?

THE DEPONENT: Yes.

MR. KOLERS: As okay as you're going to be? It's satisfactory?

THE DEPONENT: It's satisfactory.

MR. KOLERS: Thank you.

BY MR. SWAN:

286. Q. So in early October 2023, the question of a CCAA filing arose once again on the Board?

A. Yes.

287. Q. And you had the existing DIP from September 11, the signed agreement with the noteholders, right?

A. I believe that was available to me, yes.

288. Q. And was a process undertaken in early October where the company or its advisors reached out to a number of potential DIP providers or not?

A. I believe that Greenhill reached out to Cargill and I believe that Greenhill reached out to re-engage The Ad Hoc Group.

289. Q. As far as you know, they reached out to no one else?

A. I don't believe they did.

290. Q. This is in the October period, obviously. And what happened when Greenhill reached out to Cargill? What was the response -- the initial response?

MR. KOLERS: Sorry, just to be clear, I don't believe Mr. Davies was involved in those discussions. You can ask him, but I presume you're just asking him what he was reported to by Greenhill at the Board meetings?

MR. SWAN: I'm asking him what he understands, either from the Board meeting or from other sources of information.

MR. KOLERS: So, Mr. Davies, in answering your understanding, please be clear to indicate where it came from.

THE DEPONENT: Okay. My understanding from Greenhill's feedback to the Board is that Cargill were considering.

BY MR. SWAN:

291. Q. And was it at this point or a subsequent point that you called Mr. Kirk or communicated with Mr. Kirk?

A. Subsequently.

292. Q. All right. So what happened between Cargill, after being asked, considering a DIP and your

reach-out to Mr. Kirk, based on your knowledge?

A. I do not know. My understanding is that the DIP Term Sheet submitted on behalf of Cargill was negotiated by Goodmans as counsel to Cargill. And so I had no discussions about the terms of that -- that DIP.

I provided no information to Cargill about -- from the Board, other than to have a general discussion to encourage on behalf of Tacora for a alternative proposal for the Board to consider.

293. Q. And what was the trigger for you to call Mr. Kirk or contact Mr. Kirk?

A. I don't recall. I speak to Mr. Kirk every day. He's my line manager. We work on many, many different areas of business every day.

294. Q. Well, that may be the case, but here you were specifically speaking about a Cargill DIP and perhaps an advanced Cargill DIP over what was being proposed. So what triggered you to do that?

A. I said I didn't discuss the terms. I merely believed that it was in the interest of Tacora to have more than one DIP proposal to consider.

295. Q. And you said that to Mr. Kirk?

A. I don't recall the specific words I used.

296. Q. Words to that effect? What was the thrust of what you said to Mr. Kirk, since you've answered in that way?

A. That -- that it would be good for Cargill to consider the request made by Greenhill to provide a DIP. And I -- and then my request was -- and my question was: "Is Cargill considering providing this DIP?"

297. Q. And what was the answer?

A. The answer -- the answer was "Yes". I had a discussion with Mr. Carrelo, who confirmed the different -- different people. So within Cargill, were -- were discussing and were considering.

298. Q. And in the course of those discussions and communications, did the Offtake Agreement come up in any way?

A. I did not discuss the terms of the DIP.

299. Q. That wasn't quite my question. My question was: In the course of those communications and discussions in early October with Mr. Carrelo and Mr. Kirk, did the question of the Offtake in any way arise?

A. I don't recall. That was not -- that was not the focus of my discussion. The focus of my discussion was merely to see if Cargill would consider

Greenhill's request to provide an alternative DIP proposal that would ---

300. Q. When you say ---

A. This was not a question about the -- about Offtake.

301. Q. When you say you don't recall, you don't recall one way or the other?

A. I don't recall one way or the other.

302. Q. Thank you. And ultimately, Cargill Inc. presented a DIP Term Sheet on or about the 6th or 7th of October. And do you know why that Term Sheet was -- or that proposal was presented by Cargill Inc. as opposed to Cargill International, which had presented the August proposal?

A. I do not. That's a question that would have to go to the team involved.

303. Q. And I presume the Board discussed the Cargill DIP?

A. The first time the Board saw the Cargill DIP, other than -- other than that Cargill would be approaching Cargill to ask them to reconsider the provision of a DIP, was, I believe, at the October the 8th Board meeting, when Greenhill provided a presentation to the Board of the two DIP proposals.

304. Q. And that is a Board meeting that we do

not appear to have minutes from.

MR. KOLERS: There are no minutes prepared for that meeting yet.

MR. SWAN: Are they in the course of being prepared?

MR. KOLERS: I believe they're in process at some level.

MR. SWAN: All right. Well, we'd like a copy of those when they're prepared?

MR. KOLERS: I'm not sure when they'll be prepared, but I'll take that under advisement.

MR. SWAN: You'll, did you say, take that under advisement or agree to produce it?

MR. KOLERS: I said I'd take it under advisement.

MR. SWAN: Well, on what possible basis could you refuse to produce the minutes of the meeting where the Cargill DIP was approved?

MR. KOLERS: Because that document doesn't exist yet and this is not an examination for discovery.

MR. SWAN: Well, my question is to produce it when it does exist. When do you anticipate it will be ready?

MR. KOLERS: I have no knowledge of that.

MR. SWAN: And is it your law firm that's preparing these minutes?

MR. KOLERS: I believe that my law firm is involved in that, but I don't -- I don't know details.

--- UNDER ADVISEMENT NO. 6

BY MR. SWAN:

305. Q. So there was a meeting on October the 8th. That was a Teams meeting, I presume?

A. Correct.

306. Q. And who was present during that meeting?

A. The Board were present.

307. Q. Yes?

A. The advisors to the company.

308. Q. That's Greenhill and FTI?

A. Yes. And counsel to the company and the CFO.

309. Q. Counsel being Stikemans?

A. Correct.

310. Q. And the CFO? Okay. And --

A. Correct.

311. Q. -- I presume there was a discussion about the Cargill DIP and its terms?

A. There was a discussion led by Greenhill working through the terms of both DIP proposals and

evaluating the merits -- the positives and the negatives of each of the two proposals.

312. Q. And you were present throughout that discussion?

A. I was.

313. Q. And Board members spoke?

A. They did.

314. Q. And presumably asked questions?

A. That's correct.

315. Q. And that included you?

A. I believe that I asked one/maybe two questions, yes.

316. Q. And at no point in the October 8th meeting did you leave the meeting, did you?

A. I did not.

317. Q. And despite the fact that a DIP proposal from your employer, Cargill, was presented, correct?

A. Correct.

318. Q. And it is stated in one of the Affidavits that you did not vote on this proposal?

A. That's correct.

319. Q. In fact, you didn't recuse yourself from voting -- if I have it right, just based on the document I've seen this morning, you didn't recuse

yourself, you just elected not to vote because the two other Board members had already voted, is that what happened?

A. No, I followed the advice of Stikeman Elliott around, firstly, the presence ---

MR. KOLERS: So...

THE DEPONENT: Oh, sorry.

MR. KOLERS: I mean, I ---

BY MR. SWAN:

320. Q. So let me understand, Mr. -- that wasn't my question, so you've sort of strayed into advice. Your evidence, I take it, is you did not vote, and you did so on the basis of advice, is that right?

MR. KOLERS: I don't think that's an appropriate question.

--- REFUSAL NO. 7

BY MR. SWAN:

321. Q. And -- well, let's take that in two pieces. You did not vote?

A. Correct.

322. Q. However, you remained present throughout the entire meeting, correct?

A. Correct.

323. Q. And you remained present while others

voted?

A. Correct.

324. Q. And Mr. Davies, you were aware, I take it, that one of the terms of the Cargill DIP makes it an event of default if the Offtake Agreement is terminated, suspended, or disclaimed? Were you aware of that?

A. I was.

325. Q. And you were also aware that that was not a term of The Ad Hoc Group proposal -- DIP proposal, correct?

A. I'm aware of that.

326. Q. We're going to call up a document on screen-share.

MR. KOLERS: Can you make that larger, please?

BY MR. SWAN:

327. Q. This is an e-mail from a [redacted] two individuals at Greenhill. And this group that [redacted] was representing, called [redacted], was considering a DIP proposal in August/September of 2023 and indicated that existing Cargill -- a term would be that "existing Cargill arrangements were terminated or renegotiated". Were you aware of this communication or this position taken by [redacted]?

A. I haven't seen this document before. I am aware from the earlier presentation from Greenhill that [redacted] came with a number of terms which -- which were considered by the advisors to be unacceptable to the stakeholders of Tacora, not least the required haircut on the debt, in addition to the Cargill Offtake, to the extent that it should not be considered further. That's my recollection of the Greenhill presentation and commentary from -- from the earlier.

328. Q. All right. Well, maybe we will ask that question, then, of Mr. Bhandari. And the question of a KERP, a key employee retention plan, that came before the Board, as well?

A. That's correct.

329. Q. And the initial structure of the KERP, Mr. Broking had input into?

A. I don't know the answer to that.

330. Q. You don't know one way or the other?

A. I don't know one way or the other.

331. Q. Okay. And you are aware that the company is proposing a solicitation process within the CCAA proceeding, a so-called "SISP", you're aware of that?

A. I am.

332. Q. And do you agree with me that, given present circumstances, it is important that that SISP process move forward quickly?

A. I believe that the SISP process moving forward in a controlled and appropriate manner is of importance, yes.

333. Q. Well, it ought not to be delayed, right?

A. Correct.

334. Q. All right.

MR. SWAN: Let's pause there and I will come back in fifteen minutes at ten minutes after the hour and we'll have a few questions -- a certain number of questions in respect of the documents that have been provided to us today.

--- OFF THE RECORD (12:57 P.M.) ---

--- UPON RESUMING (1:17 P.M.) ---

MR. SWAN: I don't think I'll be more than ten minutes. Possibly less.

MR. KOLERS: Okay.

BY MR. SWAN:

335. Q. Mr. Davies, do you have an indemnity from Cargill in respect of your participation as a Board member of Tacora?

A. I don't know.

336. Q. You don't know?

A. I believe so, but I don't -- I can't say with certainty.

337. Q. Right. I'm going to share-screen with a few documents, among those that were produced this morning. The first are the minutes of the Board of September 6, 2023. And these are the Minutes of the Meeting of the Board of Directors of Tacora dated September 6, 2023. And have you seen these, Mr. Davies?

A. Yes.

338. Q. All right.

MR. SWAN: I'd like to mark those as Exhibit 1 to this examination.

--- EXHIBIT NO. 1: Minutes of the Meeting of the Board of Directors of Tacora Resources Inc., dated September 6, 2023.

THE REPORTER: Okay, thank you.

BY MR. SWAN:

339. Q. And the Secretary of the meeting is indicated to be Wei -- and this is in the second paragraph, Wei Yan, W-E-I Y-A-N. And I take it that Wei Yan is a lawyer at the Stikemans law firm?

MR. KOLERS: Yes, that's correct.

MR. SWAN: Thank you.

BY MR. SWAN:

340. Q. Let's then move to the minutes of the Tacora Board meeting of September 7, 2023. There seems to be an inconsistency here. It references in bold at the top the date of September the 7th, but it then says that a meeting of the Board of Directors of Tacora was held on September the 12th. Can you confirm for us whether this is a meeting on September the 7th or September the 12th?

MR. KOLERS: Sorry, one sec. Yeah, we'll -- I obviously hadn't noticed that, but we'll advise you.

MR. SWAN: Yes, I suspect that it is probably a meeting of September the 12th, given what is stated there in the first sentence.

--- UNDERTAKING NO. 3

BY MR. SWAN:

341. Q. Mr. Nicholson is the Secretary of the meeting and he is a lawyer at the Stikemans law firm?

MR. KOLERS: That's correct.

BY MR. SWAN:

342. Q. And if you turn over, then, to the next page, page 2 of these minutes, I'll just give you a moment to read this. If you can read the second paragraph, which begins: "Mr. Davies raised"? And then three paragraphs later, it again begins "Mr.

Davies".

"Mr. Davies stated two objections to moving forward with the approval of the DIP."

And the DIP being discussed here is The Ad Hoc DIP. Did you raise objection to The Ad Hoc DIP in this meeting, which we believe is on September -- one of September 7 or 12?

A. I raised that I had material concerns for Tacora about its ability to meet the production forecast and the covenant that had been explained to us in the Board meeting requiring that 85 percent of the production must be met on a weekly basis, given my knowledge of the operation of this asset and the number of times that that's been an issue.

I did not oppose to move forward per se on the DIP, but I registered my concern and said, "This is an issue which needs to be discussed". And the advisors committed to go and further discuss that point with The Ad Hoc Group. However, that, I believe, may be -- was the previous meeting.

At that point, the advisors -- I had raised my concerns, and as it states there, I voted in favour on September the -- I need to validate what date this specific Board meeting was.

343. Q. Right.

MR. KOLERS: Mr. Swan, could you maybe scroll to the bottom of it, so we could see if there's any date or any vote at the end?

MR. SWAN: There does not appear to be.

MR. KOLERS: I see.

MR. SWAN: However, there is an attached resolution which bears the date September the 7th. So that might lead a person to conclude that this is a -- this is, indeed, a September 7th Board meeting and that first sentence contains the error.

MR. KOLERS: Okay. Well, as I said, we'll confirm that, but thanks for that clarification.

BY MR. SWAN:

344. Q. So if this is, indeed, a September the 7th meeting, you were raising concerns about The Ad Hoc DIP. And the only other party who had advanced at all in this process and ultimately withdrew in terms of a DIP provider, was Cargill, right?

A. I don't see that those two points are connected. I was ---

345. Q. Well, don't worry ---

A. I was ---

346. Q. Don't worry about whether the points are connected, just answer my question.

A. Could you break the questions into two?

347. Q. There were only two parties that got past an initial stage during the DIP -- first DIP process, and those two parties were The Ad Hoc Group and Cargill, right?

MR. KOLERS: So, Mr. Swan, just in fairness to the witness, I believe the timing of this, even if it's September 7th, is after the Cargill DIP is already gone. So I just think you should be careful about how you phrase the question, in fairness to the witness. I don't think there's a Cargill DIP being discussed, or presented, or considered by the Board at this meeting.

BY MR. SWAN:

348. Q. Well, my question, as put, was that: The only two parties that had advanced at all, whether one had withdrawn or not, were Cargill and The Ad Hoc Group. I think you told me that earlier, did you not, Witness?

A. I did.

MR. KOLERS: Yeah, I just see at the top of the page currently on the screen, it does say to be aware that Cargill had not submitted a DIP financing proposal. So it looks like this is after Cargill's out.

MR. SWAN: Let's move forward to the next

document. Let's mark that set of minutes of the Board of Directors Meeting, which we believe is September 7, 2023. Subject to correction, but I think that is September 7, 2023.

--- EXHIBIT NO. 2: Minutes of the Meeting of the Board of Directors of Tacora Resources Inc., dated September 7, 2023.

BY MR. SWAN:

349. Q. And let's then move forward to the minutes of the meeting of the Directors on September 11, 2023. And if we then look on the second page, the first paragraph on the second page refers to...

MR. SWAN: Just a little bit further.

BY MR. SWAN:

350. Q. And just before we move on to the next page, at the bottom of the first page, it says: "Status of negotiations". This is on September the 11th. It refers to "attempts to find a mutually agreeable path forward", and "Mr. Bhandari summarized the status of ongoing negotiations". Do you see that, sir?

A. Yes.

351. Q. And the reference in the introductory paragraph immediately before that is the status of negotiations among The Ad Hoc Group and Cargill, do

you see that?

A. Yes.

352. Q. And in fact, what it says is:

"Mr. Broking advised that the purpose of the meeting was to provide an update on the status of negotiations among The Ad Hoc Group and Cargill to discuss certain amendments to the DIP Term Sheet and to update the Board on a potential CCAA filing."

The negotiations being referenced here vis-a-vis Cargill remain a restructuring negotiation, is that correct? A CBCA restructuring?

A. I don't know the mechanism.

353. Q. Well, there were negotiations ongoing at this time on September 11th involving Tacora, Cargill, and separately The Ad Hoc Group, in an effort to find a path forward for the company?

A. Correct.

354. Q. Do you recall that?

A. I do recall that, yes.

355. Q. And so the company was still involved in negotiations of that sort with Cargill at that time? Do you agree with that?

A. Yes.

356. Q. And again, you did not recuse yourself from any part of this Board meeting, is that right?

A. Correct.

357. Q. In fact, you've never recused yourself from any part of a Tacora Board meeting?

A. Correct.

358. Q. And if we go over to the next page -- well, I think it speaks for itself, so we can move on.

MR. SWAN: Let's mark that as Exhibit 3.

--- EXHIBIT NO. 3: Minutes of the Meeting of the Board of Directors of Tacora Resources Inc., dated September 11, 2023.

BY MR. SWAN:

359. Q. And let's then go to the September 12th minutes. And just to orient you, September 12th was the day after The Ad Hoc DIP agreement was signed and the day that some had anticipated might be a CCAA filing, but instead further negotiations took place with certain parties.

And you'll see if we scroll down on this page, there is a heading: "Status of Potential Recapitalization Transaction". Mr. Bhandari providing a summary of negotiations. And then the last paragraph provides:

"The Board was also advised that Cargill had transferred approximately $6 million to its legal counsel for payment to the company in respect of

unpaid and overdue invoices under the Offtake Agreement that would be paid to the company if an agreement was reached."

Do you see that?

A. I see that.

360. Q. And is it the case that you, as a Board member, were advised of that, as it indicates here?

A. Advised in the Board meeting?

361. Q. Advised in the Board meeting. Where it says: "The Board was also advised that Cargill", etcetera, in that last paragraph.

A. Yes.

362. Q. And what you were told was that Cargill did not pay the $6 million to Tacora. Rather, it transferred it to the Goodmans law firm for payment to the company if an agreement was reached with Cargill, do you see that?

A. I see that.

363. Q. And that's what you were advised?

A. Yes.

364. Q. Thank you.

MR. SWAN: Let's mark that as Exhibit 4.

--- EXHIBIT NO. 4: Minutes of the Meeting of the Board of Directors of Tacora Resources Inc., dated September 12, 2023.

BY MR. SWAN:

365. Q. Next, we're going to look at an exchange of text messages between yourself and Mr. Broking. And my question is: There doesn't appear to be a date on this. Are you able to tell us what the date of this series of messages is? It's been -- some of the subsequent pages have been redacted and that may help you to identify the date, but can you just advise me the date of that?

A. I cannot.

MR. SWAN: Well, I guess I'm asking your counsel, by undertaking, to advise me of that date.

MR. KOLERS: Yeah, we can do that.

--- UNDERTAKING NO. 4

BY MR. SWAN:

366. Q. And at the bottom of that page, it says:

"Need bridge money by Monday or sooner. Need train payments also."

And is that Mr. Broking speaking to you or you --

A. Yes.

367. Q. -- speaking to Mr. Broking?

A. That's Mr. Broking speaking to me.

368. Q. Your comments are in blue here, I take

it?

A. Correct.

369. Q. And then you write: "Let's get ink on paper." It says "now", but you intended to say "know". "You know Cargill will be good." Do you see that?

A. I do.

370. Q. What are you referring to there in terms of getting "ink on paper"?

A. I don't know precisely without seeing the dates.

371. Q. All right. Well, when you identify the dates, can you also tell me what you meant when you -- what document you were referring to, or potential document, when you say "get ink on paper"? It may be apparent from the date, but if it's not, I'd like to know.

MR. KOLERS: Mr. Swan, if you just give us one minute, I think we can tell you what the date is. Okay, sorry, we can't do that sitting here. So...

MR. SWAN: You'll advise me?

MR. KOLERS: We'll advise you.

--- UNDERTAKING NO. 5

MR. SWAN: And the second part of that was: Once the witness is aware of the date, what "ink on

paper" he was referring to?

MR. KOLERS: Understood.

MR. SWAN: All right.

--- UNDERTAKING NO. 6

MR. SWAN: Have we marked that yet? Let's mark that as Exhibit 5. Exhibit 5 being this exchange of text messages between Mr. Broking and Mr. Davies.

--- EXHIBIT NO. 5: Exchange of text messages between Mr. Broking and Mr. Davies.

BY MR. SWAN:

372. Q. Let's go next to an exchange of texts between Mr. Davies and Mr. Carrelo. So this is an exchange of messages that you have produced between yourself and Mr. Carrelo dated October 5, it would seem, or at least it starts on October 5, 2023. Can you confirm that this is an exchange of texts between you and Mr. Carrelo of Cargill?

A. That's correct.

MR. SWAN: Let's mark that as Exhibit 6.

--- EXHIBIT NO. 6: Exchange of text messages between Mr. Carrelo and Mr. Davies.

BY MR. SWAN:

373. Q. And then we want to follow up with one more of these text exchanges. This is a text exchange -- is this on a particular platform?

A. That's on Microsoft Teams.

374. Q. That's a Teams text exchange, okay. And it appears to be an exchange between you and whom else?

A. Lee Kirk.

375. Q. Lee Kirk?

A. Yeah.

376. Q. And if we go over to the second page of that, Mr. Kirk says at 9:23 a.m.: "This is all going to be a bit tricky" -- this is on October 6th, 9:23 a.m.

"This is all going to be a bit tricky as I will be on the move to Paris this afternoon, so I will need someone working with me who can step in if I am not available."

Do you know what that refers to?

A. This is related to him, I believe, discussing internally on his approval process.

377. Q. Approval for the Cargill DIP?

A. Correct.

378. Q. And if we go down that page about halfway down, there is a note from you on October the 6th at 1:17 p.m. and you say:

"I know C3 trended up to mid 20s. Let me check 65/62."

And I think we know what "65/62" is in terms of ore grade. What are you referencing when you say: "I know C3 trended up to mid 20s"?

A. That's the freight cost. C3 is a freight cost from Brazil to China, which is referenced on fixing freight rates from Canada to China.

379. Q. And you say: "Let me check 65/62." Where were you going to check that?

A. I was going to check it internally with information from price reporting agencies of what the current 65/62 price was.

380. Q. All right. And was there any Cargill analysis that was done in and around this period as to support the proposed Cargill DIP?

A. I don't know because I didn't check this.

381. Q. So you don't know whether Cargill did any analysis, is that your evidence?

A. I don't know whether Cargill did any analysis.

382. Q. All right. Just one moment, please.

MR. KOLERS: I think you're on mute.

MR. SWAN: Okay, so if we can just scroll down to there?

BY MR. SWAN:

Q. We saw that reference to: "This is all going to be a bit tricky." It then says from -- you then say Phil -- you confirm that Phil is on a flight, and you say: "Happy to help however I can." What did you mean by that?

A. It was a general offer of help to my line manager, who was in -- as he stated, he was in transit.

383. Q. An offer of help in respect of the proposed Cargill DIP, is it not? That's what you were talking about?

A. It was -- it was -- as I mentioned, I was not involved in any of the Cargill negotiations or analysis. I was coming at this from the perspective of a Tacora director seeking to encourage Cargill to provide a DIP proposal.

384. Q. And in the context of seeking to encourage Cargill to provide a DIP proposal, you said to your boss, Mr. Kirk: "Happy to help however I can", right? Those are your words?

A. Those are my words.

MR. SWAN: Let's mark that exchange as Exhibit 7.

--- EXHIBIT NO. 7: Exchange of messages between Mr. Kirk and Mr. Davies (Microsoft Teams).

MR. SWAN: And then I have a few other documents that we referred to earlier, that I'd like to mark as exhibits and then we'll be done. The first was the Notice of Examination. Let's mark that as Exhibit 8.

MR. KOLERS: Fine.

MR. SWAN: Pardon?

MR. KOLERS: I said that's fine.

MR. SWAN: Yes, thank you.

--- EXHIBIT NO. 8: Notice of Examination.

MR. SWAN: The second was we looked at the non-binding indicative Term Sheet that was provided by Cargill in the August/September DIP process, and I asked you a question about that. Let's -- you said you hadn't seen that, so I guess we'd best mark that Exhibit A for identification.

MR. KOLERS: I was just going to say the same thing. So that's fine.

--- EXHIBIT A: For Identification. Term Sheet provided by Cargill.

MR. SWAN: We also looked at the September 8, 2023 letter from Stikemans to Goodmans. I would propose to mark that as Exhibit 9.

MR. KOLERS: Yeah, I think that's already in the record.

MR. SWAN: It is, in fact. It is attached to Mr. Gray's Affidavit. But since I referred to it on this examination, for the purpose of housekeeping, why don't we just mark it as Exhibit 9?

MR. KOLERS: All right.

--- EXHIBIT NO. 9: Letter dated September 8, 2023 to Goodmans from Stikemans.

MR. SWAN: And finally, there was an e-mail from [redacted] from August of 2023 that this witness was not able to identify, but which was put to him. Let's mark that as Exhibit B for identification.

MR. KOLERS: That's fine.

MR. SWAN: All right.

--- EXHIBIT B: For Identification. August 2023 e-mail from [redacted].

MR. SWAN: I may have one other question. I just have to look at one of your recently-produced documents. All right, thank you, Mr. Davies, we have no more questions. Subject to the answers to undertakings, advisements, and refusals, and the usual reservations, those are my questions.

MR. KOLERS: Okay. Mr. Davies, sorry, I know it's late and we kept you longer than you expected. I'm wondering if you'd indulge us, though, for maybe five minutes? If we can just go off? I'd

just like to consider whether I have any questions.

--- OFF THE RECORD (1:49 P.M.) ---

--- UPON RESUMING (1:56 P.M.) ---

MR. KOLERS: Just some very short questions for Mr. Davies. But maybe, Peter, if you have any questions, do you want to go first or do you want me to go first?

MR. KOLLA: I'm happy to go first.

MR. KOLERS: Why don't you go ahead?

MR. KOLLA: Mr. Swan, perhaps one of your colleagues could assist with this? Could we get Exhibit 5 back up on the screen, please?

MR. SWAN: Exhibit 5 being what?

MR. KOLLA: It is a text exchange between Mr. Davies and Mr. Broking. It was Exhibit 5 of this examination.

EXAMINATION BY MR. KOLLA:

385. Q. Am I right, Mr. Davies, that at the very top, your writing is in blue?

A. Correct.

386. Q. And you say in the very top text there on Exhibit 5 to this examination:

"I just don't want to see 600 hardworking people lose their jobs."

Do you see that?

A. That's correct.

387. Q. What did you mean by that?

A. I believe that the operational stability of Tacora is highly dependent on the -- on people that work there. That one of the biggest challenges that Tacora has faced over the last few years is its inability to bring in sufficient skilled operational leadership in key roles. I'm a firm believer that a CCAA process creates material risk and that we will lose -- and that Tacora will lose key workers.

And that even the loss of a handful of these key workers could result in the operation being forced to shut down, as was the case once before in a CCAA process. So there's a -- there's a lot of noise going back and forth amongst the parties, but for me, the most important thing that we were -- we should have been -- you know, our duty as directors of Tacora was try to look after (inaudible) and not see hardworking people be put out of work.

388. Q. Thank you. You will recall that you were...

MR. KOLLA: You can take that exhibit down now from the screen. Thank you.

BY MR. KOLLA:

389. Q. You will recall you were asked about a letter dated September 8th, 2023, which was marked as Exhibit 9, that counsel to Tacora sent to counsel to Cargill about payment that had not been made. Are you aware that the payment in question that was addressed in that letter was subsequently made by Cargill and received by Tacora?

A. I am.

390. Q. Okay, thank you.

MR. KOLLA: And is it -- Ms. Fox, is it possible to put up that document or should we go back to that one? Maybe we'll circle back to that one. Oh, here we go, sorry. We're seeing the screen-share here.

BY MR. KOLLA:

391. Q. I'm showing you now an e-mail from Robert Chadwick of the Goodmans firm, dated September 10th, 2023, to Lee Nicholson at the Stikeman firm. The subject line "Re: Tacora Resources Inc."

MR. SWAN: Can I just interrupt? Where does this document come from? I don't think we've ever seen it.

MR. KOLLA: Okay, well, I'm going to address that.

BY MR. KOLLA:

392. Q. I understand that this was the response that was sent by the Goodmans firm to the Stikeman Elliott letter that is at Exhibit 9. And you see at the bottom, it's got the September 8th e-mail from Mr. Nicholson, with an attachment, which I understand is the letter that is at Exhibit 9. Sir, are you aware that this was sent? Do you know?

A. No.

393. Q. Okay.

MR. KOLLA: I'd like to mark this for identification, then, as Exhibit B, please.

MR. SWAN: I think that's Exhibit C for identification.

MR. KOLLA: My apologies. Exhibit C. Thank you.

--- EXHIBIT C: For Identification. Letter dated September 10, 2023 to Lee Nicholson of Stikeman Elliott from Robert Chadwick of Goodmans.

BY MR. KOLLA:

394. Q. You will recall, Mr. Davies, that you were asked about the Offtake Agreement. Can you advise when the Offtake Agreement between Cargill and Tacora was first entered into?

A. The Offtake Agreement was entered into in early 2017.

395. Q. Okay, thank you. And can you advise when the noteholders, who are a party to now the CCAA, when they became investors in Tacora?

A. My understanding is that was in 2021.

396. Q. Thank you. Are you aware, Mr. Davies, of any advantage Cargill received from you being a director of Tacora, in respect of advancing or securing the DIP agreement that Tacora entered into with Cargill regarding the CCAA proceeding?

A. Absolutely not.

MR. SWAN: Objection. I don't understand that question.

MR. KOLLA: The witness did, so...

MR. SWAN: Well, it doesn't matter. I didn't.

MR. KOLLA: Okay, but the witness did. So, Witness, you can answer the question, please.

THE DEPONENT: Would you mind just please repeating?

MR. SWAN: Can you please repeat the question, Mr. Kolla?

MR. KOLLA: Sure.

BY MR. KOLLA:

397. Q. Are you aware of any advantage that Cargill received from you being a director of Tacora

in respect of advancing or securing the DIP agreement that Tacora entered with Cargill regarding the CCWA proceeding? Mr. ---

MR. SWAN: Objection. It's a leading question. This is your witness. That's a leading question.

MR. KOLLA: I'm allowed to lead on this examination.

MR. SWAN: You're not allowed to lead your own employee.

MR. KOLLA: I believe the rule allows me to.

BY MR. KOLLA:

398. Q. So, Mr. Davies, do you understand that question?

A. I do.

399. Q. Okay. And you ---

MR. SWAN: But you are not -- you are not allowed -- you are allowed to lead an independent witness, you're not allowed to lead your own employee on a 39.03 examination. Just ask the question in a neutral way.

MR. KOLLA: Mr. Swan, this is my examination, not yours.

MR. SWAN: Well, it may be your examination, but you're not entitled to conduct it improperly.

MR. KOLLA: Please. Thank you very much.

BY MR. KOLLA:

400. Q. Mr. Davies, just to make sure we got the answer on the record, are you aware of any advantage that Cargill received from you...

MR. KOLLA: And it's not a leading question, sir, it's a directed question. I want to know his answer on this evidence, which is an important question, which will be important for the Court. So I'll ask the witness again.

BY MR. KOLLA:

401. Q. Are you aware of any advantage that Cargill received from you being a director of Tacora in respect of advancing or securing the DIP Agreement that Tacora entered with Cargill regarding this CCAA proceeding?

A. No.

402. Q. Mr. Swan referred you to Exhibit 7, which is texts between yourself and Mr. Kirk, and he referred to a text where there was an offer to help Mr. Kirk. Did you provide any such help to Mr. Kirk?

A. I did not.

403. Q. Did you provide any confidential information to Cargill that you received from Tacora or as a Tacora Board member, when Tacora was

considering a DIP for this CCAA proceeding?

A. I did not.

404. Q. Did you provide any confidential information to Cargill that you received from Tacora or as a Tacora Board member at any time?

A. I did not.

405. Q. When did you first learn about the substantive terms of the DIP proposals, being the Cargill proposal and The Ad Hoc Group proposal, in the October 2023 time period?

A. At the Board meeting on October the 8th, there was a presentation from -- from Greenhill, that was projected live on-screen during the meeting, and a presentation that was circulated after the start of the meeting. That was the first time I heard of the terms of the two proposals.

406. Q. Thank you. And Mr. Davies, can you provide any examples within the last year when Tacora has encountered problems in its business? And if so, how Cargill addressed those problems?

A. Yeah, I mean, I think there's been a number of occasions over the past year. One of them, for instance, you know, Tacora clearly were facing liquidity challenges already late in 2022, firstly in terms of its ability to meet the November 2022 coupon

payment. And where there was an intention for another investment to come in, but needed time to get through to that point.

Yeah, Cargill have -- Cargill's a big organization. We have over 150 years of experience, and the philosophy of Cargill is that we -- we work with our customers and we consider the -- whether that's a mining -- in the metals context, or whether that's a mining company, or a steel mill, or steel end user, to try to find solutions to their problems. And we work collaboratively.

So Cargill provide initially a preferred equity solution to enable a bridge group. When the other deal fell away, Cargill then -- it was very clear at that point that the other shareholders of Tacora were unable to continue to support the business, Cargill stepped in and provided -- and worked on an advance payment facility where -- which would enable a sales process for Tacora to be run.

There's two fundamental risks to Tacora's operating cash flow. The first one is that the -- that the production should fall short of budget, the second one is that the iron ore price should collapse. So this was a -- this was a solution designed in working together with Tacora, which would provide both

a risk management solution to the business, which would give pricing downside protection for a period of time, so that you had sufficient runway to run an orderly process.

And secondly, to provide Cargill employees to help support the operational leadership at site throughout the period of the -- of 2023. During the period of Cargill supporting the operation, with operational leadership, you know, Tacora enjoyed record production for consecutive months, which enabled, you know, a further demonstration in confidence in the viability of Tacora as an asset for potential investors, by demonstrating how that would reflect in a reduced cost structure for Tacora.

And so, you know, I think -- and on multiple occasions, that's always been the Cargill philosophy. If our customers have a challenge, Cargill will work together with the customer to find a solution, to help their business through difficult times.

407. Q. Thank you.

MR. KOLLA: Those are my questions.

MR. KOLERS: Okay, I have just a couple myself.

MR. SWAN: I have a re-examination question arising out of the last question, but I can save it

until after you're done, Mr. Kolers.

MR. KOLERS: Yeah, I think that's appropriate.

RE-EXAMINATION BY MR. KOLERS:

408. Q. Okay, so, Mr. Davies, do you recall Mr. Swan asking you a question about whether the Cargill DIP proposal -- or the Cargill DIP would prime the existing secured creditors?

A. Yes.

409. Q. And do you know whether The Ad Hoc noteholder group DIP proposal would also have primed the existing secured creditors?

A. Yes, it would.

410. Q. Thank you. Are you an officer of Cargill?

A. I am not.

411. Q. Are you a director of Cargill?

A. I am not.

412. Q. And do you have any material financial interest in Cargill?

A. I do not.

413. Q. Thank you.

MR. KOLERS: Those are my questions. Mr. Swan?

FURTHER EXAMINATION BY MR. SWAN:

414. Q. I have no questions arising out of Mr. Kolers's questions, but I do have some questions, a couple, arising out of Mr. Kolla's questions. The first is this: You were asked when the Offtake Agreement was first signed. You said that it was in 2017. Reference was made to when the noteholders invested.

Sir, it was the case that the Offtake Agreement was amended multiple times after 2017, wasn't it?

A. In what -- in what sense?

415. Q. Were there amendments made to the Offtake Agreement after 2017?

A. The Offtake Agreement became a life-of-mine Offtake Agreement in 2020, a year in advance of the investment of the -- of The Ad Hoc Group.

416. Q. That wasn't my question. There were amendments --

A. Well, I ---

417. Q. -- made to the Offtake Agreement right up through 2023, weren't there?

A. I think, to my knowledge, any amendments were the additions of additional support facilities by Cargill. There was -- there were not amendments made to -- for instance, to change the term

of the Offtake, to change the economic terms of the Offtake for Cargill. So you'd have to be more specific about that so I could answer.

418. Q. Were there amendments -- the question's pretty simple. Were there amendments made to the Offtake Agreement right up into 2023?

A. I do not recall.

419. Q. You don't recall one way or the other?

A. I do not recall one way or another. Like I said, there was -- it was already a life-of-mine Offtake Agreement on the -- on the terms. Fundamentally material -- the same commercial terms as it is today, going back to 2020, before the bonds invested into Tacora.

420. Q. All right. Well, I think the answer's in the record, in any event. Mr. Kolla asked you if Cargill had done anything to help Tacora along the way, and you gave a very long and detailed answer to that question. I take it that you knew in advance that Mr. Kolla was going to ask you a question like that?

A. This is a question that I thought about many, many times.

421. Q. That wasn't my question. My question was: You knew that Mr. Kolla -- you had communicated

and knew that he might ask you that question on this examination, didn't you?

A. I do not recall that.

422. Q. You don't recall?

A. Yeah.

423. Q. One way or the other?

A. One way or the other.

424. Q. That's pretty interesting. You used the phrase "collaborative", that Cargill was acting collaboratively with Tacora. Do you recall using that phrase?

A. Yes.

425. Q. And that means working together for a common goal?

A. Correct.

426. Q. And do you consider that it was collaborative for Cargill to withhold payment to Tacora in September of 2023?

A. I think I've already answered that question.

427. Q. No, you haven't. Do you think --

A. I have.

428. Q. -- it was collaborative for Cargill to withhold payment from Tacora in September of 2023?

A. I do not.

429. Q. Thank you.

MR. SWAN: Those are my re-examination questions.

MR. KOLERS: All right, Mr. Davies, thank you very much. You're done.

THE DEPONENT: Thank you.

MR. SWAN: Yeah, you're good.

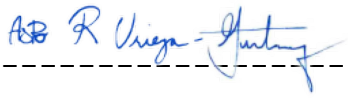
MR. KOLERS: You can go off.

MR. SWAN: Thank you, Mr. Davies. We can go off the record now.

MR. KOLLA: Thank you, Mr. Davies.

--- WHEREUPON THE EXAMINATION WAS ADJOURNED AT 2:14 P.M.

I hereby certify that this is the examination of LEON DAVIES, taken before me to the best of my skill and ability on the 18th day of October, 2023.



Rosalba Uriega-Gutierrez - Court Reporter

TAB A

CONFIDENTIAL

TAB B

CONFIDENTIAL

TAB C

CONFIDENTIAL

TAB D
CONFIDENTIAL

TAB E

18:08 5G

122

JB

Joe

All the shit and all the noise, I just don't want to see 600 hard working people lose their jobs.

That's why I/we are here buddy

AGREE

When does this need to be done by btw?

Need bridge money by Monday

Or sooner

Need train payments also

Yep. Let's get ink on paper, you now Cargill will be good

*know

iMessage

Yep. Let’s get ink on paper, you now Cargill will be good

*know

I love Cargill

Andrew booking his PaL flight

So he can be onsite for the shutdown

Shout if you disagree pls

Don’t disagree. Let’s get the deal terms agreed

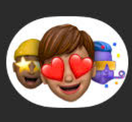
Interesting proposal from Javelin. They have been getting a lot of info from somebody!

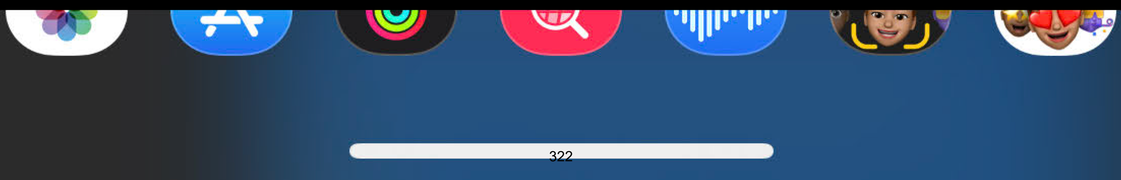
Yup

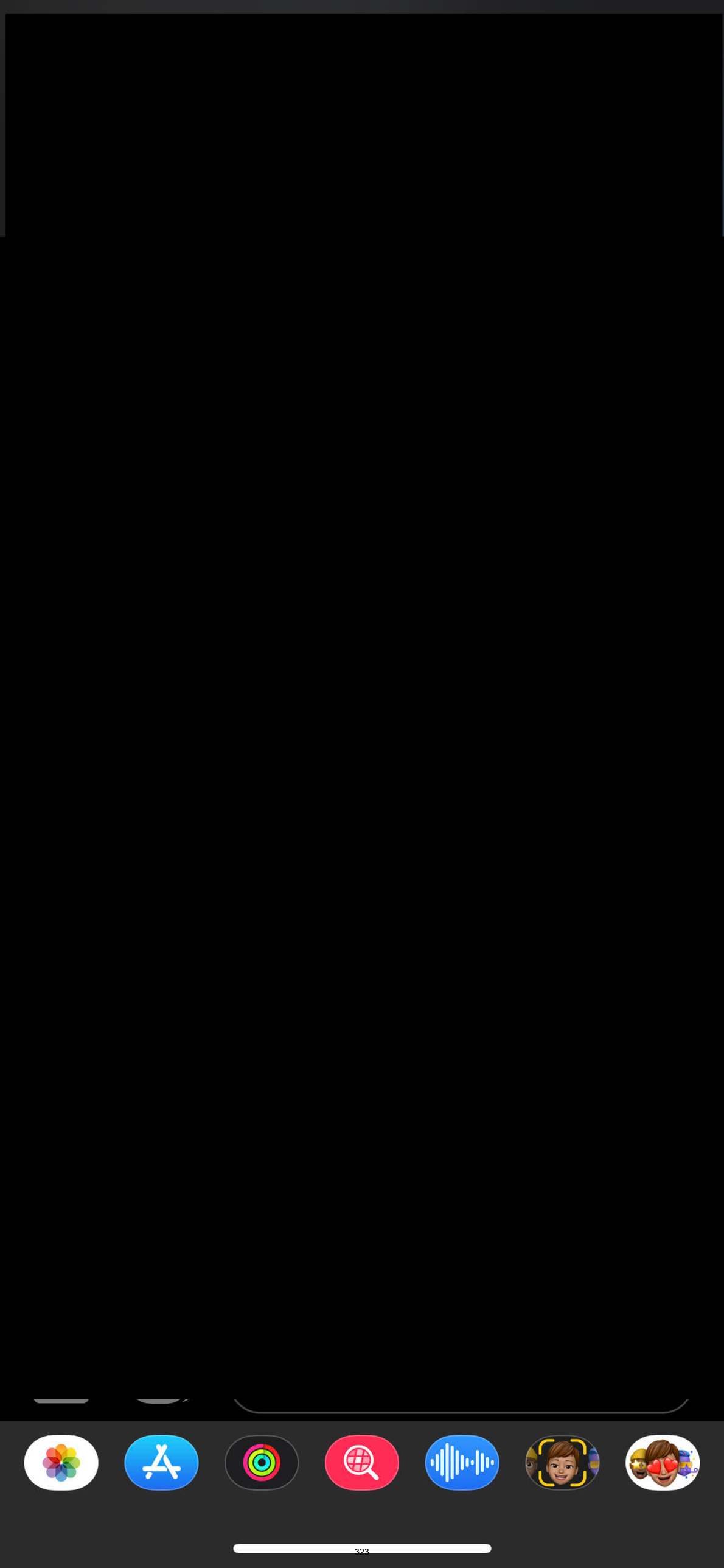












TAB F


07:58
4G
74
Paulo Carrelo
last seen today at 07:51
Thu 5 Oct
Have you been able to connect with Lee? 17:41
Yes and now on a legal Call with him. 17:42
Yes we are discussing now 17:57
Lee coming round. Mitch seems supportive. 17:59
Cool, let me know if I can help 18:00
Make any more progress? 18:36
Mitch seems bought in 18:40
Lee still on a fence 18:40
Still in the call. 18:40
Do we know where Ross is at on this? 18:41
We are aligned to submit the term sheet subject to our approval. Lee and Mitch going to have a call with Joanna today and Ross in the am.


07:58
4G
74
Paulo Carrelo
last seen today at 07:51
Has somebody already given Joe a heads up? 19:00
Matt has been 19:00
Ok, how did he react? 19:00
Fri 6 Oct
Hey, done with Martin? 12:52
Yes 12:52
Can hop on a call 12:52
Ok 12:52
Missed voice call at 13:58
Just on with Joe 13:58
Will call you back 13:58
Ok 13:58
Friday
Missed voice call at 20:26


07:58
4G
74
Paulo Carrelo
last seen today at 07:51
Missed voice call at 20:26
Sorry missed a call from you.
20:26
Sorry trying to get little one to sleep before 9pm call
20:38
Monday
Im on a call
12:33
Will call after
12:33
Ok
12:33
Yesterday
Morning
08:28
You have a few mins re Ronne?
08:28
I had to do school run last minute as wife not feeling great. I should be home at 9am
08:31
Sorry to hear that, wishing her a speedy recovery. I'll be on train but give me a try pls
08:31

TAB G

1078

Friday, October 6

Leon Davies 10/6 12:35 AM

Can you add me back?

laptop died

Leon Davies 10/6 8:29 AM

Anything from Ross?

10/6 8:30 AM

I am suppose to speak to him now

He is in transits to Europe

Leon Davies 10/6 9:20 AM

Good luck. let me know if he is supportive pls

10/6 9:20 AM

he is

Leon Davies 10/6 9:20 AM

Good to hear

10/6 9:20 AM

1079

Ok

10/6 9:23 AM

this is all going to be a bit tricky as I will be on the move to paris this afternoon. So I will need someone working with me who can step in if I am not available. Phil is on a flight ?

Leon Davies 10/6 9:23 AM

Phil is. Happy to help however I can

10/6 9:24 AM

either you or Paolo will need to be on standby I would suggest you as you are more crisp

which is what is needed right now

or matt

Leon Davies 10/6 9:25 AM

I am available whenever needed

I haven't been party to call the calls obviously, so will ideally have Matt too

10/6 1:16 PM

Hi

Leon Davies 10/6 1:16 PM

Ni hao

10/6 1:17 PM

I see freight has jump to almost USD30 spot

Not sure where the 62/65 spread is on the forward curve

Leon Davies 10/6 1:17 PM

I know C3 trended up to mid 20's

let me check 65/62

10/6 1:18 PM

Could you take a look at the DIP model and stress test with Alanna and ensure they are reasonable

Leon Davies 10/6 1:18 PM

Will do

10/6 1:19 PM

Our stress case is already $115m and that is basis a downside of 105 for p62

If this is the downside case that plausible the selling this is going to start to look pretty tough

Also puts the Bonds downside north of 200MIL on the dip in my opinion

May be there is some excess conservatism in Alanna model

Can you run through it please

10/6 1:26 PM Call ended **20s**

Leon Davies 10/6 1:27 PM

Not sure if issue is my signal or yours. Just tried you from my phone

10/6 1:52 PM

Tunnel

Tuesday

TAB H

Court File No. CV-23-00707394 00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TACORA RESOURCES INC.

NOTICE OF EXAMINATION

TO: **LEON DAVIES**

YOU ARE REQUIRED TO ATTEND,

☐ in person

☐ by telephone

[X] by video conference

at the following location:

https://networkcourt.zoom.us/j/95851663878?pwd=QjRmeStubGVJQzRPbkVMUWxRc1UwZz09

on October 18, 2023, at 10:00 a.m., for an examination under rule 39.03(1).

If you object to the method of attendance, you must notify the other parties or their lawyers. If you and the other parties cannot come to an agreement on the method of attendance, one of the parties must request a case conference for the court to make an order under Rule 1.08(8).

YOU ARE REQUIRED TO PRODUCE at the examination the following documents and things:

1. All documents in your possession, power or control, including without limitation any notes, communications, emails (and attachments), texts, WhatsApp messages, Slack messages, Signal messages, voice-mail recordings or transcriptions, agreements, draft agreements, terms sheets or draft term sheets, slide-decks, PowerPoints, Excel or analogous spreadsheets, written analyses, charts, graphs, and information recorded or stored by means on any device in your possession, control or power, (all collectively, "**Documents**") which are relevant to any matters in issue on the motions returnable before the court on October 24,

and **without in any way limiting the generality of the foregoing**:

2. Any and all Documents you have in your possession power or control containing communications between you and any member of Cargill regarding Tacora's restructuring, including without limitation the approval of either the AHG DIP or the Cargill DIP;

3. Any and all Documents in your possession power or control containing any notes you took during any meeting of the board of directors, including without limitation the approval of either the AHG DIP or the Cargill DIP;

4. Any and all Documents you have in your possession power or control containing communications between you and any Joe Broking regarding Tacora's restructuring, including without limitation the approval of either the AHG DIP or the Cargill DIP;

5. Any and all Documents you have in your possession power or control containing communications between you and FTI or its advisors regarding Tacora's restructuring, including without limitation the approval of either the AHG DIP or the Cargill DIP;

6. Any and all Documents you have in your possession power or control containing communications between you and Greenhill or Stikeman regarding Tacora's restructuring, including without limitation the approval of either the AHG DIP or the Cargill DIP;

7. Any and all Documents you have in your possession power or control containing communications between you and any member of Tacora's board or management regarding its restructuring, including without limitation the approval of either the AHG DIP or the Cargill DIP;

8. Any and all minutes of the meetings of the board of directors of Tacora in which you participated;

9. Any and all Documents in your possession power or control providing analysis or views on any of Tacora's agreements with Cargill (including, without limitation, the Offtake Agreement, the APF, the Stockpile Agreement, and the Wetcon Agreement);

10. Any and all Documents in your possession power or control providing analysis or views on the impact of Tacora's hedging arrangements with Cargill;

11. Any and all Documents in your possession power or control providing analysis or views on Tacora's economic impact on Cargill;

12. Any and all Documents you have in your possession power or control in connection with the potential disclaimer of the Offtake Agreement and the impact of such a disclaimer on Tacora.

October 16, 2023

BENNETT JONES LLP
One First Canadian Place
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Lawyers for the Ad Hoc Group of Noteholders

TO: **STIKEMAN ELLIOTT LLP**
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Lawyers for Tacora Resources Inc.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TACORA RESOURCES INC. **(Applicant)**	Court File No. CV-23-00707394 00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

NOTICE OF EXAMINATION

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
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Kevin Zych (LSO#33129T)
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Thomas Gray (LSO# 82473H)

Tel: 416.863.1200 / Fax: 416.863.1716
Lawyers for the Ad Hoc Group of Noteholders

TAB I

CONFIDENTIAL

TAB J

Stikeman Elliott

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5300 Commerce Court West
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Main: 416 869 5500
Fax: 416 947 0866
www.stikeman.com

Lee Nicholson
Direct: (416) 869-5604
leenicholson@stikeman.com

September 8, 2023 **By E-mail (rchadwick@goodmans.ca)**

Goodmans LLP
Bay Adelaide Centre - West Tower
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Attention: Robert Chadwick

Dear Sir:

Re: Tacora Resources Inc.

As you know, we represent Tacora Resources Inc. ("**Tacora**" or the "**Company**").

The Company and Cargill International Trading Pte. Ltd ("**Cargill**") are parties to Restatement #1 of the Iron Ore Sale and Purchase Contract dated November 9, 2018 and the Iron Ore Stockpile Purchase Agreement dated December 17, 2019 (the "**Agreements**"). The Company shipped 63,400 dry metric tonnes of iron ore concentrate (the "**Product**") during the week of August 27, 2023 to the stockpile located at the Port of Sept-Îles in accordance with the Agreements. Pursuant to the Agreements, 53,427 dry metric tonnes of the Product was considered delivered (the "**Delivered Product**"). The Company sent an invoice for the Delivered Product to Cargill on September 5, 2023 (the "**Invoice**"). We understand that during discussions with the Company, Cargill communicated that they are not able to pay the Invoice without approval from Cargill senior management and to date payment for the Invoice has not been received in breach of the contractual terms of the Agreements. We also understand that you confirmed during a discussion with FTI Consulting Canada Inc. on September 8, 2023 that Cargill did not presently intend on making payment.

We remind you that Section 2.1 of Advance Payment Facility Agreement dated May 29, 2023 between Tacora and Cargill (as amended, the "**APF**") provides that "[u]ntil the Termination Date, the Buyer shall pay the Purchase Price for deliveries of Product in accordance with the terms of the Offtake Agreement and such deliveries shall not be credited against the outstanding balance of the funded Original Advances." Further, Section 11 provides that Cargill may set off amounts owing by Cargill to Tacora *only* upon an Event of Default. The Termination Date has not occurred nor has any Event of Default. Accordingly, Cargill is in breach of both the Agreements and the APF.

We reiterate the demand that Cargill immediately pay the Invoice and also confirm that Cargill will pay for any additional Product delivered to the stockpile in accordance with the Agreements. By taking these actions Cargill is further exacerbating the Company's dire liquidity position and jeopardizing its ability to continue operating in the ordinary course to the detriment of all stakeholders.

If Cargill fails to immediately pay the Invoice and provide the above confirmation, Tacora reserves all rights, remedies and claims as against Cargill for any losses suffered by the Company.

Yours truly,

Lee Nicholson

LN/

cc. A. Taylor, Stikeman Elliott LLP
J. Broking and H. Vuong, Tacora
N. Meakin, FTI Consulting Canada Inc.

TAB K

CONFIDENTIAL

TAB L

[redacted]

From: Chadwick, Robert
Sent: Sunday, September 10, 2023 2:39 PM
To: Lee Nicholson <leenicholson@stikeman.com>
Cc: Ashley Taylor <ATAYLOR@stikeman.com>; Joe Broking (joe.broking@tacoraresources.com) <joe.broking@tacoraresources.com>; Heng Vuong <heng.vuong@tacoraresources.com>; Nigel Meakin <Nigel.Meakin@fticonsulting.com>; Descours, Caroline <cdescours@goodmans.ca>
Subject: Re: Tacora Resources Inc.

We wanted to briefly respond to matters outlined in your letter which are not correct. There has been various discussions over the weekend that may have superseded certain matters- but wanted to ensure you properly understood the position of Cargill. The invoice was provided on September 5, 2023 in the normal course. The invoice is subject to a number of days on payment terms and also a grace period before it is payable by Cargill. Prior to the amounts under the invoice being due- the Company indicated and provided Cargill with an application record for a ccaa proceeding and a priming dip loan- both steps and related matters outlined in the materials trigger an event of default under the existing Cargill agreements. We advised FTI of the payment terms, the grace period and that we were served with an application record on September 7 and that Cargill has various set off rights and based on such matters- Cargill was not in a position to make the payment on September 8(the day we spoke with FTI). Based on such facts and the Company potentially proceeding to a ccaa filing- the amounts are not payable by Cargill at this time. Cargill is not in breach of any of its agreements or the APF. We have a secured margin facility which is available if there is a need for additional liquidity and Cargill is committed to continue to work with the Company to ensure it has sufficient liquidity to maintain its operations in the normal course. We are also available to discuss the payment of the invoice to ensure both the Company and Cargill rights are properly balanced. Cargill has continued to work with the Company to find solutions and is committed to continue to do so under the current circumstances. Rob

Robert J. Chadwick
Goodmans LLP

416.597.4285
rchadwick@goodmans.ca

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7
goodmans.ca

On Sep 8, 2023, at 10:31 PM, Lee Nicholson <leenicholson@stikeman.com> wrote:

Please see the attached correspondence.

Lee Nicholson

Direct: +1 416 869 5604
Mobile: +1 647 821 1931
Email: leenicholson@stikeman.com

Follow us: LinkedIn / Twitter / stikeman.com

Stikeman Elliott LLP Barristers & Solicitors

5300 Commerce Court West, 199 Bay Street, Toronto, ON M5L 1B9 Canada

<T - Ltr. dated September 8, 2023.pdf>

TAB 2

EXHIBIT "VV"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Court File No. CV-23-00707394-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TACORA RESOURCES INC.

AFFIDAVIT OF MATTHEW LEHTINEN
Sworn March 1, 2024

I, Matthew Lehtinen, of the City of Carmel, in the State of Indiana, make oath and say:

1. I am employed by Cargill, Incorporated ("**Cargill Inc.**") as the Customer Manager Americas in respect of its metals business. As such, I have personal knowledge of the matters deposed to herein. To the extent that information has been provided to me by others, I have specified the source of that information. In each case, I believe the information I refer to is true. Nothing in this affidavit is intended to limit or waive privilege.

2. Cargill Inc. is a privately-held Delaware company. It has been in operation for 150 years and currently operates in 70 countries with over 155,000 employees. It provides food, agriculture, financial and industrial products and services throughout the world.

3. Cargill International Trade PTE Ltd. ("**CITPL**", and together with Cargill Inc., "**Cargill**") is a Singapore company. Singapore is the headquarters of Cargill's metals business, which has more than 40 years of experience in the ferrous industry. It provides a broad range of marketing,

risk management and financial solutions. Each year Cargill moves around 50 million tons of physical iron ore and 6 million tons of physical steel globally.

4. Prior to joining Cargill, I was a co-founder, was initially the President and Chief Operating Officer, and was subsequently the Chief Commercial Officer, of Tacora Resources Inc. ("**Tacora**"). I was heavily involved in the process by which Tacora purchased the Scully Mine in 2017 in an asset purchase transaction out of a previous insolvency process under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36 (the "**CCAA**"), and by which Tacora restarted mining operations at the Scully Mine in July of 2019.

5. I left Tacora in January 2020 and became a consultant and exclusive agent to Cargill in November 2020 to assist with business opportunities in North America other than Tacora.

6. I was hired by Cargill in August 2023 as a full-time senior employee, and began to work on Tacora matters upon my hiring in my role at Cargill's metals business.

I. OVERVIEW

7. Cargill has been a key partner and important source of financial support for Tacora since its inception. Cargill is Tacora's offtake and technical marketing provider under the Offtake Agreement (as defined below) that was negotiated in April of 2017. Cargill is or has also been party to other key related agreements and arrangements with Tacora including: (i) multiple working capital facilities to optimize Tacora's operations, working capital, cash flow and liquidity (including under the APF, the Stockpile Agreement and the Wetcon Agreement (all as defined below)), (ii) as provider of a hedging program in a cost efficient and beneficial manner for Tacora, and (iii) as provider of operational expertise and assistance at the Scully Mine. As part of Tacora's

CCAA proceedings, Cargill has also provided debtor-in-possession financing to Tacora. Cargill also (directly and/or indirectly) holds common shares and preferred shares of Tacora, and, until recently, Cargill employees served as technical and business advisors to Tacora in addition to serving as the acting general manager of operations of Tacora.

8. Cargill has, for an extended period of time, worked to assist Tacora and to provide stability and funding to Tacora for its operations particularly when alternative sources of liquidity were not available, including investing in preferred shares in November 2022 to facilitate Tacora's payment of interest under its senior secured notes, entering into the APF in January 2023, entering into the Wetcon Agreement in the fall of 2023, and prepaying certain amounts prior to them being due to Tacora in the fall of 2023, in each case for the benefit of Tacora and its stakeholders. Cargill has a long history of working with Tacora in a positive and constructive way to find balanced and reasonable solutions.

9. Pursuant to Tacora's SISP (as defined below) in these CCAA proceedings, Cargill advanced the Cargill Recapitalization Transaction (as defined below) in the same spirit of working with Tacora to find a fair and balanced solution, and proposed a transaction and structure which Cargill believes maximizes value for all stakeholders.

10. Unfortunately, Tacora failed to use the SISP to achieve a consensual or value maximizing transaction that respects the interests of all stakeholders, including Cargill. In particular, in the SISP, Tacora and its advisors (a) failed to properly consider Cargill as a key and material stakeholder of Tacora and the impacts on Cargill of the proposed reverse vesting transaction that Tacora now advances, (b) failed to properly engage with Cargill and its advisors on the Cargill Recapitalization Transaction and seek solutions for the benefit of Tacora and all of its stakeholders,

(c) failed to seek to explore all available alternatives and to work on advancing potential solutions that would provide better results and value for the benefit of Tacora and all of its stakeholders, (d) elected to not use its discretion within the SISP to extend timelines required to commit new third party capital providers in the short SISP time period (which overlapped with holidays including Christmas and New Year), and (e) failed to engage to seek a potential consensual resolution among its stakeholders.

11. Rather, Tacora selected a transaction that assumes and requires the availability of a reverse vesting order to rid Tacora of the Offtake Agreement and at the same time deprive Cargill of a claim for damages in respect of the Offtake Agreement. Tacora accepted the reverse vesting order-based offer, not as a last resort after exploring alternative transactions to avoid the need for a reverse vesting order, but as its first choice.

12. Cargill made multiple efforts to advance alternative transaction terms and structures with Tacora in order to maximize value for all stakeholders, but these invitations were not pursued by Tacora despite having the opportunity to do so, including in November 2023 at the beginning of the SISP, after phase 1 bids were submitted on December 1, 2023, or during phase 2 of the SISP. Cargill believes that its proposed alternatives, including the Cargill Recapitalization Transaction pursuant to Cargill's ultimate phase 2 bid, had merit and should have been explored by Tacora with Cargill. Cargill received little to no engagement from Tacora to solve problems or to create a consensual solution for its stakeholders during the CCAA proceedings.

13. Cargill securing an equity investment in Tacora from a new third party, with little or no previous connection with Tacora, is achievable but takes time. Such time was needed in this CCAA of Tacora given factors like Tacora's revenues being dependent on volatile iron ore pricing,

Tacora's requirement for significant capital expenditures, and Tacora's business plan that (compared to historical performance) requires material improvements in production and cost. While it was unfortunate that Cargill was unable to secure committed third party funding for its bid by January 19, 2024, that outcome should not have been surprising and should not have prevented Tacora and its advisors from continuing to work with Cargill after January 19 to pursue a value maximizing transaction, considering the progress that Cargill was continuing to make with potential investors and Cargill's historical and deep commitments to Tacora.

14. In proceeding down this path, Tacora has put itself and its stakeholders (including Cargill) at significant risk of material prejudice. Tacora has further exacerbated this situation by not selecting any back-up bid transaction pursuant to its SISP or, to my knowledge, advancing any contingency plans in the circumstance where Cargill and its advisors have communicated to Tacora many times throughout the course of these CCAA proceedings that Cargill strongly believes that a reverse vesting structure that seeks to leave behind the Offtake Agreement cannot be approved by the Court without the consent or agreement of Cargill.

15. Cargill has serious, material concerns over the conduct of the SISP by Tacora and its advisors, as discussed in further detail below. Among other things, the process as conducted by Tacora and its advisors created numerous challenges, delays and obstacles for bidders to successfully obtain third party financing within the limited timeframe available. The lack of dialogue and engagement with Cargill and its advisors after the submission of Cargill's phase 2 bid is also concerning to Cargill. I believe that Tacora did not fully and properly consider the Cargill Recapitalization Transaction or take suitable steps to obtain the benefits associated with it.

16. It is my strong belief that Tacora has manufactured a situation where it can try to claim that its proposed reverse vesting transaction is the only available transaction, including by Tacora not selecting a back-up bid and not advancing contingency steps towards an asset sale or CCAA plan transaction. It is not the case that there are no other superior alternatives available to Tacora in the circumstances. Tacora and its advisors have simply failed to properly consider and advance such alternatives that could have maximized value for Tacora and resulted in a better, consensual transaction for its stakeholders.

17. Tacora's actions will create significant prejudice to Cargill. Tacora has selected a reverse vesting transaction that, if implemented on its proposed terms, would "transfer" the Offtake Agreement to a shell company, which would have the effect of creating a claim under the Offtake Agreement that would exceed $500 million and leave Cargill as the only creditor not being satisfied pursuant to the proposed transaction.[1] Tacora failed to take into account the impact of such a proposed transaction on Cargill and weigh that against potential alternatives, as based on the proposed transaction, Cargill became the fulcrum-affected party.

18. Accordingly, and as discussed further herein, it is Cargill's view that Tacora's proposed reverse vesting transaction should not be approved based on all of the facts and circumstances. Cargill is therefore requesting the Court to, among other things, advance Cargill's proposed CCAA Plan (as defined and described further below). Cargill believes the CCAA Plan provides a significantly superior alternative to the proposed reverse vesting transaction, does not seek to

[1] Unless otherwise noted, all references to dollar amounts in this affidavit are to U.S. dollars.

isolate and prejudice a single key creditor, and rather seeks to satisfy all secured claims in full and provides significant if not full recovery to all of Tacora's unsecured creditors.

II. THE PREVIOUS SALE OF THE SCULLY MINE

19. The Scully Mine was previously sold pursuant to an asset sale transaction in the course of the CCAA proceedings of, among others, Bloom Lake General Partner Limited, Cliffs Quebec Iron Mining ULC, and Wabush Resources Inc. The asset sale transaction was approved by the Superior Court of Quebec.

20. In June 2017, as part of those CCAA proceedings, Tacora, as purchaser, and certain of the CCAA parties, as vendors, entered into an asset purchase agreement for the sale of the Scully Mine. The asset purchase agreement provided for a number of closing conditions, including, among other things:

(a) a requirement that Tacora obtain replacement financial assurance in respect of its closure plan, which was to be satisfactory to the Government of Newfoundland and Labrador;

(b) the granting of any consents or approvals necessary for the assignment or transfer of certain permits and licenses to Tacora; and

(c) approval pursuant to the *Mining Act* (Newfoundland and Labrador).

21. That transaction closed in July 2017, six weeks after the execution of the asset purchase agreement.

22. In that same CCAA proceedings, the CCAA debtor completed another asset sale transaction for a similar iron ore mine named Bloom Lake, which was sold to Champion. That asset sale transaction closed in April 2016.

III. CARGILL'S AGREEMENTS WITH TACORA

23. Cargill is a party to numerous material agreements with Tacora. I have been advised of, and verily believe, some of the information regarding the agreements with Tacora by Alanna Weifenbach, Finance Director, Metals and Trade & Capital Markets at Cargill and by Philip Mulvihill, Investments and Structuring Lead at Cargill.

24. There is an offtake agreement between Tacora, as seller, and CITPL, as buyer, of 100% of the iron ore concentrate production at the Scully Mine, dated April 5, 2017 and restated on November 11, 2018, and as further amended from time to time (the "**Offtake Agreement**"). The Offtake Agreement was amended in 2020 to last for the life of the Scully Mine.

25. In order to restart mining operations at the Scully Mine, in 2018 and 2019 Tacora raised approximately $140 million of equity and $120 million of debt. The original Offtake Agreement was in place before this equity was raised. The November 11, 2018 amendment to the Offtake Agreement was negotiated in conjunction with the equity raise and in consideration for Cargill investing approximately $20 million of equity capital in Tacora.

26. As explained further below, there are various payments made among Tacora and Cargill which stretch out over many months in respect of each specific iron ore shipment, since there is a gap of many months between when Cargill makes a first payment for the iron ore, and when there is a final reconciliation after the iron ore has been sold to a third party. Given the volatility of the

underlying price index, the Offtake Agreement requires not-yet finalized invoices be marked to market twice per week. Changes in the mark to market are settled in cash by either party. The margining facility under the Offtake Agreement provides that if Tacora owes amounts to Cargill under this mechanism, Tacora does not need to make immediate payment to Cargill, so long as the amount owed by Tacora does not exceed the margining threshold. The threshold was originally set at $5 million for each of Tacora and Cargill. The threshold for Tacora has subsequently been increased (first to $7.5 million, and then further increased pursuant to related agreements). In this way, Cargill provides financing to Tacora through the Offtake Agreement.

27. I have been advised by Mr. Mulvihill, and verily believe, that Cargill has also been able to realize prices in excess of market norms for Tacora's iron ore through Cargill's iron ore marketing and other technical services. The brand established by Cargill known as Tacora Premium Concentrate ("**TPC**") is well established among customers and it has enhanced the value of Tacora's iron ore. Tacora has realized these benefits through Cargill's substantial investment in branding and technical marketing including but not limited to: R&D programs for European and Chinese markets, customer segmentation to identify high value in use customers, and substantial technical roadshows and a significant number of customer meetings globally since 2019. Tacora and Cargill enjoy economic alignment via the profit sharing mechanism set out in the Offtake Agreement.

28. Tacora has taken no steps to seek to assign or disclaim the Offtake Agreement (other than Tacora's attempt to "transfer" the Offtake Agreement in these CCAA proceedings as part of Tacora's proposed reverse vesting transaction).

29. There is a stockpile agreement dated December 17, 2019, as amended from time to time, between CITPL and Tacora, which works in conjunction with the Offtake Agreement (as further amended from time to time, the "**Stockpile Agreement**"). I have been advised by Mr. Mulvihill, and verily believe, that Cargill entered into the Stockpile Agreement with Tacora because around the time it was entered, Tacora was at risk of default on its senior debt covenants that were in place at that time and could not raise financing from any third parties. Accordingly, Cargill provided the Stockpile Agreement as a financing solution for Tacora. The Stockpile Agreement provides for payment of a provisional purchase price by Cargill to Tacora when TPC is unloaded to a stockpile at the port, at which point title is transferred to Cargill, as opposed to later payment after a vessel is loaded in port as it would be under the Offtake Agreement. This provides material working capital financing to Tacora by moving forward payment for TPC by one or two months on average.

30. In December 2023, based on a request from Tacora, Cargill agreed to an amendment of the Stockpile Agreement to increase the stockpile limit for the benefit of Tacora.

31. Tacora has taken no steps to seek to assign or disclaim the Stockpile Agreement.

32. Cargill and Tacora are also parties to an advanced payments facility agreement, initially dated January 3, 2023, as amended and restated on May 29, 2023 and further amended on June 23, 2023 (as further amended from time to time, the "**APF**"), pursuant to which Cargill initially made advanced payments to Tacora against future deliveries under the Offtake Agreement of $30 million. As part of the amendment and restatement of the APF on May 29, 2023, Cargill agreed to provide a $25 million margining facility (to increase the amount of the margining facility under the Offtake Agreement), to fund Tacora's margin amounts under the Offtake Agreement by way

of deemed advances instead of cash payments, thus providing additional liquidity to Tacora. Cargill agreed to extend the term of the APF (as well as the Stockpile Agreement) to October 10, 2023 (i.e., the date on which Tacora filed for protection under the CCAA).

33. Under the APF, as at October 10, 2023 when Tacora commenced these CCAA proceedings, Cargill was owed the following amounts (exclusive of any applicable fees and interest) by Tacora, which were secured:

(a) $4,717,648 regarding the margining facility, with the same rank as the senior priority notes held by the ad hoc group of noteholders (the "**AHG**") and other noteholders; and

(b) $30,000,000 of advances pursuant to the APF, with the same rank as the senior secured notes held by the AHG and other noteholders.

34. Amounts owing under the APF are secured against the assets of Tacora and remain outstanding.

35. Cargill and Tacora were also parties to a wetcon purchase and sale agreement dated July 10, 2023 (the "**Wetcon Agreement**") whereby Cargill agreed to purchase wet concentrate from Tacora for an initial upfront payment of $5 million for 117,000 tonnes of wet concentrate, and additional payments when additional wet concentrate (up to a limit of 225,000 tonnes) was added to the stockpile, along with deferred further payments if and when Cargill took delivery of the wet concentrate based on the actual price of such wet concentrate. On September 12, 2023 (a potential date on which Tacora contemplated filing for protection under the CCAA), Cargill agreed to amend the Wetcon Agreement and to provide to Tacora $3,954,171.43 in full satisfaction of all

amounts (including deferred amounts) owing under the Wetcon Agreement, which Cargill agreed to in order to provide Tacora with much needed liquidity that it was unable to otherwise secure.

36. All obligations under the Wetcon Agreement have been satisfied.

37. Other than the revenue and financing provided to Tacora through these agreements, I am not aware of any other source of day-to-day revenue or financing available to Tacora in respect of working capital.

IV. CARGILL PAYMENTS UNDER THE OFFTAKE AGREEMENT AND HEDGES

38. The TPC produced from the Scully Mine is taken by train to the port of Sept-Iles, Quebec. Cargill pays Tacora for the TPC at the port under the Stockpile Agreement, as set out in stockpile provisional invoices that are delivered by Tacora to Cargill. Examples of such stockpile provisional invoices dated May 2, 2023, May 8, 2023, May 9, 2023, May 16, 2023, and May 22, 2023 are attached as **Exhibit "A"**.

39. Once the TPC is loaded onto a ship at the port, Tacora then issues a vessel adjustment invoice to Cargill for the TPC actually on the vessel. This can result in either an amount owing to Tacora or a credit to Cargill, depending on if the amount Cargill already paid for that TPC pursuant to the stockpile provisional invoices, and any subsequent margin payments, was more or less than the amount on the vessel adjustment invoice. A copy of the vessel adjustment invoice dated June 19, 2023 in respect of the stockpile provisional invoices referred to in the preceding paragraph is attached as **Exhibit "B"**.

40. I am advised by Chung Hung Diong, Commodities Structuring Manager, Trading, at Cargill, and verily believe, that either before or contemporaneous to when a ship is loaded with

TPC at the port, Cargill will typically approach a Tacora representative, usually Heng Vuong, Tacora's Chief Financial Officer, or Joe Broking, Tacora's Chief Executive Officer, about whether Tacora wishes to hedge the price for TPC that is subject to the Offtake Agreement and the Stockpile Agreement. This hedging can make sense if, for example, there is a high price of iron ore prevailing at the time, or if Tacora wants price certainty. The hedges are used to manage the risk of iron ore price fluctuations. If Tacora agrees to such a hedge, then Cargill and Tacora execute a written amendment to the Offtake Agreement to document the hedge and amend the pricing formula in the Offtake Agreement. An example of such an amending agreement, dated June 26, 2023, corresponding to the iron ore referred to in the preceding two paragraphs, is attached as **Exhibit "C"**.

41. After the TPC reaches its final destination, the Platts 62 Iron Ore index price is known for the third month after vessel loading, and the chemical composition of the TPC is finally determined, a final invoice is issued by Tacora to Cargill. An example of such a final invoice corresponding to the TPC referred to in the preceding three paragraphs, dated February 16, 2024, is attached as **Exhibit "D"**. This final invoice will take into account the amount payable to Tacora pursuant to the Offtake Agreement as amended by any hedging arrangements incorporated as part of the Offtake Agreement, as described below, provisional payments already paid to/received from Tacora under the Stockpile Agreement and upon vessel load, and margining advances paid to/received from Tacora pursuant to the Offtake Agreement and APF. This can result in either an amount owing to Tacora or a credit to Cargill under the final invoice.

42. As noted above, there is a time gap between when there is a first payment by Cargill to Tacora further to a stockpile provisional invoice and any payment owing under the final invoice.

The pricing under the Offtake Agreement and the related agreements described above is dependent on the price of iron ore, which fluctuates through time. These price fluctuations can lead to large swings in the amounts that may be owed by Cargill to Tacora (or vice versa) for any particular shipment of TPC between each of the invoicing and payment dates noted above (for example, between the time TPC arrives at the port and is loaded on the vessel, or between the time it is loaded on the vessel and arrives at its destination).

43. As noted above, to address this volatility, twice weekly Cargill calculates the net amounts outstanding for all Tacora TPC shipments under the relevant agreements including the Offtake Agreement. If the amount owing to or from Tacora exceeds the thresholds in the margining facilities described above, including under the Offtake Agreement, then a payment needs to be made. If Tacora owes an amount to Cargill that is below the threshold in the margining facilities, then Tacora does not need to make any payment at that time.

44. The arrangements and services that the Cargill metals business provides to Tacora are explicitly meant to provide Tacora with working capital, cash flow and liquidity. These services that Cargill's metals business provides to Tacora to provide working capital, cash flow and liquidity, are not typically provided to Cargill's other customers, nor are they provided by iron ore traders generally. Most traditional transactions involve purchase of cargos on FOB terms.

45. I am advised by Mr. Diong, and verily believe, that in addition to the hedges that Cargill arranges directly with Tacora, described above, Cargill also has a trading desk that handles derivatives and other risk management and financial strategies for Cargill in respect of the TPC sales made pursuant to the Offtake Agreement. By convention, iron ore pricing is typically based on a monthly sales price index such as the monthly average of the Platts 62 or Platts 65 price.

Pricing risk arises from the fact that the pricing terms under the Offtake Agreement for TPC are often set in a different month than the pricing terms under the contracts for sales of the TPC to third parties. Cargill's trading desk uses hedges to manage that risk.

46. By virtue of the Offtake Agreement, not all of the price risk for iron ore price movements is passed onto Tacora (for example, given the time difference between the month when a vessel is loaded with TPC from the Scully Mine, and the month of the final sale by Cargill to a third party). Once Cargill has visibility into the timing of TPC delivery from Tacora and the follow-on sale of that TPC to a third party, Cargill's trading desk then manages that price risk to Cargill through hedges and other derivative instruments involving Cargill's entire portfolio of iron ore. These hedging arrangements may extend over a period of six months or more. Cargill actively trades physical iron ore and iron ore derivatives, including trading iron ore futures contracts on both the Singapore Exchange and the Dalian Commodities Exchange. The risk from some of these transactions may offset each other without the need to directly execute hedging trades.

V. CARGILL'S INVESTMENT IN TACORA

47. Cargill holds shares and warrants in Tacora.

48. In particular, CITPL holds preferred shares in Tacora issued in November 2022, which provided Tacora with additional funding at the time they were issued so as to permit Tacora to pay the November 15 semi-annual interest payment due on amounts owing under Tacora's senior secured notes.

49. Various professionals from Cargill have worked on-site at Tacora prior to the commencement of these CCAA proceedings to support and enhance its operations, without any

payment by Tacora. In particular, Cargill provided Andrew Kirby, Strategic Customer Manager, who acted as the Plant General Manager for Tacora at no cost for approximately one year (Mr. Kirby had significant experience in industrial operations in the iron making industry). Timothy Sylow, Technical and Product Marketing Lead at Cargill (Mr. Sylow formerly led research and development for a leading steelmaker and iron ore miner), along with Mr. Kirby, worked with a consultant and led the development of a turnaround and capital investment plan for Tacora. This consultant subsequently advised Tacora on the implementation of the turnaround plan. Cargill employees have also served on Tacora's board of directors.

50. As discussed below in Section VI, Cargill has also expended a significant amount of time and effort, prior to these CCAA proceedings, to identify outside parties that could provide Tacora with additional financing or liquidity.

51. Cargill's approach in seeking to support and assist Tacora did not change once Tacora entered CCAA proceedings. Pursuant to the DIP Facility Term Sheet (the "**DIP Agreement**") dated October 9, 2023, which was approved by the CCAA Court in this proceeding on October 30, 2023, Cargill Inc. has provided debtor-in-possession financing to Tacora. As of February 28, 2024, the principal amount that has been advanced to Tacora under the DIP Agreement totals $75 million (exclusive of accrued interest and fees). Cargill is willing to work with Tacora to ensure that it has sufficient funding in these CCAA proceedings. At the request of Tacora, on February 28, 2024, Cargill provided Tacora with a proposal for an extension and amendment to the DIP Agreement to increase additional availability for liquidity to assist Tacora with its overall operations.

52. As demonstrated by the discussion above about Cargill's dealings with Tacora, Cargill has consistently sought to stabilize Tacora's operations, provide Tacora with additional funding and overall liquidity, and assist Tacora to improve its operations. These steps included, without limitation, investing in Tacora preferred shares so that Tacora could pay interest to the noteholders in 2022, entering into the APF in January 2023, entering into the Wetcon Agreement in the fall of 2023, prepaying certain amounts due to Tacora in 2023, entering into the DIP Agreement in October 2023, and amending the Stockpile Agreement in December 2023. All of these steps benefitted Tacora and its stakeholders, including by providing Tacora with liquidity, including in circumstances when Tacora was unable to otherwise access such funding. Cargill has a long history of working with Tacora in a positive and constructive way to find balanced and reasonable solutions.

53. As described in further detail below, Cargill advanced its bid for Tacora in these CCAA proceedings in the same spirit. Cargill advanced a structure which it believed was value maximizing for all stakeholders. Tacora, however, elected not to engage or work with Cargill as part of that process.

VI. CARGILL INTRODUCED RCF TO TACORA

54. Paulo Carrelo is Senior Solutions and Structuring Manager in Cargill's metals business, who is involved in Tacora matters. I am advised by Mr. Carrelo, and verily believe, that in November 2022, he approached a contact of his, Martin Valdes, who works at Resource Capital Fund (together with Resource Capital Fund VII L.P., "**RCF**"), about a potential investment in Tacora.

55. Tacora and RCF were unable to come to terms on a confidentiality agreement. So CITPL and RCF signed a Confidentiality Agreement dated May 3, 2023, for the stated purpose of facilitating discussions regarding a possible business relationship concerning restructuring or refinancing Tacora.

56. The negotiations between Cargill, the AHG and RCF about a consensual transaction involving Tacora culminated in a term sheet that had been negotiated between Cargill, the AHG and RCF. This term sheet included proposed amendments to the Offtake Agreement for the economic benefit of the AHG. Cargill understood that the term sheet was essentially settled amongst the parties. It was circulated in advance of meetings scheduled for October 3-4 in New York amongst Cargill, the AHG and RCF. Cargill understood that the purpose of the meetings was to finalize a consensual deal amongst Cargill, the AHG and RCF to recapitalize Tacora in order to avoid insolvency proceedings. A copy of my text exchange with Paulo Carrelo, Joe Broking and Heng Vuong for the period October 1 through October 6, 2023, is attached as **Exhibit "E"**. Those texts show that on October 2 we were discussing the term sheet that had been sent to the AHG to seek to advance a consensual deal, but by October 5 the discussion had turned to Cargill providing terms for debtor-in-possession financing.

57. This abrupt change happened because, at the meetings on October 3-4, it became clear that the AHG (or at minimum a subset of them) came into the meetings with no intention to pursue a consensual resolution, but rather were committed to Tacora entering into a CCAA proceeding.

VII. CARGILL HAS BEEN WILLING TO MODIFY THE OFFTAKE AGREEMENT

58. I can confirm that Cargill is currently open, and has previously been open, to the possibility of negotiating amendments to the Offtake Agreement, including its life-of-mine duration, as part

of attempts to find a consensual path to recapitalize or restructure Tacora. Cargill was open to that possibility before Tacora entered these CCAA proceedings, and continues to be open to that possibility today as part of these CCAA proceedings. This fact is known to Tacora and the other parties to these CCAA proceedings.

59. For example, as part of Cargill's discussions with RCF, RCF raised the possibility of modifications to the Offtake Agreement. I had a phone conversation with Mr. Carrelo and Mr. Valdes of RCF on the evening of October 4, 2023 to debrief the meetings in New York, and we discussed a potential path forward to a consensual deal. Mr. Valdes asked specifically if Cargill would be willing to amend the Offtake Agreement and I responded that although I could not officially commit such a position, my understanding was that there was clear openness within Cargill to make material changes to the Offtake Agreement in the interest of a consensual deal. Later, in a text exchange on WhatsApp starting on October 8, 2023 between Mr. Carrelo and Martin Valdes of RCF, the topic of Cargill's willingness to modify the Offtake Agreement as part of a potential transaction involving RCF, Cargill and the AHG was again raised. Mr. Valdes wrote that "there has to be room from offtake as well." Mr. Carrelo responded expressing Cargill's openness to modifications to the Offtake Agreement in the context of potential options for a transaction, writing "Yes we can modify offtake." Mr. Valdes was clear that he believed Cargill needed to also be open to potential modifications to the life-of-mine duration of the Offtake Agreement, writing "you need to be realistic about changing duration of offtake." Mr. Carrelo immediately responded: "Yep we are willing to move on that".

60. Even after Tacora had entered the CCAA process on October 10, 2023, Cargill remained open to potentially modifying the Offtake Agreement, including that it was a life-of-mine contract.

As part of Mr. Carrelo's WhatsApp exchange with Mr. Valdes, Mr. Valdes sent a message on October 12, 2023 seeking feedback on possible proposals. Mr. Carrelo responded on October 13, 2023, expressing willingness to explore them – Mr. Carrelo specifically wrote regarding the Offtake Agreement, "Offtake – your ideas are not a non starter." As I verily believe to be true, Mr. Carrelo was expressing in this message that Cargill was open to changes in the Offtake Agreement.

61. A copy of Mr. Carrelo's WhatsApp exchange with Mr. Valdes, including the WhatsApp messages referred to above, is attached as **Exhibit "F"**.

VIII. THE SISP

62. On October 30, 2023, the Court granted a Solicitation Order in this CCAA process authorizing and directing Tacora to run a sale, investment and services solicitation process (the "**SISP**"). Cargill engaged in the SISP in order to protect its economic interests.

63. Cargill hired a financial advisor, Jefferies Financial Group ("**Jefferies**") to assist Cargill as part of the SISP to identify and secure a partner or partners on any Cargill bid as part of the SISP. That engagement is continuing and ongoing. Cargill's approach to the SISP was to seek co-investors for any bid that Cargill would make, while also evaluating the possibility of making a bid on its own.

64. The SISP contained various milestones, including that on December 1, 2023, parties would submit phase 1 bids, and on January 19, 2024, parties would submit phase 2 bids. Cargill submitted bids in compliance with both of these dates. Below is a summary of the work that Cargill and its advisors undertook to prepare for and make its bids under the SISP. In particular, Cargill and

Jefferies undertook a significant amount of work during the SISP seeking potential debt and equity investors who would partner with Cargill as part of a bid.

65. Tacora required that potential investors sign non-disclosure agreements with it, before such parties could have access to the virtual data room that Tacora had set up for potential bidders. Cargill also entered into non-disclosure agreements with the potential investors it was dealing with (with the prior consent of Tacora pursuant to the SISP). In order to preserve the confidentiality of the identity of the parties to these non-disclosure agreements, this affidavit will not refer to any of them by name. This affidavit does not capture all of the substantial and intense work that Cargill (and its counsel) and Jefferies undertook as part of the SISP. Rather, it is meant to illustrate the magnitude of Cargill's work and to demonstrate that Cargill approached the SISP in good faith and with a serious and professional desire to comply with the SISP requirements and present the best bid possible. Cargill's approach to the SISP was specifically influenced by the terms in Schedule "A" of the Court's SISP Solicitation Order, including (i) the provisions at paragraphs 26 and 36 that permitted Tacora to waive compliance with requirements for phase 1 and phase 2 bids, and (ii) the provision in paragraph 40(b) that permitted Tacora to continue negotiations with phase 2 bidders with a view to finalizing acceptable terms with one or more bidders, all in order to maximize value to all stakeholders.

66. As part of the SISP, Cargill was required to negotiate a non-disclosure agreement with Tacora, which was dated November 27, 2023.

67. I am advised by Robert Chadwick, of Goodmans LLP, and verily believe, that in November and December 2023 during these CCAA proceedings, he communicated to Tacora (through counsel) that Cargill was willing to work with Tacora to advance a Cargill CCAA plan on a dual

track basis with Tacora's ongoing SISP to advance matters and the potential implementation of a transaction with Cargill in an efficient and timely manner.

68. Under the SISP, Cargill was required to get the permission of Tacora's financial advisor, Greenhill & Co. Canada Ltd. ("**Greenhill**"), and the Monitor, before it could seek to speak to a potential party who may provide debt or equity financing.

69. On November 8, 2023, Jefferies sent to Greenhill a list of 29 potential equity investors and 19 potential debt investors that it sought to speak with. Jefferies and Greenhill held a call on November 9 to discuss that list, on which Greenhill requested a revised investor list with fewer institutions. Accordingly on November 10, Jefferies followed up with a revised investor list, with 13 potential equity investors and 13 potential debt investors that it sought to speak with.

70. Jefferies followed up on November 13 seeking a call with Greenhill to discuss potential investors that could be contacted, and the call was scheduled for November 15.

71. On that call on November 15, Greenhill provided permission to speak with eight of the 13 potential equity investors, all of whom Jefferies or Cargill immediately reached out to. Greenhill also provided permission to speak with any of the potential debt investors, but expressed a preference if only a handful were actually contacted. Jefferies ultimately reached out to five potential debt investors in phase 1. Jefferies or Cargill reached out to 18 potential incremental equity investors and 14 potential incremental debt investors in phase 2 after obtaining proper consent from Greenhill.

72. Once Cargill reached out to those potential investors further to the permission granted by Tacora, if the potential investor was interested in pursuing matters with Cargill, the potential

investor then had to negotiate and sign a non-disclosure agreement with Tacora. After that non-disclosure agreement with Tacora was signed, Cargill then sought that the potential investor sign a separate non-disclosure agreement with Cargill. Further, Greenhill required that, before Cargill and Jefferies could speak with a potential investor about a potential bid, Jefferies or Cargill was required to send emails to Greenhill confirming Cargill's understanding that the potential investor in question wanted to work exclusively with Cargill, and seeking permission to communicate with that party about a potential bid as part of the SISP. The potential investor was required to separately confirm to Greenhill that they wanted to work exclusively with Cargill before being granted access to the virtual data room. This was an added layer of process that Greenhill required.

73. For example, Jefferies emailed Greenhill on November 27, 2023 about one of the potential investors it had identified to Tacora on November 8. Since that potential investor had executed a non-disclosure agreement with Tacora, Jefferies sought (i) confirmation that Cargill could speak with that potential investor regarding the potential investment opportunity, and (ii) access to Tacora's virtual data room for that potential investor. Cargill signed its own non-disclosure agreement with that potential investor on December 1. Tacora only confirmed to Cargill on December 8 that this potential investor had access to the virtual data room, after repeated follow-ups from Cargill.

74. The process described above repeated itself as Cargill identified additional potential investors, in terms of consents needing to be obtained from Tacora and Greenhill and non-disclosure agreements needing to be negotiated and concluded. All of this took time. For example, Cargill was still identifying potential investors that it sought permission from Tacora and Greenhill to speak with in December 2023 and January 2024. Despite the urgency for Cargill of moving

quickly through the process hurdles that Tacora and Greenhill adopted as part of the SISP (given the January 19, 2024 deadline for phase 2 bids), Jefferies was often required to make numerous follow-ups with Greenhill before Tacora would take steps or confirm matters. For example, in respect of a different potential investor that Cargill had identified, that potential investor signed a non-disclosure agreement with Tacora on December 1, 2023, but Tacora did not provide the potential investor access to the virtual data room until December 15.

75. Cargill ultimately signed non-disclosure agreements with approximately 16 potential investors after the SISP began. The first non-disclosure agreement was signed on December 4, 2023 and the most recent on January 24, 2024.

76. To the extent that these potential investors, after conducting due diligence on Tacora, were interested in pursuing a bid with Cargill, Cargill and Jefferies then had to negotiate the terms under which each may be willing to partner with Cargill on a bid in the SISP.

77. All of these steps took a significant amount of time and effort. In addition, all of these steps that Tacora and Greenhill implemented restricted Cargill's ability to engage with potential investors, in a manner that was detrimental to Cargill's ability to secure a commitment from a potential investor to partner with Cargill on a bid by January 19, 2024.

78. As part of Cargill's consideration of its various options to fund during the SISP and any bid that Cargill would make, the Chief Executive Officer of Cargill Inc. ultimately determined in early January 2024 that Cargill did not want to own a majority of Tacora, but would want, at most, a minority economic ownership interest in Tacora. Owning a majority of Tacora would require Cargill to consolidate Tacora's business with Cargill's operations from an accounting standpoint,

which is something that Cargill has historically sought to avoid as a matter of policy. Cargill was prepared, however, to convert up to $100 million of capital into equity, but also wanted additional equity through one or more third party investors alongside Cargill's investment. After that decision was made, Cargill along with Jefferies continued their significant efforts, which had been pursued since the beginning of the SISP, to find a partner or partners who would be willing to join in a bid and own a 51% or more economic interest. Cargill also continued its significant efforts to undertake its own legal and financial due diligence on Tacora and to structure a bid for Tacora under the SISP. Further to that work, Cargill continued to work with its advisors to be in a position to advance its proposed recapitalization transaction by January 19, 2024.

79. On January 17, 2024, which was two days before the phase 2 bid submission date of January 19, Tacora posted an updated capitalization summary to its data room. The summary disclosed for the first time to Cargill material increases to Tacora's estimates for the amount of cash that Tacora believed it would require on closing of any transaction arising from the SISP. This new information required Cargill to address these additional cash requirements as part of its phase 2 bid. Notwithstanding Tacora providing this material information so late in the process, Cargill continued to advance its bid for January 19, 2024.

80. At no point during the SISP – not in phase 1 or phase 2 – did Tacora provide or offer to Cargill a form (or even a structure) of any proposed transaction agreement. I am advised by Mr. Chadwick, and verily believe, that after Cargill submitted its phase 1 bid on December 1, 2023, he asked Tacora's advisors if Tacora had a form of agreement that Tacora was going to produce to bidders (as contemplated by paragraph 34(d)(i) of Schedule "A" to the SISP Solicitation Order), and was advised that a form of agreement was not being provided by Tacora to the bidders.

IX. THE VALUE OF THE OFFTAKE TO CARGILL

81. I understand, based on the materials filed by Tacora in these CCAA proceedings, that after the commencement of the CCAA process, RCF partnered with the AHG and Javelin Global Commodities (SG) Pte Ltd. ("**Javelin**", and together with the AHG and RCF, the "**AHG Consortium**") in respect of a bid that the AHG Consortium ultimately delivered in the SISP (the "**AHG Consortium Bid**"). I further understand that the AHG Consortium Bid that Tacora is seeking to have approved contemplates that Cargill's Offtake Agreement and its associated obligations would be "transferred" out of Tacora into a different company that would not have assets, and that any claim by Cargill in respect of the Offtake Agreement would not be satisfied.

82. At no point during the SISP, namely from the period October 30, 2023 through to date, did Tacora ever seek to have any discussion with, or to facilitate any discussion by the AHG with, Cargill about the Offtake Agreement, or about any topic. Rather, Tacora limited Cargill to discussions with Tacora, Greenhill and the Monitor, and Tacora restricted the AHG and Cargill from speaking with each other as part of the SISP. Tacora did not have any discussion with Cargill about the size of a potential claim if the Offtake Agreement was disclaimed or terminated or assigned, or any material or detailed discussion following the submission of phase 1 and phase 2 bids in the SISP about Cargill's openness to potentially amend or modify the Offtake Agreement as part of a restructuring solution to these CCAA proceedings. Tacora also restricted the ability of Cargill or its advisors to speak with Tacora's board of directors.

83. Tacora and its advisors also never advanced their own plan under the CCAA or any restructuring or consensual solution for Tacora. They did not seek to advance a plan or a consensual solution in conjunction with any potential transaction. Rather, Tacora and its advisors

appeared content to just passively see which parties might be interested in a transaction for Tacora following a rigid adherence to the SISP, and to proceed with one transaction on the assumption that the Offtake Agreement could be "vested out". Tacora took no steps to create a CCAA plan or transaction that could proceed on a consensual basis.

84. As Cargill considered the strategy it wanted to pursue in the SISP, it took steps to value the Offtake Agreement. The profit that Cargill makes on the Offtake Agreement depends on many factors, including the volume of TPC produced by the Scully Mine, the global iron ore price, freight costs, and Cargill's ability to market and sell the TPC. Cargill's estimate for the gross proceeds, prior to costs like SG&A, execution and cost of capital, via the Offtake Agreement for 2025 is approximately $26 million.

85. I believe that if Tacora took steps in these CCAA proceedings to not honour its obligations under the Offtake Agreement, Cargill's claim against Tacora would be for more than $500 million.

X. CARGILL PHASE 2 BID

86. On January 19, 2024, Cargill Inc., CITPL and 1000771978 Ontario Limited submitted Cargill's binding Phase 2 bid materials to Cargill pursuant to the SISP (the "**Cargill Phase 2 Bid**"). A copy of the Cargill Phase 2 Bid redacted to remove certain commercially sensitive and confidential information is attached as **Exhibit "G"**.

87. The Cargill Phase 2 Bid proposed a transaction (the "**Cargill Recapitalization Transaction**") involving an investment and restructuring of Tacora and its business, and the recapitalization of Tacora and its business. The Cargill Phase 2 Bid included at Appendix "A" a detailed Recapitalization Transaction Agreement with Tacora.

88. Understanding that paragraph 39 of Schedule "A" to the SISP Solicitation Order listed 12 criteria (being (a) through (l)) that Tacora and its advisors and the Monitor could evaluate for the phase 2 bids, Cargill also included at Appendix "C" to the Cargill Phase 2 Bid an itemized list of those criteria and the key features of the Cargill Recapitalization Transaction that addressed them. A copy of Appendix "C" to the Cargill Phase 2 Bid is attached as **Exhibit "H"**.

89. Cargill believed that the Cargill Recapitalization Transaction would achieve the highest possible result for Tacora and its stakeholders, including, among other things, satisfying in full all secured debt, providing a complete or substantial recovery for unsecured creditors, and assuming the Cargill Offtake Agreement in full on its existing terms along with other key contracts and obligations. The Cargill Phase 2 Bid contemplated that Tacora's secured noteholders would be repaid in full in cash or re-instated on their terms and paid accrued interest in cash. The Cargill Phase 2 Bid contemplated as an option proceeding by way of a CCAA plan.

90. The Cargill Phase 2 Bid noted that a failure to assume the Offtake Agreement as part of any other transaction would create a claim against Tacora in excess of $500 million, which would be avoided by the Cargill Recapitalization Transaction.

91. The Cargill Phase 2 Bid was proposed to be completed without delay and was structured to avoid conflict, material litigation and additional costs that would be associated with, for example, a reverse vesting order structure that would be expected to be heavy scrutinized by the Court.

92. As at January 19, 2024, despite the significant efforts that Cargill and Jefferies had expended, and costs incurred by Cargill, Cargill was unable to secure a firm commitment from one

or more of the potential investors it had been dealing with as part of the SISP. Nevertheless, Cargill was in active dialogue with five prospective new money equity investors and five prospective debt investors, which Cargill explicitly named in the Cargill Phase 2 Bid. Accordingly, the Cargill Recapitalization Transaction Agreement contained a condition that Cargill would obtain equity commitments of at least $85 million by no later than three weeks following the execution of the Recapitalization Transaction Agreement by the parties.

93. Having participated in the SISP and sought third party participation in a bid by Cargill, I believe that based on the nature of any transaction involving Tacora, and the circumstances facing Tacora in these CCAA proceedings, it was essentially impossible for any third party to have been in a position to make a binding commitment to invest equity in Tacora by the January 19, 2024 deadline in the SISP, unless the third party had been involved with Tacora well in advance of December 2023. Additional time for third party equity was needed in order to advance the best available transaction to maximize value for all stakeholders.

XI. TACORA REFUSED TO ENGAGE WITH CARGILL FOLLOWING THE PHASE 2 BIDS OR USE DISCRETION IN THE SISP

94. Following the submission of the Cargill Phase 2 Bid on January 19, 2024, Tacora did not meaningfully engage with Cargill to address the deficiencies that Tacora perceived in the Cargill Phase 2 Bid, or otherwise.

95. Tacora's lawyers emailed Cargill's lawyers on January 19, 2024 following submission of the Cargill Phase 2 Bid, asking Cargill to provide a Word copy of the Cargill Phase 2 Bid and the amount of secured debt expenses incurred owing to Cargill and owing by Tacora. A copy of those email exchanges, without attachments, is attached as **Exhibit "I"**.

96. Counsel to Tacora and Cargill had a brief telephone call on January 22.

97. On the following day, January 23, an approximately one-hour call was held among counsel to Tacora, Greenhill, counsel to the Monitor, Cargill and Jefferies, where I understand from Mr. Chadwick, and verily believe, that Tacora's advisors sought clarifications on the Cargill Phase 2 Bid. It was made clear by the Tacora representatives that the call was for clarification only as there was a scheduled meeting of Tacora's board of directors on January 24. To my knowledge, that was the only meeting between Tacora's legal and financial representatives and Cargill's legal and financial representatives after January 19, when the Cargill Phase 2 Bid was delivered, to discuss any aspect of the Cargill Phase 2 Bid.

98. On January 25, 2024, counsel to Tacora wrote a letter to counsel to Cargill, a copy of which is attached as **Exhibit "J"**. The three-page letter stated that it was repeating what had been conveyed on the call on Tuesday, January 23, namely that it was Tacora's position that the Cargill Phase 2 Bid was not a "Phase 2 Qualified Bid" because, among other things, it was subject to a condition that additional equity financing be obtained.

99. On January 27, 2024, counsel to Cargill wrote a letter to counsel to Tacora, a copy of which is attached as **Exhibit "K"**, in response to the letter from Tacora's counsel on January 25. The letter sought to engage with Tacora to address the issues that Cargill understood that Tacora had with the Cargill Recapitalization Transaction. The letter made clear that Cargill did not agree that the Cargill Phase 2 Bid was not compliant with the SISP, and reminded Tacora that the SISP permitted Tacora to waive requirements under the SISP, which was a normal feature of any SISP.

100. The January 27 letter requested a meeting between Cargill and Tacora and its advisors, and a mark-up of the Cargill Recapitalization Transaction Agreement or a complete issues list. It stated Cargill's belief that a reverse vesting order transaction in the context of Tacora's CCAA proceedings would not be successful without the support of Cargill. The Cargill Phase 2 Bid contemplated a minimum of $85 million of new money equity (along with a minimum of $100 million of equity that Cargill would contribute), and that Tacora would have sufficient cash on hand at closing of the Cargill Recapitalization Transaction. Tacora seemed to not understand these provisions, so Cargill clarified them in the January 27 letter, given that Cargill had the same interest as Tacora (and any entity investing equity as part of the Cargill Recapitalization Transaction) that Tacora be properly funded on a go-forward basis. In light of Tacora's cash flow projections that had only been provided on January 17, Cargill asked for Tacora's cash flow model based on the Cargill Phase 2 Bid so that Cargill could work with Tacora to reach agreement on the amount of equity that the Cargill Recapitalization Transaction required.

101. Tacora did not ever agree to such a meeting or provide the requested mark-up or issues list or cash flow model.

102. On January 28, 2024, counsel to Tacora wrote to counsel to Cargill, a copy of which is attached as **Exhibit "L"**. The short one page letter did not address the points that Cargill had raised in its January 27 letter, but simply repeated Tacora's position that the Cargill Phase 2 Bid was not a compliant bid because it remained conditional on financing.

103. In response to that letter, counsel exchanged emails on January 28 and 29, a copy of which is attached as **Exhibit "M"**.

104. On January 29, 2024, counsel to Cargill wrote to counsel to Tacora. The email reported on a meeting earlier that day that counsel for Cargill had with the Monitor, and asked for a meeting with both the Monitor and Tacora that same day in order to discuss the issues raised in the correspondence from the previous days. Counsel to Tacora responded a few hours later, and advised that Tacora's board had met that evening and accepted the AHG Consortium Bid. A copy of that email exchange is attached as **Exhibit "N"**.

105. To my knowledge, at no point following Cargill's submission of the Cargill Phase 2 Bid did Tacora ever seek a meeting with Cargill, or provide a detailed list of Tacora's perceived issues with the Cargill Recapitalization Transaction or the Cargill Phase 2 Bid, or provide a mark-up of the Cargill Recapitalization Transaction Agreement.

106. It is very concerning to Cargill that after Cargill submitted the Cargill Phase 2 Bid on January 19, 2024, there was no direct dialogue or engagement between Tacora (or its advisors) and Cargill. I believe that Tacora and its advisors treated Cargill in a manner that was not appropriate in the circumstances.

107. Cargill believes that the process whereby Tacora selected the AHG Consortium Bid was prejudicial to Cargill and not fair and reasonable based on all of the circumstances. The AHG Consortium Bid advanced by Tacora, if approved, would create a claim by Cargill exceeding $500 million that would not be paid. Cargill would be the only material creditor whose claim would not be satisfied. On the other hand, the Cargill Recapitalization Transaction would satisfy all creditors and not create a claim by Cargill in respect of the Offtake Agreement. Yet despite Cargill being the fulcrum party affected by the proposed AHG Consortium Bid, and despite Cargill's long

history as an important and valued stakeholder to Tacora, Tacora essentially ignored the interests of Cargill.

XII. RECENT EVENTS

108. Even after Tacora accepted the AHG Consortium Bid, Cargill continued to advance its efforts to find an investor or investors with which to partner on a bid for Tacora. Since January 19, 2024, Tacora has impeded Cargill's ability to advance such efforts: Tacora has stated the process is over and has been resistant to advancing a restructuring solution on a dual track with any process to approve the AHG Consortium Bid .

109. Tacora has rebuffed Cargill's attempts to seek a mediation to narrow issues or find common ground on the matters at issue in this proceeding.

110. On February 14, 2024, counsel to Cargill sent a letter to counsel to Tacora, which advised of Cargill's view that Tacora's proposed transaction with the AHG investors could not be approved, and that therefore Tacora should be advancing contingency planning including to obtain the consents and approvals required to implement any asset sale transaction. A copy of that letter is attached as **Exhibit "O"**. Tacora's counsel responded to that letter on the morning of March 1, 2024, a copy of which is attached as **Exhibit "P"**, claiming it was not in position to seek consents as it did not have a definitive asset sale transaction in place. As set out in the further response from Cargill's counsel sent on the afternoon of March 1, a copy of which is attached as **Exhibit "Q"**, Tacora's response misses the point, given that Tacora is refusing to pursue any contingency plan.

XIII. CARGILL'S PROPOSED CCAA PLAN[2]

111. Notwithstanding that the SISP provides for the advancement and completion of a recapitalization transaction in order to benefit a broad range of Tacora's stakeholders and to maximize value for all stakeholders, Tacora has failed to advance a plan of compromise and arrangement under the CCAA for the benefit of its stakeholders.

112. Accordingly, Cargill has developed a Plan of Compromise and Arrangement in respect of Tacora, a copy of which is attached hereto as **Exhibit "R"** (as it may be amended, supplemented or restated from time to time in accordance with the terms hereof, the "**Plan**").

113. Cargill's proposed Plan is on substantially the same terms as the Cargill Recapitalization Transaction proposed by Cargill pursuant to the Cargill Phase 2 Bid. In summary, the key aspects of the Plan include (among others):

(a) all secured claims will be treated as Unaffected Claims under the Plan, and in particular with respect to Tacora's obligations under the Notes Indenture:

(i) all outstanding principal and accrued and unpaid interest under the Senior Priority Notes up to the Plan Implementation Date shall be satisfied in cash on the Plan Implementation Date;

(ii) accrued and unpaid interest in respect of the Senior Secured Notes up to the Plan Implementation Date shall be satisfied in cash and the Senior Secured Notes shall be treated as unaffected and remain outstanding under the Notes

[2] Capitalized terms used in this section and not otherwise defined herein shall have the meaning ascribed to such term in the Plan.

Indenture from and after the Plan Implementation Date; provided that Cargill and any one or more Senior Secured Noteholders shall be entitled to agree to the purchase by Tacora of such Senior Secured Noteholder's Senior Secured Notes for cash consideration, at a discount to par, in an amount agreed to by Cargill and such Senior Secured Noteholder(s), to be implemented on or following the Plan Implementation Date; and

(iii) the Notes Trustee Costs shall be satisfied in cash, provided that in the event that Tacora, the Notes Trustee and Cargill are unable to reach an agreement on the Notes Trustee Costs prior to the Plan Implementation Date, an amount agreed to by Tacora, the Monitor, Cargill and the Notes Trustee (or such amount as determined by the Court if Tacora, the Monitor, Cargill and the Notes Trustee cannot agree) shall be deposited in trust with the Monitor as security for payment of the Notes Trustee Costs pending an agreement on the Notes Trustee Costs by Tacora, the Notes Trustee and Cargill or pending determination thereof by the Court;

(b) Affected Unsecured Claims will receive distributions from the Affected Unsecured Creditors Aggregate Distribution Amount of $25 million (or the Canadian dollar equivalent thereof), or such other amount as agreed to by Cargill in consultation with the Monitor (provided that the Affected Unsecured Creditors Aggregate Distribution Amount shall be reduced by the aggregate amount of any Unaffected Trade Claims which may be determined by Cargill in consultation with the Monitor and Tacora) as follows:

(i) each Affected Unsecured Creditor that is a Convenience Creditor (i.e. having an Affected Unsecured Claim that is not more than $5,000) shall receive the lesser of the amount owed to the Affected Unsecured Creditor in respect of its Allowed Affected Unsecured Claim or $5,000; and

(ii) any Affected Unsecured Creditor owed more than $5,000 in respect of its Allowed Affected Unsecured Claim shall receive the lesser of the amount owed to the Affected Unsecured Creditor in respect of its Allowed Affected Unsecured Claim or its Affected Unsecured Creditor's Pro-Rata Share of the Affected Unsecured Creditors Distribution Pool;

(c) Unaffected Claims shall include:

(i) Claim secured by any of the CCAA Charges;

(ii) Unaffected Secured Claim;

(iii) Insured Claim;

(iv) Post-Filing Trade Payable;

(v) Unaffected Trade Claim;

(vi) Scheduled Unaffected Claim;

(vii) the Offtake Agreement Obligations and the OPA Obligations;

(viii) a Claim that is not permitted to be compromised pursuant to section 19(2) of the CCAA;

(ix) Claims of Employees in their capacity as Employees, Employee Priority Claims and, to the extent applicable, any Claims of Employees under or pursuant to the Collective Bargaining Agreement;

(x) Government Priority Claims; and

(xi) Environmental Liabilities;

(d) New Equity Financing will be funded to Tacora on the Plan Implementation Date in exchange for 100% of the New Tacora Common Shares to be issued pursuant to the Plan on the Plan Implementation Date (subject to dilution from the Management Incentive Plan). The aggregate proceeds of the New Equity Financing shall be sufficient to pay the amounts contemplated to be paid pursuant to the Plan in cash on the Plan Implementation Date and to fund the operations of the Business, as determined by Cargill and the other New Equity Participants. Cargill acknowledges that, as of the date of this affidavit, those amounts from any third-party are not currently committed. Cargill's portion of the New Equity Financing shall be funded by way of the Exchanged Cargill Debt Amount, being up to $100 million of Debt Obligations of Tacora owing to Cargill, comprised of (A) an amount of Debt Obligations of Tacora under the DIP Agreement, as agreed to by Cargill (the "**Exchanged DIP Amount**"), and (B) an amount of the Debt Obligations of Tacora in respect of the Advance Payment Facility Claims, as agreed to by Cargill (the "**Exchanged Advance Payment Facility Claims Amount**" and together with the Exchanged DIP Amount, the "**Exchanged Cargill Debt Amount**"). Noteholders shall be entitled to participate in the New Equity

Financing in such proportion and on such terms as may be agreed to by Cargill and such Noteholder, subject to the terms of the Plan. Each Noteholder shall have the right to elect to participate in the New Equity Financing (each a "**New Equity Electing Noteholder**");

(e) all Equity Interests (including the Existing Tacora Common Shares, Existing Tacora Preferred Shares and Existing Tacora Warrants and Options) and the Stock Option Plans shall be cancelled and extinguished, and all Equity Claims shall be released on the Plan Implementation Date;

(f) Tacora shall obtain a New Senior Secured Pre-Payment Facility in the approximate range of $150-200 million and the Senior Priority Margining Facility may be increased from $25 million to $75 million in availability to facilitate a comprehensive hedging program for Tacora on market terms;

(g) CITPL and Tacora shall agree that, from and after the Plan Implementation Date, CITPL will provide to Tacora interim access to up to seventy percent (70%) of the amounts earned by CITPL pursuant to the Offtake Agreement until the Senior Secured Notes are repaid in full, whether at or before their maturity. The terms and structure of the access to such amounts shall be agreed to by Tacora and CITPL;

(h) CITPL shall agree to extend the OPA on similar terms as previously provided to Tacora effective as of the Plan Implementation Date;

(i) the KERP Employees eligible to receive payments pursuant to the KERP in connection with the implementation of the Plan shall be paid the amounts they are

entitled to pursuant to the KERP from the KERP Funds, any remaining amounts forming part of the KERP Funds shall be released to Tacora, and the KERP Charge shall be released on the Plan Implementation Date;

(j) the Administration Charge Amount, the Transaction Fee Charge Amount and any remaining Debt Obligations of Tacora under the DIP Agreement not exchanged for New Tacora Common Shares pursuant to the Plan shall each be satisfied in cash and the Administration Charge, the Transaction Fee Charge and the DIP Charge shall each be released on the Plan Implementation Date; and

(k) the releases contemplated under the Plan shall become effective and the Directors' Charge shall be released.

114. The only affected class of creditors under the Plan will be the Affected Unsecured Creditors Class and only the Affected Unsecured Creditors will be entitled to vote on the Plan. Cargill is prepared to take input and have constructive dialogue on the CCAA Plan with Tacora, the Monitor and Tacora's stakeholders.

115. Pursuant to its Responding Cross-Motion, Cargill is seeking authority pursuant to a proposed Meeting Order (a copy of which is enclosed with Cargill's Responding Cross-Motion Record) to file Cargill's proposed Plan with the Court and authority to call a meeting of the Affected Unsecured Creditors to consider and vote on the Plan. In connection therewith, Cargill is also seeking a proposed Claims Procedure Order (a copy of which is enclosed with Cargill's Responding Cross-Motion Record), establishing a claims procedure (the "**Claims Process**"), to be

conducted by the Monitor, for the identification and quantification of the Affected Unsecured Claims against Tacora for purposes of voting on and receiving distributions under the Plan.

116. The Claims Process would run concurrently with the process to solicit votes on the Plan pursuant to the Meeting Order, to provide for an efficient parallel process in an appropriate time frame.

117. Cargill believes that the proposed Plan has many key benefits for Tacora and its stakeholders, and is superior to the proposed AHG Consortium Bid for numerous reasons. Among other key factors:

(a) the Plan treats the Noteholders as Unaffected Creditors and the claims of the Noteholders will be satisfied in full pursuant to the Plan, whereas the AHG Consortium Bid provides for the equitization of certain amounts in respect of the Senior Secured Notes that are being exchanged at a significant discount to the new funding being provided by the equity participants under the AHG Consortium Bid;

(b) the Plan treats the Offtake Agreement Obligations and the OPA Obligations as Unaffected Claims under the Plan, whereas the AHG Consortium Bid seeks to exclude such obligations and purports to "transfer" them to ResidualCo, creating a claim in excess of $500 million that cannot be satisfied, resulting in material prejudice to Cargill;

(c) Affected Unsecured Creditors will receive significant if not full recovery under the Plan;

(d) Claims of Employees, Government Priority Claims and Environmental Liabilities are all unaffected under the Plan;

(e) the New Equity Financing, combined with the New Senior Secured Pre-Payment Facility, will result in sufficient funding to efficiently and effectively operate and improve the Business for the benefit of its stakeholders;

(f) the Plan allows for the implementation of a share transaction pursuant to a CCAA plan of arrangement and eliminates the risk that a Court will not grant a reverse vesting order based on the facts and circumstances of the Tacora situation, thereby providing greater certainty that Tacora can successfully complete a share transaction; and

(g) benefits all stakeholders of Tacora and treats all creditors in a fair and reasonable manner.

118. As part of Cargill's proposed transaction under the Plan, Cargill's intention is to continue to support the Tacora business and to invest in the necessary capital projects required to achieve the 6 Mtpa nameplate production capacity of the Scully Mine. The intention under the proposed transaction is to maintain Tacora's existing employees and continue to maintain substantially all of the trade and supply relationships.

XIV. CONCLUSION

119. Consistent with its historical approach, Cargill's goal has always been to proceed with a consensual transaction that would be supported by Tacora and all key stakeholders, and that would avoid the significant costs of litigation. Cargill worked hard towards such an outcome prior to the

commencement of these CCAA proceedings, and continues to advance its efforts within these CCAA proceedings with that aim. Cargill hopes that Tacora will engage with Cargill in respect of Cargill's proposed Plan, as Cargill believes that such path is in the best interests of all stakeholders and creates a value maximizing option in advance of the scheduled April hearings. Cargill will continue to advance its efforts in respect of its proposed Plan in any event, but believes that Tacora's engagement would result in a more efficient and productive path forward that would benefit all of Tacora's stakeholders.

SWORN remotely by Matthew Lehtinen stated as being located in the City of Carmel in the State of Indiana, before me at the City of Toronto, in the Province of Ontario, on March 1, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits

Brittni Tee
LSO #85001P

Matthew Lehtinen

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

Court File No. CV-23-00707394-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TACORA RESOURCES INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding Commenced At Toronto

AFFIDAVIT OF MATTHEW LEHTINEN SWORN MARCH 1, 2024

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Lawyers for Cargill, Incorporated and Cargill International Trading Pte Ltd.

THIS IS EXHIBIT "B" REFERRED TO IN THE AFFIDAVIT OF MATTHEW LEHTINEN SWORN BEFORE ME THIS 14TH DAY OF MARCH, 2024

Commissioner for Taking Affidavits

EXHIBIT "WW"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

PROTERRA M&M MGCA B.V.

AND

MAGGLOBAL LLC

AND

TACORA RESOURCES INC.

SHAREHOLDERS' AGREEMENT

JULY 17, 2017

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SHAREHOLDERS' AGREEMENT

THIS SHAREHOLDERS' AGREEMENT is made as of the 17th day of July, 2017 (the "**Signature Date**")

BETWEEN

PROTERRA M&M MGCA B.V., a company governed by the laws of the Netherlands.

("**Proterra**")

AND

MAGGLOBAL LLC, a limited liability company governed by the laws of Delaware.

("**MagGlobal**")

AND

TACORA RESOURCES INC., a company governed by the laws of British Columbia.

(the "**Company**")

WHEREAS MagGlobal has incorporated the Company for the purpose of acquiring the Purchased Assets (as defined below) and assuming the Assumed Liabilities (as defined below) pursuant to the Asset Purchase Agreement (as defined below);

AND WHEREAS the Company has issued to MagGlobal and Proterra, and MagGlobal and Proterra have subscribed for, shares of the Company as set forth in Section 2.3 hereof;

AND WHEREAS MagGlobal and Proterra desire that the Company shall serve as the company through which they shall own and control and perform the exploration, development and mining on the Properties (as defined below);

AND WHEREAS MagGlobal and Proterra desire that the Company's operations shall be governed and managed in accordance with this Agreement,

NOW THEREFORE, in consideration of the premises and covenants contained herein, and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

For the purposes of this Agreement, unless the context otherwise requires, all capitalized terms referred to in this Agreement shall have the meanings given thereto in Schedule B.

1.2 Rules of Interpretation

The following rules of interpretation shall apply in this Agreement unless something in the subject matter or context is inconsistent therewith:

(1) the singular includes the plural and vice-versa;

(2) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(3) the headings in this Agreement form no part of this Agreement and are deemed to have been inserted for convenience only and shall not affect the construction or interpretation of any of its provisions;

(4) all references in this Agreement shall be read with such changes in number and gender that the context may require;

(5) references to "Articles," "Sections" and "Recitals" refer to articles, sections and recitals of this Agreement;

(6) the use of the words "including" or "includes" followed by a specific example or examples shall not be construed as limiting the meaning of the general wording preceding it;

(7) the rule of construction that, in the event of ambiguity, the contract shall be interpreted against the Party responsible for the drafting or preparation of the Agreement, shall not apply;

(8) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision;

(9) any reference to a statute is a reference to the applicable statute and to any regulations made pursuant thereto and includes all amendments made thereto and in force, from time to time, and any statute or regulation that has the effect of supplementing or superseding such statute or regulation;

(10) unless otherwise provided in this Agreement, all calculations and computations made pursuant to this Agreement shall be carried out in accordance with Applicable Accounting Standards consistently applied; and

(11) the words "written" or "in writing" include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception including fax or email.

1.3 Incorporation of Parties and Recitals

All the foregoing descriptions of the Parties hereto and the terms and provisions of the Recitals are hereby incorporated in this Agreement by this reference thereto as if fully set forth herein.

1.4 Currency

All references to moneys hereunder are references to United States dollars and all obligations hereunder shall be denominated in United States dollars.

1.5 Computation of Time

In this Agreement, unless something in the subject matter or context is inconsistent therewith, a "**day**" shall refer to a calendar day and in calculating all time periods the first day of a period is not included and the last day is included and in the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

1.6 Schedules

The following schedules are attached to and incorporated in this Agreement by this reference:

Schedule A	-	Mineral Properties
Schedule B	-	Definitions
Schedule C	-	Indemnification
Schedule D	-	Management Team
Schedule E	-	Management Incentives
Schedule F	-	Executive Shareholder Agreement
Schedule G	-	Initial Budget

ARTICLE 2
IMPLEMENTATION OF AGREEMENT

2.1 Purposes of the Company

The purpose of this Agreement is to set forth the terms and conditions upon which the Company may:

(1) subject to any consents required under the Proterra Subscription Agreement, complete the Asset Acquisition in accordance with the terms and conditions of the Asset Purchase Agreement;

(2) subject to the completion of the Asset Acquisition:

(i) evaluate opportunities for and conduct Exploration on the Properties (or any part thereof);

(ii) undertake and/or complete the Initial Feasibility Study (or any other Feasibility Study) in relation to the Properties (or any part thereof);

(iii) acquire Properties within the Area of Interest;

(iv) evaluate opportunities for, and, if technically, economically and commercially feasible, to engage in Development and Mining of the Properties (or any part thereof);

(v) engage in Operations on the Properties (or any part thereof);

(vi) engage in the marketing and selling of Products extracted from the Properties;

(vii) dispose of Properties or any portion thereof;

(viii) complete and satisfy all Environmental Compliance obligations and Continuing Obligations affecting the Properties; and

(3) perform any other activity necessary, appropriate, or incidental to any of the foregoing,

and, during the term of this Agreement, the Shareholders shall not engage directly or indirectly in any of the foregoing except in accordance herewith.

2.2 Constating Documents, Company Details and Paramountcy

(1) The Parties agree that following the Signature Date, the constating documents of the Company shall be amended to contain as many of the terms of this Agreement as is permissible pursuant to Applicable Law, and the Parties shall pass any resolutions and take all commercially reasonable steps necessary to ensure that the provisions of this Section 2.2(1) are given effect.

(2) If any provision of this Agreement conflicts with the constating documents of the Company, the provisions of this Agreement shall prevail to the extent permissible pursuant to Applicable Law, and the Parties shall take and cause to be taken all actions necessary to amend the constating documents so as to eliminate any such conflict.

2.3 Compliance with Agreement

Each Shareholder shall at all times exercise the votes attached to its Shares and otherwise act, and cause the Company to act, to carry out the provisions of this Agreement and, to the extent permitted by Applicable Law, shall at all times cause its nominees to the Board to vote and otherwise act to comply with and carry out the provisions of this Agreement.

2.4 Endorsement on Certificates

The share certificates of the Company shall bear the following language:

> "The shares represented by this certificate are subject to all the terms and conditions of a shareholders' agreement made as of July 17, 2017, a copy of which is on file at the registered office of Tacora Resources Inc., which agreement contains restrictions on the

right of the holder hereof to sell, exchange, transfer, assign, gift, pledge, encumber, hypothecate or otherwise alienate the shares represented hereby and notice of those restrictions is hereby given and any purported transfer contrary to such restrictions shall not be valid or effective.

A transfer of any shares comprised in this certificate will not be registered by the Company unless the Company receives a duly completed share transfer form executed by the registered holder of this certificate and this certificate."

2.5 Limitation

Unless the Shareholders otherwise agree in writing, the Operations on or in connection with the Properties shall be limited to the purposes described in Section 2.1, and nothing in this Agreement shall be construed to enlarge such purposes.

ARTICLE 3
INITIAL OWNERSHIP INTERESTS

3.1 Share Ownership on the Signature Date

Proterra and MagGlobal, on the Signature Date, each own the number of Shares of the Company as is set out next to each of their names in the following table:

Shareholder		Number of Shares	Initial Ownership Interest
Proterra	-	42,000,000	68.65%
MagGlobal	-	19,182,694	31.35%

3.2 Share Ownership After Contribution of Committed Amounts

Proterra and MagGlobal, following contribution by way of Cash Calls of their Committed Amounts, will each own the number of Shares of the Company as is set out next to each of their names in the following table:

Shareholder		Number of Shares	Initial Ownership Interest
Proterra	-	46,000,000	69.70%
MagGlobal	-	20,000,000	30.30%

ARTICLE 4
CHANGES IN OWNERSHIP INTERESTS

4.1 Changes in Ownership Interests

A Shareholder's Ownership Interest shall be eliminated or changed as follows:

(1) upon the admission of a new Shareholder pursuant to Section 4.2;

(2) in the event of a default by a Shareholder, followed by an election by the other Shareholder to invoke any of the available remedies in Article 16;

(3) pursuant to the issuance of Shares pursuant to Article 9;

(4) upon Transfer by either Shareholder of all of its Ownership Interest in accordance with Article 15; or

(5) upon the acquisition by a Shareholder of less than all of the Ownership Interest of another Shareholder, however arising.

4.2 Admission of New Shareholders

Except in the event of a Transfer of Shares permitted pursuant to Article 15, a new Shareholder may be admitted only with the approval of the Board and, to the extent applicable, the Special Consent of the Shareholders pursuant to Section 6.9(5), upon the terms and conditions set forth in such approval.

ARTICLE 5
RELATIONSHIP BETWEEN THE PARTIES

5.1 Limitation on Authority of Shareholders

Nothing contained in this Agreement shall be deemed to constitute any Shareholder as the partner of the other or of the Company or, except as otherwise herein expressly provided, to constitute any Shareholder as the agent or legal representative of the other, or to create any fiduciary relationship between them or between either or all of them and the Company. The Shareholders do not have any intention to create, nor shall this Agreement be construed to create, any general, limited or undeclared partnership under any Applicable Laws. No Shareholder shall have any authority to act for or to assume any obligation or responsibility on behalf of the other Shareholder, except as otherwise expressly provided herein.

5.2 Implied Covenants

There are no implied covenants contained in this Agreement other than those of good faith and honest dealing. Notwithstanding any contrary provision of this Agreement, in carrying out any duties hereunder, no Shareholder shall be liable to the Company or to any other Shareholder for breach of any duty for any such Shareholder's good faith reliance on the provisions of this Agreement, the records of the Company, or such information, opinions, reports or statements presented to it by any other Shareholder, officer or employee of the Company, or the Board or a Committee, or by any other Person as to matters such Shareholder reasonably believes are within such other Person's professional or expert competence. Each Director shall owe a fiduciary duty to the Company in performing his or her role as a Director.

5.3 Liabilities Several

The rights, duties, obligations, and liabilities of the Shareholders under this Agreement shall be several and not joint or collective. Save as expressly provided in this Agreement, each Shareholder shall be responsible only for its obligations as set out in this Agreement and shall be liable only for its share of Cash Calls as provided herein. For the sake of further clarity, except as specifically provided in this Agreement, no Shareholder has any obligation or liability with respect to the obligations of the other Shareholder.

ARTICLE 6
MANAGEMENT OF COMPANY

6.1 Board of Directors

(1) Subject to Section 6.9, from and after the Effective Date, the Board shall determine the overall policies, objectives, Operations, Business and affairs of the Company and all material matters concerning the Operations shall be subject to the supervision and direction of the Board. The Management Team shall develop the Financing Plan (working closely in conjunction with the Shareholders and the Finance Committee), implement and carry out Approved Budgets and other decisions of the Board and shall manage, direct and control the Operations but, subject to Section 6.9, shall at all times be subject to the overall supervision, direction and authority of the Board.

(2) Except as otherwise provided in this Section 6.1 or as otherwise determined, subject to Section 6.9, by approval of the Board, the Board shall, at all times, consist of seven Directors.

(3) The Board shall initially consist of the following individuals:

(i) four Directors nominated by Proterra;

(ii) two Directors nominated by MagGlobal; and

(iii) one Director chosen by mutual agreement of Proterra and MagGlobal, each acting reasonably, which Director shall be independent of the Company and each of the Shareholders within the meaning of such term under Canadian securities laws.

(4) From time to time thereafter each Shareholder whose Ownership Interest is:

(i) not less than 90% shall be entitled to nominate and have elected five Directors;

(ii) less than 90% but not less than 50% shall be entitled to nominate and have elected four Directors;

(iii) less than 50% but not less than 10% shall be entitled to nominate and have elected two Directors; and

(iv) less than 10% shall be entitled to nominate and have elected one Director,

and one additional Director shall be chosen by mutual agreement of Proterra and MagGlobal, each acting reasonably, which Director shall be independent of the Company and each of the Shareholders within the meaning of such term under applicable Canadian securities laws.

(5) If a nominee Director of any Shareholder resigns or is removed from the Board at the direction of such Shareholder, or otherwise, the resulting vacancy on the Board must be filled by a nominee of such Shareholder. The applicable Shareholder shall promptly nominate a replacement for any such Director who has resigned or has been removed.

(6) Each Shareholder must give prompt notice to the Company of, and remove any Director nominated by it, upon its acquiring knowledge that such Director is not qualified to serve as a director of a corporation under the *Business Corporations Act* (British Columbia) or this Agreement.

6.2 Chairman

The Shareholders agree that Mr. Larry Lehtinen shall be the initial executive chairman (the "**Chairman**") of the Company, until the earlier of such time as (i) he resigns or (ii) is replaced or removed by the Board.

6.3 Committees

(1) The Board shall establish, in addition to any other committee of Directors required by Applicable Law or, subject to Section 6.9, that the Board otherwise considers necessary or appropriate:

(i) a Technical Committee;

(ii) a Finance Committee; and

(iii) an Audit Committee,

the members of each of which need not be Directors, except in the case of the Audit Committee for which all members shall be Directors. Subject to Applicable Law, each such Committee shall be comprised of three members in each case subject to change by the Board (subject to Section 6.9), and each such Committee shall include at least one nominee from each Shareholder whose Ownership Interest is not less than 10%. Unless expressly determined by the Board, no Committee shall have any executive authority and their recommendations shall not be binding.

(2) The duties of:

(i) the Technical Committee shall be to advise and assist the Board in relation to all technical matters involving the Company and the Scully Mine, including oversight of the process in respect of any Feasibility Study undertaken by the Company (including the Initial Feasibility Study), the implementation of work set out in or contemplated by Approved Budgets, and environmental, social and governance matters;

(ii) the Finance Committee shall be to advise and assist the Board in relation to all financing arrangements involving the Company, including the preparation and development of the Financing Plan and ongoing liaison with any Lender and their agents; and

(iii) the Audit Committee shall be to advise and assist the Board in relation to all accounting and auditing matters involving the Company, including ongoing liaison with the financial officers and the Auditor.

(3) The members of each Committee shall appoint from their number a chairperson ("**Committee Chair**") who shall act as Committee Chair of such Committee for one year from the date of such Committee Chair's appointment or until a replacement Committee Chair is appointed thereby.

(4) The Committee Chair of any Committee shall not have a casting vote.

(5) The provisions of Sections 6.4 shall apply, *mutatis mutandis*, to each Committee and their respective procedures.

6.4 Board Meetings

(1) The Directors shall hold meetings once per calendar quarter and at such other times as the Chairman shall require (any meeting that is not a quarterly meeting, a "**Special Meeting**"). The Chairman shall call a Special Meeting upon a request for such a meeting by any Director as soon as reasonably practicable.

(2) Each meeting of the Board shall be held in Minnesota, Labrador or such other place as may be designated by the Chairman.

(3) If, at any meeting of the Board, the Chairman is absent, any Director present at the meeting (as decided by a majority of the Directors who are present at the meeting) may chair the meeting.

(4) Each quarterly meeting of the Board shall be held upon not less than 15 Business Days' written notice to the Directors by the Chairman or, if the Chairman fails to give notice of a quarterly meeting within 15 Business Days of the end of such quarter, by any Director. Each Special Meeting shall be held upon not less than five Business Days' written notice to the Directors by the Chairman or, if the Chairman fails to give notice of a Special Meeting within two Business Days of receiving the request in Section 6.4(1), by any Director. Each meeting notice shall contain a reasonably detailed agenda (the "**Agenda**") of the business to be discussed at the forthcoming meeting. Notice of any meeting of the Board may be waived pursuant to a writing signed by each of the Directors either before or after the time of the meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened and at the beginning of the meeting records such objection with the Person acting as secretary of the meeting and does not thereafter vote on any action taken at the meeting.

(5) Unless otherwise expressly agreed to by the Shareholders, any or all Directors may participate in a meeting of the Board by telephone or video conferencing or other electronic means (so long as all Directors participating in the meeting can hear and communicate with each other simultaneously) and a Director participating in such a meeting by such means is deemed to be present at the meeting.

(6) A quorum for a Board meeting is constituted by the attendance of at least two Directors appointed by Proterra and at least one Director appointed by MagGlobal. If proper notice of a meeting of the Directors is given and a quorum is not present at a meeting of the Board within 30 minutes after the time fixed for holding such meeting, the meeting shall be adjourned to a date chosen by the Chairman or, if the Chairman is absent, any Director present, not sooner than three Business Days, and not later than 20 Business Days, after the date of the adjourned meeting, and at the time and place determined by either the Chairman or the relevant Director, as the case may be. At least two Business Days' notice of the adjourned meeting shall be given to the Directors. At the adjourned meeting, any one Director shall constitute a quorum for the transaction of any business set forth on the Agenda for the original meeting.

(7) The rules and procedures for the conduct of a meeting of the Board not prescribed herein or in the constating documents of the Company shall be determined by the Chairman or, in his absence, any Director acting as chair for the relevant meeting.

(8) The Chairman or, in his absence, any Director acting as chair for the purposes of the relevant meeting, shall cause minutes of all proceedings and resolutions at each meeting of the Board, and of all consent resolutions of the Directors, to be made and entered in the corporate minute books of the Company.

(9) Subject to Section 6.9, all decisions of the Board shall be taken by a simple majority vote of those Directors present or represented at a validly quorate meeting of the Board with each Director having one vote.

6.5 Action Without Meeting

A written resolution signed by all of the Directors entitled to vote at a meeting of the Directors with respect to such matters shall be a valid resolution of the Board for all purposes of this Agreement.

6.6 Financial Year

Subject to Section 6.9, unless otherwise determined by the Board, from time to time, the financial year of the Company shall end on December 31 in each Year.

6.7 Auditor

Subject to Section 6.9, the auditor of the Company (the "**Auditor**") shall be such accounting firm as is designated by the Board from time to time. Notwithstanding Section 6.9, the Shareholders agree that the initial Auditor of the Company shall be one of the big four international accounting firms as determined by the Board.

6.8 Meetings of Shareholders

(1) An annual general meeting of the Shareholders shall be called by the Chairman once per Year, and a special meeting of the Shareholders shall be called by the Chairman within a reasonable time (but no later than ten days) after the receipt of written notice to the Chairman by any Shareholder requesting a special meeting, in each case, at the time and place determined by the Chairman and indicated in the notice of such meeting. Each Shareholder shall be provided with no less than ten Business Days' and not more than 20 Business Days' written notice of each meeting of the Shareholders. Each notice of a meeting of Shareholders shall contain an agenda of the business to be conducted at the meeting. Notice of any meeting of the Shareholders may be waived in writing signed by the Shareholders either before or after the time of the meeting. The attendance of a representative of a Shareholder at any meeting shall constitute a waiver of notice of such meeting, except where such representative attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened and at the beginning of the meeting records such objection with the Person acting as secretary of the meeting and does not thereafter vote on any action taken at the meeting.

(2) A quorum for a meeting of the Shareholders shall consist of a representative of each Shareholder having an Ownership Interest of at least ten percent. If proper notice of a meeting of the Shareholders is given and a quorum of Shareholders is not present at a meeting of the Shareholders within 30 minutes after the time fixed for holding such meeting, the meeting shall be adjourned to a date chosen by the Chairman, not sooner than three Business Days, and not later than 20 Business Days, after the date of the adjourned meeting, and at the time and place determined by the Chairman. At least three Business Days' written notice of the adjourned meeting shall be given to each Shareholder. At the adjourned meeting, any Shareholders present shall constitute a quorum for the transaction of business set forth on the agenda for the original meeting.

(3) Except as provided in Section 6.9 or the BCBCA, all decisions of the Shareholders shall be determined by a simple majority of votes cast in person or by proxy. Each Shareholder shall be entitled to that number of votes which is equal to the number of Shares it holds. Any decision of the Shareholders may also be determined by a consent resolution signed by all Shareholders.

(4) The rules and procedures for the conduct of a meeting of the Shareholders not prescribed herein or in the constating documents of the Company shall be determined by the Chairman.

(5) The Chairman shall cause minutes of all proceedings and resolutions at each meeting of the Shareholders, and of all consent resolutions of the Shareholders, to be made and entered in books to be kept for that purpose.

(6) The Chairman may invite any Person to attend any meeting of the Shareholders, as appropriate given the agenda for such meeting.

6.9 Special Consent

Subject to Sections 6.10 and 6.11, the following decisions in relation to the Company shall require Special Consent:

(1) engaging in a business other than the Business;

(2) a Development Decision or an Expansion Decision (including a high-level program and budget for the development or expansion, as applicable, that sets forth the estimated capital expenditures and ongoing operating expenditures and anticipated cost escalation);

(3) except with respect to the Initial Budget or an annual Program and Budget to implement an approved Development Decision or an Expansion Decision that is within 115% of the high-level program and budget included in the Development Decision or Expansion Decision, approving the annual Program and Budget (or a Program and Budget for any other period) for the Company (including the proposed schedule of Cash Calls) (an "**Approved Budget**"), provided, however, that if Special Consent to such Program and Budget is not obtained prior to the first calendar day of any Year (a "**Relevant Year**"), the operating and capital expenditure budget of the Company contained in the Approved Budget for the previous Year (annualized, if such previous year's Approved Budget is in respect of a period less than one year) shall be the operating budget for the Relevant Year, adjusted to increase by 5% over the preceding fiscal year each line item set forth in the operating budget for the preceding fiscal year unless and until an annual Program and Budget for the Relevant Year shall be approved;

(4) approving a Financing Plan;

(5) except as expressly provided for in Article 15 of this Agreement or an approved Financing Plan, admitting a new Shareholder to the Company;

(6) issuance of Shares or any other securities in the capital of the Company or any subsidiaries other than as specifically provided in this Agreement or an Approved Financing Plan;

(7) other than as otherwise specifically provided for in an approved Financing Plan or as permitted or required under an Executive Shareholder Agreement (and for greater certainty no exercise by the Company of any of its rights under an Executive Shareholder Agreement shall require a Special Consent), any reorganisation of the share capital or any other securities of the Company, including any share split, consolidation, redemption or repurchase of any such shares or securities;

(8) incurring debt for borrowed money other than as contemplated in the Approved Budget or an approved Financing Plan;

(9) disposal of all or substantially all the assets of the Company;

(10) entering into a guarantee or granting security over the Assets (other than in connection with an approved Financing Plan or as contemplated in an Approved Budget or guarantees given by the Company to its subsidiaries or security granted in the ordinary course of business);

(11) other than as otherwise specifically provided for in an approved Financing Plan, amending this Agreement or the constating documents of the Company;

(12) any merger, share exchange, business combination, or other similar transaction of the Company;

(13) any initial public offering or exchange listing of the Shares of Company (other than in connection with an approved Financing Plan);

(14) instituting any voluntary dissolution, liquidation or bankruptcy proceedings in respect of the Company;

(15) the making of any acquisitions, investments or disposals (including sale-leasebacks) (other than as contemplated in the Approved Budget) with a value in excess of $2,000,000;

(16) entering into any partnership, joint venture, strategic alliance or profit sharing arrangement with any Person;

(17) the indemnification by the Company of any officer, committee member or employee of the Company and any employee or Affiliate of any Shareholder;

(18) appointment or removal of the Auditor;

(19) the composition of any committee of the Board (other than the Audit Committee, the Technical Committee and the Finance Committee) or the powers of any such committee;

(20) other than as otherwise specifically provided in this Agreement (including, for greater certainty, Sections 7.4, 8.7 and 8.8) or as contemplated in an Approved Budget (and, for greater certainty, the proposed schedule of Cash Calls set forth in any Approved Budget shall serve as a guideline only and Cash Calls shall be made as necessary or desirable to implement such Approved Budget), the determination to make additional Cash Calls;

(21) making any research and development expenditures (other than as contemplated in the Approved Budget) in excess of $200,000;

(22) any policies providing for Directors' and Officers' insurance;

(23) for a period of one year following the date of this Agreement, appointing or removing any member of the Key Management Team (other than for Cause, in which case no Special Consent shall be required);

(24) for a period of one year following the date of this Agreement, the remuneration and compensation of any member of the Key Management Team or the alteration of any terms of employment or benefits of any member of the Key Management Team;

(25) making in any Year any individual capital expenditures (other than as contemplated in Section 8.7 or 8.8 or as contemplated in the Approved Budget) in excess of $1,000,000;

(26) entering into any sales contracts (other than as contemplated in the Approved Budget) that contemplate the sale or commitment of 25% or more of the Company's then-current total capacity with a term in excess of two years;

(27) entering into, amending or terminating any single agreement or arrangement (other than as contemplated in the Approved Budget) with a value in excess of $1,000,000;

(28) instituting litigation or arbitration, or approving any strategy to institute litigation or arbitration, where the aggregate amount in dispute exceeds $100,000, provided that where a Shareholder or any of its Affiliates is adverse in interest in any such litigation or arbitration, each Shareholder shall have the authority to cause the Management Team to institute litigation or arbitration, or to settle a dispute, with the adverse Shareholder or its Affiliates, provided that the Management Team shall only act on such authority upon receiving advice from independent counsel that the institution or settlement of such proceedings is reasonable under the circumstances;

(29) the entering into, material modification of, or termination of, any collective bargaining agreement;

(30) the material modification of any closure plan or financial assurance in respect of Environmental Compliance (other than as contemplated in the Approved Budget or as required by applicable Law);

(31) the taking of any action by the Board or the Management Team in relation to any Tax matter that could have a material adverse impact on any of the Shareholders;

(32) other than as otherwise specifically provided for in this Agreement, the payment of any dividend or any other distributions to the Shareholders;

(33) the entering into or the amendment, modification or termination of any agreement, arrangement or understanding with a Related Party;

(34) the entering into any agreement (other than as contemplated in the Approved Budget) relating to any swap, cap, floor, collar, option, forward, cross right or obligation, or combination thereof or similar transaction, with respect to interest rate, foreign exchange, currency, commodity (including without limitation iron ore or energy), credit or equity risk; and

(35) the amendment of, or taking any actions or making any decisions with respect to non-payment and/or non-compliance by the Company pursuant to, the letter agreement by and among Cliffs Natural Resources Inc., the Company and MagGlobal LLC entitled "*Loan to Tacora in Support of the Acquisition of the Wabush/Scully Mine*" dated June 25, 2017.

References to the Company in this Section 6.9 are deemed to include any direct or indirect subsidiaries of the Company.

6.10 Termination of Certain Special Consents

(1) The matters requiring Special Consent in Sections 6.9(3), (4), (13), (15), (17), (18), (19), (21) to (31), and (34) are personal to MagGlobal and shall cease to be subject to the Special Consent of MagGlobal if MagGlobal ceases to be a Shareholder or the Ultimate Control Person of MagGlobal ceases to be the Lehtinen Family.

(2) The matters requiring Special Consent in Sections 6.9(3) to (5), (8), (10), (13), (15) to (19), (21) to (31), and (34) shall cease to be subject to the Special Consent of MagGlobal following a positive Development Decision by Proterra to which Section 6.11(4) applies if MagGlobal does not elect to participate in such positive Development Decision and to agree to fund its Proportionate Share of the Costs related to such Development Decision within the 30-day period referred therein, provided that in the case of Sections 6.9(4), (5) and (13), the minimum price of any Shares to be issued by the Company is greater than or equal to the Initial Price.

6.11 Deadlock

(1) If any matter requiring Special Consent (other than any matter referred to in Sections 6.9(1) or (3) to (25)) (each, an "**Expert Resolvable Deadlock**") is not approved and the Directors are deadlocked, where (i) such decision is necessary for the continued operation of the Company and the Business and (ii) such deadlock continues for two months, then such deadlock shall be deemed to be a dispute. Any such dispute shall first be referred to the Senior Executive Officers for resolution in good faith. If the Senior Executive Officers are unable to resolve the dispute within twenty (20) Business Days of the matter being referred to them, then any Shareholder can refer such Expert Resolvable Deadlock to be settled by an Expert in accordance with Article 19.

(2) For the avoidance of doubt, if any matter before the Shareholders is to be decided upon by way of Special Consent referred to in Sections 6.9(1) or (3) to (25) is not so approved, such matter will not be proceeded with, and the Shareholders will not have any recourse to arbitration (other than in relation to a determination as to whether such matter is or is not subject to Special Consent) or resolution by an Expert in accordance with Article 19.

(3) Notwithstanding a deadlock in respect of any matter subject to Special Consent, the Management Team will be authorized to take such actions and incur such Costs as are necessary to maintain the Assets in good standing, and each of the Shareholders shall fund its Proportionate Share of such Costs.

(4) In the event the Shareholders are deadlocked on making a Development Decision (and approving the related Financing Plan), if Proterra wishes to proceed notwithstanding such deadlock, Proterra may, by written notice to the Company and MagGlobal, cause the Company to proceed with a positive Development Decision (and the related Financing Plan) approved by Proterra. Upon receipt by MagGlobal of such notice, MagGlobal shall have 30 days to elect, by written notice to Proterra, to participate in such positive Development Decision (and the related Financing Plan) and to agree to fund its Proportionate Share of the Costs related to such Development Decision. If MagGlobal does not so elect within such 30 day period, then effective from the expiry of such 30 day period such Development Decision (and the related Financing Plan) shall be deemed to be approved and MagGlobal shall be

deemed to have elected not to contribute at all with respect to its Proportionate Share of Approved Budgets to be funded to implement such Development Decision.

(5) In the event the Shareholders are deadlocked on approving an Expansion Decision, if Proterra wishes to proceed notwithstanding such deadlock, Proterra may, by written notice to the Company and MagGlobal, cause the Company to proceed with a positive Expansion Decision approved by Proterra. Upon receipt by MagGlobal of such notice, MagGlobal shall have 30 days to elect, by written notice to Proterra, to participate in such positive Expansion Decision and to agree to fund its Proportionate Share of the Costs related to such Expansion Decision, in which case such Expansion Decision shall be deemed to be approved. If MagGlobal does not so elect within such 30 day period, then effective from the expiry of such 30 day period such Expansion Decision shall be deemed to be approved and MagGlobal shall be deemed to have elected not to contribute at all with respect to its Proportionate Share of Approved Budgets to be funded to implement such Expansion Decision.

6.12 Initial Feasibility Study and Financing Plan

(1) The Management Team shall use its commercially reasonable efforts to contract, within 20 days of the Effective Date, the completion of a Feasibility Study on the basis of the Feasibility Assumptions (the "**Initial Feasibility Study**") to an independent reputable international engineering firm (the "**Engineering Firm**") acceptable to the Board.

(2) The Shareholders agree that the Initial Feasibility Study shall be prepared by the Engineering Firm (working closely in conjunction with the Management Team and the Technical Committee) in conformity with the Technical Standard.

(3) Following the delivery of the completed Initial Feasibility Study and the Financing Plan to the Company, the Shareholders shall call a meeting of the Board to approve the Initial Feasibility Study, make a Development Decision and approve the Financing Plan (the "**Feasibility Meeting**"). The Feasibility Meeting shall be held not later than 45 days following the delivery of the completed Initial Feasibility Study and the Financing Plan to the Company and the Shareholders (or such later date as the Board may agree by unanimous approval).

(4) At the Feasibility Meeting, the Directors shall consider the Initial Feasibility Study and the Financing Plan and shall:

(i) subject to paragraph (iii) below and Section 6.13(3), determine and ratify, by way of a resolution subsequently approved by Special Consent to the extent applicable, that a Development Decision is justified (a "**Positive Development Decision**");

(ii) subject to paragraph (iii) below, determine and ratify, by way of a resolution subsequently approved by Special Consent to the extent applicable, that a Development Decision is not justified (a "**Negative Development Decision**"); or

(iii) determine and ratify, by way of a resolution, to postpone making a Positive Development Decision or Negative Development Decision until such later date as the Directors may determine in order to complete any work plan that may be necessary or desirable for the Management Team to undertake in order to advance

the Project, the Initial Feasibility Study or the Financing Plan to the point where a Positive Development Decision or Negative Development Decision can properly be made.

(5) Notwithstanding any other provision of this Agreement to the contrary, it is agreed and understood by the Shareholders that the Board and the Shareholders:

(i) shall not be required to make a Positive Development Decision in the event that the Initial Feasibility Study does not meet the Feasibility Incentive Criteria, provided that the Board may make a Positive Development Decision by way of a resolution approved by Special Consent to the extent applicable (or in accordance with Section 6.11(4) without Special Consent) notwithstanding that the Initial Feasibility Study does not meet the Feasibility Incentive Criteria; and

(ii) subject to Section 6.11(4), shall make a Negative Development Decision if the Initial Feasibility Study does not meet the Feasibility Incentive Criteria and the Directors do not agree to make a Positive Development Decision in any event or to delay the Development Decision in order to perform further work that may be necessary or desirable for the Company to undertake in order to advance the Project, the Initial Feasibility Study or the Financing Plan to the point where a Positive Development Decision or Negative Development Decision can properly be made.

(6) If the Board make a Negative Development Decision then the Program and Budget in force at the time shall be deemed to be terminated effective immediately and the Board shall implement a Care and Maintenance Level Budget as soon as possible.

6.13 Project Financing

(1) The Management Team (working closely in conjunction with the Shareholders and the Finance Committee) shall prepare a financing plan ("**Financing Plan**") to fully finance the Development contemplated by the Initial Feasibility Study (the "**Project Financing**"). In preparing the Financing Plan, the Management Team shall consider, among other things, the following options in light of prevailing market conditions:

(i) an IPO;

(ii) the issuance of new Shares or other securities to one or more investors;

(iii) secured and/or unsecured debt with one or more Lenders or any other alternative form of financing; or

(iv) any combination of the above,

it being agreed and understood by the parties (taking into account always favourable market conditions) that the preferred option of the Parties as of the Signature Date is an IPO. The Financing Plan shall set forth the preferred option and alternative options should the preferred option not be available.

(2) At such time as a Development Decision is made and a Financing Plan is approved, the Management Team (working closely in conjunction with the Shareholders and the Finance Committee) shall use its reasonable efforts to seek to arrange Project Financing in accordance with any Financing Plan. All fees, charges and costs (including any legal and technical consultants' fees) paid in connection with the Project Financing shall be borne by the Company. Each of the Shareholders shall, if required, in accordance with Section 15.7(2), pledge, mortgage, charge or otherwise Encumber, as security for the Project Financing, its Shares (as may be required by the terms of such Project Financing).

(3) The Parties agree that the Financing Plan shall be submitted to the Board and the Shareholders for consideration and approval at the same time as the Initial Feasibility Study and the Development Decision. Each Shareholder agrees that it may not give a Special Consent for the Development Decision without also giving a Special Consent for the Financing Plan and vice versa.

(4) For the avoidance of doubt, nothing in this Section 6.13 shall, if required by the terms of the Project Financing, require or oblige a Shareholder, in any capacity, to provide any completion guarantees in connection with any Project Financing or any cash collateral, bank guarantees or letters of credit.

6.14 IPO

(1) In the event that the Company undertakes an IPO, each of the Shareholders shall be afforded a reasonable opportunity to include a portion of their Shares for sale in such offering. The number of Shares to be included in such an offering may be limited if and to the extent that the managing underwriter delivers written notice to the Shareholders that the inclusion of their Shares would adversely affect the number, marketing or the price of the securities to be sold by the Company in the IPO. In such event, as among the Shareholders proposing to sell any Shares, the number of Shares to be included in such offering shall be allocated in proportion, as nearly as practicable, to the Ownership Interest of each Shareholder (with the Ownership Interest of MagGlobal being calculated for purposes of this Section 6.13(1) including the Restricted Shares). All Shareholders proposing to distribute their Shares through such offering shall (together with the Company) enter into an underwriting agreement in customary form with the underwriter or underwriters selected by the Company. The Company shall pay all reasonable expenses of the Shareholders in connection with any registration statement or prospectus for an IPO.

(2) Notwithstanding anything in this Section 6.13 to the contrary, no Shareholder may participate in an IPO unless such Shareholder (i) agrees to sell their Shares on the basis provided in any underwriting arrangements approved by the Board and (ii) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

(3) The price, underwriting discount and other financial terms for the Shares to be sold in the IPO shall be determined by Board, subject to any conditions set forth in the Financing Plan.

(4) In the event of an IPO, each of the Shareholders agrees, if requested by the managing underwriter or underwriters in such IPO, to enter into a customary "lock-up" agreement in

respect of the period beginning seven (7) days before and ending no more than 90 days after the date of the underwriting agreement entered into in connection with the IPO, provided, that (i) no Shareholder shall be subject to any such black-out period of longer duration or other greater restriction than that applicable to the Company and (ii) if any Shareholder is released from any such lock-up restrictions, all other Shareholders shall also be released from such lock-up restrictions to the same extent.

(5) In the event of a registration or qualification of any of the Shares under the United States Securities Act of 1933 Act or applicable Canadian securities laws, the Company shall indemnify and hold harmless each seller of such Shares thereunder, each officer, director, partner, member, agent and employee of each seller and each signatory of any registration statement or prospectus on behalf of such seller, against any losses, claims, damages or liabilities, joint or several, to which such parties may become subject.

6.15 Attendance Costs

If Directors, personnel employed in Operations of the Company or Representatives of a Shareholder are required to attend a Board meeting or a meeting of the Shareholders, reasonable costs incurred in connection with such attendance shall be included as a Cost (including business class fare on necessary flights to and from such meeting).

6.16 Indemnity

The Company shall indemnify each Director in the form set forth in Schedule C, from and against all liabilities, costs, charges and expenses arising as a result of each Director's role, capacity or actions as such, including each amount paid to settle an action or satisfy a judgment incurred by such Director in respect of any civil, criminal, quasi-criminal, administrative or regulatory action or proceeding to which he is made a party by reason of being or having been a Director, provided:

(1) he/she acted honestly and in good faith with a view to the best interests of the Company; and

(2) in the case of a proceeding other than a civil proceeding, he/she had reasonable grounds for believing that his conduct was lawful.

6.17 Directors' and Officers' Insurance

Subject to Section 6.9, the Company shall obtain and maintain a policy of directors' and officers' insurance for the benefit of each Director and officer of the Company, in an amount and on such terms to be determined by the Board.

ARTICLE 7
MANAGEMENT TEAM

7.1 Management Team

(1) The Shareholders agree:

(i) on the Effective Date, the initial Management Team with respect to Operations will be as set forth in Schedule D;

(ii) the Board shall review, with the Key Management Team, the organizational structure for Operations, and identify where additional resources are immediately or soon may be required; and

(iii) the Executive Chairman and the CEO shall ensure that a plan is developed for the implementation of decisions made in accordance with paragraph (ii) above.

(2) The CEO shall have the mandate to make the Company (and the Shareholders agree that the Company should be) a stand-alone entity with its own full-time employees and full-time Key Management Team members reporting to the Board, with day-to-day management of the Company to be carried out by the Management Team.

(3) Subject to Section 6.9, all personnel decisions shall be made by the Board with respect to members of the Key Management Team and, subject to Board oversight, by the members of the Key Management Team with respect to all other personnel.

(4) The Company shall adopt systems, standards, policies and procedures as determined by the Management Team, acting reasonably, subject to any determination otherwise made by the Board.

(5) Each Party agrees that in relation to any members of the Management Team that are not secondees of such Party, no Party shall, during the term of this Agreement, solicit, endeavour to entice away, employ or offer to employ any Person who is at any time during the term of this Agreement employed by another Party or any of its Affiliates, whether or not such Person would commit any breach of such Person's contract of service in leaving such employment. For greater certainty, the placing by a Party of an advertisement of a post available to a member of the public generally and the recruitment of a Person through an employment agency shall not constitute a breach of this Section 7.1(5) provided that such Party does not encourage or advise such agency to approach any such Person described in the preceding sentence of this Section 7.1(5).

7.2 Duties of the Management Team

Subject to Board oversight and direction and as otherwise contemplated by this Agreement (including, without limitation, Section 6.9), the Management Team shall have the authority to act on behalf of the Company in accordance with the duties granted in accordance with this Agreement and pursuant to the constating documents of the Company and Applicable Law. For greater certainty, the duties of the Management Team shall include the following:

(1) The Management Team shall manage, direct and control Operations, including Development and Mining.

(2) The Management Team shall prepare and present Programs and Budgets as provided in Article 8, including, when directed by the Board, a Program and Budget in relation to a Development Decision or an Expansion Decision. The Management Team shall also prepare the Financing Plan pursuant to Section 6.13.

(3) The Management Team shall prepare and present the Initial Feasibility Study and such other Feasibility Studies as may be directed by the Board.

(4) The Management Team shall make Cash Calls pursuant to Section 9.1.

(5) The Management Team shall carry out the work set out in or contemplated by Approved Budgets and shall promptly advise the Board if the Management Team lacks sufficient funds to carry out its responsibilities under this Agreement.

(6) The Management Team shall cause the Company to:

(i) obtain and maintain all reasonably necessary Authorisations, as directed by the Board; provided that each Shareholder shall provide the Management Team all commercially reasonable assistance and cooperation requested by the Management Team in relation to obtaining or maintaining Authorisations;

(ii) make all payments and filings and take all other actions as may be required to maintain the Properties in good standing under Applicable Laws;

(iii) comply in all material respects with Applicable Laws;

(iv) promptly notify the Board of any facts or allegations, of which it is aware, in relation to any violation of Applicable Laws by the Company or the Management Team; and

(v) prepare and file all reports or notices required for Operations.

(7) The Management Team shall prosecute, defend or initiate any litigation or administrative proceedings arising out of Operations.

(8) Subject to Article 18, the Management Team shall obtain and maintain insurance coverage for the benefit of the Company.

(9) The Management Team shall proceed on the basis that it utilizes employees of the Company in preference to independent contractors in long term management roles for Operations. Subject to the foregoing, the Management Team shall have the right to engage independent contractors in the course of Operations (having regard to applicable employment laws); provided that the Management Team shall ensure that such independent contractors are familiar with the terms of this Agreement that are relevant to the performance of their assigned tasks and that such independent contractors agree to adhere to the standards applicable to the Management Team pursuant to this Agreement.

(10) The Management Team shall keep and maintain all required accounting and financial records of the Company in accordance with customary cost accounting practices in the international mining industry, Applicable Accounting Standards and applicable financial reporting standards, provided that as to matters related to accounting for which provision is not expressly made in this Agreement, the good faith judgment of the Board shall govern.

(11) At all reasonable times, the Directors or the Representative of any Shareholder, upon the request of the Board, shall be provided with access to, and the right to inspect and, at such Shareholder's request, copy all maps, drill logs, core tests, reports, surveys, analyses, production reports, operations, technical, accounting and financial records, correspondence (including emails) and any other information acquired in Operations. In addition, the duly authorised Representatives of any Shareholder shall be allowed, upon reasonable notice, at such Shareholder's sole risk and expense, and subject to the Company's site specific rules and regulations, to inspect the Assets and any Operations at all reasonable times, so long as the inspecting Representatives do not unreasonably interfere with Operations and the Shareholder designating such Representatives shall indemnify the Company against any Legal Claims arising out of such access.

(12) The Management Team shall prepare an Environmental Compliance plan for all Operations consistent with the requirements of any Applicable Laws or contractual obligations and shall include in each Program and Budget sufficient funding to implement the Environmental Compliance plan and to satisfy the financial assurance requirements of any Applicable Law or contractual obligation pertaining to Environmental Compliance.

(13) The Management Team shall conduct all external relations, community relations and corporate communication programs on behalf of the Company.

(14) The Management Team shall:

(i) prepare and submit to the Board for approval, a contracting strategy and procedures for the effective management of Operations; and

(ii) on a quarterly basis, prepare and submit to the Board for approval, any currency and metals price assumptions utilised in studies and forecasts for Operations.

7.3 Standard of Care

Each member of the Management Team shall act in good faith and in the best interests of the Company and as a fiduciary of the Company and shall conduct all Operations in a proper and workmanlike and efficient manner, in accordance with sound mining and other applicable industry standards and practices, and in material compliance with the terms and provisions of Applicable Laws and all other licences, permits, contracts and other agreements pertaining to the Assets.

7.4 Activities in the Absence of a Program and Budget

(1) If a required Special Consent is not obtained prior to the first calendar day of a Relevant Year, the Management Team may, subject to the receipt of necessary funds pursuant to Section 7.4(2), until such Special Consent is obtained for the Relevant Year, maintain the funding of Costs at the same rate as existed in the Approved Budget for the previous fiscal year (annualized, if such previous year's Approved Budget is in respect of a period less than one year), adjusted to increase by 5% over the preceding fiscal year each line item set forth in the operating budget for the preceding fiscal year.

(2) The Shareholders shall continue to contribute in their respective Proportionate Shares (or the proportionate amount last elected to fund pursuant to Section 8.4(1), if lower than a

Shareholder's Proportionate Share at such time) to Cash Calls made by the Management Team in accordance with Section 9.1 with respect to funding of Costs described in Section 7.4(1) (provided that the Contributing Shareholder may elect to contribute any Shortfall in accordance with Section 8.4(3)).

7.5 Management Incentives

(1) Prior to the execution of this Agreement:

(i) the Company has issued to certain members of the Management Team resident in the United States an aggregate of 2,739,000 Class A Restricted Shares in accordance with the allocations to such members set forth in Part 3 of Schedule E. The terms of the Class A Restricted Shares provide that such shares are subject to forfeiture unless an Initial Feasibility Study that meets or exceeds pre-agreed criteria set forth in Part 1 of Schedule E (the "**Feasibility Incentive Criteria**") are fully satisfied; and

(ii) the Company has issued to certain members of the Management Team resident in the United States an aggregate of 2,739,000 Class B Restricted Shares in accordance with the allocations to such members set forth in Part 3 of Schedule E. The terms of the Class B Restricted Shares provide that such shares are subject to forfeiture unless a liquidity event that meets or exceeds pre-agreed criteria set forth in Part 2 of Schedule E (the "**Liquidity Incentive Criteria**") are fully satisfied.

Such Restricted Shares issued and outstanding on the date of this Agreement are collectively referred to herein as the "**Existing Management Incentives**".

(2) Up to an additional 1,122,000 Class B Restricted Shares in the aggregate may be issued to certain members of the Management Team in accordance with the allocations to such members set forth in Part 3 of Schedule E that do not form part of the Existing Management Incentives. Such Restricted Shares may be issued directly to any such member or the Company may grant an option to any such member to acquire any such Restricted Shares at an option exercise price determined by the Board. Such Restricted Shares that may be issued pursuant to this Section 7.5(2) are collectively referred to herein as the "**Additional Management Incentives**" and, together with the Existing Management Incentives, the "**Management Incentives**".

(3) Notwithstanding Section 7.5(1), nothing in this Agreement shall limit the ability of the Board to grant such other additional management incentives (whether in lieu of the Additional Management Incentives, or otherwise) provided that, to the extent applicable, Special Consent is obtained in respect of such grant(s).

(4) Restricted Shares issued to the Management Team pursuant to the Management Incentives shall be subject to the terms and conditions set out in the executive shareholder agreement (the "**Executive Shareholder Agreement**") substantially in the form attached as Schedule F. For the avoidance of doubt, holders of Restricted Shares will have no rights as Shareholders under this Agreement.

(5) Time shall be of the essence in respect of the Management Incentives, including for the avoidance of doubt, the Feasibility Incentive Criteria and the Liquidity Incentive Criteria.

ARTICLE 8
PROGRAMS AND BUDGETS

8.1 Operations Pursuant to Programs and Budgets

Notwithstanding anything else in this Agreement, except as otherwise provided in Sections 6.12(6), 7.4, 8.7, 8.8 and 22.2, following the Effective Date, Operations shall be conducted, Costs shall be incurred, Assets shall be acquired and Liabilities assumed only pursuant to the Initial Budget or Programs and Budgets adopted pursuant hereto.

8.2 Presentation of Programs and Budgets

(1) Proposed Programs and Budgets shall be prepared by the Management Team, for each fiscal year or any other period approved by the Board, and the Management Team shall submit such proposed Programs and Budgets to the Board for review and consideration. All proposed Programs and Budgets (except the Initial Budget which is deemed an Approved Budget for the purposes of this Agreement) are subject to a favourable vote of the Board and, to the extent applicable, Special Consent of the Shareholders. Each Approved Budget, regardless of length, shall be reviewed at least once a Year at a meeting of the Board. At least 60 days prior to the expiration of a Program Period, a proposed Program and Budget for the succeeding period shall be prepared by the Management Team and submitted to the Board for approval and adoption. Once approved by the Board and at least 30 days prior to the expiration of a Program Period, such proposed Program and Budget shall be submitted to the Shareholders for Special Consent if and to the extent required in accordance with Section 6.9. In the event that a proposed Program and/or Budget does receive the required approvals, the Management Team shall prepare and submit a revised proposed Program and Budget to the Board for review and consideration.

(2) Following the Board's adoption of a Development Decision (as approved by the Special Consent of the Shareholders if and to the extent required in accordance with Section 6.9), the Management Team, shall reasonably promptly prepare a new Program and Budget to be submitted for review and approval to the Board and Shareholders as described in Section 6.13 and Section 8.2(1) to replace the Approved Budget then in course, which new Program and Budget shall provide for the Development contemplated by the Development Decision.

(3) All Costs shall be set out in the Initial Budget or an Approved Budget and shall be funded as follows: (a) first, from the Company's available funds (as determined by the Board) and any available external financing comprising part of the Project Financing approved by the Board; and (b) second, to the extent not first funded by the Company from such available funds or such available external financing, by the Shareholders through Cash Calls made in accordance with Article 8 or Article 9.

8.3 Treatment of Program Funding Commitment Payments

(1) Share Subscription amounts paid to the Company by a Shareholder pursuant to the Initial Budget shall be contributed by the Shareholders as follows:

(i) firstly, each Shareholder shall provide Share Subscriptions on the basis of their respective Proportionate Share up to and until one of them has contributed its entire Committed Amount;

(ii) secondly, the Shareholder who still has amounts outstanding to contribute on account of its Committed Amount, shall provide all Share Subscriptions up to and until it has contributed its entire Committed Amount; and

(iii) lastly, once both Shareholders have contributed their entire Committed Amounts, any further Share Subscriptions required for the purposes of funding the Initial Budget shall be provided on the basis of their respective Proportionate Share unless otherwise elected under Section 8.4.

(2) Notwithstanding anything to the contrary in this Agreement, until such time as each Shareholder has contributed all of its Committed Amount, each Shareholder's Proportionate Share shall be deemed to be calculated as if such Shareholder had contributed all of its Committed Amount effective on the Signature Date.

8.4 Election to Participate

(1) Subject to Section 8.3 and 8.4(3), by notice to the Board and the other Shareholder(s) within 45 days after the adoption of an Approved Budget by the Board and, to the extent applicable, the Shareholders by Special Consent, in accordance with Section 8.2(1), a Shareholder may elect to participate in the Approved Budget:

(i) in the amount that is equal to its Proportionate Share;

(ii) in some lesser amount than its Proportionate Share; or

(iii) not at all.

(2) If a Shareholder fails to notify the Board and the other Shareholder(s) pursuant to Section 8.4(1) of the extent to which it elects to participate, the Shareholder shall be deemed to have elected not to contribute at all to such Approved Budget.

(3) If a Shareholder (the "**Non-Contributing Shareholder**") elects, or is deemed to have elected:

(i) to contribute to an Approved Budget in some lesser amount than its Proportionate Share pursuant to Section 8.4(1)(ii); or

(ii) to not contribute at all to an Approved Budget pursuant to Section 8.4(1)(iii),

and the other Shareholder elects to contribute its Proportionate Share, then the Contributing Shareholder may elect by written notice to the Non-Contributing Shareholder within

15 Business Days of the election or deemed election pursuant to Section 8.4(1) or Section 8.4(2), as applicable, to fund the shortfall in the contributions to the Program and Budget due to the Non-Contributing Shareholder's election or deemed election (the "**Shortfall**").

(4) If a Contributing Shareholder fails to make an election within the time prescribed in Section 8.4(3), it shall be deemed to have elected not to contribute the relevant Shortfall.

(5) In the event that a Contributing Shareholder elects not to fund, or is deemed to have elected not to fund a Shortfall, the Board may adjust the relevant Approved Budget downward to reflect the funds available or, at the Board's discretion, the Approved Budget may be deemed to be withdrawn (subject, in such event, to the right of the Board to propose a new Program and Budget for approval by the Board subsequently approved, to the extent applicable, by Special Consent).

(6) Subject to Section 8.4(7):

(i) a Shareholder shall contribute the proportionate amount that it has elected to contribute to Costs required in relation to the Approved Budget pursuant to Section 8.4(1)(i) or Section 8.4(1)(ii), as applicable, in accordance with Cash Calls issued by the Company in accordance with Article 9; and

(ii) a Shareholder that has elected not to contribute at all to an Approved Budget pursuant to Section 8.4(1)(iii) shall have no obligation to fund any Cash Calls in relation to the Approved Budget.

(7) If a Contributing Shareholder elects to contribute a Shortfall pursuant to Section 8.4(3), the relevant Approved Budget shall stand and the Shareholders' contributions to Costs required in relation to the Approved Budget shall be as follows:

(i) the Non-Contributing Shareholder shall not, at any time thereafter, be entitled to contribute any portion of the Shortfall but shall remain liable to contribute and shall contribute any amount which it has elected to contribute pursuant to Section 8.4(1)(ii); and

(ii) the Contributing Shareholder shall contribute:

A. in the amount that is equal to its Proportionate Share; and

B. the Shortfall it has elected to fund in accordance with Section 8.4(3),

in each case in accordance with Cash Calls issued by the Company in accordance with Article 9.

8.5 Prior Funded Costs

Except in respect of the Costs deemed to have been contributed by the Shareholders in accordance with the Proterra Subscription Agreement or the MagGlobal Subscription and Contribution Agreement, for the purposes of all calculations of contributions in accordance with Section 8.4, any Costs funded by the Shareholders prior to the Effective Date shall be disregarded.

8.6 Content of Programs and Budgets

(1) All Budgets shall include, among other things, estimates of:

(i) schedule of all Cash Calls;

(ii) Costs of the Initial Feasibility Study or any other Feasibility Study undertaken in respect of the Properties after the Effective Date;

(iii) all field and salary Costs;

(iv) Capital Costs, indicating the item and type of each such head of Capital Costs, the necessity therefor and the time of each expenditure thereof;

(v) payments required by Applicable Laws;

(vi) Costs of in respect of employment agreement/bargaining units;

(vii) Costs of Environmental Compliance;

(viii) Costs of maintaining the Properties and Assets in good standing;

(ix) revenues and other cash receipts expected to be received;

(x) all accrued Costs, such as employee liabilities and environmental reclamation costs;

(xi) an estimate of sources and disposition of funds, loan service amortisation and working capital requirements, including estimated financing requirements and their proposed sources and costs, the estimated timing of such requirements or payments, and the estimated amount and timing of any contributions by the Shareholders;

(xii) Costs related to quality assurance/quality control (QA/QC) programs;

(xiii) Costs related to implementing safety plans to minimize injuries or risk to life; and

(xiv) Costs related to communication plan and other activities to support, implement and maintain high performance variable compensation programs,

for the relevant Program Period and, in addition, the Management Team shall be entitled to include in each Budget a reasonable allowance for contingencies.

(2) Each Program shall include a statement in reasonable detail of the proposed Operations. A Program and Budget for Operations following the Commencement of Commercial Production shall include, if applicable:

(i) a strategic plan in respect of Operations;

(ii) a detailed estimate of all production Costs plus a reasonable allowance for contingencies;

(iii) an estimate of the quantity and quality of Minerals to be mined and the Products to be produced; and

(iv) such other facts as may be reasonably necessary to illustrate the results intended to be achieved under the Program.

(3) Following the Commencement of Commercial Production, the Management Team shall prepare on an annual basis a detailed draft strategic, business plan and budget for Operations for the subsequent 10 year period and for the life of the Mine. Such draft business plan and budget will be broken down on a monthly basis for the first 12 months and quarterly and annually thereafter and will show anticipated production, revenue and expenditure and include, as a separately identifiable section, a draft budget in respect of Capital Costs and contain a cash flow forecast and balance sheet showing the projected position of the Company at the end of each five year period.

8.7 Budget Overruns

If the Management Team exceeds an Approved Budget, any such excess shall be borne by the Company and funded by the Shareholders in proportion to their respective Ownership Interests (or the proportionate amount last elected to fund pursuant to Section 8.4(1), if lower than a Shareholder's Ownership Interest at such time) as of the time the overrun occurs (provided that the Contributing Shareholder may elect to contribute any Shortfall in accordance with Section 8.4(3)), and subject to Board approval if such overrun exceeds five percent of the relevant Approved Budget and, if Section 6.9(3) applies at such time, Special Consent of the Shareholders if such overrun exceeds 15% of the relevant Approved Budget.

8.8 Emergency or Unexpected Costs

In case of emergency, the Management Team may take any reasonable action it deems necessary to protect life, limb or property, to protect the Assets or to comply with Applicable Laws. The Board also may make reasonable expenditures for unexpected events that are beyond the Company's reasonable control (excluding overruns in respect of an Approved Budget). The Board shall notify the Shareholders of the emergency or unexpected expenditure as soon as is reasonably practicable, and the Company, as the case may be, shall be reimbursed for all resulting costs by the Shareholders in proportion to their respective Ownership Interests (or, in relation to an unexpected expenditure only and not an emergency, the proportionate amount last elected to fund pursuant to Section 8.4(1), if lower than a Shareholder's Ownership Interest at such time) at the time the emergency or unexpected expenditures are incurred (provided that, in relation to an unexpected expenditure only and not an emergency, the Contributing Shareholder may elect to contribute any Shortfall in accordance with Section 8.4(3)).

ARTICLE 9
CASH CALLS AND SETTLEMENTS

9.1 Cash Calls

(1) With effect from the Effective Date, (a) prior to the last Business Day of each calendar quarter, (b) as required from time to time in accordance with an Approved Budget or (c) pursuant to Section 7.4, Section 8.7 or Section 8.8, the Management Team shall, subject to Section 8.2, Section 8.3 and Section 8.4, submit a request to each Shareholder contributing

to the Initial Budget or Approved Budget then in effect for such Shareholder's share of estimated Costs (i) based on each Shareholder's contribution under Section 8.3(1), (ii) based on each Shareholder's elected contribution under Section 8.4, (iii) pursuant to the Management Team's ongoing funding of Operations under Section 7.4 or (iv) required under Section 8.7 or Section 8.8, as applicable, for the next ensuing calendar quarter or other interval as may be provided in the Initial Budget or an Approved Budget (each a "**Cash Call**"). The Management Team may establish more frequent invoice cycles to minimize account balances.

(2) Within 15 Business Days after receipt of each Cash Call, each Shareholder shall advance to the Company the amount specified in such Cash Call. If the amount requested in a Cash Call for the estimated Costs is less than the actual Costs incurred or charged during the calendar quarter, or such other interval, to which such Cash Call relates, the Management Team may invoice the Shareholders for the difference (also, a "**Cash Call**") at the time of the next Cash Call contemplated in the Initial Budget or Approved Budget, as applicable, or as determined by the Board, and the Shareholders shall advance the difference within 15 Business Days following receipt of such Cash Call.

(3) All Cash Calls shall be satisfied by the relevant Shareholder completing a Share Subscription. Subject to Section 9.3(3), unless otherwise approved by the Board and the Shareholders by Special Consent, the number of Shares to be issued by the Company to any Shareholder in respect of a Share Subscription made in respect of a Cash Call shall be equal to the quotient obtained when the amount of such Share Subscription is divided by the Initial Price. The Company, the Board and the Shareholders shall take all necessary steps to complete and execute all necessary documentation and make any necessary filings to appropriately structure, document and record all Share Subscription payments received by the Company.

(4) Each Cash Call shall indicate the quantum of the Share Subscriptions of which the payment of each Shareholder under such Cash Call should consist.

(5) Time shall be of the essence in respect of payment of all Cash Calls.

9.2 Failure to Meet Cash Calls

A Shareholder that fails to meet a Cash Call in the amount and at the time specified in Section 9.1 (a "**Payment Default**") shall be in default, and the amount of the defaulted Cash Call shall bear interest from the date due at an annual rate equal to LIBOR plus 6.0%. Such interest shall accrue to the benefit of and be payable to the Company.

9.3 Contribution by Non-Defaulting Shareholder

(1) Upon a Payment Default, the Non-Defaulting Shareholder, by notice to the Defaulting Shareholder and the Company, may at any time, but shall not be obligated to, elect, within 15 Business Days of a Payment Default, by written notice to the Defaulting Shareholder and the Company, to contribute the amount of the Payment Default (excluding any amount of interest under Section 9.2) to the Company.

(2) If a Defaulting Shareholder repays the Company the amount of any Payment Default (plus any accrued interest thereon) prior to the end of the 15 Business Day period referred to in Section 9.3(1), then the right of the Non-Defaulting Shareholder to contribute the amount of the Payment Default shall be null and void.

(3) Contributions made by a Non-Defaulting Shareholder pursuant to Section 9.3(1) shall be by way of Share Subscription. The number of Shares to be issued by the Company to the Non-Defaulting Shareholder in respect of any such Share Subscription shall be equal to the quotient obtained when the amount of such Share Subscription is divided by 75% of the Initial Price.

(4) If the Non-Defaulting Shareholder fails to make an election within the time prescribed in Section 9.3(1), it shall be deemed to have elected not to contribute the amount of the applicable Payment Default.

(5) In the event a Non-Defaulting Shareholder elects or is deemed to have elected not to contribute the amount of the applicable Payment Default, the Board may adjust downward the relevant Approved Budget to reflect the funds available or, at the Board's discretion, the Approved Budget may be deemed to be withdrawn (subject, in such event, to the right of the Board to propose a new Program and Budget for approval by the Board subsequently approved, to the extent applicable, by Special Consent).

(6) If a Non-Defaulting Shareholder elects to contribute the amount of the applicable Payment Default pursuant to Section 9.3(1), the Defaulting Shareholder shall not, at any time thereafter, be entitled to contribute any portion of the applicable Payment Default but shall remain liable to contribute and shall contribute any amount which it has elected to contribute pursuant to Section 8.4(1)(ii).

ARTICLE 10
ACCOUNTING AND AUDITS

10.1 Reports

The Company shall prepare, provide or otherwise make available for the Shareholders:

(1) copies of all periodic summary reports concerning Operations;

(2) within 15 days after the end of each calendar month:

(i) for the period up to the approval of a Development Decision, a project operations report covering all activities and results of the Company and a financial report consisting of the current Year's cash flow projection, revised to reflect current results, and current cash position;

(ii) for the period after the approval of a Development Decision, a project operations report covering all activities and results of the Company and a financial report consisting of the current fiscal year cash flow projection, revised to reflect current results, and current unaudited financial and operating statements; and

(iii) detailed information as to all work conducted by any of the Management Team or any personnel of the Company on MagGlobal matters,

all such reports prepared in a form reasonably acceptable to the Shareholders, including a comparison of operating results to budget (including a discussion of variances from the Initial Budget or any Approved Budget, as applicable) and a management summary of operations;

(3) within 30 days of each financial quarter:

(i) a copy of the financial statements for the Company, including the balance sheet and statements of income, retained earnings, cash flows and changes in financial position;

(ii) a project operations report covering all activities and results for the quarter, including a report on compliance with Applicable Laws relating to corporate governance, Environment and health and safety matters; and

(iii) a financial report consisting of the current Year cash flow projection, revised to reflect current results, and current cash position;

all such reports prepared in a form reasonably acceptable to the Shareholders, including a comparison of operating results to budget (including a discussion of variances from the Initial Budget or any Approved Budget, as applicable) and a detailed summary of related party transactions for the quarter;

(4) within 90 days of each Year end:

(i) a copy of the audited annual financial statements for the Company, including the balance sheet and statements of income, retained earnings, cash flows and changes in financial position, together with all supporting schedules;

(ii) a project operations report covering all activities and results in relation to the Year reported on in the annual financial statements, including a report on compliance with Applicable Laws relating corporate governance, Environment and health and safety matters and a detailed summary of all transactions with a Related Party for such Year; and

(iii) a financial report consisting of the current Year cash flow projection, revised to reflect current results, and current cash position;

all such reports prepared in a form reasonably acceptable to the Shareholders, including a comparison of operating results to budget (including a discussion of variances from the Initial Budget or any Approved Budget, as applicable) and a detailed summary of related party transactions for the Year.

10.2 Audits

Each Shareholder shall have the right to conduct an independent audit of all Company books, records and accounts maintained by the Management Team under this Agreement, provided that any audit by a Shareholder shall be at the sole cost of the Shareholder electing to conduct such an audit and such audit shall be limited to transactions of the Company or Operations during the current Year and the previous Year. A Shareholder may request that any of its Representatives attend, participate and/or conduct all or any portion of such audit. The requesting Shareholder shall give the Management Team and other Shareholders at least 30 days' prior notice of any such audit. Any audit conducted on behalf of a Shareholder shall be made during the Management Team's and the Company's normal business hours and shall not interfere unreasonably with Operations. All written exceptions to and claims upon the Management Team for discrepancies disclosed by such audit shall be made not more than 90 days after commencement of the audit, or they shall be deemed waived.

ARTICLE 11
DISTRIBUTIONS OF DISTRIBUTABLE CASH

11.1 Determination and Distribution of Distributable Cash

(1) The Shareholders recognize that the definition of Distributable Cash set forth in Schedule B cannot contemplate all of the circumstances that may arise during the term of this Agreement and, accordingly, confirm their mutual general intention that subject to the prudent financial management of the Company, its excess cash shall be distributed.

(2) At any time after the Commencement of Commercial Production, the Company, subject to Applicable Law, shall, subject to Section 6.9, at least semi-annually, distribute to the Shareholders its Distributable Cash in such form or manner as determined by the Board.

(3) Except as otherwise permitted under this Agreement or agreed to by Special Consent of the Shareholders to the extent applicable, all distributions of Distributable Cash or otherwise, shall be made concurrently to the Shareholders in the same form and in proportion to their respective Ownership Interests.

11.2 Withholding Tax

The Company shall comply with all Applicable Laws concerning payment of Distributable Cash, including any such laws relating to withholding Taxes. However, the Company will provide any Shareholder that may be subject to withholding Tax on any distribution of Distributable Cash with not less than 30 days advance notice of the date on which the Company proposes to make such distribution of Distributable Cash and if requested by such Shareholder the Company shall provide to such Shareholder such cooperation as such Shareholder may reasonably request to allow such Shareholder to take such steps, including filing any notices, forms and other documentation as may be prescribed by Applicable Law which may enable such Shareholder to avail itself of any exemption which may be available to such Shareholder with respect to the withholding Tax on such distribution of Distributable Cash. Notwithstanding the foregoing, the Company shall not be required to make any distribution of Distributable Cash without withholding any applicable Tax unless and until it is satisfied that to do so will not contravene any Applicable Law. All costs and expenses incurred by the Company, whether out-of-pocket costs or internal costs, in connection with such cooperation shall be reimbursed by the Shareholder requesting such cooperation.

ARTICLE 12
DISPOSITION OF PRODUCTION

12.1 Disposition by Company

Upon Commencement of Commercial Production, unless otherwise determined by the Board and subsequently approved by Special Consent of the Shareholders to the extent applicable, the Company shall, but only with the prior authorisation of the Board subsequently approved by Special Consent to the extent applicable, sell all Products from the Properties to any Person as the Board may determine. Notwithstanding the foregoing, the Shareholders acknowledge that as of the Signature Date that the Company has executed and delivered a binding agreement to sell all Products from the Properties and the Company agrees to abide by the terms and conditions of that agreement while it remains in existence.

ARTICLE 13
AREA OF INTEREST AND RESTRICTED ACTIVITIES

13.1 No Independent Operations on Properties

Each Shareholder agrees that, while this Agreement is in full force and effect, it shall not engage in any prospecting, Exploration, evaluation of Development opportunities or Development on the Properties, except as provided in this Agreement.

13.2 Acquisition Within Area of Interest

(1) The Board, on behalf of the Company, may, from time to time, apply for or acquire Mineral Rights, surface rights and/or ancillary rights including water rights over areas that fall in whole or in part within the Area of Interest.

(2) If, from time to time after the Effective Date, Mineral Rights, surface rights and/or ancillary rights, including water rights, are issued to or acquired by a Shareholder or an Affiliate of a Shareholder (the "**Acquiring Shareholder**") over areas that are in whole or in part within the Area of Interest (the "**Additional Rights**"), the Acquiring Shareholder shall promptly provide written notice containing full particulars of the Additional Rights but only as to those areas or those parts of areas that actually fall within the Area of Interest, including the costs of acquisition ("**Acquisition Costs**") which are to be estimated in such notice, to the Board and the other Shareholder (the "**Non-Acquiring Shareholder**").

(3) If, in respect of the Additional Rights referred to in the notice provided under Section 13.2(2), the Board gives notice (the "**Acquisition Notice**") to the Acquiring Shareholder within 90 days after receipt of such notice from the Acquiring Shareholder that the Board requires that all of such Additional Rights or such of them as may be specified in the Acquisition Notice shall be included in the Properties, then the Acquiring Shareholder shall convey the Additional Rights so specified to the Company and such Additional Rights shall thereafter be included in and form part of the Properties for all purposes of this Agreement. The Board shall concurrently provide a copy of the Acquisition Notice to the Non-Acquiring Shareholder.

(4) Upon conveyance of Additional Rights to the Company, the Company shall reimburse the Acquiring Shareholder (using funds contributed or to be contributed by the Shareholders) for the actual Acquisition Costs attributable to the Additional Rights so conveyed.

(5) Subject to Section 13.2(6), if an Acquiring Shareholder gives a notice under Section 13.2(2) and the Board does not respond with an Acquisition Notice within the 90-day period set out in Section 13.2(3), then the Board, the Non-Acquiring Shareholder, the Company forego any future rights under this Section 13.2 to the Additional Rights set out in such notice.

(6) In the event that, in respect of the Additional Rights referred to in the notice provided under Section 13.2(2), the Non-Acquiring Shareholder gives notice to the Board and the Acquiring Shareholder within 60 days after receipt of such notice from the Acquiring Shareholder that it wishes to have the Additional Rights included in the Properties, then the Board shall be required to give the Acquisition Notice in accordance with Section 13.2(3).

(7) This Section 13.2 is intended to modify the "business opportunity" doctrine to the extent applicable.

13.3 Public Acquisitions

(1) Notwithstanding Section 13.2, each Shareholder shall be entitled to engage in the following transactions and any rights or interests acquired thereby shall be deemed not to be Additional Rights and the acquirer thereof shall be deemed not to be an Acquiring Shareholder:

(i) the acquisition of any or all of the outstanding securities of a Person which are listed on a Recognized Exchange; and

(ii) the acquisition of any or all of the outstanding securities of a Person that owns Mineral Rights, surface rights or ancillary rights, including water rights, within the Area of Interest, where such Mineral Rights, surface rights or ancillary rights, including water rights, within the Area of Interest, do not constitute a material portion of the totality of the assets of such Person.

(2) In addition, any claims, permits, leases, licences or other forms of tenure substituted, renewed or amended in respect of the interests acquired pursuant to the exceptions in Sections 13.3(1)(i) and 13.3(1)(ii) or issued in consequence of such interests, whether extending over a greater or lesser area than such interests, shall be deemed not to be Additional Rights.

13.4 Non-Competition

Neither Shareholder nor any of its Affiliates (which for purposes of Section 13.4 and 13.5 shall be limited to the Funds in the case of Proterra) may, without the prior written consent of the other Shareholders, at any time while the Shareholder or any of its Affiliates is a Shareholder and for a period of one (1) year after such Shareholder and any of its Affiliates ceases to be a Shareholder of the Company, either individually or in partnership or jointly or in conjunction with any person as principal, agent, trustee, employee or shareholder or in any other manner whatsoever, directly or indirectly:

(1) carry on, engage in or be concerned with or interested in (whether financially or otherwise and including by way of the provision of services, technology license (subject to the final sentence below) or royalty or other compensation arrangement); or

(2) lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed by any person engaged in or concerned with or interested in (whether financially or otherwise and including by way royalty or other compensation arrangement),

any iron ore mining, processing or transportation business that carries on business within Québec or Labrador. The foregoing restrictions shall not apply to a holding of securities of a Person (i) which are listed on a Recognized Exchange or (ii) that owns Mineral Rights, surface rights or ancillary rights, including water rights, within the Québec and Labrador, where such Mineral Rights, surface rights or ancillary rights, including water rights, within the Québec and Labrador, do not constitute a material portion of the totality of the assets of such Person. Notwithstanding any of the foregoing, during the periods referred to in this Section 13.4, MagGlobal or any of its Affiliates may, directly or indirectly, license the use of any of its technology to (or permit the use of any such technology by) any Person that carries on an iron ore mining or processing business within Québec or Labrador provided the use of such technology is also offered to the Company and such offer to the Company is on no less favourable terms than those terms offered to any other Person within Québec and Labrador and such license to the Company contains a most-favoured nation clause in relation to the terms of any license with any such Person.

13.5 Confirmation

The Shareholders confirm that all restrictions in Section 13.4 are reasonable and valid in the circumstances and are necessary to protect the Company and the value of its assets and the breach by it (or any of its Affiliates) of any of the provisions of Section 13.4 would cause serious and irreparable harm to Company which could not adequately be compensated for in damages. The Shareholders therefore consent to an order specifically enforcing the provisions of Section 13.4 issued against it (or any of its Affiliates) restraining any further breaches of these provisions.

13.6 Other Business Opportunities

Except as expressly provided to the contrary in this Agreement (including in this Article 13), the Shareholders shall have the right to engage in and receive full benefits from any independent business activities or operations outside of the Area of Interest, whether or not competitive with the operations of the Company or the other Shareholder, without consulting with, or any obligation to, the Company or the other Shareholder. Except as expressly provided to the contrary in this Agreement (including in this Article 13), doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any activity, venture or operation of any Shareholder, and the Shareholders shall not have any obligation to any other Shareholder or the Company with respect to any opportunity to acquire any property outside the Area of Interest.

ARTICLE 14
ABANDONMENT AND SURRENDER

14.1 Surrender or Abandonment of Property

The Board may, from time to time, authorise the Management Team to, on behalf of the Company, surrender or abandon part or all of the Properties. If the Board authorises any such surrender or abandonment over the objection of a Shareholder, the Company shall, if requested to do so by the objecting Shareholder, assign to the objecting Shareholder or such other Person as the objecting Shareholder specifies, by appropriate instrument of transfer and without cost to the Company, all of the Company's interest in the Property to be abandoned or surrendered. Upon a transfer to an objecting Shareholder of a Property to be abandoned or surrendered pursuant to this Section 14.1, the objecting Shareholder shall be entitled to copies of all information and data (other than interpretive data) acquired or generated hereunder with respect to that Property prior to the date of such transfer and not previously furnished to it and thereafter to use such information and data for its own purposes. The Company shall not be required to make, and shall not be deemed to make, any representation or warranty as to the accuracy or completeness of such information and data and shall not be liable on account of the use of such information and data by the objecting Shareholder or any other Person. The Shareholder receiving the Properties transferred pursuant to this Section 14.1 shall indemnify the other Shareholder and the Company against any obligations and liabilities (including Environmental Liabilities and obligations or liabilities related to reclamation or shut-down or any Applicable Laws, regulations, policies or requirements relating thereto) related to such Properties. Upon the completion of such transfer, such transferred properties shall cease to be part of the Properties.

14.2 Reacquisition

Subject to the provisions of Section 14.1, if any Properties are abandoned or surrendered, they shall cease to be Properties of the Company and, subject to the provisions of Section 14.1, unless the Company is dissolved earlier, no Shareholder nor any Affiliate thereof shall acquire any interest in such properties or a right to acquire such properties for a period of two years following the date of such abandonment or surrender. If a Shareholder reacquires any such properties in violation of this Section 14.2, the other Shareholder or the Company may elect by notice to the reacquiring Shareholder within 45 days after it has actual notice of such reacquisition, to have such properties again be contributed to the Company and made subject to the terms of this Agreement. In the event such an election is made, the reacquired properties shall thereafter be treated as Properties of the Company, shall promptly be transferred to the Company by the reacquiring Shareholder, and the costs of reacquisition shall be borne solely by the reacquiring Shareholder and shall not be included for purposes of calculating the Shareholders' respective Ownership Interests.

ARTICLE 15
TRANSFER OF INTEREST

15.1 General

No Shareholder shall Transfer its interest in and to this Agreement, including its Ownership Interest (in each case, the "**Offered Interest**"), except as follows:

(1) as part of a Transfer permitted by any of Section 15.3, 15.4, 15.6 (including for greater certainty the Transfer by the Majority Shareholder in accordance therewith), 15.7 or 15.9 (subject to compliance with the other applicable provisions of Article 15); or

(2) a Transfer that occurs pursuant to Article 16.

15.2 Further Limitations on Transfer of Offered Interest

Any Transfer by a Shareholder of its Offered Interest shall be subject to the limitation that no such Transfer may be made if:

(1) as a result, the other Shareholder or the Company would become subject to any material restrictions of any Governmental Authority to which they were not subject prior to the proposed Transfer by reason of the nationality, residence, identity (including if such proposed Transferee is a Sanctioned Person) or number of the proposed Transferee;

(2) as a result, the other Shareholder or the Company would become subject to any additional taxation to which it was not subject prior to the proposed Transfer (which shall, for greater certainty, not include a higher rate of withholding Tax on payments made by the Company); or

(3) the Transfer is not permitted by Applicable Law.

15.3 Right of First Refusal

(1) Subject to Section 15.5 and Section 15.8, if at any time after a Project Financing has been completed, a Shareholder (a "**Vendor**") receives a *bona fide* written offer that it is willing to accept to Transfer all but not less than all of the Vendor's Offered Interest, as a separate transaction for consideration payable in cash, which is otherwise permissible pursuant hereto (a "**Third Party Offer**"), the Vendor, before accepting the Third Party Offer, shall promptly deliver a notice (a "**Vendor Notice**") to the other Shareholder (the "**Recipient Shareholder**") and the Management Team, which Vendor Notice shall set out:

(i) the price expressed in United States dollars**;**

(ii) the name and address of the prospective purchaser, and if that Person is a corporation, of each of the directors, officers and shareholders of that Person, of each of the individuals who ultimately directly or indirectly control or controls such Person (and of each of the directors, officers and shareholders of any intervening corporation in the chain of shareholders between such Person and such individuals, and of each of such intervening corporations) or, where such Person is a corporation whose shares are publicly traded and which files information publicly available through securities regulatory authorities in North America, the name of such corporation;

(iii) the terms and conditions of the Transfer;

(iv) evidence sufficient to establish that such prospective purchaser has the power and capacity, including financial, to complete the purchase contemplated by the Third Party Offer, that the conditions set out in Section 15.8(2) shall be satisfied and that the completion of the purchase contemplated by the Third Party Offer shall comply with the limitations described in Section 15.2; and

(v) all other material terms of the Third Party Offer;

together with a copy of the Third Party Offer signed by the Person making such offer. Any such Vendor Notice shall constitute an offer by the Vendor to sell all but not less than all of its Offered Interest to the Recipient Shareholder. The Sale Procedure shall apply in respect of such Vendor Notice and such Vendor Notice shall constitute a Trigger Offer.

(2) If the Recipient Shareholder fails to deliver notice in accordance with the Sale Procedure that it is willing to purchase all, but not less than all, of the Offered Interest so as to become an Accepting Shareholder, the rights of the Recipient Shareholder, except as hereinafter provided, to purchase the Offered Interest shall terminate and the Vendor may sell all, but not less than all, of its Offered Interest to any Person within 90 days after the expiry of the relevant period specified in Section 15.8(1). Any such sale must, however, be at a price not less than the purchase price contained in the Third Party Offer and on other terms no more favourable to such Person than those contained in the Third Party Offer. If the Offered Interest is not sold within such 90-day period on such terms, the rights of the Recipient Shareholder pursuant to this Section 15.3 shall again take effect.

(3) In the event that the Third Party Offer contemplates the purchase by the offering Person of other unrelated assets of the Vendor together with the Offered Interest, the Recipient Shareholder shall be entitled to purchase only the Offered Interest and, the Vendor Notice must specify the Vendor's good faith estimate of the cash equivalent value being offered by the offering Person for the Offered Interest which estimate, if not accepted by the Recipient Shareholder, shall be submitted to an Expert for final determination of the Fair Market Value of the Offered Interest.

15.4 Indirect Transfers

(1) If, at any time after a Project Financing has been completed, a Shareholder desires to make an Indirect Transfer of a Shareholder (in this Section 15.4, a "**Target Shareholder**"), such Indirect Transfer shall be deemed to be a Trigger Offer of the Target Shareholder's Offered Interest for the purposes of Section 15.8. In that event, the other Shareholder (the "**Non-Target Shareholder**") shall be entitled to purchase such Offered Interest, in accordance with the Sale Procedure, for the Fair Market Value thereof.

(2) Each Shareholder agrees to notify the other Shareholder and the Company promptly and in writing of any Indirect Transfer which may occur as well as the details relating to such Indirect Transfer including, if applicable, the equivalent purchase price for the Offered Interest represented by the price payable in the transaction which may lead to the Indirect Transfer and details relating to any new Persons then in control of the Target Shareholder and any other information that the Non-Target Shareholder reasonably requests.

(3) Upon request from Proterra, MagGlobal agrees to notify Proterra promptly and in writing of the percentage control at the time of such request of MagGlobal by the Lehtinen Family and the percentage control at the time of such request of MagGlobal by any other Person or group of Persons acting jointly or in concert.

15.5 Exceptions to Right of First Refusal and Indirect Transfer

Section 15.3 and Section 15.4 shall not apply to the following:

(1) any Transfer or Indirect Transfer by one or more Shareholders holding, in aggregate, more than a 50% Ownership Interest (a "**Majority Shareholder**"); and

(2) any Transfer permitted under Section 15.6.

15.6 Tag Along Right

(1) A Majority Shareholder shall not be permitted to Transfer all (but not less than all) of its Offered Interest to a Third Party or to complete an Indirect Transfer (the "**Tag Transaction**") unless such Majority Shareholder (the "**Tag Shareholder**") also obtains from an acquiring Third Party an offer (the "**Tag Along Offer**") addressed to the other Shareholder containing terms and conditions identical, *mutatis mutandis* except as hereinafter contemplated, to those contained in the Tag Transaction with respect to such other Shareholder's interest in and to this Agreement and its Ownership Interest (the "**Tag Interest**"). The Tag Along Offer may provide that the purchase of the Tag Interest is conditional on the purchase by the Third Party of the Offered Interest held by the Tag Shareholder or on the completion of the Indirect Transfer, as the case may be. The Tag Shareholder or the Third Party shall deliver the Tag Along Offer to the other Shareholder together with a copy of the Tag Transaction. The Tag Along Offer shall be irrevocable and shall be open for acceptance by the other Shareholder for 30 Business Days (the "**Tag Period**") after receipt thereof by such Shareholder.

(2) The other Shareholder shall have the right, exercisable by notice given to the Tag Shareholder, as agent for and on behalf of the Third Party, within the Tag Period:

(i) to accept the Tag Along Offer; or

(ii) to reject the Tag Along Offer,

and if no notice is given by the other Shareholder in accordance with the terms of this Section 15.6(2), such other Shareholder shall be deemed to have given the notice referred to in Section 15.6(2)(ii).

(3) If the other Shareholder accepts the Tag Along Offer, the purchase and sale of the Tag Interest to the Third Party pursuant to the Tag Along Offer shall be completed, subject to the provisions of the Tag Along Offer, at the same time as the sale of the Offered Interest by the Tag Shareholder to the Third Party or the completion of the Indirect Transfer pursuant to the Tag Transaction and as part of the same closing.

(4) Upon the other Shareholder having either accepted or rejected the Tag Along Offer or having been deemed to have rejected the Tag Along Offer, the Tag Shareholder may, subject to such Third Party agreeing to be bound by all of the provisions of this Agreement, sell its Offered Interest or complete the Indirect Transfer specified in the Tag Transaction in accordance with the terms of the Tag Transaction no later than 90 days after the expiry

of the Tag Period. If such sale is not completed within such 90-day period, the provisions of this Section 15.6 shall again take effect.

15.7 Permitted Transactions

A Shareholder may, without the consent of the other Shareholder, and without triggering Section 15.6, but subject to the other terms of this Agreement:

(1) Transfer all, but not less than all, of its Offered Interest to an Affiliate of the Transferring Shareholder, provided that the Transferring Shareholder and such Affiliate first enter into an agreement with the other Shareholder and the Company, in form and content satisfactory to the other Shareholder which provides that:

(i) such Transfer has no adverse Tax consequences on any of the other Shareholders or the Company (which shall, for greater certainty, not include a higher rate of withholding Tax on payments made by the Company); and

(ii) the Affiliate shall be bound by and have the benefit of the provisions of this Agreement; and

(2) Encumber or permit an Encumbrance over (a "**Security Interest**") its Offered Interest to secure loans or advances made by, or debt obligations issued by, the Shareholder to, banks or financial institutions (each a "**Lender**") in order to fund the Project Financing; provided that the Lender first enters into an agreement with the other Shareholder and the Company in a form approved by the other Shareholder (which approval is not to be unreasonably withheld) which provides that:

(i) the Lender's right to enforce its security under its Security Interest shall be at all times subject and subordinate to the rights and remedies of the other Shareholder upon the occurrence of any Event of Default on the part of the Shareholder that granted the Security Interest;

(ii) the Lender shall not at any time, except with the consent of the other Shareholder, assert any right as a Shareholder or require that any Offered Interest be Transferred to it or to any Third Party except for purposes of a sale pursuant to the enforcement of such Security Interest and in accordance with this Section 15.6(2);

(iii) the Lender's remedies under its Security Interest shall be limited to the appointment of a receiver or receiver manager in respect of the Offered Interest of the Shareholder that granted the Security and the sale of the Offered Interest charged by the Security Interest in accordance with this Section 15.6(2), with necessary changes, as if the Lender were a Shareholder electing to make a sale under a provision of this Article 15; and

(iv) on the appointment of such a receiver or receiver-manager the Directors appointed to the Board by the Shareholder which granted the security shall resign or otherwise be removed from the Board and such Shareholder's right to appoint Directors shall be suspended until the completion of the Transfer of its Offered Interest and the admission of the Transferee, if such admission occurs.

15.8 Sale Procedure

(1) A Notified Shareholder that receives or is deemed to receive a Trigger Offer shall be entitled to purchase all, but not less than all, of the Offered Interest in accordance with the terms and conditions of the Third Party Offer (if the Trigger Offer has occurred under Section 15.3 or Section 15.4(2)), at the Fair Market Value thereof (if the Trigger Offer has occurred under Section 15.4(1)) or at the Fair Market Value thereof as may be modified pursuant to Section 16.3 (if the Trigger Offer has occurred under Article 16), as the case may be, by such Notified Shareholder (an "**Accepting Shareholder**") delivering notice of the acceptance thereof (which may be the same notice as the Notice to Acquire, if applicable) to the Triggering Shareholder and to the Management Team:

(i) if under Section 15.3, no later than 60 Business Days from the date it receives a Vendor Notice;

(ii) if under Section15.4(1), no later than 60 Business Days from the date on which the final determination of the Fair Market Value of the Offered Interest is made; and

(iii) if under Article 16, at the time specified in Section 16.5,

and, subject to Section 15.8(4), the transactions shall be completed at the Company's registered office (or at such other location as may be agreed upon by the Shareholders), where delivery of the documents and instruments evidencing the Offered Interest must be made to the Accepting Shareholder with good title, free and clear of all Encumbrances against payment of the consideration by the Accepting Shareholder.

(2) Any sale of a Triggering Shareholder's Offered Interest shall be carried out in accordance with the following terms and conditions:

(i) any purchaser of the Offered Interest that is not already a Party must agree in writing with the non-selling Shareholder, the Company to assume and be bound by all of the obligations and liabilities of the Triggering Shareholder under this Agreement;

(ii) title to the entire Offered Interest which is the subject of such sale shall be transferred to the purchaser free and clear of all Encumbrances; and

(iii) each Shareholder shall execute and deliver such documents and instruments as may be reasonably required to facilitate the sale, including by removing Directors appointed by the Triggering Shareholder and a release of any and all claims which the Triggering Shareholder may have against the Company and assurance that such Transfer is in compliance with Applicable Law and that it shall not affect the status of the Company under the laws of each jurisdiction in which the Company is qualified, organized or does business.

(3) At any time after a Trigger Offer has been made or has been deemed to have been made pursuant to this Article 15, no other sale or purchase may be initiated under such Section until such sale and purchase transaction has completed or all applicable notice periods with respect to such sale and purchase have expired.

(4) In the event that under a Trigger Offer made or deemed to be made pursuant to Section 15.3 the sale by the Triggering Shareholder to the Accepting Shareholder of the Offered Interest is subject to the prior approval thereof by any Governmental Authority (the "**Transfer Approval**"), the Accepting Shareholder shall use its reasonable efforts, and the Triggering Shareholder shall provide all such assistance as may be reasonably required by the Accepting Shareholder, to obtain any such Transfer Approval prior to a date that is 180 days after the date of delivery of notice of acceptance by the Accepting Shareholder pursuant to Section 15.8(1) (the "**Transfer Deadline Date**"). The Accepting Shareholder shall not be obliged to complete the purchase of the Offered Interest if the terms of the Transfer Approval granted by such Governmental Authority are such as would make the rights or obligations of the Accepting Shareholder with respect to the Offered Interest less favourable than was the case prior to such Transfer Approval. In the event that all of the Transfer Approvals have not been obtained by the Transfer Deadline Date, the Triggering Shareholder shall, if applicable, have the right to complete the sale of its Offered Interest pursuant to the terms of such Trigger Offer to a Third Party on the basis described in Section 15.3(2).

15.9 Drag Along Right

(1) Subject to Section 15.6, in the event that a Majority Shareholder receives a bona fide written offer which it is willing to accept from a Third Party to Transfer all (but not less than all) of the Offered Interest held by the Majority Shareholder and its Affiliates (the "**Drag Transaction**") and if the Majority Shareholder wishes to enter into the Drag Transaction, it shall also have the right to require that the other Shareholder (the "**Drag Right**"), prior to the closing of the Drag Transaction, to sell to the Third Party all (but not less than all) of the Offered Interest held by such other Shareholder (or their Affiliates) on the same terms and conditions mutatis mutandis as under the Drag Transaction; provided however, that a Majority Shareholder shall not have any Drag Right pursuant to this Section 15.9 unless the Drag Transaction would result in a return on investment to the other Shareholder equal to or greater than the Performance Hurdle. If the Majority Shareholder elects to enforce its Drag Right, then it shall, prior to the closing of the Drag Transaction, deliver to the other Shareholder a notice (the "**Drag Along Notice**") setting out the terms of the Drag Transaction and any other information reasonably necessary to describe the exercise of the Drag Right.

(2) Upon receipt of the Drag Along Notice, the other Shareholder shall be obliged to sell to the Third Party within fifteen (15) Business Days of the completion of the Drag Transaction all of the Offered Interest of such Shareholder on the terms set out in such Drag Along Notice.

(3) The other Shareholder hereby appoints the Majority Shareholder as its attorney, with full power of substitution, in the name of the other Shareholder to complete the sale and purchase of its Offered Interest pursuant to the Drag Right and to execute and deliver all documents and instruments to give effect to such purchase and sale and to establish a binding contract of purchase and sale between the other Shareholder and the Third Party with respect to the other Shareholder's Offered Interest. Such appointment, being coupled with an interest, is irrevocable by the other Shareholder and shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the other Shareholder. The other Shareholder agrees that it shall perform the agreement resulting from the exercise of the Drag Right in accordance with its terms and shall ratify

and confirm all the Majority Shareholder may do or cause to be done pursuant to the foregoing.

ARTICLE 16
EVENTS OF DEFAULT

16.1 Events of Default

The occurrence of any one or more of the following shall, so long as it subsists, constitute an "**Event of Default**" by a Shareholder (but only in its capacity as a Shareholder):

(1) the second or a subsequent Payment Default if the Non-Defaulting Shareholder does not elect to contribute the amount of such Payment Default in accordance with Section 9.2;

(2) the failure of a Shareholder to comply with any material covenant or material obligation in this Agreement (other than a Payment Default of a Shareholder); or

(3) a Shareholder experiencing an Insolvency Event.

16.2 Notice of Default

Upon the occurrence of an Event of Default, the Company or the Non-Defaulting Shareholder may deliver to the Defaulting Shareholder a Notice of Default.

16.3 Failure to Remedy Event of Default

(1) If on the expiry of 30 days following service of the Notice of Default either:

(i) the Event of Default has not been remedied to the satisfaction of the Non-Defaulting Shareholder; or

(ii) if the Event of Default is incapable of being remedied (either within that 30-day period or at all) and the Defaulting Shareholder has not paid monetary compensation to the Company, the Non-Defaulting Shareholder or both of them, which is acceptable to the Non-Defaulting Shareholder, in lieu of remedying the Event of Default,

then the Non-Defaulting Shareholder may, without prejudice to any other rights and remedies available to it or available to the Company, elect by written notice to the Defaulting Shareholder (with a copy to the Company) to:

(iii) in the case of an Event of Default described in Section 16.1(1) or Section 16.1(2), either:

A. acquire the whole of the Defaulting Shareholder's Offered Interest for a purchase price equal to:

(1) until a Financing Plan has been approved in accordance with Section 6.9(4), the Defaulting Shareholder's equity contributions to the Company at such time; or

(2) thereafter, 85% of its Fair Market Value, determined as of the date of the Event of Default; or

B. take all or such portion of the Defaulting Shareholder's pro rata share of any distributions of any Distributable Cash (or future entitlement to any distributions of Distributable Cash in the event that Commencement of Commercial Production has not yet occurred) as would compensate the Non-Defaulting Shareholder for the monetary loss suffered by the Non-Defaulting Shareholder by reason of the Event of Default;

(iv) in the case of an Event of Default described in Section 16.1(3), acquire the whole of the Defaulting Shareholder's Offered Interest for its Fair Market Value, determined as of the date of the Event of Default.

(2) An election (a "**Notice to Acquire**") pursuant to Sections 16.3(1)(iii)A or 16.3(1)(iv)) shall be deemed to be a Trigger Offer and the Sale Procedure shall apply in respect of such election.

(3) The costs and expenses of an Expert in making a determination of Fair Market Value or the monetary loss suffered by the Non-Defaulting Shareholder by reason of the Event of Default for purposes of this Section 16.3 shall be borne by the Defaulting Shareholder.

16.4 Activities During an Event of Default

Until the earlier of the Event of Default being remedied or the Non-Defaulting Shareholder having made an election or deemed election pursuant to Section 16.3, the Defaulting Shareholder's:

(1) voting rights in the Company shall be suspended and a quorum for meetings of Shareholders shall be constituted without the attendance of the Defaulting Shareholder;

(2) nominated Directors on the Board shall not be entitled to vote and a quorum for meetings of the Board shall be constituted without the attendance of any such Director;

(3) rights to Transfer or Encumber its Offered Interest as permitted hereunder, except as required pursuant to the exercise by the Non-Defaulting Shareholder of any of its rights hereunder or with the prior written consent of the Non-Defaulting Shareholder, shall be suspended; and

(4) right to receive distributions of Distributable Cash shall be suspended.

16.5 Completion of Purchase

The completion of the purchase of the Defaulting Shareholder's Offered Interest under Section 16.3 shall take place within 120 days of the determination of the Fair Market Value thereof. The Defaulting Shareholder shall Transfer free of Encumbrances and agrees to do all things and to execute all documents as are

reasonably necessary to effect the Transfer of its Offered Interest, which shall include all of its right, title and interest, if any, to the Properties and other Assets and in and to this Agreement to the Non-Defaulting Shareholder, in accordance with the Sale Procedure.

16.6 Application of Purchase Price

The purchase price paid to the Defaulting Shareholder for its Offered Interest pursuant to this Article 16 and the Sale Procedure shall be deemed to be applied in the following order of priority:

(1) firstly, as payment to the Non-Defaulting Shareholder of all unpaid contributions of the Defaulting Shareholder not otherwise paid or recovered under this Agreement, together with all interest accrued thereon in accordance with Section 9.2;

(2) secondly, to reimburse the Non-Defaulting Shareholder for any costs associated with the purchase of the Defaulting Shareholder's Offered Interest incurred by the Non-Defaulting Shareholder; and

(3) thirdly, the balance (if any) shall constitute consideration for the Offered Interest so purchased.

16.7 Rights and Remedies Not Exclusive

The rights and remedies for an Event of Default provided in this Article 16 shall be in addition to, and not in lieu of, any other rights or remedies available to the Non-Defaulting Shareholder under this Agreement or pursuant to Applicable Law including the equitable remedies of specific performance or injunction.

16.8 Rights and Remedies Not Penal

The Shareholders agree that the rights and remedies conferred pursuant to Article 4, Article 8, Article 9 and this Article 16:

(1) do not constitute a penalty or unlawful forfeiture and are necessary to promote the interests of the Company and to maintain the Assets of the Company in good standing and effect and free from liability to forfeiture; and

(2) constitute:

(i) standard or common remedies for events of default under mining joint venture agreements;

(ii) an equitable mechanism for the purposes of making the Non-Defaulting Shareholder whole or otherwise calculating equitable compensation for the Non-Defaulting Shareholder; and

(iii) a method for calculating liquidated damages, a genuine pre-estimate of damages, or both, suffered by the Non-Defaulting Shareholder arising from an Event of Default.

ARTICLE 17
INVENTIONS AND CONFIDENTIALITY

17.1 Inventions

The Parties acknowledge and agree that the Company shall be the owner of all right, title, and interest in and to all Developed IP.

17.2 Confidentiality

(1) Except as provided in Sections 17.3 and 17.4, the Shareholders acknowledge and agree that the Company is and shall be the owner of all rights, title and interest in and to the Business Information that is learned, owned, generated, developed or acquired by the Company in the course of Operations or which relates to the Assets. Except as provided in Section 17.3 and 17.4, each Shareholder shall maintain as confidential and shall not disclose Business Information to any Third Party or to the public without the prior written consent of the Shareholders, which consent shall not be unreasonably withheld or conditioned, and each Party shall maintain as confidential and shall not disclose, to any Third Party or the public, any Shareholder Information owned by any Shareholder without such Shareholder's express prior written consent. The obligations of confidentiality set forth in this Section 17.2(1) shall not apply with respect to any Business Information or any Shareholder Information that is:

(i) or becomes part of the public domain other than through a breach of this Agreement;

(ii) already in the possession of a Shareholder, its Affiliate or their respective Representatives prior to receipt thereof from the Company, any other Shareholder or its Affiliate or its development or acquisition under this Agreement;

(iii) lawfully received by a Shareholder, its Affiliate or their respective Representatives from a Third Party not under an obligation of secrecy; or

(iv) independently developed by one or more employees of a Shareholder, its Affiliates or their respective Representatives who did not have access to the Business Information or the Shareholder Information.

17.3 Disclosure Required by Applicable Laws

(1) The consent required by Section 17.2(1) shall not apply to a disclosure of Business Information or Shareholder Information in any manner (including a press release) by a Shareholder where:

(i) the Shareholder so disclosing reasonably believes in good faith that such disclosure is required by Applicable Laws or any Governmental Authority; and

(ii) such publication is in written form,

(each, a "**Required Disclosure**").

(2) Any Shareholder that intends to make a Required Disclosure shall (to the extent permitted by Applicable Laws) provide the other Parties with the full written text of the proposed Required Disclosure at least two Business Days before its first disclosure or publication, unless pursuant to Applicable Laws such Required Disclosure must be made within a shorter period, in which case the Shareholder intending to make such Required Disclosure shall provide the full written text of the proposed Required Disclosure to the other Parties for as long a period as is practicable in advance of its first disclosure or publication.

(3) The Shareholder making Required Disclosure shall consider in good faith all reasonable amendments to the Required Disclosure as may be proposed by the other Parties and shall, to the extent practicable in the circumstances, use its reasonable endeavours to obtain assurances from the Governmental Authority that any such Required Disclosure shall be treated confidentially.

(4) The Shareholder making Required Disclosure shall be solely and entirely responsible for the contents of the Required Disclosure and shall include in the Required Disclosure a statement as to that Shareholder's sole and entire responsibility.

(5) For the avoidance of doubt, nothing in this Section 17.3 shall prevent any of the Shareholders or their respective Affiliates from complying in good faith with obligations under Applicable Laws, rules or policies or the rules or policies of any Recognized Exchange on which such Shareholder's or its Affiliates' securities are or may become listed.

17.4 Exceptions

(1) The consent required by Section 17.2(1) shall not apply to a disclosure:

(i) of Business Information to any of the Affiliates or Representatives of a Shareholder (or any of its Affiliates) that has a bona fide need to be informed;

(ii) subject to the restrictions in Article 15, of Business Information to any Third Party to whom the disclosing Shareholder bona fide contemplates a Transfer of all or part of its Offered Interest, including by way of an Indirect Transfer, provided that such Third Party has entered into a confidentiality agreement with the disclosing Shareholder that contains provisions substantially similar to and no less stringent than those contained in Section 17.2(1);

(iii) of Business Information by MagGlobal, Proterra or any of their respective Affiliates, where Proterra, MagGlobal or the relevant Affiliate determines, acting reasonably, that such disclosure is necessary and appropriate to satisfy its reporting obligations to investors;

(iv) of Business Information to any bona fide Lenders or other financing sources (including any prospective investor) who have entered into a confidentiality agreement with the disclosing Shareholder that contains provisions substantially similar to and no less stringent than those contained in Section 17.2(1);

(v) of Business Information to a Governmental Authority responsible for the administration and calculation of Taxes, where the disclosing Shareholder determines, acting reasonably, that such disclosure is necessary and appropriate to facilitate discussions related to Tax matters affecting such disclosing Shareholder; or

(vi) of Business Information where such disclosure is necessary and appropriate to enforce its obligations hereunder.

(2) In the case of a disclosure pursuant to Section 17.4(1)(i), the disclosing Shareholder shall advise the relevant Affiliates and Representatives of the confidential nature of such Business Information. In any case where any of Sections 17.4(1)(ii), 17.4(1)(iv) or 17.4(1)(v) are applicable, the disclosing Shareholder shall:

(i) give not less than 48 hours prior notice to the other Parties of the intended disclosure;

(ii) only disclose such Business Information as such Third Party or Lender, as the case may be, shall have a legitimate business need to know, or in the case of Section 17.4(1)(v), shall only disclose such Business Information as such disclosing Shareholder determines, acting reasonably, is appropriate to disclose in the particular circumstances and the disclosure of which will not prejudice the interests of the non-disclosing Shareholder with any Governmental Authority;

(iii) inform such Third Party, Lender or Governmental Authority, as the case may be, of the disclosing Shareholder's obligations hereunder;

(iv) ensure that such Third Party or Lender, as the case may be, agrees in writing in favour of the disclosing Shareholder to protect such Business Information from further disclosure to the same extent as such Shareholder is obligated under this Article 17, and shall provide a copy of such written agreement to the Parties prior to disclosure of such Business Information to the Third Party or Lender, as the case may be; and

(v) be liable to the Company and the non-disclosing Shareholder for any breach of the provisions of this Article 17 by such Third Party, Lender or Governmental Authority, as the case may be, as if it had committed the breach of such provisions itself.

17.5 Press Releases

Subject to Section 17.3, the Shareholders shall consult with each other, and with the Company at a reasonable time prior to issuing any press release or other public statement (including statements posted on a public website or the like) regarding the Assets the Company or the activities of the Company with respect thereto and shall endeavour in good faith to incorporate all reasonable amendments to the press release or other public statement as may be proposed by other Parties. In addition and subject to Section 17.3, each Shareholder shall request in writing and obtain prior consent from the other Shareholders, which each Shareholder may, in its sole discretion, acting reasonably, refuse, before issuing any press release or public statement using the name of the Company any other Shareholder or any Affiliates of any other Shareholder or

of any of the officers, directors, employees or agents of the other Shareholder or of its Affiliates save to the extent such information is already in the public domain. If the Shareholder from whom such consent is requested has not responded to a properly submitted request for consent within three Business Days, such other Shareholder shall be deemed to have consented to the press release or public statement forming the subject matter of such request; provided that the other Shareholder from whom such consent is requested shall not unreasonably delay in responding to the requesting Shareholder in circumstances in which the Shareholder requesting such consent is required by Applicable Laws to issue such a news release or other such public statement before the expiry of such three Business Day period. The Shareholder making a press release or other public statement shall be solely and entirely responsible for the contents thereof and shall include a statement to such effect in the press release or other public statement.

17.6 Duration of Confidentiality

The provisions of this Article 17 shall apply during the term of this Agreement and for two years following termination of this Agreement, and shall continue to apply to any Shareholder who Transfers its Offered Interest or otherwise ceases to be a Shareholder, for two years following the date of such Transfer or the date such Shareholder ceases to be a Shareholder, as the case may be.

ARTICLE 18
INSURANCE

18.1 Insurance Coverage

(1) At all times during the conduct of Operations, the Management Team shall use its commercially reasonable efforts to obtain and maintain on behalf of and for the benefit of the Company insurance coverage from reputable insurance companies necessary to protect the interests of the Company, such insurance coverage to be approved by the Board on recommendation by the Management Team, which may include that which is described below:

(i) comprehensive general liability insurance, insuring against claims for personal injury including death and for property damage arising out of Operations, and including coverage for:

A. liability arising out of products (whether manufactured or supplied);

B. liability for Operations;

C. contingent employer's liability; and

D. liability assumed by any Shareholder pursuant to this Agreement;

(ii) automobile liability insurance, insuring against claims for personal injury including death and for property damage arising out of the use or operation of owned or non-owned:

A. motor vehicles;

B. over-snow vehicles; and

C. all-terrain vehicles

in any manner related to or in support of the Operations;

(iii) non-owned (excess of the charter company) aircraft liability insurance, insuring against claims for personal injury including death and for property damage arising out of the use or operation of owned or non-owned aircraft, whether fixed-wing or rotary-wing, in any manner related to or in support of the Operations;

(iv) property damage insurance to protect the Assets as they may exist, from time to time, against loss, damage, theft, fire and other perils, including insurance protecting Products until exclusive ownership thereof passes to a Shareholder or to a Person that is not a Party to this Agreement in accordance with this Agreement;

(v) builder's risk, course-of-construction, and business interruption insurance; and

(vi) any other insurance coverage that the Board determines to be required in order to protect the Company and the Assets.

(2) The Board shall approve the limits of coverage, any deductible amount and any other material term or condition of each policy of insurance obtained in accordance with Section 18.1(1).

18.2 Evidence of Insurance

The Management Team shall promptly provide the Shareholders and the Company with evidence of each policy of insurance obtained in accordance with Section 18.1 after the earliest to occur of any of the following dates:

(1) the date of the first Board meeting;

(2) the date on which a renewal or amended policy becomes effective; and

(3) the date on which the Company or a Shareholder requests evidence of the policy.

18.3 Provisions to be Included

The Management Team shall use commercially reasonable efforts to ensure that each policy of insurance placed and maintained pursuant to Section 18.1 shall include provisions or endorsements providing that:

(1) each of the Company and their respective Affiliates, and their respective directors, officers, employees, agents and servants (each an "**Insured Party**" and collectively, the "**Insured Parties**"), to the extent that their liability arises out of, in relation to or on account of the conduct of the Operations, is named as an additional insured under Section 18.1(1)(i);

(2) the insurer waives any right of subrogation it may have against the Management Team or any other Insured Party;

(3) the insurance provided by the policy shall include cross-liability and severability of interest provisions that shall apply to an action brought against any Insured Party in the same manner as though a separate policy had been issued to each of them;

(4) notwithstanding any:

(i) default by an Insured Party under the policy; or

(ii) the bankruptcy of an Insured Party,

the policy shall respond to any claim that arises out of an event that occurs before the default or bankruptcy; and

(5) the insurer undertakes to provide to the Management Team not less than 30 days' prior notice of any amendment or cancellation of the policy.

18.4 Third Party Insurance Claim

(1) For each loss, damage, claim or liability that arises out of, in relation to or on account of the conduct of the Operations (a "**Third Party Insurance Claim**"), the Management Team shall:

(i) deliver to the Company and the Shareholders a notice describing the Third Party Insurance Claim as soon as reasonably practicable after it becomes known to the Management Team; and

(ii) ensure that the Company and the Shareholders receive any information, document or other written confirmation that the Company and the Shareholders reasonably request in order to secure the benefit of any policy of insurance that the Company or the Shareholders separately maintain for their own benefit.

(2) The Management Team shall use its reasonable commercial efforts, to the extent legally permissible, to ensure that a Third Party Insurance Claim is first satisfied by recourse to the insurance coverage provided for pursuant to this Article 18. The Management Team shall be entitled to pay any deductible amount specified by the applicable policy or policies, which amount shall be a Cost.

18.5 Contractors and Sub-contractors

The Management Team shall request and take reasonable steps to verify that each contractor or sub-contractor engaged in relation to or in support of the Operations provides, maintains and pays for insurance coverage of the kinds described in Section 18.1(1) commensurate with the nature and scope of the materials or services to be provided by the contractor or sub-contractor, and incorporating policy terms and conditions that are adequate to protect the Company, the Shareholders and the Assets.

18.6 Independent Insurance

Notwithstanding any other provision of this Article 18, each Shareholder may, on and for its own account, provide, maintain and pay for any other form of insurance coverage which that Shareholder in its discretion

deems necessary or desirable to protect itself or its Shares. Any Shareholder placing coverage pursuant to this Section 18.6 shall ensure that each policy of insurance waives any right of the insurer to proceed, by subrogation or otherwise, against the Company, the other Shareholder and their respective Affiliates.

ARTICLE 19
DISPUTE RESOLUTION

19.1 General

(1) Subject to Section 6.9, Section 6.11 and Section 19.5, any dispute (other than any dispute arising under or in connection with the matters referred to in Sections 6.9(1) or (3) to (24)) arising under or in connection with this Agreement which has not been resolved by the Shareholders (the "**Disputing Parties**") within 20 days after the date on which any Disputing Party delivers written notice to the other Disputing Party of such dispute, which notice shall specify in reasonable detail the matter or matters in dispute and reference this Article 19, shall be referred to the Senior Executive Officers of the Disputing Parties, who shall meet (face to face or by telephonic means) no later than the 10th Business Day from the expiry of such 20-day period and shall endeavour to arrive at an amicable solution to such dispute as soon as practicable.

(2) In the event that a dispute referred to in Section 19.1(1) is not resolved within 10 Business Days of the first meeting of the Senior Executive Officers referred to in Section 19.1(1), either Shareholder may refer such dispute:

(i) in the case of a geological, technical, engineering or mineral economics matter (a "**Mining Dispute**"), for resolution pursuant to the dispute resolution provisions of Section 19.2 and, to the extent applicable, Section 19.4; and

(ii) in the case of any dispute other than a Mining Dispute (a "**Non-Mining Dispute**"), including a dispute as to the proper classification of a dispute as a Mining Dispute or a Non-Mining Dispute, for resolution pursuant to the dispute resolution provisions of Section 19.3.

19.2 Expert Determination for Mining Disputes

(1) If a Mining Dispute is not resolved within 10 Business Days of the first meeting of Senior Executive Officers referred to in Section 19.1(1), such Mining Dispute shall be referred to and settled by an Expert in accordance with standards generally accepted by mining professionals (the selection of applicable standards and guidelines being a matter to be determined by the Expert in its sole discretion). The Expert must be appointed on the terms set out in this Section 19.2.

(2) The Expert shall act as an expert and not as an arbitrator and shall resolve the Mining Dispute according to what he or she considers to be in the best interests of the Company.

(3) The Expert's power to resolve Mining Disputes extends to all types of disputes (other than Non-Mining Disputes), including those which do not require any specialist expertise, as such, but do require the exercise of judgment, including commercial judgment.

(4) The Expert shall have power to request any of the Disputing Parties to provide him or her with such statements (which shall be written unless otherwise specifically required), documents or information as he or she may determine, other than documents subject to legal professional privilege. Any statement provided to the Expert by a Disputing Party shall be promptly provided to the other Disputing Parties.

(5) The Expert shall, within 20 days after being requested by any Disputing Party to do so, give written notice of his or her decision to the Shareholders, the Company and, unless a Disputing Party notifies the other Disputing Party that it does not accept the Expert's decision within 10 days of receiving that decision, in which event the provisions of Section 19.4 shall apply to such dispute, the Expert's decision shall be final and binding on the Disputing Parties and each of the Shareholders and the Company shall give effect to the decision promptly.

(6) The Disputing Parties shall use their reasonable endeavours to ensure that the Expert is able to provide his or her decision within 20 days after being requested by any Disputing Party to do so.

(7) If the subject matter of a Mining Dispute is, or includes, the proper classification of a dispute as a Non-Mining Dispute, and the Expert, in resolving such dispute, determines that such dispute is properly classified as a Non-Mining Dispute, the Expert shall refer such Non-Mining Dispute for resolution pursuant to the dispute resolution provisions of Section 19.3.

(8) Fees of the Expert shall be payable by such Disputing Party as the Expert may determine or, in the absence of any such determination, shall be payable equally per capita by the Disputing Parties.

19.3 Arbitration

(1) If a Non-Mining Dispute is not resolved within 10 Business Days of the first meeting of Senior Executive Officers referred to in Section 19.1(1), or if a Non-Mining Dispute is referred for resolution pursuant to the provisions of this Section 19.3 pursuant to Section 19.2(7), such Non-Mining Dispute shall be referred to and finally resolved by arbitration under International Commercial Arbitration Rules of Procedure (the "**ICA Rules**") of the British Columbia International Commercial Arbitration Centre (the "**BCICAC**") then in effect, subject to Section 19.3(2). The appointing authority shall be the BCICAC. The arbitration shall be administered by the BCICAC. The seat of arbitration shall be Vancouver, British Columbia, the place of the arbitration shall be Toronto, Ontario (or such other place as the Shareholders may agree) and the language of the arbitration shall be English. The arbitration shall be conducted before a single arbitrator (the "**Arbiter**") and shall be confidential.

(2) Notwithstanding Section 19.3(1) and anything to the contrary in the ICA Rules, the Arbiter shall be bound, and the Parties hereby agree that the Arbiter shall be bound, by the procedures described in this Section 19.3(2) and in Section 19.3(3). Within 30 days after the appointment of the Arbiter, each Disputing Party shall submit to the Arbiter, and each other, a single presentation setting forth its proposed resolution of the Non-Mining Dispute and the basis therefor. Within 20 days after the Arbiter's receipt of such presentations, the

Arbiter shall accept any, but not more than one, of the Disputing Parties' proposed resolutions of the Non-Mining Dispute and shall notify each Disputing Party of its decision in writing which shall not include the reasoning behind such decision. If any Disputing Party fails to submit its proposal in a timely manner, the Arbiter shall select the proposal submitted by the other Disputing Party. The Disputing Party whose proposed resolution is not accepted shall pay all of the Arbiter's fees and expenses with respect to its engagement under this Section 19.3, and the fees and expenses of the successful Disputing Party as awarded by the Arbiter. Each Disputing Party shall execute, if requested by the Arbiter, a reasonable engagement letter with the Arbiter with respect to its engagement under this Section 19.3.

(3) The arbitration award shall be final and binding on the Disputing Parties, and judgment on the award may be entered by any court in British Columbia. If the Disputing Parties settle the dispute in the course of the arbitration, the settlement shall be approved by the Arbiter on request of either Disputing Party and shall become the award.

19.4 Arbitration for Mining Disputes

If the Expert does not accept or withdraws from his or her appointment in accordance with Section 19.2 or if a Disputing Party notifies the other Disputing Party that it does not accept an Expert's decision pursuant to Section 19.2(5) within 10 days of receiving that decision (or such further period as the Disputing Parties may agree) then any Disputing Party shall be entitled to refer the matter in dispute to arbitration pursuant, *mutatis mutandis*, to Section 19.3.

19.5 Interlocutory Relief

Nothing contained in this Article 19 shall prevent or restrict a Disputing Party from seeking urgent interlocutory relief from any court of competent jurisdiction; provided that upon the granting of any application for preliminary interlocutory relief, further hearings on the matter by the court shall be stayed pending disposition of the matter pursuant to the procedures described in this Article 19.

19.6 Continued Performance

Each Shareholder, the Company and the Management Team shall continue performance of their obligations under this Agreement notwithstanding the existence of a Mining Dispute or a Non-Mining Dispute.

19.7 Determinations of Fair Market Value

(1) If the Shareholders are unable to agree on the Fair Market Value of anything contemplated in this Agreement, then on the request of either Shareholder, each Shareholder will (i) select an nationally recognized, qualified and independent appraiser and (ii) give notice to the other Shareholder of the name and address of its appraiser within thirty (30) days following such request. If either Shareholder fails to select an appraiser and give notice to the other Shareholder in accordance with this Section 19.7(1), the appraiser that was selected by the other Shareholder will determine the Fair Market Value in question.

(2) The appraisers will determine Fair Market Value in accordance with the following:

(i) each Shareholder will cause the appraiser it selected to deliver to the other Shareholder within sixty (60) days of its selection its valuation report and determination of Fair Market Value;

(ii) if the lower valuation is at least 90% of the higher valuation, then the Fair Market Value will be the average of the two valuations;

(iii) if the lower valuation is less than 90% of the higher valuation and if neither Shareholder objects within thirty (30) days after its receipt of the valuation from the other Shareholder, then the Fair Market Value will be the average of the two valuations. If the lower valuation is less than 90% of the higher valuation and if either Shareholder objects within thirty (30) days after its receipt of the valuation from the other Shareholder, then the Shareholders will cause the two appraisers to appoint a third appraiser who satisfies the requirements of Section 19.7(1). If the two appraisers cannot agree on a third appraiser within ten (10) days following receipt by the appraisers of notice requesting that they appoint the third appraiser, then either of the Shareholders may apply to have the third appraiser selected by a representative of the BCICAC;

(iv) within sixty (60) days after the appointment of the third appraiser, the third appraiser will deliver to each Shareholder a valuation report that sets out its determination of Fair Market Value; and

(v) if a third appraiser is appointed, the Fair Market Value will be the value determined by the one of the first two appraisers whose valuation was closest to that determined by the third appraiser. However, if the third appraiser's valuation is within 10% of the average of the first two valuations, whether higher or lower, then the average of the first two valuations will be the value that is used.

(3) Subject only to signing a confidentiality agreement that is in form and substance customary at that time for valuation engagements, each appraiser will be granted unrestricted access to the books and records of the Company and the employees of the Company as well as to the employees of the Parties having information about the Company.

(4) Each Shareholder will pay the fees and expenses of the appraiser it selects. The Shareholder whose appraiser's valuation was not used will pay the cost of any third appraiser; provided, however, that if the average of the first two valuations is used pursuant to Section 19.7(2)(iv), then the Shareholder will bear equally the fees and expenses of the third appraiser.

(5) In determining Fair Market Value, the appraisers shall not apply any discounts for minority interests.

ARTICLE 20
FORCE MAJEURE

20.1 Force Majeure

The obligations of a Party pursuant to this Agreement, other than payment or funding obligations, the obligation to issue Management Incentives or the application of the Feasibility Incentive Criteria or the Liquidity Incentive Criteria, shall be suspended to the extent and for the period that performance of any obligation of such Party is prevented by any cause, whether foreseeable or unforeseeable, that is beyond its reasonable control, including any event or circumstance, or a combination of events and/or circumstances: (a) that causes or results in the prevention or delay of a Shareholder from performing any of its obligations in this Agreement; (b) which is beyond the reasonable control of that Shareholder; and (c) could not, or the effects of that event or circumstance, could not have been prevented or delayed, overcome or remedied by the relevant Shareholder acting reasonably, and, further provided the event or circumstance relates to one of the following criteria:

(1) labour disputes (however arising and whether or not employee demands are reasonable or within the power of the Party to grant) that:

(i) have national, provincial, regional or state-wide application;

(ii) directly affect the performance of the obligations under this Agreement; and

(iii) last for more than seven consecutive days;

(2) acts of God, including earthquake, flood or consistent periods of severe weather conditions which prevent or render impractical the conduct of Operations on the Properties for a period of 15 days during any period of 45 consecutive days;

(3) Applicable Laws or orders or lawful instructions of any Governmental Authority;

(4) any litigation or administrative process which reasonably has the effect of materially delaying Operations, and judgments or orders of any court or tribunal;

(5) inability to obtain on reasonably acceptable terms any material public or private licence, permit or other authorisation;

(6) curtailment or suspension of activities to remedy or avoid an actual or alleged, present or prospective violation of Environmental Laws;

(7) action or inaction by any Governmental Authority that delays or prevents the issuance or granting of any approval or authorisation required to conduct operations beyond the reasonable expectations of a Person seeking such approval or authorisation;

(8) acts of war or conditions arising out of or attributable to war, whether declared or undeclared;

(9) riot, civil strife, terrorism, insurrection or rebellion; including any steps taken by any Governmental Authorities in response to any such matters;

(10) fire or explosion not caused by or attributable to a Shareholder;

(11) delay or failure by suppliers or transporters of materials, parts, supplies, services or equipment or by contractors' or subcontractors' shortage of, or inability to obtain, labour, transportation, materials, machinery, equipment, supplies, utilities or services;

(12) safety conditions or accidents;

(13) breakdown of equipment, machinery or facilities that materially adversely affect the Operations; or

(14) inability to obtain contractors or sub-contractors to provide materially time-critical goods and services due to shortages of competent and competitive contractors or sub-contractors,

(each an "**Intervening Event**").

20.2 Social Licence

Notwithstanding anything to the contrary in this Agreement, if the Management Team, at any time and from time to time, considers that Exploration, Development or Mining in respect of the Properties (or any part thereof) may be undesirable or inappropriate in light of prevailing social, political, religious or community circumstances including:

(1) the attitudes of members of the communities (or prominent leaders of such Persons) in proximity to, or affected by, such Exploration, Development or Mining; or

(2) such Person's objections to Exploration, Development or Mining (or conditions thereof),

it may issue a notice to the Board requesting that it consider that such circumstances constitute an Intervening Event. The Board will, following good faith discussions, notify the Management Team of its decision, giving reason for its decision as to whether or not such circumstances constitute an Intervening Event. Unless and until the Board decides that such circumstances constitute an Intervening Event, the Management Team will continue to comply with its obligations pursuant to this Agreement.

20.3 Obligations of Affected Party

A Party relying on the provisions of Section 20.1 shall:

(1) promptly give written notice to the other Parties of the particulars of the Intervening Event and all time limits imposed by this Agreement shall be extended from the date of delivery of such notice by a period equivalent to the period of delay resulting from such Intervening Event;

(2) take all reasonable steps to eliminate any Intervening Event and, if possible, shall perform its obligations under this Agreement as far as commercially practicable, but nothing herein shall require such Party to settle or adjust any labour dispute or to question or to test the validity of any Applicable Law or order of any duly constituted Governmental Authority or to complete its obligations under this Agreement if an Intervening Event renders completion commercially impracticable; and

(3) give written notice to the other Parties promptly after such Intervening Event ceases to exist.

20.4 Right to Dispute

Any Party that receives a notice of an Intervening Event pursuant to Section 20.2 shall have 30 days to dispute the validity of the substance of the Intervening Event documented in such notice. If such notice is disputed, such dispute shall be referred for resolution in accordance with Article 19.

20.5 Management Team to Maintain Register

If an Intervening Event is not disputed pursuant to Section 20.4 or if it is upheld pursuant to the processes set forth in Article 19, then it shall be entered in a register of Intervening Events to be maintained by the Management Team which shall set out all relevant details of each such Intervening Event including the time and date of its commencement and the time and date of its termination. The contents of such register for each fiscal year shall form part of the approved records of the Company after the completion of such fiscal year. The Management Team shall also maintain all supporting documentation relating to any Intervening Event until at least six years after the date that Special Consent is obtained in respect of a Development Decision or, if any Intervening Event occurs after such date, for at least six years after such Intervening Event.

ARTICLE 21
POWER OF ATTORNEY

21.1 Appointment as of Effective Date

Effective as of the Effective Date, each Shareholder irrevocably and for valuable consideration appoints the Company as its attorney to complete and execute such instruments for and on its behalf as the attorney thinks necessary or desirable to give effect to any of the transactions contemplated by Article 15 and Article 16 with respect to each Shareholder's Ownership Interest. The Company can only exercise its powers under this Section 21.1 with respect to any particular Shareholder if:

(1) such Shareholder is a Defaulting Transferor; and

(2) the Company has notified the Defaulting Transferor that it intends to exercise its powers and authorities under the appointment noted in this Section 21.1.

21.2 Covenants Relating to Appointment of Company

(1) Each Defaulting Transferor agrees to ratify and confirm whatever the Company lawfully does, or causes to be done, under the appointment set forth in Section 21.1.

(2) Each Defaulting Transferor agrees to indemnify the Company against all Legal Claims arising in any way in connection with the lawful exercise of all or any of the Company's powers and authorities under the appointment set forth in Section 21.1.

(3) Each Defaulting Transferor agrees to deliver to the Company upon demand such further powers of attorney, instruments of transfer and other instruments as the Company may require for the purposes of the appointment set forth in Section 21.1.

21.3 Acknowledgment

The Shareholders acknowledge and agree that where a Defaulting Transferor defaults in the Transfer of its Ownership Interest (the "**Defaulted Interest**") to the other Shareholder or another Person, as required hereunder, the Company may receive the purchase money in trust for the Defaulting Transferor and thereupon record the Transfer of the Defaulted Interest, enter the name of the Transferee thereof in the registers of the Company as the owner of the Defaulted Interest purchased by it. The Company shall hold the purchase money received by it in trust on behalf of the Defaulting Transferor and shall not commingle the purchase money with the Company's assets, except that any interest thereon shall be for the account of the Company. The receipt by the Company of the purchase money shall be a good discharge to the Transferee and, after its name has been entered in the registers of the Company, the transaction of purchase and sale shall be deemed completed at the price and on the other terms and conditions contemplated herein and the Transferee shall for all purposes own the Defaulted Interest purchased by the Transferee. Upon such registration, the Defaulting Transferor shall cease to have any right to or in respect of the Defaulted Interest except the right to receive, without interest, the purchase money received by the Company upon surrender of any documents and instruments that previously represented the Defaulted Interest.

ARTICLE 22
TERM AND TERMINATION

22.1 Term and Termination

(1) Subject to this Article 22, this Agreement shall continue in full force and effect until, and shall terminate upon, the earliest of:

(i) the written agreement of all the Shareholders;

(ii) completion of an IPO;

(iii) one Shareholder becoming the beneficial owner of all the Shares other than as a result of any other event described in this Section 22.1(1); or

(iv) the dissolution of the Company.

(2) The Shareholders agree that the Company may not be dissolved so long as any obligations remain owing to any Lender.

22.2 Post-Termination Obligations

(1) Upon the occurrence of any of the events described in Section 22.1(1) (i), (iii) and (iv), but prior to the termination of this Agreement, the Management Team shall procure an Expert to conduct an environmental baseline study that shall estimate in dollar amounts the costs and liabilities associated with reclamation of the Properties in relation to Operations conducted thereon during the period starting from and including the Effective Date up to and including the date of such event. Such calculation shall take into account the applicable amount of any Reclamation Fund. The Management Team shall thereafter deliver a notice to each Shareholder requiring the payment from each such Shareholder (according to each Shareholder's pro rata share based on its respective Ownership Interest

on the date of occurrence of the relevant event) of its share of any unbonded or unfunded reclamation costs in respect of such period.

(2) In the event that a Shareholder fails to pay any amount described in Section 22.2(1) within the timeframe set out in the Management Team's notice as described therein, the remaining Shareholders shall be obliged, severally in proportion to their respective Ownership Interests, to contribute any amount unpaid by such defaulting Shareholder and such defaulting Shareholder shall be liable to repay all amounts paid by the other Shareholders, together with interest at a rate of LIBOR plus 4%. The amount paid by the non-defaulting Shareholders pursuant to this Section 22.2(2) shall be debt payable by the defaulting Shareholder to the non-defaulting Shareholders on demand.

(3) Notwithstanding the termination of this Agreement:

(i) the provisions of Article 17;

(ii) the rights of a Shareholder to demand repayment of an amount described in Section 22.2(2); and

(iii) and the protections afforded to any Party indemnified pursuant to this Agreement (including pursuant to Section 6.16),

in each case solely with respect to any rights or obligations accruing prior to the effective date of termination, shall survive such termination and remain in full force and effect pursuant to their respective terms and Applicable Law.

ARTICLE 23
GENERAL PROVISIONS

23.1 Notices

(1) All notices and other required or permitted communications (each a "**Notice**") to the Shareholders, the Company shall be in writing, and shall be addressed respectively as follows:

If to Proterra:

c/o Proterra Investment Partners LP
33 South Sixth Street
Suite 4100
Minneapolis, MN 55402 USA

Attention: James Warren / Torben Thordsen
Email: jwarren@proterrapartners.com / tthordsen@proterrapartners.com

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

McCarthy Tétrault LLP
66 Wellington Street West
Suite 5300
Toronto, Ontario M5K 1E6 Canada

Attention: Shea Small
Email: ssmall@mccarthy.ca

If to MagGlobal:

MagGlobal LLC
102 NE 3rd Street
Suite 120
Grand Rapids, Minnesota, USA 55744

Attention: Joe Broking
Email: joe.broking@magnetation.com

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

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9 Canada

Attention: John Ciardullo / Amanda Linett
Email: jciardullo@stikeman.com / alinett@stikeman.com

If to the Company:

Tacora Resources Inc.
c/o MagGlobal LLC
102 NE 3rd Street
Suite 120
Grand Rapids, Minnesota, USA 55744

Attention: Joe Broking
Email: joe.broking@magnetation.com

(2) All Notices shall be given:

(i) by personal delivery;

(ii) by electronic communication, capable of producing a printed transmission;

(iii) by registered or certified mail, return receipt requested; or

(iv) by overnight or other express courier service.

(3) All Notices shall be effective and shall be deemed given on the date of receipt at the principal address of the recipient if received during normal business hours of the recipient, and, if not received during such normal business hours, on the next Business Day following receipt, or if by electronic communication, on the date of such communication if made during normal business hours of the recipient, and, if not made during such normal business hours, on the next Business Day following such communication. Any change of address may be made by Notice to the other Parties.

23.2 Payments

(1) Unless otherwise provided herein, all payments to be made to any Shareholder, as the case may be hereunder may be made by certified cheque or bank draft mailed or delivered to any such Shareholder at its address for Notices, or deposited for the account of such Shareholder at such bank or banks as it may designate, from time to time, by notice to the other Parties. Such bank or banks shall be deemed the agent of the designating party for the purpose of receiving, collecting and receipting such payment.

(2) All amounts payable to the Company by the Shareholders or any other Person pursuant to this Agreement shall be paid and deposited into the Business Account.

23.3 Nature of Agreement

Nothing contained in this Agreement makes or constitutes any Shareholder the trustee, fiduciary, representative, agent, principal, partner or joint venturer of any other Shareholder. It is understood that no Shareholder has the capacity to make commitments of any kind or incur obligations or liabilities binding upon any other Shareholder.

23.4 Waiver

(1) No failure on the part of a Shareholder to exercise, no delay in exercising, and no course of dealing with respect to, any right, power or privilege established by this Agreement shall operate as a waiver thereof.

(2) Except as otherwise expressly provided for herein, no waiver of any provision of this Agreement or consent to any departure by any Party from any provision of this Agreement shall be effective unless it is confirmed in writing. The waiver or consent shall be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given.

(3) The single or partial exercise of any right, power or privilege established by this Agreement shall not preclude any other exercise thereof.

23.5 Amendment

This Agreement may only be amended by the written agreement of all the Parties hereto or, as applicable, their permitted successors and assigns.

23.6 Governing Law and Attornment

This Agreement and any non-contractual obligations arising out of or in connection with it shall be, and shall be conclusively deemed to be, made under, and for all purposes governed by and construed according to the laws of British Columbia and the federal laws of Canada applicable therein without regard for any conflict of laws or choice of laws principles that would permit or require the application of the laws of another jurisdiction, and, subject to the procedures described in Article 19, the Shareholders and the Company irrevocably submit to the non-exclusive jurisdiction of the courts of British Columbia.

23.7 Severability

If any provision of this Agreement is or becomes illegal, invalid or unenforceable, in whole or in part, in any jurisdiction:

(1) the remaining provisions shall nevertheless be and remain valid and subsisting in such jurisdiction and shall be construed as if this Agreement had been executed without the illegal, invalid or unenforceable portion so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to the Parties; and

(2) that provision shall nevertheless be and remain valid and subsisting in other jurisdictions.

23.8 Further Assurances

The Parties shall execute such further and other documents and do such further and other things as may be reasonably necessary or convenient to carry out and give effect to the intent of this Agreement.

23.9 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns, provided that any Transfer of any rights under this Agreement not made in accordance with this Agreement shall be null and void and of no force or effect.

23.10 No Third Party Rights

(1) This Agreement is for the benefit of the Parties and their respective successors and permitted assigns only, and shall not be construed to create rights in any other Person. Notwithstanding anything in this Agreement to the contrary, no Person other than a Shareholder shall have the right to enforce any obligation of a Shareholder to contribute capital hereunder, to fund Continuing Obligations, or to reimburse or indemnify any other Shareholder, the Management Team, the Subsidiaries or the Company hereunder, and specifically neither the Company, the Subsidiaries or any creditor of either of them or of any other Person or any other Person other than a Shareholder shall have any such rights.

(2) This Agreement may be amended, rescinded or varied in accordance with the terms hereof and at any time by the Parties without the consent of any Person that is not a Party hereto.

23.11 Entire Agreement

This Agreement constitutes the entire agreement between the Parties and, except as hereafter set out, replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations, whether oral or written, express or implied, statutory or otherwise between the Parties with respect to the subject matter thereof.

23.12 Counterparts and Electronic Execution

This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of all Parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument. Counterparts may be delivered by electronic transmission and the Parties adopt any signatures so received as original signatures of the Parties.

[Remainder of page left intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Signature Date.

PROTERRA M&M MGCA B.V.

By: _____

Name: James S. Warren

Title: Managing Director A

By: _____

Name: _____

Title: Managing Director B

MAGGLOBAL LLC

By: _____

Name: _____

Title: _____

TACORA RESOURCES INC.

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Signature Date.

PROTERRA M&M MGCA B.V.

By: _____

Name: _____

Title: Managing Director A

By: _____

Name: C.C. van den Broek

Title: Managing Director B

MAGGLOBAL LLC

By: _____

Name: _____

Title: _____

TACORA RESOURCES INC.

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Signature Date.

PROTERRA M&M MGCA B.V.

By: _____

Name: _____

Title: Managing Director A

By: _____

Name: _____

Title: Managing Director B

MAGGLOBAL LLC

By: Larry Lehtinen

Name: Larry Lehtinen

Title: CEO

TACORA RESOURCES INC.

By: Joe Broking

Name: Joe Broking

Title: CFO

SCHEDULE A
MINERAL PROPERTIES

Description of Mineral Properties

Mining Rights

Amendment and Consolidation of Mining Leases dated September 2, 1959 initially made between Canadian Javelin Limited (now MFC), as lessor, and Wabush Iron, as lessee, as the same has been amended and assigned from time to time, pursuant to which Wabush Mines has been granted rights to conduct mining operations at the Scully Mine.

The Crown Lease made by and between the Lieutenant-Governor of the Province of Newfoundland in Council, as lessor, and to Newfoundland and Labrador Corporation Limited, as lessee, dated May 15, 1962 and registered in the Registry of Deeds at Volume 578, Folios 001-043, and subsequently assigned to Wabush Iron Co. Limited and Wabush Resources Inc. as lessees, respecting mining rights to areas referred to as Lots 2, 3, and 4, excepting all portions of that real property that have been sold, assigned or conveyed by Wabush Resources Inc., Wabush Iron Co. Limited or their predecessors in title to any third parties in deeds of sale, assignment or conveyance registered in the Registry of Deeds for Newfoundland and Labrador.

The Crown Lease made between the Lieutenant-Governor of the Province of Newfoundland in Council, as lessor, and Newfoundland and Labrador Corporation Limited, as lessee, dated May 15, 1962, and registered in the Registry of Deeds at Volume 579, Folios 362-392 and in the Registry of Transfers as Item No. 26 in the Minerals Volume entitled "Volume 1 – NALCO and Associates", and subsequently assigned to Wabush Iron Co. Limited as lessee, respecting mining rights to Wabush Mountain Area.

Owned Real Property

All real property described in the assignment of surface rights made between Canadian Javelin Limited, as assignor, and Wabush Iron, as assignee, dated 28 June 1957 and registered in the Registry of Deeds for Newfoundland and Labrador at Volume 389, Folios 465 to 479, as subsequently assigned to Wabush Resources and Wabush Iron, excepting all portions of that real property that have been sold, assigned or conveyed by Wabush Resources, Wabush Iron or their predecessors in title to any third parties in deeds of sale, assignment or conveyance registered in the Registry of Deeds for Newfoundland and Labrador. This real property is also known as Lots 2, 3 and 4.

All right, title and interest of the Vendors in the Jean River (Railway) Bridge.

All buildings, infrastructure, fixtures and other immovable assets, if any, located on the Real Property Leases or on the property set out at item 1 above.

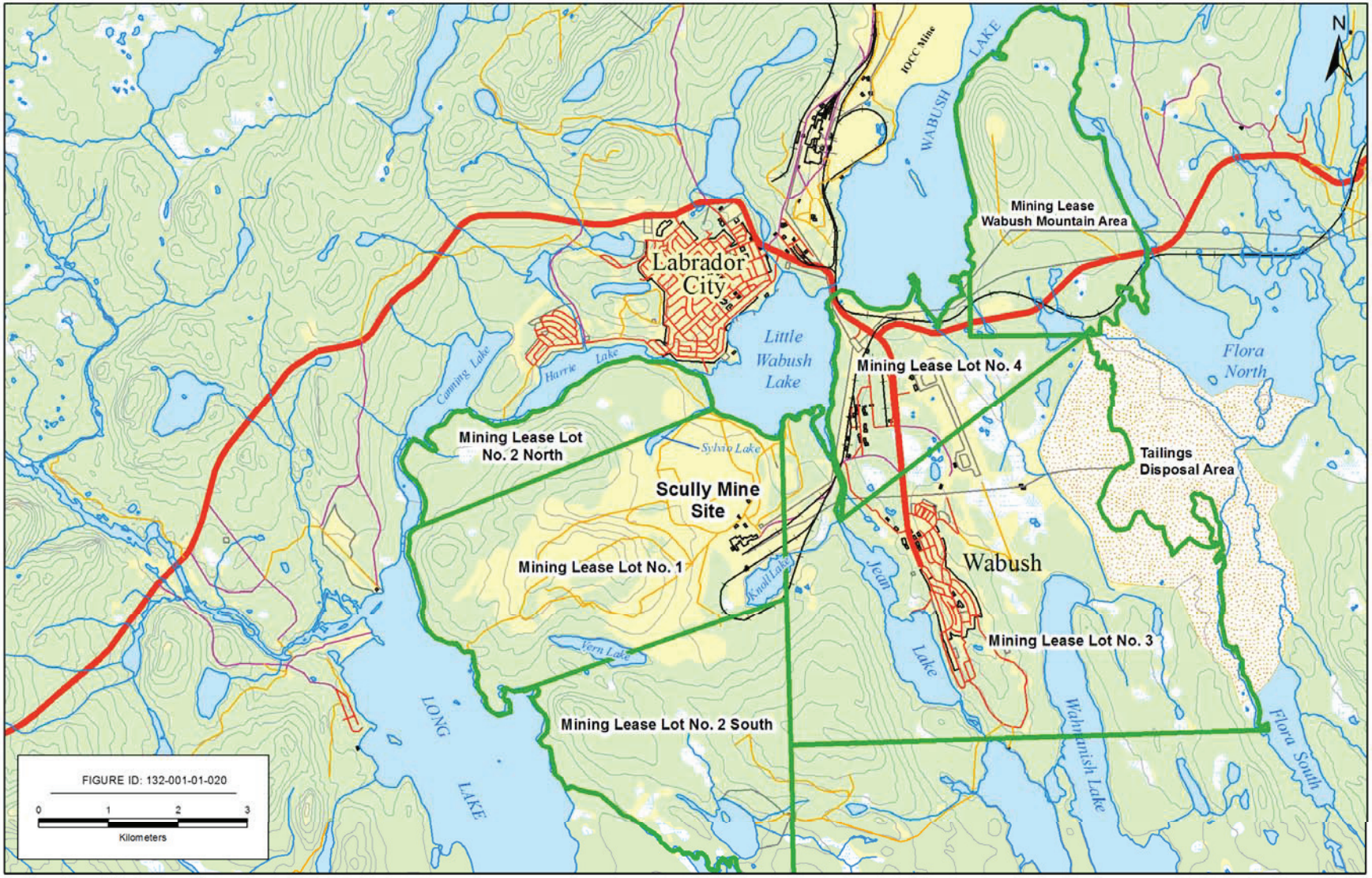
Wabush Lake Railway Company

All real property described in the indenture dated 31 October 1961 between Wabush Iron and Wabush Lake Railway Company Limited and registered in the Registry of Deeds for Newfoundland and Labrador at Volume 559, Folios 383 to 389, excepting all portions of that real property that have been sold, assigned by conveyed by Wabush Lake Railway Company Limited to any third parties in deeds of sale, assignment or conveyance registered in the Registry of Deeds for Newfoundland and Labrador.

Indenture dated 30 September 1981 made between Newfoundland and Labrador Housing Corporation, as vendor, and Wabush Lake Railway Company Limited, as purchaser, registered in the Registry of Deeds for Newfoundland and Labrador at Roll 8858, Frame 664.

Map of Mineral Properties

- See Attached -



MAGNETATION SMART MINERAL RECOVERY	MagGlobal Development Plan	FIGURE NO: Figure 2.5	PREPARED BY: SEM
	Mine Lease Locations	COORDINATE SYSTEM: UTM Zone 19	DATE: 10/03/2017

SCHEDULE B
DEFINITIONS

(1) "**Accepting Shareholder**" has the meaning given to such term in Section 15.8(1);

(2) "**Acquiring Shareholder**" has the meaning given to such term in Section 13.2(2);

(3) "**Acquisition Costs**" has the meaning given to such term in Section 13.2(2);

(4) "**Acquisition Notice**" has the meaning given to such term in Section 13.2(3);

(5) "**Additional Management Incentives**" has the meaning given to such term in Section 7.5(2);

(6) "**Additional Rights**" has the meaning given to such term in Section 13.2(2);

(7) "**Affiliate**", in reference to a specified Person, means any other Person that directly or indirectly controls, is controlled by, or is under common control with, such specified Person;

(8) "**Agenda**" has the meaning given to such term in Section 6.4(4);

(9) "**Agreed Contribution**" means the agreed initial contribution of a Shareholder, being $46 million in the case of Proterra under the Proterra Subscription Agreement and $20 million in the case of MagGlobal under the MagGlobal Subscription and Contribution Agreement;

(10) "**Agreement**" means this Shareholders' Agreement and its schedules, as amended and modified from time to time;

(11) "**Applicable Accounting Standards**" means International Financial Reporting Standards as issued and amended from time to time by the International Accounting Standards Board and interpretations thereof published by the International Financial Reporting Interpretations Committee;

(12) "**Applicable Law**" or "**Applicable Laws**" means all applicable federal, provincial, territorial, state, regional and local laws (statutory or common), rules, ordinances (including zoning and mineral removal ordinances), regulations, grants, concessions, franchises, licences, orders, directives, judgments, decrees, and other governmental restrictions, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature (including Environmental Laws and any applicable securities laws or regulations, and any applicable rules of any stock exchange imposing disclosure requirements);

(13) "**Approved Budget**" has the meaning given to such term in Section 6.9(3);

(14) "**Arbiter**" has the meaning given to such term in Section 19.3(1);

(15) "**Area of Interest**" means all lands in Labrador and Quebec that lie within 10 km of the outermost boundaries of the Properties;

(16) "**Asset Acquisition**" the acquisition by the Company of the Purchased Assets and the assumption of the Assumed Liabilities pursuant to the terms of the Asset Purchase Agreement;

(17) "**Asset Purchase Agreement**" means the asset purchase agreement among Wabush Iron Co. Limited, Wabush Resources Inc., Wabush Lake Railway Company Limited, MagGlobal and the Company dated June 2, 2017, as amended June 16 , 2017, pursuant to which the Company will acquire the Purchased Assets and assume the Assumed Liabilities;

(18) "**Assets**" means the Properties, the Products, the Business Information, and all other real property, personal property, tangible or intangible, contract rights and other assets currently held by the Company or hereafter acquired by of the Company whether pursuant to the Asset Acquisition or otherwise;

(19) "**Assumed Liabilities**" has the meaning given to such term by in the Asset Purchase Agreement;

(20) "**Auditor**" has the meaning given to such term in Section 6.7;

(21) "**Authorisations"** means all authorisations, leases, licences, permits, concessions, approvals and consents of and from any Governmental Authority which are necessary or desirable for the conduct of any activity, enterprise or undertaking, including Operations, on the Properties;

(22) "**BCICAC**" has the meaning ascribed to such term in Section 19.1(1);

(23) "**Board**" means the board of directors of the Company;

(24) "**Budget**" means a detailed estimate of all Costs to be incurred and a schedule of estimated cash advances to be made by the Shareholders with respect to a Program;

(25) "**Business**" means the conduct of the business of the Company in furtherance of the purposes set forth in Section 2.1, as such business may be changed in accordance with this Agreement;

(26) "**Business Account**" means the bank account to be maintained by the Company for the Business;

(27) "**Business Day**" means any day that is not a weekend or a holiday in Vancouver, British Columbia or Wabush, Newfoundland and Labrador or New York, New York;

(28) "**Business Information**" means (i) the terms of the Asset Purchase Agreement, the MagGlobal Subscription and Contribution Agreement, the Proterra Subscription Agreement and any other agreement relating to the Asset Acquisition, (ii) the terms of this Agreement and any other agreement relating to the Business, (ii) the Records and Data, and (iii) all information, data and knowledge or know-how, in whatever form and however

communicated, developed, conceived, originated or obtained by the Company in connection with the Asset Acquisition, the MagGlobal Subscription and Contribution Agreement or otherwise;

(29) "**Capital Costs**" means all costs which are generally regarded in the international mining industry as costs of a capital nature;

(30) **"Care and Maintenance Level Budget"** means a budget reflecting the activities and related costs to (i) complete activities currently in progress that were provided for in the most recently approved Program and Budget and that the Board has determined are necessary or desirable to complete, and (ii) maintain Operations at a level necessary to maintain and protect the Properties and to comply with all contractual and regulatory obligations related thereof;

(31) "**Cash Call**" has the meanings given to such term in Section 9.1;

(32) "**Cause**" means (a) any material neglect of duty or misconduct by the Key Executive in discharging his duties and responsibilities; (b) any act or failure to act the result of which by the Key Executive is materially detrimental to the business or reputation of the Company; (c) repeated failure on the part of the Key Executive to perform his/her duties following written notification by the Company of his failure to perform such duties; (d) any material failure or refusal by the Key Executive to comply with the policies, rules and regulations of the Company; (e) the Key Executive's conviction of any criminal offence where such conviction is materially detrimental to the business or reputation of the Company; (f) commission of an act of fraud, embezzlement, or misappropriation by the Key Executive of the Company's property or assets; or (g) any other act or omission or series of acts or omissions by the Key Executive that would in law permit the Company to, without notice or payment in lieu of notice, terminate his/her employment;

(33) "**CEO**" means Mr. Larry Lehtinen, the initial Chief Executive Officer of the Company, or any Person appointed as Chief Executive Officer of the Company from time to time by the Board in accordance with this Agreement;

(34) "**Chairman**" has the meaning given to such term in Section 6.2;

(35) "**Class A Restricted Shares**" means the Class A non-voting shares in the capital of the Company issued under the Management Incentives having the terms set out in the Executive Shareholder Agreement;

(36) "**Class B Restricted Shares**" means the Class B non-voting shares in the capital of the Company issued under the Management Incentives having the terms set out in the Executive Shareholder Agreement;

(37) "**Commencement of Commercial Production**" means, in respect of the Mine, the achievement for the first time of Commercial Production from such Mine;

(38) "**Commercial Production**" means, in respect of the Mine, the operation of such Mine for the commercial production, transportation and sale of Products, being at the volume and for the period that is stipulated to be commercial production in the Initial Feasibility Study or

any other relevant Feasibility Study in respect of such Mine, if any such volume and period is so specified, but does not include bulk sampling or preparation for testing purposes or the operation of a pilot plant;

(39) "**Committed Amount**" means, in respect of each Shareholder, the difference between such Shareholder's Agreed Contribution and the amount contributed on the Signature Date, such Committed Amount being $4,000,000 in the case of Proterra and $817,306 in the case of MagGlobal;

(40) "**Committee Chair**" has the meaning given to such term in Section 6.3(3);

(41) "**Continuing Obligations**" mean obligations or responsibilities arising under Applicable Laws or contracts that are reasonably expected to continue or arise after Mining on a particular area of the Properties have ceased or are suspended, such as future monitoring, stabilization or Environmental Compliance;

(42) "**Contributing Shareholder**" means a Shareholder that has elected to contribute its Proportionate Share to an Approved Budget;

(43) "**control**" when used to describe a relationship between one Person (or group of Persons acting jointly or in concert) and any other Person, has the following meanings:

(i) a Person (or group of Persons acting jointly or in concert) controls a body corporate if securities of the body corporate to which are attached more than 45% of the votes that may be cast to elect directors of the body corporate are beneficially owned by such Person (or such group of Persons) and no other Person (or group of Persons acting jointly or in concert) controls more than 44.99% of such votes;

(ii) a Person (or group of Persons acting jointly or in concert) controls an unincorporated entity, other than a limited partnership, if more than 45% of the ownership interests that carry voting rights, however designated, into which the entity is divided are beneficially owned by such Person (or such group of Persons) and no other Person (or group of Persons acting jointly or in concert) controls more than 44.99% of such ownership interests;

(iii) a general partner of a limited partnership controls the limited partnership;

(iv) a Person (or group of Persons acting jointly or in concert) who controls an entity is deemed to control any entity that directly or indirectly is controlled, or deemed to be controlled, by the entity; and

(v) a Person (or group of Persons acting jointly or in concert) is deemed to beneficially own, for the purposes of subparagraph (i) or (ii):

A. any securities of the entity that are beneficially owned by that Person (or that group of Persons), and

B. any securities of the entity that are beneficially owned by any entity directly or indirectly controlled by that Person (or that group of Persons), and

C. any securities of the entity that are beneficially owned by any family member related to that Person (or that group of Persons),

and the terms "**controls**" and "**controlled**" have corresponding meanings;

(44) "**Costs**" means all direct costs, outlays, obligations, liabilities, charges and expenses of any kind or nature (a) actually incurred or chargeable to the Company; or (b) incurred or funded by the Shareholders in fulfilment of their respective obligations under Article 8 or Article 9, if any, in each case in connection with Operations, and Costs and include the following:

(i) all costs of or related to the mining and processing of the Products and the operation of any Facilities and all costs of or related to the Products, including marketing, transportation, commissions and/or discounts at rates which are normal and customary in the mining industry;

(ii) all costs and expenses of replacing, expanding, modifying, altering or changing, from time to time, any Facilities used in the Operations; provided that costs and expenses of improvements that are also used in connection with workings other than the Properties shall be charged to the Properties only in the proportion that their use in connection with the Properties bears to their total use;

(iii) such amount of cash for working capital as is required to be contributed for the operation of any of the Properties as a Mine;

(iv) all costs of or related to operating employee facilities, including housing and transportation of employees to and from the Properties;

(v) all duties, charges, levies, royalties, interests and Taxes (excluding Taxes, whether direct or by withholding, levied on the income of the Shareholders) applicable to Mining, including all relevant mining taxes and governmental levies of a similar nature, and other payments imposed by any Governmental Authority upon or in connection with operating the Properties as a Mine or which are paid or payable to any local groups including as benefits to be provided or paid in respect of any aboriginal groups or to any other Third Party;

(vi) fees, wages, salaries, travelling expenses and fringe benefits (whether or not required by Applicable Laws) of all Persons directly engaged in respect of and for the benefit of the Properties and all costs involved in paying for the food, lodging and other reasonable needs of such Persons;

(vii) all costs of consulting, legal, accounting, insurance and other services incurred by the Company and directly related to the Operations;

(viii) expenditures incurred with respect to the Properties after Commencement of Commercial Production from a Mine on the Properties including both for Exploration within the area of such Mine and outside the area of such Mine;

(ix) all annual Capital Costs for the normal, efficient operation of any of the Properties as a Mine including all costs of construction, equipment and Development including for maintenance, repairs and replacements, and all costs, including Capital Costs, associated with an expansion thereof;

(x) all costs in connection with or as a result of any Applicable Laws, including all costs in connection with Environmental Compliance incurred by the Company;

(xi) any costs or expenses incurred by the Company relating to the termination of the operation of any of the Properties as a Mine, including all contributions to the Reclamation Fund relating thereto;

(xii) any other costs of funding the Reclamation Fund;

(xiii) interest on monies borrowed or advanced for costs and expenses, but in no event in excess of the maximum permitted by Applicable Laws; and

(xiv) rental, royalty, production, and purchase payments;

provided that, except where specific provision is made otherwise, all Costs shall be determined in accordance with this Agreement and Applicable Accounting Standards but shall not include any amount in respect of amortization of Costs, depletion or depreciation;

(45) "**Defaulted Interest**" has the meaning given to such term in Section 21.3;

(46) "**Defaulting Shareholder**" means a Shareholder that has committed a Payment Default or an Event of Default, as the context requires;

(47) "**Defaulting Transferor**" means a Shareholder who is bound to transfer its Shares or submit its Shares for cancellation under this Agreement and defaults in so Transferring or submitting such Shares for cancellation;

(48) "**Developed IP**" means any and all discoveries, inventions, processes, methods, techniques, know-how, and Intellectual Property Rights and other proprietary rights, expressed in whatever form and may include technical information, procedures, formulae, protocols, software, specifications, flowcharts, instructions, data, and other documents and materials that are learned, owned, generated, developed or acquired by the Company on or after the Signature Date;

(49) "**Development**" means all preparation for the removal and recovery of Products, including construction and installation of a Mine or any other improvements to be used for the Mining of Products and start of Operations, and all related Environmental Compliance, but for greater certainty shall not include Exploration;

(50) "**Development Decision**" means an express resolution of the Board (approved by Special Consent of the Shareholders if applicable) to commence Development of the Mine contemplated by the Initial Feasibility Study. For the avoidance of doubt, the approval by the Board (approved by Special Consent of the Shareholders if applicable) of the Initial Feasibility Study does not, in itself, constitute a Development Decision;

(51) "**Director**" means any individual who has been elected or appointed to the Board in accordance with the provisions of this Agreement;

(52) "**Disputing Parties**" has the meaning given to such term in Section 19.1 and "**Disputing Party**" means any one such party;

(53) "**Distributable Cash**" means, in respect of any period, the lesser of:

(i) all cash and cash equivalents (other than cash from Share Subscription, Project Financing or other financing activities) after providing for current liabilities, operation expenses, debt service, royalties, taxes, working capital and cash committed but not expended (for the purposes of this definition, cash shall be considered to be committed if it relates to matters contemplated by an Approved Budget or to reasonable contingencies and reserves established by the Board); and

(ii) the maximum amount permissible for distributions to Shareholders during or in respect of the period in accordance with the terms of any third party loan or other agreement in effect during the period which limits distributions to Shareholders;

(54) "**Effective Date**" means the closing date of the Asset Acquisition pursuant to the Asset Purchase Agreement;

(55) "**Encumbrance**" means any encumbrance or title defect of whatever kind or nature, regardless of form, whether or not registered or registrable and whether or not consensual or arising by Applicable Law, including any mortgage, lien, charge, pledge or security interest, whether fixed or floating, or any assignment, lease, option, right of pre-emption, privilege, encumbrance, easement, hypothec, pledge, title retention agreement, reservation of title, servitude, right of way, restrictive covenant, right of use or any matter capable of registration against title or any other right or claim of any kind or nature whatever which affects ownership or possession of, or title to, any interest in, or the right to use or occupy, property or assets; and "**Encumber**" means to create an Encumbrance on real or personal property; and words like "**Encumbered**" and "**Encumbering**" have cognate meanings;

(56) "**Engineering Firm**" has the meaning given to such term in Section 6.12(1);

(57) "**Environmental Compliance**" means actions taken, or refrained from being taken in order to comply with the requirements of all Environmental Laws or contractual commitments related to reclamation of the Properties or other compliance with Environmental Laws;

(58) "**Environmental Laws**" means Applicable Laws aimed at reclamation or restoration of the Properties; abatement of pollution; protection of the environment; protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural or historic resources; management, storage or control of hazardous materials or substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances as wastes into the environment, including ambient air, surface water and groundwater; and all other Applicable Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or hazardous wastes;

(59) "**Environmental Liabilities**" means any and all claims, actions, causes of action, damages, losses, liabilities, obligations, fines, penalties, judgments, amounts paid in settlement, assessments, costs, disbursements, or expenses (including attorneys' fees and costs, experts' fees and costs, and consultants' fees and costs) of any kind or of any nature whatsoever that are asserted against the Company or any Shareholder, by any Person other than any such listed party, alleging liability (including liability for studies, testing or investigatory costs, cleanup costs, response costs, removal costs, remediation costs, containment costs, restoration costs, corrective action costs, closure costs, reclamation costs, natural resource damages, property damages, business losses, personal injuries, penalties or fines) arising out of, based on or resulting from (i) the presence, release, threatened release, discharge or emission into the environment of any hazardous materials or substances existing or arising on, beneath or above the Properties or emanating or migrating or threatening to emanate or migrate from the Properties to off-site properties; (ii) the physical disturbance of the environment; or (iii) the violation or alleged violation of any Environmental Laws;

(60) "**Event of Default**" has the meaning given to such term in Section 16.1;

(61) "**Expansion Decision**" means an express resolution of the Board (approved by Special Consent of the Shareholders if applicable) to commence Development of a new Mine or a material expansion or optimization of an existing Mine contemplated by a Feasibility Study. For the avoidance of doubt, the approval by the Board (approved by Special Consent of the Shareholders if applicable) of a Feasibility Study does not, in itself, constitute an Expansion Decision;

(62) "**Expert**" means an independent expert with appropriate qualifications and experience in the context for which an expert is required under this Agreement:

(i) appointed by the agreement of the Shareholders; or

(ii) in the absence of agreement of the Shareholders within five Business Days of any Shareholder calling for the appointment of an Expert, nominated (which nomination shall bind the Shareholders) at the request of any Shareholder by:

A. in the case of a legal matter, the president (or similar executive officer), for the time being, of the governing body of the legal profession in British Columbia;

B. in the case of a financial matter, the Auditor; or

C. in any other case, the president (or similar executive officer), for the time being, of the Canadian Institute of Mining, Metallurgy and Petroleum.

provided that:

D. in the case of any mining technical matter, the Expert shall make its determinations in accordance with objective valuation methods commonly utilized in the international mining industry and standards generally accepted by mining professionals in the international mining industry (the

selection of applicable standards and guidelines being a matter to be determined by the Expert in its sole discretion); and

E. the Expert may, in the sole discretion of the Expert, obtain the advice of any other independent expert in relation to matters outside of the ordinary expertise of the Expert;

(63) "**Expert Resolvable Deadlock**" has the meaning set forth in Section 6.10(1);

(64) "**Exploration**" means all activities directed toward ascertaining the existence, location, quantity, quality or commercial value of deposits of possible Products (including geophysical surveys, geochemical surveys, geological mapping, drilling, obtaining permits and other related administrative activities related to the Properties and claim maintenance but excluding engineering and surveys related to production permitting for adjacent properties), and includes related Environmental Compliance;

(65) "**Executive Shareholder Agreement**" has the meaning given to such term in Section 7.5(4).

(66) "**Existing Management Incentives**" has the meaning given to such term in Section 7.5(1);

(67) "**Facilities**" means all mines and plants including all pits and haulage ways, and all buildings, plants and other structures, fixtures and improvements, mobile equipment, stores of a capital and consumable nature, and all other property, infrastructure, utilities, housing, rail-loading, rail and roads, whether fixed or moveable, as the same may exist at any time, in or on the Properties or outside the Properties if they materially relate to the Properties;

"**Fair Market Value**" means, in respect of the fair market value of anything contemplated in this Agreement, the fair market value thereof agreed, from time to time, between the Shareholders or, failing agreement between them, the valuation of the fair market value of such thing determined on the basis that the sale takes place in a single transaction in an open and unrestricted market between prudent parties, acting at arm's length and under no compulsion to act, and having reasonable knowledge of all relevant facts about such thing, made in accordance with Section 19.7;

(68) "**Feasibility Assumptions**" means:

(i) a feasibility study, including the reporting of mineral reserves according to the definition standards of the Canadian Institute of Mining, Metallurgy and Petroleum, as determined by qualified persons and reported in accordance with National Instrument 43-101 for the Properties owned at the Effective Date;

(ii) forecast iron ore prices and foreign exchange rates based on the consensus forecasts of the following seven investment banks: Credit Suisse, Macquarie Group, JP Morgan, Morgan Stanley, Bank of America Merrill Lynch, Deutsche Bank and BMO;

(iii) forecast steady state annual iron ore concentrate product sales in excess of 5.5 million dry tonnes per annum;

(iv) forecast iron ore concentrate product specification in line with (or at premium to) the specifications as summarized in the iron ore sale and purchase contract dated April 5, 2017 between the Company and Cargill International Trading Pte Ltd.; and

(v) forecast post-tax net present values based on project discount rates of 8% and 10% (in real terms).

(69) "**Feasibility Incentive Criteria**" has the meaning given to such term in Section 7.5(1)(i);

(70) "**Feasibility Study**" means any comprehensive study or report undertaken on behalf of the Company of a mining project in relation to the Properties in which geological, engineering, legal, operating, economic, social, environmental, sustainable development and other relevant factors are considered in sufficient detail that such study could reasonably serve as the basis for a final decision by a financial institution to finance the development of such mining projects which are compliant with the Technical Standard and have been approved by the Board;

(71) "**Financing Plan**" has the meaning given to such term in Section 6.13(1);

(72) "**Funds**" means the Black River Capital Partners Fund (Metals & Mining A) LP and the Black River Capital Partners Fund (Metals & Mining B) LP;

(73) "**Governmental Authority**" means any (i) national, federal, provincial, territorial, regional, county, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) subdivision or authority of any of the foregoing, (iii) securities regulatory authority or stock exchange, and (iv) quasi-governmental, self-regulatory organization or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; in each case, having jurisdiction in the relevant circumstances;

(74) "**ICA Rules**" has the meaning ascribed to such term in Section 19.1(1);

(75) "**Indirect Transfer**" means, in respect of any Shareholder, a Change of Control of such Shareholder provided that for the purposes of this definition of "Indirect Transfer":

(i) a "**Change of Control"** of a Shareholder shall occur if the Shareholder comes to have an Ultimate Control Person who was not the Ultimate Control Person of that Shareholder or no Ultimate Control Person as of the Effective Date;

(ii) the **"Ultimate Control Person"** of a Shareholder is the Person who ultimately controls the Shareholder, whether directly or indirectly through Affiliates, and where such control is exercised by the Ultimate Control Person indirectly through other Affiliates of the Ultimate Control Person, the replacement, insertion or removal of any such Affiliates shall not constitute a Change of Control; provided that the Ultimate Control Person continues, notwithstanding such replacement or removal, to control the Shareholder as aforesaid, and provided further that, in the case of Proterra, control of Proterra Investment Partners LP shall be disregarded for all purposes of this Agreement;

(iii) the Parties record that, as of the Effective Date, the Ultimate Control Person of Proterra is Proterra Investment Partners LP; and

(iv) the Parties record that, as of the Effective Date, the Ultimate Control Person of MagGlobal is the Lehtinen Family;

(76) "**Initial Budget**" means the initial budget for the Company for the preparation of the Initial Feasibility Study attached to this Agreement as Schedule H and for the purposes of this Agreement such Initial Budget shall also be deemed to be an "Approved Budget";

(77) "**Initial Feasibility Study**" has the meaning given to such terms in Section 6.12(1);

(78) "**Initial Price**" means $1.00 per Share;

(79) "**Insolvency Event**" means, with respect to a Party, any one or combination of the following or any event or circumstance analogous to the following:

(i) the commencement of proceedings for a voluntary winding up or dissolution of the Party (otherwise than as part of a bona fide amalgamation, takeover, or corporate reorganization), or the commencement of involuntary proceedings for the winding-up or dissolution of the Party if such proceedings are not contested by the Party in good faith;

(ii) a mortgagee taking possession of, or commencing the disposition of, all or substantially all of the Party's assets, operations or business;

(iii) the commencement of proceedings by the Party under applicable bankruptcy or insolvency legislation in respect of the disposition of the Party's debts, or the taking by the Party of any similar step under any similar legislation to effect an arrangement between the Party and its creditors; or

(iv) the appointment of an administrator, receiver, receiver and manager or trustee in bankruptcy for all or substantially all of the assets of the Party otherwise than as part of a bona fide amalgamation, takeover, or corporate reorganization, or the commencement of involuntary bankruptcy proceedings against the Party, if such proceedings are not contested by the Party in good faith;

(80) "**Insured Parties**" and "**Insured Party**" have the meaning given to such terms in Section 18.3(1);

(81) "**Intellectual Property Rights**" means any and all proprietary rights provided under patent law, copyright law, trade-mark law, design patent or industrial design law, semi-conductor chip or mask work law, or any other Applicable Laws, including trade secret law, that may provide a right in ideas, formulae, algorithms, concepts, inventions, know-how, computer software, database or design, or the expression or use thereof;

(82) "**Intervening Event**" has the meaning given to such term in Section 20.1;

(83) "**IPO**" means:

(i) the listing and posting for trading of the Shares of the Company on a Recognized Exchange; or

(ii) a take-over bid, plan of arrangement, amalgamation, recapitalization, reorganization or other business combination involving the Company and/or the Shareholders where the Shareholders receive non-restricted equity securities which are listed on a Recognized Exchange and which are not subject to resale restrictions (other than those applicable to "control persons" under applicable securities laws).

(84) "**Key Management Team**" means those individuals identified as such in Schedule E.

(85) "**Legal Claim**" means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit or proceeding and any loss, liability, damage, expense (including legal fees), notice, demand or claim resulting therefrom or any other claim or demand of whatever nature or kind;

(86) "**Lehtinen Family**" means Larry Jon Lehtinen, his Spouse Teresa Ann Lehtinen, and their adult children Matthew Lehtinen, Jessica Sgarlata, Lucas Lehtinen and their Spouses and children and issue along with their Affiliates (including any family trusts, all of the beneficiaries of which are members of the Lehtinen Family);

(87) "**Lender**" has the meaning given to such term in Section 15.7(2);

(88) "**LIBOR**" means the interest rate per annum for deposits in U.S. dollars for a 360-day period equal to:

(i) the rate which appears on the Reuters screen LIBOR 1 page at or about 11:00 a.m. London time on the Business Day in London before the first day of any interest period, provided that, if two or more such offered rates are indicated on such page, LIBOR shall be the rate that equals the arithmetic mean (expressed as a decimal fraction to five decimal places) of such offered rates, and provided further that if such interest period is not equal to any period shown on such page, LIBOR shall be the rate determined by interpolation from the rates for the next longer and next shorter periods shown on such page, using the number of days as the basis for the interpolation, expressed as a decimal fraction to five decimal places; or

(ii) if a rate is not determinable pursuant to paragraph (i) at the relevant time, the average (expressed as a decimal fraction to five decimal places) of the rates of interest, expressed as rates of interest per annum on the basis of a year of 360 days, at which deposits in U.S. dollars are offered by the principal lending offices in London, England of any three leading banks selected by the Board for London inter-bank deposits in U.S. dollars to prime banks at or about 11:00 a.m. London time on the Business Day in London before the first day of any such interest period for a period comparable to such interest period and in an amount comparable to the amount hereunder to be outstanding during such interest period;

(89) "**Liquidity Incentive Criteria**" has the meaning given to such term in Section 7.5(1)(ii);

(90) "**Losses**" means any and all damages, fines, penalties, deficiencies, losses, costs, fees and expenses (including interest, court costs and reasonable fees and expenses of lawyers, accountants and other experts and professionals);

(91) "**MagGlobal**" means MagGlobal LLC and its successors and permitted assigns under this Agreement;

(92) "**MagGlobal Subscription and Contribution Agreement**" means the subscription and transfer agreement between the Company and MagGlobal dated June 30, 2017;

(93) "**Majority Shareholder**" has the meaning given to such term in Section 15.5;

(94) "**Management Incentives**" has the meaning given to such term in Section 7.5(2);

(95) "**Management Team**" means those individuals identified as such in Schedule D;

(96) "**Mine**" means the workings established and Assets acquired, obtained or constructed in order to bring the Properties or a portion thereof into (and to maintain) Commercial Production, including any Facilities related thereto;

(97) "**Mineral Properties**" means the mineral claims and mineral leases owned by the Company from time to time including, upon completion of the Asset Acquisition, those mineral claims and mineral leases that are described in the tables set out under the heading "Description of Mineral Properties" in Schedule A and the areas of which are outlined on the map set out under the heading "Map of Mineral Properties" in Schedule A;

(98) "**Mineral Rights**" means mineral claims, prospecting licences, mining leases, mineral concessions and other forms of tenure or other rights to Minerals or to work upon land for the purpose of searching for, developing or extracting Minerals under any form of title recognized under the Applicable Laws, whether contractual, statutory or otherwise, or any interest therein;

(99) "**Minerals**" means any and all ores and minerals, precious and base, metallic and non-metallic (and concentrates derived therefrom), in, on or under the Properties and the Area of Interest which may lawfully be explored for, mined and sold;

(100) "**Mining**" means extracting, producing, handling, milling, preparation or other processing or beneficiation of Products, and includes related Environmental Compliance;

(101) "**Mining Dispute**" has the meaning given to such term in Section 19.1(2)(i);

(102) "**Modifications**" means any or all changes, enhancements, additions, modifications, bug fixes, improvements or derivative works created, developed, or made by a Party when performing its obligations under this Agreement;

(103) "**Negative Development Decision**" has the meaning given to such term in Section 6.12(4)(ii);

(104) "**Non-Acquiring Shareholder**" has the meaning given to such term in Section 13.2(2);

(105) "**Non-Contributing Shareholder**" has the meaning given to such term in Section 8.4(3);

(106) "**Non-Defaulting Shareholder**" means the other Shareholder where a Shareholder has committed a Payment Default or an Event of Default, as the context requires;

(107) "**Non-Mining Dispute**" has the meaning given to such term in Section 19.1(2)(ii);

(108) "**Non-Target Shareholder**" has the meaning given to such term in Section 15.4(1);

(109) "**Notice**" has the meaning given to such term in Section 23.1;

(110) "**Notice of Default**" means *a written notice specifying the nature* of the Event of Default delivered by the Non-Defaulting Shareholder to the Defaulting Shareholder pursuant to Section 16.2;

(111) "**Notice to Acquire**" has the meaning given to such term in Section 16.3(2);

(112) "**Notified Shareholder**" means, as the case may be, the Recipient Shareholder in accordance with Section 15.3(1), a Non-Target Shareholder in accordance with Section 15.4(1) or a Non-Defaulting Shareholder in accordance with Section 16.3(2);

(113) "**Offered Interest**" has the meaning given to such term in Section 15.1;

(114) "**Operations**" means the activities carried out by or at the direction of the Company in relation to the Properties after the Effective Date;

(115) "**Ownership Interest**" means, of any Shareholder as of any date, the Shareholder's rateable ownership of Shares expressed as a percentage, which percentage is determined by dividing the number of Shares owned by the Shareholder by the total number of issued and outstanding Shares. Ownership Interests shall be rounded to two decimal places (e.g. 1.519% rounded to 1.52%). Decimals of .005 or more shall be rounded up to .01; decimals of less than .005 shall be rounded down. The combined Ownership Interest of the Shareholders shall at all times be equal to 100%;

(116) "**Parties**" mean the parties to this Agreement, and "**Party**" means any one such party, or a particular such party, as the context requires;

(117) "**Payment Default**" has the meaning given to such term in Section 9.2;

(118) "**Performance Hurdle**" means a price per Share of not less than $3.00 per Share;

(119) "**Person**" means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability company, joint stock company, trust, unincorporated association, joint venture, juridical person or Governmental Authority, and related personal pronouns have a similarly extended meaning, as the context requires;

(120) "**Positive Development Decision**" has the meaning given to such term in Section 6.12(4)(i);

(121) "**Products**" means all Minerals produced from the Properties pursuant to this Agreement;

(122) "**Program**" means a description in reasonable detail of Operations to be conducted and objectives to be accomplished by the Management Team on behalf of the Company for a particular period;

(123) "**Program Period**" means the time period covered by an Approved Budget adopted in accordance with 8.2(1);

(124) "**Project Financing**" has the meaning given to such term in Section 6.13(1);

(125) "**Properties**" means (i) the Mineral Properties, (ii) the Additional Rights in respect of which an Acquisition Notice is given in accordance with this Agreement, (iii) any mineral or subsurface rights, surface rights or ancillary rights acquired by or on behalf of the Company outside of the Area of Interest, and (iv) any claims, permits, leases, or other forms of tenure substituted, renewed or amended for the interests specified in clauses (i) and (iii) of this definition or issued in consequence of such interests, whether extending over a greater or lesser area than such interests;

(126) "**Proportionate Share**" means, in relation to a particular Shareholder the amount of Cash Calls to be paid by such Shareholder obtained by multiplying the Shareholder's then Ownership Interest by the total amount of the relevant Approved Budget;

(127) "**Proterra**" means Proterra M&M MGCA B.V. and its successors and permitted assigns under this Agreement;

(128) "**Proterra Subscription Agreement**" means the subscription agreement among the Company, MagGlobal, Proterra, Black River Capital Partners Fund (Metals and Mining A) LP, Black River Capital Partners Fund (Metals and Mining B) LP and David J. Durrett dated June 30, 2017;

(129) "**Purchased Assets**" has the meaning given to such term in the Asset Purchase Agreement;

(130) "**Recipient Shareholder**" has the meaning given to such term in Section 15.3(1);

(131) "**Recipient's Offered Interest**" has the meaning given to such term in Section 15.3(1);

(132) "**Reclamation Fund**" means any fund which may be established and administered by the Management Team to cover the costs of reclamation and closure activities (including Continuing Obligations and Environmental Compliance) required by Applicable Laws and resulting from Operations;

(133) "**Recognized Exchange**" means one of the following recognized national stock exchanges: the London Stock Exchange, the New York Stock Exchange, the Toronto Stock Exchange, the TSX Venture Exchange, the Australian Stock Exchange, the Johannesburg Stock Exchange, the Hong Kong Stock Exchange and the NASDAQ Stock Market;

(134) "**Records and Data**" means all of the books, records, books of account, business analyses and plans, surveys, building plans and specifications, warranties, bills of sale, environmental analyses and assessments, records, data, surveys, maps, geological and technical information, geophysical and geological reports, technical reports, physical

samples (including rock, till, bulk and core), agreements, notices, correspondence and other communications and all other documents, files, records and information, financial or otherwise, associated with or related to the Properties, within the control or possession of the Company, as the case may be, including all data and information stored electronically, digitally or on computer related media;

(135) "**Related Party**" means:

(i) any Shareholder or any Affiliate of a Shareholder;

(ii) directors, officers or supervisors of any Shareholder or any Affiliate of a Shareholder or the Company;

(iii) any Person holding or having the ability to exercise control over more than five percent of any class of securities of the Company, a Shareholder or any Affiliate of the Company or of a Shareholder; or

(iv) or any Person controlled by the Persons listed in subparagraphs (i) to (iv) above;

(136) "**Relevant Year**" has the meaning given to such term in Section 6.9(3);

(137) "**Representative**" means, with respect to any Person, any director, officer, manager, employee, consultant, mandatory, accountant, insurer, agent or counsel of that Person or an Affiliate of that Person;

(138) "**Required Disclosure**" has the meaning given to such term in Section 17.3(1);

(139) "**Restricted Shares**" means the Class A Restricted Shares and the Class B Restricted Shares;

(140) "**Sale Procedure**" means the terms set forth in Section 15.8;

(141) "**Sanctioned Person**" means:

(i) any Person that is sanctioned under any economic or trade sanction, regulation, statute or official embargo measure imposed by the United Nations or the laws of the United States of America, the European Union, the United Kingdom, Australia, Canada or any other country; and

(ii) includes any Person named in the 'Specially Designated Nationals and Blocked Persons' list maintained by the United States Department of the Treasury or any similar or equivalent list maintained by the government of any other country;

(142) "**Security Interest**" has the meaning given to such term in Section 15.7(2);

(143) "**Senior Executive Officers**" means:

(i) in respect of Proterra, the member and designated head of the Metals Division of Proterra Investment Partners LLC., from time to time; and

(ii) in respect of MagGlobal, the Chief Executive Officer of MagGlobal, from time to time;

(144) "**Shareholder**" means Proterra or MagGlobal, any permitted successor or assign of Proterra or MagGlobal, or any other Person admitted as a holder of Shares of the Company under this Agreement;

(145) "**Shareholder Information**" means, at any time, any information that, at that time, concerns or relates to a Shareholder and its Affiliates (other than the Company) and their respective businesses and affairs and includes information of a confidential or proprietary nature in respect of such Shareholder and does not include Business Information;

(146) "**Shares**" means the common shares in the capital of the Company;

(147) "**Share Subscription**" means a subscription by a Shareholder for the issue of Shares by the Company to that Shareholder;

(148) "**Shortfall**" has the meaning given to such term in Section 8.4(3);

(149) "**Signature Date**" means the date first written above;

(150) "**Special Consent**" means the prior written consent of each Shareholder (together with its Affiliates) who has an Ownership Interest of at least 15% in the Company at the relevant time;

(151) "**Special Meeting**" has the meaning given to such term in Section 6.4(1);

(152) "**Spouse**" means, in relation to any Person who is an individual, any individual to whom that first mentioned individual is married, and includes a former Spouse;

(153) "**Tag Along Offer**" has the meaning given to such term in Section 15.6(1);

(154) "**Tag Interest**" has the meaning given to such term in Section 15.6(1);

(155) "**Tag Period**" has the meaning given to such term in Section 15.6(1);

(156) "**Tag Shareholder**" has the meaning given to such term in Section 15.6(1);

(157) "**Tag Transaction**" has the meaning given to such term in Section 15.6(1);

(158) "**Target Shareholder**" has the meaning given to such term in Section 15.4(1);

(159) "**Tax**" or "**Taxes**" means all federal, state, provincial, territorial, regional, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a Governmental Authority, including: (i) any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services, value added, severance, stamp, franchise, occupation, premium, capital stock, sales and use, real property, land transfer, personal property, *ad valorem*, transfer, licence, profits, windfall profits, environmental, payroll, employment, employer health, pension plan, anti-dumping, countervail or excise tax; (ii) all withholdings on amounts paid to or by

the relevant Person; (iii) all employment insurance premiums, government pension plan contributions or premiums; (iv) any fine, penalty, interest, or addition to tax; (v) any tax imposed, assessed, or collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee; and (vi) any liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of Applicable Law;

(160) "**Technical Standard**" means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* as adopted by the Canadian Securities Administrators;

(161) "**Third Party**" means any Person other than a Party hereto or an Affiliate or a Related Party of a Party hereto;

(162) "**Third Party Insurance Claim**" has the meaning given to such term in Section 18.4(1);

(163) "**Third Party Offer**" has the meaning given to such term in Section 15.3(1);

(164) "**Transfer**", when used as a verb, means to sell, grant, assign or create an Encumbrance, pledge or otherwise convey, or dispose of or agree or commit to do any of the foregoing, or to arrange for substitute performance by an Affiliate or Third Party (except as permitted under this Agreement), either directly or indirectly; and, when used as a noun, means such a sale, grant, assignment, Encumbrance, pledge or other conveyance or disposition, or such an arrangement; and words such as "**Transferred**" and "**Transferring**" shall have cognate meanings;

(165) "**Transfer Approval**" has the meaning given to such term in Section 15.8(4);

(166) "**Transfer Deadline Date**" has the meaning given to such term in Section 15.8(4);

(167) "**Trigger Offer**" means, as the case may be, a Vendor Notice in accordance with Section 15.3(1), an Indirect Transfer in accordance with Section 15.4 or a Notice to Acquire in accordance with Section 16.3(2);

(168) "**Triggering Shareholder**" means, as the case may be, the Vendor in accordance with Section 15.3(1), a Target Shareholder in accordance with Section 15.4(1) or a Defaulting Shareholder in accordance with Section 16.3(2);

(169) "**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

(170) "**Vendor**" has the meaning given to such term in Section 15.3(1);

(171) "**Vendor Notice**" has the meaning given to such term in Section 15.3(1); and

(172) "**Year**" means a calendar year.

SCHEDULE C
INDEMNIFICATION

THIS AGREEMENT made this _____ day of _____, 20___.

B E T W E E N :

•

(hereinafter called the "**Director**")

and

[Company] a corporation under the laws of British Columbia (hereinafter called the "**Corporation**")

WHEREAS the Corporation has agreed to execute an agreement evidencing its indemnification of the Director to the full extent permitted by law.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the Director and the Corporation covenant and agree as follows:

1. The Corporation shall indemnify and save harmless the Director and the Director's heirs, executors and administrators against all liabilities, costs (including reasonable legal costs), charges and expenses, including without limitation an amount paid to settle an action or satisfy a judgment, arising as a result of the Director's role, capacity or actions in his or her capacity as a director or observer of the board of directors of the Corporation, including in respect of any civil, criminal, quasi-criminal, administrative, or regulatory action or proceeding or investigative action (an "**eligible proceeding**") to which the Director is made a party or in which the Director is involved by reason of being or having been a director or observer of the board of directors of the Corporation or who acts or acted at the Corporation's request as a director or observer of another entity (the "**Other Entity**").

2. The Corporation shall not indemnify and save harmless the Director and the Director's heirs under Section 1 above unless the Director: (a) acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the Other Entity; and (b) in the case of an eligible proceeding other than a civil proceeding, the Director had reasonable grounds for believing that the conduct was lawful.

3. For the purposes of Section 1, the conclusion of any civil, criminal, administrative, investigative or other proceeding by judgment, order, settlement or conviction shall not, of itself, create a presumption either that the Director did not act honestly and in good faith with a view to the best interest of the Corporation or, as the case may be, to the best interests of the Other Entity or that, in the case of an eligible proceeding other than a civil proceeding, the Director did not have reasonable grounds for believing that the conduct was lawful.

4. In respect of an action by or on behalf of the Corporation or the Other Entity to procure judgment in their favour to which the Director is made a party by reason of being or having been a director or

officer of the Corporation or the Other Entity, the Corporation shall make application for approval of the Court to indemnify the Director, the Director's heirs, executors and administrators against all liabilities, costs, charges and expenses reasonably incurred by the Director or on behalf of the Director in accordance with Section 6 below if: (a) the Director acted honestly and in good faith, with a view to the best interests of the Corporation or, as the case may be, to the best interests of the Other Entity, and (b) in the case of an eligible proceeding other than a civil proceeding, the Director had reasonable grounds for believing that the conduct was lawful.

5. Without limiting any of the foregoing, the Corporation shall indemnify the Director if the Director was not judged by the court or other competent authority to have committed any fault or omitted to do anything that the Director ought to have done in respect of any eligible proceeding to which the Director is a party by reason of being or having been a director or observer of the board of directors of the Corporation or the Other Entity against all liabilities, costs, charges and expenses reasonably incurred by the Director or on behalf of the Director in respect of such proceeding if: (a) the Director acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the Other Entity, and (b) in the case of an eligible proceeding other than a civil proceeding, the Director had reasonable grounds for believing the conduct was lawful.

6. The Corporation shall advance monies to pay all reasonable costs, charges and expenses incurred by the Director or on behalf of the Director in defending any eligible proceeding to which the Director is made a party by reason of being or having been a director or observer of the board of directors of the Corporation or the Other Entity, as incurred, in advance of the final disposition of such action or proceeding, within 10 days of receipt of an invoice for such amounts and upon receipt of an undertaking reasonably satisfactory to the Corporation and such Director to repay such amount if the Director is not entitled to be indemnified. In respect of an action by or on behalf of the Corporation or the Other Entity to procure judgment in their favour and in respect of which the Corporation is obligated by Section 4 hereof to make or cause to be made application for approval of the Court to indemnify the Director, the Corporation shall (after receiving the necessary Court approval) pay all such expenses in advance, within 10 days of receipt of an invoice for such amounts and upon receipt of an undertaking reasonably satisfactory to the Corporation and such Director by or on behalf of the Director to repay such amount if the Director is not entitled to be indemnified.

7. This agreement shall not operate to abridge or exclude any other rights to which the Director may be entitled by operation of law under any statute, by laws of the Corporation, agreement, vote of shareholders of the Corporation, vote of disinterested directors of the Corporation or otherwise.

8. This agreement and the benefit and obligation of all covenants herein contained shall enure to the benefit of and be binding on the heirs, executors, administrators, legal representatives and assigns of each of the parties hereto.

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

•

Per: _____
Name:
Title:

)
)
_____)
Witness)
)

_____
Name

SCHEDULE D
MANAGEMENT TEAM

Key Executive Management

1. Larry Lehtinen, Executive Chairman and CEO (until such time as a new CEO is hired by the Board)
2. Chief Executive Officer (if added in future)
3. Joe Broking, Chief Financial Officer
4. Matt Lehtinen, President and Chief Operating Officer

Other Members of the Management Team (partial list)

1. Joe Nielsen, General Manager
2. General Manager, New person to be hired in the future as on-site GM
3. Josh Kraushaar, Manager, Operations and Maintenance
4. Mike Twite, Manager, Environmental
5. Dave Chappie, Manager Electrical
6. Hope Wilson, Manager Accounting
7. Jonathan Sgarlata, Manager Process & Quality
8. Justin Carlson, Process Engineer
9. Jannifer Johnson, Executive Associate
10. [New on site person in maintenance], Manager
11. [New on site person in operations], Manager

SCHEDULE E
MANAGEMENT INCENTIVES

Part 1

Feasibility Incentive Criteria

1. **Feasibility Assumptions**. The Initial Feasibility Study satisfies all of the Feasibility Assumptions.

2. **Internal Rate of Return**. The Initial Feasibility Study demonstrates an internal rate of return equal to or greater than 30% to the Company for development of the Mine contemplated by the Initial Feasibility Study on an after-Tax and pre-financing cost.

3. **Life of Mine**. Initial life of mine for the Mine contemplated by the Initial Feasibility Study must be 20 or more years based on mineral reserves (it being understood that the existing tailings disposal volume allows 15 years of operation at capacity and although additional volume is readily available it will likely not be permitted by the time the Initial Feasibility Study is completed).

4. **Timing**. The Initial Feasibility Study is successfully completed on or before 6 months after the Effective Date.

Part 2

Liquidity Incentive Criteria

1. **Valuation**. The Liquidity Event achieves a pre-money valuation of not less than $2.10 per share.

2. **Amount**. If the Liquidity Event includes an IPO, the IPO raises in excess of $50,000,000 of proceeds to the Company to support, in part, the Project Financing.

3. **Exchange**. If the Liquidity Event includes an IPO, the IPO listing is one of the following stock exchanges: the Toronto Stock Exchange, the Toronto Venture Exchange, the New York Stock Exchange, NASDAQ or the London Stock Exchange (the Main Board or AIM).

4. **Timing**. The Liquidity Event is successfully executed and closed on or before 18 months after the Asset Purchase Agreement is closed.

For purposes of the foregoing, "**Liquidity Event**" means an IPO or the non-public issuance of new securities to one or more new investors that, together with other Project Financing, fully finances the mine contemplated by the Initial Feasibility Study (as approved), or the sale of all or substantially all of the Shares of the Company, or the sale of all or substantially all of the assets of the Company.

Part 3

Incentive Share Allocation

	Sr. Management Group Member	Allocation of Restricted Shares (%)
1.	Larry Lehtinen, Chairman and CEO	24.00%
2.	New CEO (assume add after Initial Feasibility Study, but prior to IPO)	12.00%
3.	Matt Lehtinen, President and COO	21.00%
4.	Joe Broking, Chief Financial Officer	21.00%
5.	Joe Nielson, General Manager	3.50%
6.	Mike Twite, Manager Environmental	3.00%
7.	Josh Kraushaar, Manager-Maint/Oper	3.00%
8.	Hope Wilson, Controller	2.50%
9.	Dave Chappie, Manager-Electrical/Automation	1.75%
10.	Jonathan Sgarlata, Manager-Process/Quality	1.75%
11.	Justin Carlson, Process Engineer	1.00%
12.	Jannifer Johnson, Executive Associate	0.50%
13.	Unallocated	5.00%

SCHEDULE F
EXECUTIVE SHAREHOLDER AGREEMENT

EXECUTIVE SHAREHOLDER AGREEMENT

BETWEEN

TACORA RESOURCES INC.

AND

[EMPLOYEE NAME]

Dated:

[●], 2017

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EXECUTIVE SHAREHOLDER AGREEMENT

THIS EXECUTIVE SHAREHOLDER AGREEMENT is made as of the [●] day of [●], 2017 (the "**Signature Date**")

BETWEEN

TACORA RESOURCES INC., a company governed by the laws of British Columbia.

(the "**Company**")

AND

[EMPLOYEE]

(the "**Employee**")

WHEREAS the authorized capital of the Company consists of an unlimited number of Common Shares (as defined below), an unlimited number of Class A Restricted Shares (as defined below) and an unlimited number of Class B Restricted Shares (as defined below);

AND WHEREAS as of the date hereof, the Employee has become the registered and beneficial owner of [●] Class A Restricted Shares and [●] Class B Restricted Shares in the capital of the Company and ;

AND WHEREAS the Employee and the Company have agreed to enter into this Agreement as being in their respective best interests and for the purpose of establishing certain rights and restrictions regarding the ownership and transfer of the Restricted Shares held by the Employee;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

For the purposes of this Agreement, unless the context otherwise requires:

"**Acquisition Date**" means the closing date of the purchase and sale transaction contemplated by the Asset Purchase Agreement;

"**Affiliate**", in reference to a specified Person, means any other Person that directly or indirectly controls, is controlled by, or is under common control with, such specified Person;

"**Agreement**" means this agreement, including its recitals and schedules, as amended from time to time;

"**Asset Purchase Agreement**" means the asset purchase agreement to be entered into among Wabush Iron Co. Limited, Wabush Resources Inc., Wabush Lake Railway Company Limited, MagGlobal and the

Company pursuant to which the Company will acquire the the assets related to the business of an iron ore mine and processing facility located north of the town of Wabush in Newfoundland and Labrador, commonly known as either the Wabush mine or Scully mine;

"**Auditor**" the auditor of the Company designated by the Board from time to time;

"**Board**" means the board of directors of the Company;

"**Business Corporations Act**" means the *Business Corporations Act* (British Columbia);

"**Business Day**" means any day that is not a weekend or a holiday in Vancouver, British Columbia or Wabush, Newfoundland and Labrador or New York, New York;

"**Cause**" means (a) any material neglect of duty or misconduct by the Employee in discharging his or her duties and responsibilities; (b) any act or failure to act the result of which by the Employee is materially detrimental to the business or reputation of the Company; (c) repeated failure on the part of the Employee to perform his or her duties following written notification by the Company of his or her failure to perform such duties; (d) any material failure or refusal by the Employee to comply with the policies, rules and regulations of the Company; (e) the Employee's conviction of any criminal offence where such conviction is materially detrimental to the business or reputation of the Company; (f) commission of an act of fraud, embezzlement, or misappropriation by the Employee of the Company's property or assets; or (g) any other act or omission or series of acts or omissions by the Employee that would in law permit the Company to, without notice or payment in lieu of notice, terminate his or her employment;

"**Class A Forfeited Shares**" has the meaning set out in Section 4.1(1);

"**Class A Forfeiture Event**" has the meaning set out in Section 4.1(1);

"**Class A Notice of Forfeiture**" has the meaning set out in Section 4.1(1);

"**Class A Restricted Shares**" means the Class A non-voting shares without par value in the capital of the Company having the terms set out in Schedule A;

"**Class B Forfeited Shares**" has the meaning set out in Section 4.1(2);

"**Class B Forfeiture Event**" has the meaning set out in Section 4.1(2);

"**Class B Notice of Forfeiture**" has the meaning set out in Section 4.1(2);

"**Class B Restricted Shares**" means the Class B non-voting shares without par value in the capital of the Company having the terms set out in Schedule B;

"**Common Shareholders**" means the registered holders of Common Shares and any other Person who may become a registered holder of Common Shares from time to time;

"**Common Shares**" means the common shares without par value in the capital of the Company;

"**Company**" means Tacora Resources Inc.;

"**control**" when used to describe a relationship between one Person (or group of Persons acting jointly or in concert) and any other Person, has the following meanings:

i. a Person (or group of Persons acting jointly or in concert) controls a body corporate if securities of the body corporate to which are attached more than 45% of the votes that may be cast to elect directors of the body corporate are beneficially owned by such Person (or such group of Persons) and no other Person (or group of Persons acting jointly or in concert) controls more than 44.99% of such votes;

ii. a Person (or group of Persons acting jointly or in concert) controls an unincorporated entity, other than a limited partnership, if more than 45% of the ownership interests that carry voting rights, however designated, into which the entity is divided are beneficially owned by such Person (or such group of Persons) and no other Person (or group of Persons acting jointly or in concert) controls more than 44.99% of such ownership interests;

iii. a general partner of a limited partnership controls the limited partnership;

iv. a Person (or group of Persons acting jointly or in concert) who controls an entity is deemed to control any entity that directly or indirectly is controlled, or deemed to be controlled, by the entity; and

v. a Person (or group of Persons acting jointly or in concert) is deemed to beneficially own, for the purposes of subparagraph i or ii:

   a. any securities of the entity that are beneficially owned by that Person (or that group of Persons), and

   b. any securities of the entity that are beneficially owned by any entity directly or indirectly controlled by that Person (or that group of Persons), and

   c. any securities of the entity that are beneficially owned by any family member related to that Person (or that group of Persons),

and the terms "**controls**" and "**controlled**" have corresponding meanings;

"**Disability**" means any disability with respect to a Principal that the Board, in its sole and unfettered discretion, considers likely to permanently prevent such Principal from being employed or engaged by the Company in a position the same as or similar to that in which he is currently or was last employed or engaged by the Company;

"**Effective Date**" means the date first referenced above;

"**Expert**" means the Auditor or, in the Auditor's sole discretion, a valuator selected by the Auditor;

"**Fair Market Value**" means the fair market value set out in the Notice of Exercise or, failing agreement between the Company and the Employee, the fair market value of the Restricted Shares held by the Employee determined on the basis that the sale takes place in a single transaction in an open and unrestricted market between prudent parties, acting at arm's length and under no compulsion to act, and having reasonable knowledge of all relevant facts about such thing, made by the Expert;

"**Feasibility Event**" means the completion of the Initial Feasibility Study which satisfies all of the Feasibility Incentive Criteria;

"**Feasibility Incentive Criteria**" has the meaning specified in Schedule E of the Shareholders' Agreement;

"**Forfeited Shares**" means a Class A Forfeited Shares or Class B Forfeited Shares, as applicable;

"**Initial Feasibility Study**" has the meaning specified in section 1.1 of the Shareholders' Agreement;

"**IPO**" means:

i. the listing and posting for trading of the Common Shares on a Recognized Exchange; or

ii. a take-over bid, plan of arrangement, amalgamation, recapitalization, reorganization or other business combination involving the Company and/or the Common Shareholders where the Common Shareholders receive non-restricted equity securities which are listed on a Recognized Exchange and which are not subject to resale restrictions (other than those applicable to "control persons" under applicable securities laws);

"**Liquidity Event**" has the meaning specified in Schedule E of the Shareholders' Agreement;

"**Liquidity Incentive Criteria**" has the meaning specified in Schedule E of the Shareholders' Agreement;

"**Majority Shareholder**" has the meaning set out in Section 3.7(1);

"**Notice**" has the meaning set out in Section 5.14;

"**Notice of Exercise**" has the meaning set out in Section 3.2(1);

"**Notice of Forfeiture**" means a Class A Notice of Forfeiture or Class B Notice of Forfeiture, as applicable;

"**Performance Hurdle**" means a price per share of not less than $3.00 per share;

"**Permitted Transferee**" has the meaning set out in Section 3.5(1);

"**Person**" means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability company, joint stock company, trust, unincorporated association, joint venture, juridical person or Governmental Authority, and related personal pronouns have a similarly extended meaning, as the context requires;

"**Recognized Exchange**" means one of the following recognized national stock exchanges: the London Stock Exchange, the New York Stock Exchange, the Toronto Stock Exchange, the TSX Venture Exchange, the Australian Stock Exchange, the Johannesburg Stock Exchange, the Hong Kong Stock Exchange and the NASDAQ Stock Market;

"**Related Persons**" means in respect of an individual:

i. a Spouse of that individual; and

ii. children of that individual, their Spouses and their children;

"**Restricted Shares**" means the Class A Restricted Shares and the Class B Restricted Shares.

"**Restricted Shareholder**" means the holders of Restricted Shares and any other Person who may become a beneficial owner of Restricted Shares and becomes party to an executive shareholder agreement in the same form as this Agreement from time to time;

"**Sanctioned Person**" means:

i. any Person that is sanctioned under any economic or trade sanction, regulation, statute or official embargo measure imposed by the United Nations or the laws of the United States of America, the European Union, the United Kingdom, Australia, Canada or any other country; and

ii. includes any Person named in the 'Specially Designated Nationals and Blocked Persons' list maintained by the United States Department of the Treasury or any similar or equivalent list maintained by the government of any other country;

"**Shareholders**" means the Common Shareholders and the Restricted Shareholder together with such other Persons who may become a Common Shareholder or Restricted Shareholder from time to time, and "**Shareholder**" means any one of such Persons individually;

"**Shareholders' Agreement**" means the shareholders' agreement among Proterra M&M MGCA B.V., MagGlobal LLC and the Company to be entered into on or about the Acquisition Date;

"**Shares**" means the shares in the capital of the Company owned by the Shareholders at the Effective Date or thereafter, including any shares of the Company or any successor continuing corporation that may be received by any Shareholder on a reorganization, amalgamation, consolidation, arrangement or merger, statutory or otherwise;

"**Spouse**" means, in relation to any Person who is an individual, any individual to whom that first mentioned individual is married, and includes a former Spouse;

"**Termination for Cause**" has the meaning set out in Section 3.2(1)(iv);

"**Transfer**" has the meaning set out in Section 3.1;

"**Transfer Event**" has the meaning set out in Section 3.2; and

"**Transfer Shares**" has the respective meanings set out in Section 3.2(1).

1.2 Rules of Interpretation

The following rules of interpretation shall apply in this Agreement unless something in the subject matter or context is inconsistent therewith:

(1) the singular includes the plural and vice-versa;

(2) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(3) the headings in this Agreement form no part of this Agreement and are deemed to have been inserted for convenience only and shall not affect the construction or interpretation of any of its provisions;

(4) all references in this Agreement shall be read with such changes in number and gender that the context may require;

(5) references to "Articles," "Sections" and "Recitals" refer to articles, sections and recitals of this Agreement;

(6) the use of the words "including" or "includes" followed by a specific example or examples shall not be construed as limiting the meaning of the general wording preceding it;

(7) the rule of construction that, in the event of ambiguity, the contract shall be interpreted against the party responsible for the drafting or preparation of the Agreement, shall not apply;

(8) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision;

(9) any reference to a statute is a reference to the applicable statute and to any regulations made pursuant thereto and includes all amendments made thereto and in force, from time to time, and any statute or regulation that has the effect of supplementing or superseding such statute or regulation;

(10) all calculations and computations made pursuant to this Agreement shall be carried out in accordance with Applicable Accounting Standards consistently applied to the extent that such principles are not inconsistent with the provisions of this Agreement; and

(11) the words "written" or "in writing" include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception including fax or email.

1.3 Incorporation of Parties and Recitals

All the foregoing descriptions of the parties hereto and the terms and provisions of the Recitals are hereby incorporated in this Agreement by this reference thereto as if fully set forth herein.

1.4 Currency

All references to moneys hereunder are references to United States dollars and all obligations hereunder shall be denominated in United States dollars.

1.5 Computation of Time

In this Agreement, unless something in the subject matter or context is inconsistent therewith, a "**day**" shall refer to a calendar day and in calculating all time periods the first day of a period is not included and the last day is included and in the event that any date on which any action is required to be taken hereunder is not a Business day, such action will be required to be taken on the next succeeding day which is a Business day.

1.6 Schedules

The following schedules are attached to and incorporated in this Agreement by this reference:

Schedule A	-	Class A Restricted Share Terms
Schedule B	-	Class B Restricted Share Terms

ARTICLE 2
IMPLEMENTATION OF AGREEMENT

2.1 Compliance with Agreement

The Employee shall at all times exercise the votes attached to its Restricted Shares and otherwise act, and cause the Company to act, to carry out the provisions of this Agreement and otherwise act to comply with and carry out the provisions of this Agreement.

2.2 Endorsement on Certificates

The Restricted Share certificates of the Company shall bear the following language:

> "The shares represented by this certificate are subject to all the terms and conditions of an executive shareholder agreement made as of [●], 2017, a copy of which is on file at the registered office of Tacora Resources Inc., which agreement contains restrictions on the right of the holder hereof to sell, exchange, transfer, assign, gift, pledge, encumber, hypothecate or otherwise alienate the shares represented hereby and notice of those restrictions is hereby given and any purported transfer contrary to such restrictions shall not be valid or effective.
>
> A transfer of any shares comprised in this certificate will not be registered by the Company unless the Company receives a duly completed share transfer form executed by the registered holder of this certificate and this certificate."

ARTICLE 3
DEALING WITH SHARES

3.1 Transfer of Shares

(1) Except as expressly provided in this Article 3 or as required by applicable law, the Employee may not sell, transfer, pledge, charge, mortgage, hypothecate or in any other way dispose of or encumber or subject to the rights of others the Restricted Shares that he, she or it beneficially owns, or his, her or its rights under this Agreement (each a "**Transfer**"), unless prior to doing so the Company consents in writing, which consent may be arbitrarily withheld. For the purposes of this Section 3.1, any written consent of the Company will be given in the form of: (a) a resolution passed by the Board at a properly constituted meeting of the Board and evidenced by written minutes signed by the chairman of the Board; or (b) consent resolutions of the Board. The provisions of this Section 3.1 will apply to any disposition or encumbrance of Restricted Shares held by the Employee even if the Employee is disposing of or encumbering such Restricted Shares together with or in conjunction with other assets.

(2) Any Transfer shall be subject to the limitation that no such Transfer may be made if:

(i) as a result, Common Shareholders or the Company would become subject to any material restrictions of any Governmental Authority to which they were not subject prior to the proposed Transfer by reason of the nationality, residence, identity (including if such proposed transferee is a Sanctioned Person) or number of the proposed transferee;

(ii) as a result, Common Shareholders or the Company would become subject to any additional taxation to which it was not subject prior to the proposed Transfer (which shall, for greater certainty, not include a higher rate of withholding Tax on payments made by the Company); or

(3) the Transfer is not permitted by applicable law.

(3) Notwithstanding any other provision in this Agreement, no Transfer may be completed unless the proposed transferee enters into an agreement with the Company to become a party to this Agreement.

3.2 Transfer on Cessation of Employment and Other Transfer Events

(1) In the event that:

(i) the Employee voluntarily resigns as an employee of the Company;

(ii) the Employee ceases to be an employee of the Company as a result of termination by the Company without Cause;

(iii) the Employee ceases to be an employee of the Company as a result of the Employee's Disability or death; or

(iv) the Employee ceases to be an employee of the Company as a result of termination by the Company for Cause (a "**Termination for Cause**");

(each a "**Transfer Event**"),

the Company will have the right, at any time after the Transfer Event, to purchase all, but not less than all, of the Restricted Shares beneficially owned by the Employee (the "**Transfer Shares**"). Such right shall be exercisable by notice in writing given by the Company to the Employee (the "**Notice of Exercise**"). The Notice of Exercise shall specify the Company's determination of Fair Market Value if Section 3.2(2)(iv) is applicable.

(2) The price of the Transfer Shares will be determined as follows:

(i) in the event of a Termination for Cause, the price of $1.00 for all of the Transfer Shares;

(ii) in the event notice of the voluntary resignation is given by the Employee within six (6) months of the Acquisition Date and the Feasibility Event has not occurred at such time, the price of $1.00 for all of the Transfer Shares that are Class A Restricted Shares;

(iii) the event notice of the voluntary resignation is given by the Employee within eighteen (18) months of the Acquisition Date and the Liquidity Event has not occurred at such time, the price of $1.00 for all of the Transfer Shares that are Class B Restricted Shares; and

(iv) in all other cases, the aggregate Fair Market Value of the applicable Transfer Shares not otherwise dealt with in paragraph (i), (ii) ot (iii) above as at the date of the Notice of Exercise.

(3) The transaction of purchase and sale will be completed:

(i) where the Transfer Event is triggered pursuant to Section 3.2(1)(i) (where notice of the voluntary resignation is given by the Employee at a time when neither the Feasibility Event has occurred within six (6) months of the Acquisition Date nor the Liquidity Event has occurred within eighteen (18) months of the Acquisition Date) or Section 3.2(1)(iv), five Business Days after the Notice of Exercise; or

(ii) where the Transfer Event is triggered pursuant to Section 3.2(1)(i) (where notice of the voluntary resignation by the Employee is given at a time when either or both of the Feasibility Event has occurred within six (6) months of the Acquisition Date and the Liquidity Event has occurred within eighteen (18) months of the Acquisition Date), Section 3.2(1)(ii) or Section 3.2(1)(iii), five Business Days after either (i) the date that is ten Business Days of the Notice of Exercise, or (ii) the date upon which the Fair Market Value of the Transfer Shares is determined in accordance with Section 3.2(7), as applicable,

at the Company's registered office where delivery of the Transfer Shares must be made by the Employee with good title, free and clear of all liens, charges, encumbrances and any other rights of others.

(4) If, at the time of closing, any Transfer Shares are subject to any lien, charge, encumbrance or other right of others, the Company will be entitled to deduct from the purchase money to be paid to the Employee the amount required to discharge all such liens, charges, encumbrances or other rights of others and will apply such amount to the repayment, on behalf of the Employee, of the obligations secured thereby.

(5) The purchase price for the Transfer Shares will be payable by the Company in cash, by one or more certified cheques or bank drafts or wire transfers of immediately available funds as follows on the closing of the transaction of purchase and sale.

(6) If the Employee defaults in transferring the Transfer Shares to the Company as provided for in this Section 3.2, the Company is authorized and directed to hold the purchase money payable in accordance with Section 3.2(5) in trust on behalf of the Employee (and will not commingle the purchase money with the Company's assets, except that any interest accruing thereon will be for the account of the Company), and to record the purchase and cancellation of the Transfer Shares, following which the transaction of purchase and sale will be deemed completed at the price and on the other terms and conditions contemplated herein. Upon such cancellation, the Employee will cease to have any right to or in respect of the Transfer Shares except the right to receive, without interest, the purchase price payable in accordance with Section 3.2(5).

(7) In the event Section 3.2(2)(iv) is applicable and the Employee does not agree with the Company's determination of the Fair Market Value for the Transfer Shares, the Employee may, within 10 Business Days of receipt of the Notice of Exercise, refer the Fair Market Value for determination to the Expert. If the Employee does not so refer the Fair Market Value for determination to the Expert within such 10 Business Day Period, then the Fair Market Value of the Transfer Shares shall be as set out in the Notice of Exercise. The Expert shall, within 30 Business Days after being requested by the Employee, give written notice of its determination of Fair Market Value to the Company and the Employee. The fees of the Expert shall be payable by the Employee (and may be deducted from the purchase price for the Transfer Shares), unless the Expert's determination of Fair Market Value is greater by 15% or more than the Company's determination of Fair Market Value, in which case the fees of the Expert shall be payable by the Company.

3.3 Default

If the Employee breaches the terms of this Agreement, any employment agreement with the Company or any confidentiality agreement with the Company, the Company will have the right to purchase all, but not less than all, of the Restricted Shares held by the Employee for the price and upon the terms and conditions determined in accordance with the provisions contained in Section 3.2 as if such event were the result of a Termination for Cause, mutatis mutandis.

3.4 Insolvency of the Employee

If the Employee makes an assignment for the benefit of creditors or is the subject of any proceedings under any bankruptcy or insolvency law or, in the event that the Restricted Shares of the Employee are transferred, pursuant to the terms of this Agreement, to an entity that is a corporation and such corporation takes steps to wind-up or terminate its corporate existence other than in connection with a bona fide corporate reorganization to which the Company has consented in writing, the Company will have the right to purchase all, but not less than all, of the Restricted Shares held by the the Employee for the aggregate Fair Market Value thereof and upon the terms and conditions determined in accordance with the provisions contained in Section 3.2, mutatis mutandis.

3.5 Permitted Transfers

(1) Notwithstanding any other provision of this Agreement, the Employee will be entitled, after giving notice to the Company, to sell, transfer or assign all, but not less than all, of the Restricted Shares beneficially owned by the Employee to a corporation (the "**Permitted Transferee**"), provided that the only shareholders of the Permitted Transferee shall at all times be:

(i) the Employee;

(ii) Related Persons of the Employee;

(iii) corporations controlled by the Employee or by Related Persons of the Employee; or

(iv) trusts the sole beneficiaries of which are Related Persons of the Employee,

and that the Permitted Transferee has entered into an agreement prior to such transaction

(v) to be obligated to sell such Restricted Shares pursuant to the provisions contained in Sections 3.2, 3.3, 3.4 or 4.1 as the case may be, mutatis mutandis, if the Employee would have been obligated to sell such Restricted Shares pursuant to such provisions in the absence of such sale, transfer or assignment, and

(vi) to be bound by this Agreement and to become a party hereto.

(2) Notwithstanding the completion of any sale or transfer of his or her Restricted Shares to a Permitted Transferee pursuant to Section 3.5(1), the Employee will:

(i) not sell or transfer the shares of the Permitted Transferee held by the Employee;

(ii) at all times control the Permitted Transferee; and

(iii) continue to be bound by all the obligations hereunder and perform such obligations to the extent not applicable to the Permitted Transferee or to the extent that the Permitted Transferee fails to do so.

(3) If upon selling, transferring or assigning his or her Restricted Shares to a Permitted Transferee pursuant to the provisions of Section 3.5(1), the Employee fails to comply with any of the provisions of Section 3.5(2) or if at any time after a sale, transfer or assignment in accordance with Section 3.5(1) the transferee ceases to be a Permitted Transferee of the Employee, then the provisions of Section 3.3 shall apply.

3.6 Power of Attorney

Upon the Employee becoming obligated to sell his or her Restricted Shares pursuant to Section 3.2, 3.3 and 3.4, and thereafter failing for any reason whatsoever to complete the purchase and sale of such Restricted Shares in accordance with this Agreement, when the Company is ready, willing and able to do so, the Employee will be deemed to have irrevocably constituted and appointed any one director of the Company as its true and lawful attorney in fact as agent for, in the name and on behalf of the Employee, to execute and deliver in the name of the Employee all such transfers, deeds and instruments as may be necessary to effectively transfer and assign to such Restricted Shares. Such appointment and power of attorney, being coupled with an interest, is irrevocable by the Employee and shall not be revoked by the insolvency, bankruptcy, incapacity, dissolution, liquidation or other termination of the existence of the Employee or a Permitted Transferee, and the Employee hereby ratifies and confirms and agrees to ratify and confirm all that any such director of the Company may lawfully do or cause to be done by virtue of the provisions of this Section 3.6. The Employee agrees to be bound by any action taken by any director of the Company pursuant to this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of any such director of the Company taken in good faith under this power of attorney. In accordance with the *Power of Attorney Act* (British Columbia), the Employee declares that this power of attorney may be exercised during any legal incapacity or infirmity, or mental incompetence of the Employee.

3.7 Obligation to Sell - Drag-Along Rights

(1) In the event that a Shareholder or group of Shareholders holding 50% or more of the Common Shares (the "**Majority Shareholder**") receives a bona fide written offer which it is willing to accept from a third party to transfer all (but not less than all) of the Common Shares held by the Majority Shareholder and its Affiliates (the "**Drag Transaction**") and if the Majority Shareholder wishes to enter into the Drag Transaction,

it shall also have the right to require that the Restricted Shareholders (including the Employee and any Permitted Transferee) (the "**Drag Right**"), prior to the closing of the Drag Transaction, sell to the third party all (but not less than all) of the Restricted Shares held by the Restricted Shareholders (or their Permitted Transferees) on the same terms and conditions mutatis mutandis as under the Drag Transaction; provided, however, that a Majority Shareholder shall not have any Drag Right pursuant to this Section 3.7 unless the Drag Transaction would result in a price per share to the other Common Shareholders equal to or greater than the Performance Hurdle or the other Common Shareholders agree to sell their Common Shares to the third party on the same terms and conditions mutatis mutandis as under the Drag Transaction. If the Majority Shareholder elects to enforce its Drag Right, then it shall, prior to the closing of the Drag Transaction, deliver to the Restricted Shareholders a notice (the "**Drag Along Notice**") setting out the terms of the Drag Transaction and any other information reasonably necessary to describe the exercise of the Drag Right.

(2) Upon receipt of the Drag Along Notice, the Restricted Shareholders shall be obliged to sell to the third party within fifteen (15) Business Days of the completion of the Drag Transaction all of the Restricted Shares held by the Restricted Shareholders on the terms set out in such Drag Along Notice.

(3) The Employee hereby appoints the Majority Shareholder as its attorney, with full power of substitution, in the name of the Employee to complete the sale and purchase of its Restricted Shares pursuant to the Drag Right and to execute and deliver all documents and instruments to give effect to such purchase and sale and to establish a binding contract of purchase and sale between the Employee and the third party with respect to the Restricted Shares held by the Employee. Such appointment and power of attorney, being coupled with an interest, is irrevocable the Employee and shall not be revoked by the insolvency, bankruptcy, incapacity, dissolution, liquidation or other termination of the existence of the Employee or any Permitted Transferee and the Employee agrees to ratify and confirm that the Majority Shareholder may do or cause to be done pursuant to the foregoing. The Employee agrees to be bound by any action taken by the Majority Shareholder pursuant to this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of the Majority Shareholder taken in good faith under this power of attorney. In accordance with the *Power of Attorney Act* (British Columbia), the Employee declares that this power of attorney may be exercised during any legal incapacity or infirmity, or mental incompetence of the Employee.

3.8 Share Certificates

For the purpose of facilitating compliance with the terms of this Agreement the Employee shall deposit and cause to be maintained by the Secretary of the Company in the corporate record book of the Company or at such other location as the Secretary of the Company may from time to time determine, all share certificates representing the Restricted Shares of the Employee.

ARTICLE 4
FORFEITURE OF RESTRICTED SHARES

4.1 Forfeiture

(1) In the event that the Feasibility Event does not occur within six (6) months of the Acquisition Date (a "**Class A Forfeiture Event**"), the Company shall, subject to applicable law, purchase for cancellation, all of the Class A Restricted Shares beneficially owned by the Employee (the "**Class A Forfeited Shares**"). The Company shall give notice in writing to the Employee (the "**Class A Notice of Forfeiture**") within 10 Business Days following the Class A Forfeiture Event. The consideration for the Class A Forfeited Shares shall be $1.00 for all of the Class A Restricted Shares beneficially owned by the Employee. To the extent that the Company is prevented under applicable law from purchasing the Class A Forfeited Shares, it obligations pursuant this Section 4.1(1) shall be suspended until such time as it is legally permitted to do so.

(2) In the event that the Liquidity Event does not occur within eighteen (18) months of the Acquisition Date (a "**Class B Forfeiture Event**"), the Company shall, subject to applicable law, purchase for cancellation, all of the Class B Restricted Shares beneficially owned by the Employee (the "**Class B Forfeited Shares**"). The Company shall give notice in writing to the Employee (the "**Class B Notice of Forfeiture**") within 10 Business Days following the Class B Forfeiture Event. The consideration for the Class B Forfeited Shares shall be $1.00 for all of the Class B Restricted Shares beneficially owned by the Employee. To the extent that the Company is prevented under applicable law from purchasing the Class B Forfeited Shares, it obligations pursuant this Section 4.1(2) shall be suspended until such time as it is legally permitted to do so.

(3) The transaction of purchase for cancellation contemplated by Section 4.1(1) or 4.1(2), as applicable, will be completed five Business Days after the applicable Notice of Forfeiture and otherwise upon the terms and conditions contained in Sections 3.2(4), 3.2(5) and 3.2(6), *mutatis mutandis*.

(4) Upon the Employee becoming obligated to sell his, her or its Forfeited Shares pursuant to this Section 4.1, and thereafter failing for any reason whatsoever to complete the purchase for cancellation of such Forfeited Shares in accordance with this Agreement, the Employee will be deemed to have irrevocably constituted and appointed any one director of the Company as its true and lawful attorney in fact as agent for, in the name and on behalf of the Employee, to execute and deliver in the name of the Employee all such transfers, deeds and instruments as may be necessary to effectively transfer and assign to the Company such Forfeited Shares. Such appointment and power of attorney, being coupled with an interest, is irrevocable by each the Employee and shall not be revoked by the insolvency, bankruptcy, incapacity, dissolution, liquidation or other termination of the existence of the Employee or any Permitted Transferee, and the Employee hereby ratifies and confirms and agrees to ratify and confirm all that any such director of the Company may lawfully do or cause to be done by virtue of the provisions of this Section 4.1(4). The Employee agrees to be bound by any action taken by any director of the Company pursuant to this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of any such director of the Company taken in good faith under this power of attorney. In accordance with the *Power of Attorney Act* (British Columbia), the Employee declares that this power of attorney may

be exercised during any legal incapacity or infirmity, or mental incompetence of the Employee.

ARTICLE 5
GENERAL

5.1 Representations and Warranties of the Employee

(1) The Employee hereby represents and warrants to the other Shareholders and to the Company that:

(i) it is neither a party to nor bound by any agreement regarding the ownership of his or her Restricted Shares, other than this Agreement;

(ii) this Agreement constitutes a valid and binding obligation of the Employee enforceable in accordance with its terms, subject to the usual exceptions as to bankruptcy and the availability of equitable remedies;

(iii) it is not a party to, bound by or subject to any indenture, mortgage, lease, agreement, instrument, statute, regulation, order, judgement, decree or law which would be violated, contravened or breached by, or under which any default would occur as a result of the execution and delivery by the Employee of this Agreement or the performance by the Employee of any of the terms hereof; and

(iv) as of the Effective Date, the Employee owns [●] Class A Restricted Shares and [●] Class B Restricted Shares as the registered and beneficial owner thereof with good title thereto, free and clear of all liens, charges and encumbrances other than those created under this Agreement.

(2) All of the foregoing representations and warranties will continue to be true and correct during the term of this Agreement. The Employee shall not (and shall cause any Permitted Transferee not to), during the term of this Agreement, take any affirmative action or omit to take any action, as a result of which action or omission any of the foregoing representations and warranties would become untrue.

5.2 Compliance With Tax Requirements

In taking any action hereunder, or in relation to any rights hereunder, the Company and the Employee will comply with all provisions and requirements of any income tax, pension plan, or employment or unemployment insurance legislation or regulations of any jurisdiction which may be applicable to the Company or the Employee, as the case may be. The Company will have the right to deduct from all payments made to the Employee in respect of the Restricted Shares any federal or provincial taxes or other deductions required by law to be withheld with respect to such payments. The Company may take such other action as the Board may consider advisable to enable the Company and the Employee to satisfy obligations for the payment of withholding or other tax obligations relating to any payment to be made under this Agreement. The Employee (or the heirs and legal representatives of any such Employee) will bear any and all income or other tax imposed on amounts paid to the Employee (or the heirs and legal representatives of the Employee) under this Agreement. If the Board so determines, the Company will have the right to require, prior to making any payment under this Agreement, payment by the recipient of the excess of any applicable Canadian or foreign federal, provincial, state, local or other taxes over any amounts withheld by the Company, in order to satisfy the tax obligations in respect of any payment under

this Agreement. If the Company does not withhold from any payment, or require payment of an amount by a recipient, sufficient to satisfy all income tax obligations, the Employee will make reimbursement, on demand, in cash, of any amount paid by the Company in satisfaction of any tax obligation.

5.3 Income Tax Consequences

The Employee acknowledges that the Company has advised the Employee that there are income tax consequences related to the receipt of the Restricted Shares by the Employee and that the Company has recommended that the Employee obtain independent advice on the tax consequences of the receipt of such Restricted Shares. The Employee hereby releases and discharges the Company and its Affiliates and their respective directors, officers and agents from any and all responsibility or liability with respect to any tax consequences to the Employee of the Employee's receipt or Transfer of the shares of the Company purchased by the Employee in connection with this Agreement or otherwise.

5.4 Termination

This Agreement shall continue in full force and effect until, and shall terminate upon, the earliest of:

(1) the written agreement of the Company and the Employee;

(2) the Employee no longer having beneficial ownership of any Restricted Shares;

(3) the completion of an IPO of the Company;

(4) the dissolution of the Company; or

(5) one Shareholder becoming the beneficial owner of all the Shares.

Notwithstanding any termination of this Agreement in accordance with Section 5.4 (3), the provisions of this Agreement shall continue in relation to any Notice of Exercise given by the Company to the Employee in accordance with Section 3.2 or any Notice of Forfeiture given by the Company to the Employee in accordance with Section 4.1.

5.5 Nature of Agreement

Nothing contained in this Agreement makes or constitutes any Shareholder the trustee, fiduciary, representative, agent, principal or partner of any other Shareholder. It is understood that no Shareholder has the capacity to make commitments of any kind or incur obligations or liabilities binding upon any other Shareholder.

5.6 No Right to Employment

Nothing in this Agreement nor any action taken hereunder will be construed as giving the Employee or any other Person the right to be retained in the continued employ or service of the Company or any of its Affiliates, or giving the Employee or any other Person the right to receive any benefits not specifically expressly provided in this Agreement nor will it interfere in any way with any other right of the Company to terminate the employment or service of the Employee or any other Person at any time.

5.7 Waiver

(1) No failure on the part of a Shareholder or of the Company to exercise, no delay in exercising, and no course of dealing with respect to, any right, power or privilege established by this Agreement shall operate as a waiver thereof.

(2) Except as otherwise expressly provided for herein, no waiver of any provision of this Agreement or consent to any departure by any party from any provision of this Agreement shall be effective unless it is confirmed in writing. The waiver or consent shall be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given.

(3) The single or partial exercise of any right, power or privilege established by this Agreement shall not preclude any other exercise thereof.

5.8 Amendment

This Agreement may only be amended by the written agreement of all the parties hereto or, as applicable, their permitted successors and assigns.

5.9 Governing Law and Attornment

This Agreement and any non-contractual obligations arising out of or in connection with it shall be, and shall be conclusively deemed to be, made under, and for all purposes governed by and construed according to the laws of British Columbia and the federal laws of Canada applicable therein without regard for any conflict of laws or choice of laws principles that would permit or require the application of the laws of another jurisdiction, and the Employee and the Company irrevocably submit to the non-exclusive jurisdiction of the courts of British Columbia.

5.10 Severability

If any provision of this Agreement is or becomes illegal, invalid or unenforceable, in whole or in part, in any jurisdiction:

(1) the remaining provisions shall nevertheless be and remain valid and subsisting in such jurisdiction and shall be construed as if this Agreement had been executed without the illegal, invalid or unenforceable portion so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to the parties; and

(2) that provision shall nevertheless be and remain valid and subsisting in other jurisdictions.

5.11 Further Assurances

The parties shall execute such further and other documents and do such further and other things as may be reasonably necessary or convenient to carry out and give effect to the intent of this Agreement.

5.12 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns, provided that any Transfer of any rights under this Agreement not made in accordance with this Agreement shall be null and void and of no force or effect.

5.13 No Third Party Rights

(1) This Agreement is for the benefit of the parties and their respective successors and permitted assigns only, and shall not be construed to create rights in any other Person.

(2) This Agreement may be amended, rescinded or varied in accordance with the terms hereof and at any time by the parties without the consent of any Person that is not a party hereto.

5.14 Notices

(1) All notices and other required or permitted communications (each a "**Notice**") to the Employee or the Company shall be in writing, and shall be addressed respectively as follows:

If to the Company:

Tacora Resources Inc.
c/o MagGlobal LLC
102 NE 3rd Street
Suite 120
Grand Rapids, Minnesota, USA 55744

Attention: Joe Broking
Email: joe.broking@magnetation.com

If to the Employee:

_____

_____

_____

_____

(2) All Notices shall be given:

(i) by personal delivery;

(ii) by electronic communication, capable of producing a printed transmission;

(iii) by registered or certified mail, return receipt requested; or

(iv) by overnight or other express courier service.

(3) All Notices shall be effective and shall be deemed given on the date of receipt at the principal address of the recipient if received during normal business hours of the recipient, and, if not received during such normal business hours, on the next Business Day following receipt, or if by electronic communication, on the date of such communication if made during normal business hours of the recipient, and, if not made during such normal business hours, on the next Business Day following such communication. Any change of address may be made by Notice to the other parties.

5.15 Independent Legal Advice

Each party to this Agreement acknowledges having had the opportunity to seek independent legal advice with respect to such party's rights and obligations under this Agreement prior to executing this Agreement.

5.16 Entire Agreement

This Agreement constitutes the entire agreement between the parties and, except as hereafter set out, replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations, whether oral or written, express or implied, statutory or otherwise between the parties with respect to the subject matter thereof.

5.17 Counterparts and Electronic Execution

This Agreement may be executed in any number of counterparts, and it shall not be necessary that the signatures of all parties be contained on any counterpart. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument. Counterparts may be delivered by electronic transmission and the parties adopt any signatures so received as original signatures of the parties.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Signature Date.

TACORA RESOURCES INC.

By: _____

Name: _____

Title: _____

SIGNED, SEALED AND DELIVERED)
in the presence of:)
)
)
)
)

_____ _____

Witness **[EMPLOYEE NAME]**

SCHEDULE A
RESTRICTED SHARE TERMS

See attached.

PART 27
SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO COMMON SHARES

The Common Shares without par value of the Company (the "**Common Shares"**) shall have the special rights and restrictions set forth in this Part 27.

27.1 Voting

(1) The holders of the Common Shares are entitled to receive notice of, attend and vote (in person or by proxy) at all meetings of the shareholders of the Company, except where holders of another class are entitled to vote separately as a class as provided in the *Business Corporations Act*.

(2) Each Common Share entitles the holder to one vote at any meeting at which the holders of the Common Shares are entitled to vote.

27.2 Dividends

Subject to Section 28.2(2) and Section 29.2(2), the holders of the Common Shares are entitled to such dividends as the directors of the Company may declare from time to time on the Common Shares, in their absolute discretion, from funds legally available for dividends. Any such dividends are payable by the Company as and when determined by the directors of the Company, in their absolute discretion.

27.3 Preference on Liquidation, Dissolution or Winding-Up

Subject to Section 28.3 and Section 29.3, in the event of the liquidation, dissolution or winding–up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares shall be entitled to participate pro rata in any distribution of all of the remaining property or assets of the Company.

PART 28
SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO CLASS A NON-VOTING SHARES

The Class A Non-Voting Shares without par value of the Company (the "**Class A Non-Voting Shares"**) shall have the special rights and restrictions set forth in this Part 28.

28.1 Non-Voting

The holders of the Class A Non-Voting Shares are not entitled to receive notice of, attend or vote at any meeting of the shareholders of the Company, and the Class A Non-Voting Shares carry no voting rights, except as otherwise provided in the *Business Corporations Act*.

28.2 Dividends

(1) Provided that the Feasibility Criteria have been fully satisfied, the holders of the Class A Non-Voting Shares are entitled to such dividends as the directors of the Company may declare from time to time on the Class A Non-Voting Shares, in their absolute discretion, from funds legally available for dividends. Any such dividends are payable by the Company as and when determined by the directors of the Company, in their absolute discretion. Until the Feasibility Criteria have been fully satisfied, the holders of the Class A Non-Voting Shares shall not be entitled to any dividends.

(2) Provided that the Feasibility Criteria have been fully satisfied, the Common Shares and the Class A Non-Voting Shares rank equally as to dividends on a share for share basis and all dividends declared and payable on the Common Shares or the Class A Non-Voting Shares are payable in equal or equivalent amounts per share on all the Common Shares and Class A Non-Voting Shares at the time outstanding without preference or distinction, provided, however, that in the event of the payment of a dividend in the form of shares, holders of Common Shares shall receive Common Shares and holders of Class A Non-Voting Shares shall receive Class A Non-Voting Shares, unless otherwise determined by the directors of the Company.

(3) For the purposes of this Section 28.2 and Sections 28.3, 28.4, 28.6, 29.2, 29.3, 29.4 and 29.6:

(a) "**Effective Date**" means the closing date of the asset acquisition pursuant to the Purchase Agreement;

(b) "**Feasibility Assumptions**" means (i) a feasibility study, including the reporting of mineral reserves according to the definition standards of the Canadian Institute of Mining, Metallurgy and Petroleum, as determined by qualified persons and reported in accordance with National Instrument 43-101 for the Properties owned at the Effective Date; (ii) forecast iron ore prices and foreign exchange rates based on the consensus forecasts of the following seven investment banks: Credit Suisse, Macquarie Group, JP Morgan, Morgan Stanley, Bank of America Merrill Lynch, Deutsche Bank and BMO; (iii) forecast steady state annual iron ore concentrate product sales in excess of 5.5 million dry tonnes per annum; (iv) forecast iron ore concentrate product specification in line with (or at premium to) the specifications as summarized in the iron ore sale and purchase contract dated April 5, 2017 between the Company and Cargill International Trading Pte Ltd.; and (v) forecast post-tax net present values based on project discount rates of 8% and 10% (in real terms);

(c) "**Feasibility Criteria**" means: (i) the Initial Feasibility Study satisfies all of the Feasibility Assumptions; (ii) the Initial Feasibility Study demonstrates an internal rate of return equal to or greater than 30% to the Company for development of the mine contemplated by the Initial Feasibility Study on an after-tax and pre-financing cost; (iii) initial life of mine for the mine

contemplated by the Initial Feasibility Study must be 20 or more years based on mineral reserves (it being understood that the existing tailings disposal volume allows 15 years of operation at capacity and although additional volume is readily available it will likely not be permitted by the time the Initial Feasibility Study is completed); and (iv) the Initial Feasibility Study is successfully completed on or before 6 months after the Effective Date;

(d) "**Feasibility Study**" means any comprehensive study or report undertaken on behalf of the Company of a mining project in relation to the Properties in which geological, engineering, legal, operating, economic, social, environmental, sustainable development and other relevant factors are considered in sufficient detail that such study could reasonably serve as the basis for a final decision by a financial institution to finance the development of such mining projects which are compliant with National Instrument 43-101 and have been approved by the board of directors of the Company;

(e) "**Initial Feasibility Study**" means the feasibility study to be prepared on the basis of the Feasibility Assumptions by the Company in accordance with the shareholders' agreement to be entered into among MagGlobal LLC and Proterra M&M MGCA B.V. and the Company;

(f) "**IPO**" means (i) the listing and posting for trading of the Common Shares of the Company on a Recognized Exchange; or (ii) a take-over bid, plan of arrangement, amalgamation, recapitalization, reorganization or other business combination involving the Company and/or its holders of Common Shares where the holders of Common Shares of the Company receive non-restricted equity securities which are listed on a Recognized Exchange and which are not subject to resale restrictions (other than those applicable to "control persons" under applicable securities laws);

(g) "**Liquidity Criteria**" means: (i) the Liquidity Event achieves a pre-money valuation of not less than US$2.10 per share; (ii) if the Liquidity Event includes an IPO, the IPO raises in excess of US$50,000,000 of proceeds to the Company to support, in part, the project financing; (iii) if the Liquidity Event includes an IPO, the IPO listing is one of the following stock exchanges: the Toronto Stock Exchange, the Toronto Venture Exchange, the New York Stock Exchange, NASDAQ or the London Stock Exchange (the Main Board or AIM); and (iv) the Liquidity Event is successfully executed and closed on or before 18 months after the Effective Date;

(h) "**Liquidity Event**" means an IPO or the non-public issuance of new securities to one or more new investors that, together with other project financing, fully finances the mine contemplated by the Initial Feasibility Study (as approved), or the sale of all or substantially all of the shares of the Company, or the sale of all or substantially all of the assets of the Company;

(i) "**Properties**" means the mineral claims and mineral leases owned by the Company upon completion of the asset acquisition pursuant to the Purchase Agreement;

(j) "**Purchase Agreement**" means the asset purchase agreement to be entered into among the Company, MagGlobal LLC, Wabush Iron Co. Limited, Wabush Resources Inc. and Wabush Lake Railway Company Limited; and

(k) "**Recognized Exchange**" means one of the following recognized national stock exchanges: the London Stock Exchange, the New York Stock Exchange, the Toronto Stock Exchange, the TSX Venture Exchange, the Australian Stock Exchange, the Johannesburg Stock Exchange, the Hong Kong Stock Exchange and the NASDAQ Stock Market.

28.3 Preference on Liquidation, Dissolution or Winding-Up

Provided that the Feasibility Criteria have been fully satisfied, in the event of the liquidation, dissolution or winding–up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Class A Non-Voting Shares shall be entitled to participate pro rata with the holders of the Common Shares (and to the extent applicable under Section 29.3, the holder of the Class B Non-Voting Shares) in the distribution of all of the remaining property and assets of the Company.

28.4 Automatic Conversion

(1) Provided that the Feasibility Criteria have been fully satisfied, immediately prior to completion by the Company of an IPO,

all of the Class A Non-Voting Shares shall immediately and automatically be converted into fully paid Common Shares on the basis of one Common Share for each Class A Non-Voting Share, converted without any further action on the part of any holders of Class A Non-Voting Shares.

(2) Within a reasonable time after the IPO, the Company shall deliver to each holder of Class A Non-Voting Shares which are converted to Common Shares as provided in this Part 28 certificates representing such Common Shares.

(3) A Class A Non-Voting Share which is converted to Common Share as provided in this Part 28 will thereupon be deemed to be redeemed and cancelled and returned to the status of an authorized but unissued share of the Company. In the case of Class A Non-Voting Shares that are certificated, the certificate will be marked cancelled. The Company's central securities register will be altered to reflect that the Class A Non-Voting Shares are no longer issued and that the Common Shares issued in lieu thereof are issued.

28.5 Reciprocal Changes

(1) If at any time, and from time to time, after the Class A Non-Voting Shares are initially issued, the Common Shares are subdivided or consolidated, then each Class A Non-Voting Share shall be immediately and automatically subdivided or consolidated, as the case may be, on the same basis, without any further action on the part of any holders of Class A Non-Voting Shares.

(2) If at any time, and from time to time, after the Class A Non-Voting Shares are initially issued, the Common Shares are changed into a different class or classes of shares, whether by reclassification, recapitalization, reorganization, arrangement, amalgamation or merger, then the conversion of the Class A Non-Voting Shares into Common Shares pursuant to Section 28.4 shall be immediately and automatically substituted, without any further action on the part of any holders of Class A Non-Voting Shares, to a conversion otherwise in accordance with the terms of Section 28.4 of each Class A Non-Voting Share into the kind and amount of shares and other securities and property receivable for each Common Share which a holder of Class A Non-Voting Share would have received if the Class A Non-Voting Shares had been converted prior to such change.

28.6 Redemption

(1) Subject to the *Business Corporations Act*, in the event that the Feasibility Criteria are not fully satisfied within 6 months after the Effective Date, the Company may redeem the whole of the outstanding Class A Non-Voting Shares held by a holder of Class A Non-Voting Shares on payment for all such shares to be redeemed of $1.00 (such amount is hereafter in this Section 28.6 referred to as the "**Redemption Amount**").

(2) Unless the holders of the Class A Non-Voting Shares to be redeemed have waived notice of redemption, the Company shall give not less than ten days' notice in writing of the redemption by sending to each person who, at the date of such notice, is a registered holder of shares to be redeemed, a notice of the intention of the Company to redeem such Class A Non-Voting Shares. Such notice shall be sent by ordinary prepaid post addressed to the last address of such holder as it appears on the records of the Company or, in the event of the address of any such holder not appearing on the records of the Company, then to the last known address of such holder; provided, however, that accidental failure or omission to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount and the date on which redemption is to take place, the time, place and manner in which the holder shall surrender to the Company the certificate or certificates representing the Class A Non-Voting Shares to be redeemed. On or after the date so specified for redemption, the Company shall pay or cause to be paid to or to the order of the registered holders of the Class A Non-Voting Shares to be redeemed, the Redemption Amount thereof. The Redemption Amount shall paid to such holder on presentation and surrender of the certificates for the shares so called for redemption at such place or places as may be specified in the notice given by the Company, and the certificates for such shares

shall thereupon be cancelled, and the shares represented thereby shall thereupon be redeemed.

(3) If the Feasibility Criteria have not been fully satisfied within 6 months after the Effective Date, the holders of the Class A Non-Voting Shares shall not be entitled to exercise any rights in respect thereof, except to receive the Redemption Amount.

(4) A Class A Non-Voting Share in respect of which the Redemption Amount is paid as provided in this Article 28.6 will thereupon be deemed to be redeemed and cancelled and returned to the status of an authorized but unissued share of the Company. In the case of shares that are certificated, the certificate will be marked cancelled. The Company's central securities register will be altered to reflect that the Class A Non-Voting Share is no longer an issued share.

PART 29
SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO CLASS B NON-VOTING SHARES

The Class B Non-Voting Shares without par value of the Company (the "**Class B Non-Voting Shares"**) shall have the special rights and restrictions set forth in this Part 29.

29.1 Non-Voting

The holders of the Class B Non-Voting Shares are not entitled to receive notice of, attend or vote at any meeting of the shareholders of the Company, and the Class B Non-Voting Shares carry no voting rights, except as otherwise provided in the *Business Corporations Act*.

29.2 Dividends

(1) Provided that the Liquidity Criteria have been fully satisfied, the holders of the Class B Non-Voting Shares are entitled to such dividends as the directors of the Company may declare from time to time on the Class B Non-Voting Shares, in their absolute discretion, from funds legally available for dividends. Any such dividends are payable by the Company as and when determined by the directors of the Company, in their absolute discretion. Until the Liquidity Criteria have been fully satisfied, the holders of the Class B Non-Voting Shares shall not be entitled to any dividends.

(2) Provided that the Liquidity Criteria have been fully satisfied, the Common Shares and the Class B Non-Voting Shares rank equally as to dividends on a share for share basis and all dividends declared and payable on the Common Shares or the Class B Non-Voting Shares are payable in equal or equivalent amounts per share on all the Common Shares and Class B Non-Voting Shares at the time outstanding without preference or distinction, provided, however, that in the event of the payment of a dividend in the form of shares, holders of Common Shares shall receive Common Shares and holders of Class B Non-Voting Shares shall receive Class B Non-Voting Shares, unless otherwise determined by the directors of the Company.

29.3 Preference on Liquidation, Dissolution or Winding-Up

Provided that the Liquidity Criteria have been fully satisfied, in the event of the liquidation, dissolution or winding–up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Class B Non-Voting Shares shall be entitled to participate pro rata with the holders of the Common Shares (and to the extent applicable under Section 28.3, the holder of the Class A Non-Voting Shares) in the distribution of all of the remaining property and assets of the Company.

29.4 Automatic Conversion

(1) Provided that the Liquidity Criteria have been fully satisfied, immediately prior to completion by the Company of an IPO, all of the Class B Non-Voting Shares shall immediately and automatically be converted into fully paid Common Shares on the basis of one Common Share for each Class B Non-Voting Share, converted without any further action on the part of any holders of Class B Non-Voting Shares.

(2) Within a reasonable time after the IPO, the Company shall deliver to each holder of Class B Non-Voting Shares which are converted to Common Shares as provided in this Part 29 certificates representing such Common Shares.

(3) A Class B Non-Voting Share which is converted to Common Share as provided in this Part 29 will thereupon be deemed to be redeemed and cancelled and returned to the status of an authorized but unissued share of the Company. In the case of Class B Non-Voting Shares that are certificated, the certificate will be marked cancelled. The Company's central securities register will be altered to reflect that the Class B Non-Voting Shares are no longer issued and that the Common Shares issued in lieu thereof are issued.

29.5 Reciprocal Changes

(1) If at any time, and from time to time, after the Class B Non-Voting Shares are initially issued, the Common Shares are subdivided or consolidated, then each Class B Non-Voting Share shall be immediately and automatically subdivided or consolidated, as the case may be, on the same basis, without any further action on the part of any holders of Class B Non-Voting Shares.

(2) If at any time, and from time to time, after the Class B Non-Voting Shares are initially issued, the Common Shares are changed into a different class or classes of shares, whether by reclassification, recapitalization, reorganization, arrangement, amalgamation or merger, then the conversion of the Class B Non-Voting Shares into Common Shares pursuant to Section 29.4 shall be immediately and automatically substituted, without any further action on the part of any holders of Class B Non-Voting Shares, to a conversion otherwise in accordance with the terms of Section 29.4 of each Class B Non-Voting Share into the kind and amount of shares and other securities and property receivable for each Common Share which a holder of Class B

Non-Voting Share would have received if the Class B Non-Voting Shares had been converted prior to such change.

29.6 Redemption

(1) Subject to the *Business Corporations Act*, in the event that the Liquidity Criteria are not fully satisfied within 18 months after the Effective Date, the Company may redeem the whole outstanding Class B Non-Voting Shares held by a holder of Class B Non-Voting Shares on payment for all such shares to be redeemed of $1.00 (such amount is hereafter in this Section 29.6 referred to as the "**Redemption Amount**").

(2) Unless the holders of the Class B Non-Voting Shares to be redeemed have waived notice of redemption, the Company shall give not less than ten days' notice in writing of the redemption by sending to each person who, at the date of such notice, is a registered holder of shares to be redeemed, a notice of the intention of the Company to redeem such Class B Non-Voting Shares. Such notice shall be sent by ordinary prepaid post addressed to the last address of such holder as it appears on the records of the Company or, in the event of the address of any such holder not appearing on the records of the Company, then to the last known address of such holder; provided, however, that accidental failure or omission to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the Redemption Amount and the date on which redemption is to take place, the time, place and manner in which the holder shall surrender to the Company the certificate or certificates representing the Class B Non-Voting Shares to be redeemed. On or after the date so specified for redemption, the Company shall pay or cause to be paid to or to the order of the registered holders of the Class B Non-Voting Shares to be redeemed, the Redemption Amount thereof. The Redemption Amount shall paid to such holder on presentation and surrender of the certificates for the shares so called for redemption at such place or places as may be specified in the notice given by the Company, and the certificates for such shares shall thereupon be cancelled, and the shares represented thereby shall thereupon be redeemed.

(3) If the Liquidity Criteria have not been fully satisfied within 18 months after the Effective Date, the holders of the Class B Non-Voting Shares shall not be entitled to exercise any rights in respect thereof, except to receive the Redemption Amount.

(4) A Class B Non-Voting Share in respect of which the Redemption Amount is paid as provided in this Article 28.6 will thereupon be deemed to be redeemed and cancelled and returned to the status of an authorized but unissued share of the Company. In the case of shares that are certificated, the certificate will be marked cancelled. The Company's central securities register will be altered to reflect that the Class B Non-Voting Share is no longer an issued share.

SCHEDULE G
INITIAL BUDGET

Schedule D - Budget

Tacora Resources Inc. Budget 2017	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	2017
TACORA Wabush Mine Holding Cost								
Plant MFC Lease Cost (Contract Minimum Payment)	-	645,947	-	-	645,947	-	-	1,291,894
Plant Utilities (Electric Cost)	-	8,455	8,455	162,634	215,677	215,677	215,677	826,575
Plant Contingency	-	124,209	70,906	72,921	144,290	38,226	38,329	488,881
Plant Salaried Wages and Benefits	-	59,981	59,981	59,981	59,981	59,981	59,981	359,885
Plant Repairs and Maintenance	-	40,602	114,425	40,602	40,602	40,602	40,602	317,437
Plant Insurance	-	280,961	-	-	-	-	-	280,961
Plant Environmental Cost	-	61,753	61,383	9,339	22,996	9,339	9,339	174,147
Plant Labor	-	-	32,078	31,043	32,078	31,043	32,078	158,320
Plant Security	-	22,147	22,147	22,147	22,147	22,147	22,147	132,881
Plant Light Vehicle Fuel	-	-	7,382	-	-	-	-	7,382
Plant Telephone Cost	-	1,107	1,107	1,107	1,107	1,107	1,107	6,644
Plant Supplies and Consumables	-	625	625	885	885	885	885	4,789
Plant Internet	-	738	738	738	738	738	738	4,429
Plant Office Supplies	-	738	738	738	738	738	738	4,429
Total TACORA Wabush Mine Holding Cost	-	1,247,263	379,965	402,136	1,187,186	420,483	421,622	4,058,656
TACORA Corporate Cost								
Feasibility Study	-	400,000	400,000	400,000	400,000	400,000	-	2,000,000
Salaried Wages and Benefits	-	210,482	210,482	203,692	210,482	203,692	210,482	1,249,313
Professional Fees (Offering Cost, MFC Litigation and Other)	-	125,000	125,000	125,000	125,000	125,000	125,000	750,000
Travel Cost	-	56,770	56,770	54,939	56,770	54,939	56,770	336,957
Professional Fees (Audit and Tax Services)	-	50,000	50,000	50,000	50,000	50,000	50,000	300,000
Other	-	32,120	32,120	32,120	32,120	32,120	32,120	192,720
Insurance	-	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Total TACORA Corporate Cost	-	876,372	876,372	867,751	876,372	867,751	476,372	4,840,990
Purchase Price Wabush/Scully Mine	-	10,148,574	-	-	-	-	-	10,148,574
Refundable HST/GST Purchase Price Wabush/Scully Mine	-	1,509,434	(1,509,434)	-	-	-	-	-
Replacement Financial Assurance NL	-	27,736,655	-	-	-	-	-	27,736,655
IOC - QNS&L Initial Deposit	-	1,509,434	-	-	-	-	-	1,509,434
Federal Government FA Requirements	-	157,374	-	-	-	-	-	157,374
Option Ritchie Brothers	-	400,000	-	-	-	-	-	400,000
SFPPN Class A Share Purchase	-	754,717	-	-	-	-	-	754,717
MagGlobal LLC and Proterra Estimated Cost Incurred Prior to Close	-	4,782,781	-	-	-	-	-	4,782,781
Total Cash Expenditures	**-**	**49,122,603**	**(253,097)**	**1,269,887**	**2,063,558**	**1,288,234**	**897,994**	**54,389,180**
MagGlobal Investment ($5.0 million)	-	4,182,694	-	-	817,306	-	-	5,000,000
Proterra Investment ($46.0 million)	-	42,000,000	-	-	4,000,000	-	-	46,000,000
Cliffs Natural Resources Inc. Payment	-	7,358,491	-	-	-	-	-	7,358,491
Total Cash Investment	**-**	**53,541,184**	**-**	**-**	**4,817,306**	**-**	**-**	**58,358,491**
Cash Balance	**-**	**4,418,581**	**4,671,678**	**3,401,791**	**6,155,539**	**4,867,304**	**3,969,311**	**3,969,311**

EXHIBIT "XX"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Execution Version

AMENDED AND RESTATED MEMBER AND CONTRIBUTION AGREEMENT

PROTERRA M&M MGCA COÖPERATIEF U.A.

DATED OCTOBER 31, 2018

between

Proterra M&M MGCA Coöperatief U.A.

and

Black River Capital Partners Fund (Metals and Mining A) LP

and

Black River Capital Partners Fund (Metals and Mining B) LP

and

Aequor Holdings LLC

and

Cargill Incorporated

and

Proterra M&M MGCA B.V.

AMENDED AND RESTATED MEMBER AND CONTRIBUTION AGREEMENT

This AMENDED AND RESTATED MEMBER AND CONTRIBUTION AGREEMENT (the "**Agreement**") is made and entered into effective as of October 31, 2018 (the "**Effective Date**") by and between:

THE PARTIES:

(1) **Proterra M&M MGCA Coöperatief U.A.**, a cooperative with exclusion of liability organized and existing under the laws of the Netherlands, having its corporate seat in the municipality of Amsterdam, the Netherlands, with office address at Strawinskylaan 3127, 8th floor, 1077 ZX Amsterdam, the Netherlands and registered with the Trade Register of the Chamber of Commerce under number 69071314 (the "**SPV**");

(2) **Black River Capital Partners Fund (Metals and Mining A) LP**, an exempted limited partnership organized and existing under the laws of the Cayman Islands, with registered address at PO Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands, having its principal place of business at 33 South Sixth Street, Minneapolis, MN 55402 USA and registered with the Registrar of Exempted Limited Partnerships Cayman Islands under number MC-47524, acting through and as such duly represented by its sole general partner, Black River CPF (Metals and Mining) GP LP, an exempted limited partnership organized and existing under the laws of the Cayman Islands, with registered address at PO Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands, having its principal place of business at 33 South Sixth Street, Minneapolis, MN 55402 USA and registered with the Registrar of Exempted Limited Partnerships Cayman Islands under number MC-47523, acting through and as such duly represented by its sole general partner, Black River CPF (Metals and Mining) GP LLC, a limited liability company organized and existing under the laws of the State of Delaware, United States of America, with registered address at 1209 Orange Street, Wilmington, DE 19801 USA, having its principal place of business at 33 South Sixth Street, Minneapolis, Minnesota 55402 USA and registered with the Secretary of State Delaware under number 4961310 (the "**Investor I**");

(3) **Black River Capital Partners Fund (Metals and Mining B) LP**, a limited partnership organized and existing under the laws of the State of Delaware, United States of America, with registered address at 1209 Orange Street, Wilmington, DE 19801 USA, having its principal place of business at 33 South Sixth Street, Minneapolis, Minnesota 55402 USA and registered with the

Secretary of State Delaware under number 5360683 (the "**Investor II**" and together with the Investor I hereinafter jointly referred to as: "**Proterra**");

(4) **Aequor Holdings LLC**, a company organized and existing under the laws of Texas, United States of America, having its registered address at 5457 Donnybrook Avenue, Tyler TX 75703, United States of America and registered with the Secretary of State Texas under number 802606279 ("**Aequor**");

(5) **Cargill, Incorporated**, a Delaware corporation having its registered address at Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, DE 19801, United States of America and registered with the Delaware Secretary of State under number 286124 ("**Cargill**" and together with Proterra and Aequor hereinafter jointly referred to as: the "**Investors**" and each an "**Investor**"); and

(6) **Proterra M&M MGCA B.V.**, a private company with limited liability organized and existing under the laws of the Netherlands, having its corporate seat in Amsterdam, the Netherlands, with office address at Strawinskylaan 3127, 8th floor, 1077 ZX Amsterdam, the Netherlands and registered with the Trade Register of the Chamber of Commerce under number 69075506 ("**M&MBV**").

The Investors, the SPV and M&MBV are jointly hereinafter referred to as the "**Parties**" and each individually as a "**Party**".

WHEREAS:

(A) The SPV has been incorporated by a notarial deed of incorporation, executed before Johannes Cornelis Christiaan Paans, civil-law notary in Amsterdam, the Netherlands, on June 28, 2017 (the "**Incorporation Date**").

(B) Proterra and Aequor became members of the SPV on the Incorporation Date.

(C) On June 29, 2017 Proterra, Aequor and the SPV entered into a member and contribution agreement with respect to the SPV, which agreement was amended on April 26, 2018, July 19, 2018 and September 20, 2018 (such amended member and contribution agreement, the "**Current Member and Contribution Agreement**").

(D) Cargill became a member of the SPV on the Effective Date.

(E) This Agreement supersedes and replaces the Current Member and Contribution Agreement in its entirety with effect from the Effective Date.

(F) The SPV is the sole shareholder of M&MBV. As at the Effective Date (i) M&MBV has a 76.7% interest in Tacora Resources Inc., a company governed by the laws of the State of British Columbia, Canada ("**Tacora**"); and (ii) Tacora has two subsidiaries, namely Tacora Resources LLC and Knoll Lake Minerals Ltd.

(G) M&MBV, MagGlobal LLC and Tacora entered into a shareholders agreement on July 17, 2017, as amended and restated on the date hereof (the "**Shareholders Agreement**").

THE PARTIES HAVE AGREED AS FOLLOWS:

1. DUTIES AND RESPONSIBILITIES OF THE SPV; GOVERNANCE OF THE SPV

1.1. The objective of the SPV is to provide for certain economic needs and interests of its members pursuant to agreements concluded with them in the course of the business it conducts or causes to be conducted to that end for their benefit. The SPV shall fulfil its business activities with due observance of the law of the Netherlands, this Agreement and the articles of association of the SPV (the "**Articles of Association**"). The SPV shall only carry out the following limited business activities (the "**Business Activities**"):

a. making investments in Tacora, either through M&MBV or directly;
b. owning, managing and dealing with its investment in Tacora; and
c. performing any other activity necessary, appropriate, or incidental to any of the foregoing.

1.2. In the event that each of Torben Thordsen and Rupert Samuel Norman Byrd cease to be employees of Proterra Investment Partners, LP, Aequor shall be entitled, within three (3) months, to nominate one (1) director to the board of managing directors of the SPV for so long as Aequor has a membership interest of at least 15% in the SPV. The nomination shall be binding upon the general meeting and each Investor undertakes to vote in favour of the appointment of the person nominated by Aequor. If Aequor fails to nominate one (1) managing director within three (3) months, the nomination right will be forfeited.

1.3. As of the Effective Date the board of managing directors of the SPV will consist of:

(i) James Stewart Warren Jr., with the title director A;

(ii) Rupert Samuel Norman Byrd, with the title director A;

(iii) Bart van Dijk, with the title director B;

(iv) Laurentius Ireneus Winfridus Klein, with the title director B; and

(v) Carina Helsloot - van Riemsdijk, with the title director B.

1.4. Subject to Clause 11 and the remaining provisions of this Agreement: (i) the board of managing directors represents the SPV; and (ii) the authority to represent the SPV is also vested in a managing director A and a managing director B acting jointly.

1.5. Provided that Cargill (or a permitted transferee of Cargill) has a membership interest in the SPV of at least 7.5%, it has the right to nominate one (1) director C to the board of managing directors of the SPV and one (1) director C to the board of managing directors of M&MBV. Each of the nominations shall be binding upon the respective general meetings of the SPV and M&MBV and each of the Investors and the SPV undertakes to vote in favour of the appointment of the persons nominated by Cargill. Cargill shall be authorized to replace the director it has nominated for the board of managing directors of each of the SPV and M&MBV at any time. Cargill's first nominee to the board of managing directors of the SPV and to the board of managing directors of M&MBV shall be Philip Mulvihill. The Parties undertake to do all things as are necessary to ensure that Philip Mulvihill is appointed as a director C to the board of managing directors of the SPV and as a director C to the board of managing directors of M&MBV simultaneously with Cargill making the Cargill Contribution, or as soon as possible thereafter.

1.6. Each managing director shall be authorized to convene a meeting of the board of managing directors by providing notice of such meeting in writing, which notice must specify the topics to be discussed. Such written notice must be provided not less than 5 (five) Business Days (as defined below) prior to the date of the meeting, unless such notice is waived in writing by each managing director. Directors may participate in all meetings of the board of managing directors electronically and the notice convening the meeting must provide appropriate details and instructions for a director to participate electronically. For the purposes of this Agreement, "**Business Day**" shall mean any day that is not a weekend or a holiday in any of Vancouver, British Columbia, or Wabush, Newfoundland and Labrador, Canada; New York, New York, the United States of America; London, United Kingdom; or Amsterdam, the Netherlands.

1.7. Cargill agrees that, for so long as Cargill or an Affiliate (as defined below) of Cargill is negotiating an off-take or similar agreement with Tacora or such an agreement is binding as between Cargill (or an Affiliate of Cargill) and Tacora, its nominee on the board of managing

directors of the SPV and the board of managing directors of M&MBV must recuse himself or herself from, and will not be entitled to vote or otherwise participate in any board meetings of the SPV or M&MBV in respect of (i) off-take, sales or marketing of Tacora products, (ii) a material proposal or transaction between Tacora and a third party who (or whose Affiliate) is also a party to a material contract with Cargill or any of its Affiliates where such proposal or transaction results in a conflict of interest for the Cargill nominee under applicable law, provided that where there is a dispute as to whether a conflict of interest exists, the matter shall be finally determined by means of a binding advice within a period of five (5) Business Days by an independent attorney (*advocaat*) admitted to the Dutch Bar Association of not less than 15 years standing (and the Parties shall not be able to dispute such binding advice, save for manifest error). The relevant Parties shall be entitled to make one written submission to the attorney (with an exchange of submissions to occur through the attorney) and the attorney shall be entitled to present questions to each Party in person or in writing before rendering his advice or (iii) matters ancillary thereto. For the purposes of this Agreement "**Affiliate**" shall mean, in reference to a specified person, any other person that directly or indirectly controls, is controlled by, or is under common control with, such specified person.

1.8. Notwithstanding anything described in this Agreement to the contrary but subject to clauses 1.2 and 1.4, Proterra shall be entitled to nominate all or some, at its election, of the remaining members of the board of managing directors of the SPV.

1.9. All Parties shall take all necessary steps to complete and execute all necessary resolutions and documentation and make any necessary filings to achieve any appointment, dismissal or replacement of managing directors pursuant to this Clause 1.

1.10. The SPV and M&MBV shall pay all expenses related to its own business and affairs, including fees, costs and expenses related to the Business Activities, and any taxes, fees or other governmental charges levied against the SPV and M&MBV. Such expenses shall be funded in accordance with the provisions of this Agreement.

1.11. The Investors are entitled to receive information and reporting that is provided to SPV or M&MBV by Tacora pursuant to the Shareholders Agreement, as soon as practicable once such information is received by the SPV and/or M&MBV from Tacora. This obligation entails that the Investors shall be provided with such records, documentation or information as an Investor or any of its Affiliates may reasonably require for the preparation of any tax returns or other similar governmental reports or forms relating to Tacora, its subsidiaries or shareholders and required to be filed by an Investor or an Affiliate of such Investor, as well as such additional

records, documentation or information as an Investor or an Affiliate of such Investor may reasonably require for the defense of any audit, examination, administrative appeal or litigation concerning any such tax return or other similar governmental report or form. Such records, documentation or information shall include, to the extent available to SPV, M&MBV or Tacora, information reasonably necessary for determining the status of Tacora or its subsidiaries as "controlled foreign corporations" or similar determinations under U.S. tax laws; residency, beneficial ownership status or other determinations of Tacora, its subsidiaries or their operations or assets under U.S., Canadian or Dutch law or treaties (including copies of tax opinions and rulings); financial and fixed asset information reasonably necessary, and as of the dates required, for calculating income inclusions, deductions, tax credits and other amounts for U.S. tax purposes; copies of local tax returns filed by Tacora or its subsidiaries and related payment receipts, and such other information as reasonably required for the Investor's tax reporting, provided that in no case shall the SPV, M&MBV or Tacora be required to prepare any new or supplementary financial statements, reports or documentation for such Investor or Affiliate (unless the Investor or its Affiliate has undertaken to cover any related costs and expenses of, the SPV, M&MBV and/or Tacora required to prepare any new or supplementary financial statements, reports or documentation for such Investor or Affiliate). To the extent any tax information may be relevant with respect to any tax matters of the Investor, the SPV agrees to preserve, or cause to be preserved, such information, records and documents, in the original form if in existence, until the expiration of any applicable statutes of limitations or extensions thereof and as otherwise required by law.

1.12. The SPV may engage the services of duly qualified advisers, such as auditors, attorneys, or taxation experts, if, and to the extent to which, these are reasonably deemed necessary or required by the board of managing directors of the SPV. All relevant costs in this respect shall be for the account of the SPV and shall be funded by the Investors in accordance with the provisions of this Agreement.

1.13. The SPV shall perform the Business Activities mentioned under Clause 1.1 to the best of its ability and in the best interest of its members.

2. TERM. TERMINATION OF MEMBERSHIP, LIQUIDITY EVENTS AND IPO'S

2.1. Subject to this Clause 2, this Agreement shall continue in full force and effect for all Parties until, and shall terminate upon, the earliest of:

a. the written agreement of all Investors;

b. one Investor becoming the sole member of the SPV; or

c. the dissolution of the SPV.

2.2. The Investors and the SPV recognize and agree that this Agreement shall terminate for an individual Investor on the date on which such Investor is no longer a member of the SPV in accordance with the provisions of this Agreement, the Articles of Association and applicable laws. The Parties agree that termination of an Investor's membership by the SPV or removal of an Investor as a member by the SPV, respectively, shall require a resolution of the general meeting adopted with unanimous consent.

2.3. In the event that (i) M&MBV sells all or substantially all of its shares in Tacora, whether pursuant to an IPO (as defined in the Shareholders Agreement), trade sale or otherwise, (ii) Tacora sells all or substantially all of its assets; or (iii) the SPV sells all or substantially all of its shares in M&MBV; or (iv) any other transaction which achieves a substantially similar result to any of (i), (ii) or (iii) (in each case a "**Liquidity Event**"), each Investor shall be allowed to give notice of termination of its membership (the "**Exiting Investor**"). Upon receipt of such termination notice from an Exiting Investor, the board of managing directors of the SPV shall arrange for the capital accounts of all Investors to be updated on the basis of the fair market value of the SPV's equity (as set forth in Clause 6 of this Agreement), so that the total balance of all capital accounts jointly will be equal to the fair market value of the SPV's equity (as set forth in Clause 6 of this Agreement), in line with the methodology set out in Schedule VI (figures included in this Schedule are provided for illustrative purposes only).

2.4. In the event that an Investor gives notice of termination of its membership in accordance with article 7 of the Articles of Association prior to the occurrence of a Liquidity Event (i) if an IPO has not occurred prior to the date of the notice of termination, the balance of the relevant capital account shall not be paid by the SPV to the relevant Investor and the balance of the relevant capital account shall be allocated to the general reserve of the SPV, which shall cease to represent any membership interest in the SPV and indirectly in Tacora once so allocated; or (ii) if an IPO has occurred, where M&MBV has not sold all or substantially all of its shares in Tacora, prior to the date of the notice of termination, the balance of the capital account of the relevant Investor will be paid by the SPV to such Investor as soon as possible thereafter but ultimately within nine (9) months following the termination of the membership, provided that such balance shall be satisfied with a combination of such Investor's pro rata share of (i) the net proceeds from the IPO (to the extent not already distributed after deduction of any costs and taxes incurred by M&MBV and the SPV in accordance with Clause 10.2) and (ii) the remaining shares of Tacora held by M&MBV.

2.5. The Parties agree and undertake to do all things as are necessary to ensure that: (i) upon completion of a Liquidity Event or an IPO, the SPV shall comply with its obligations under Clause 10.2 as soon as practicable; (ii) to the extent that an Exiting Investor provides a notice of termination after a Liquidity Event, any shares in Tacora (or any other vehicle used as a listing vehicle or holding company pursuant to the Liquidity Event) which are not sold by M&MBV and/or the SPV as part of the Liquidity Event shall be allocated and distributed to each Exiting Investor in accordance with its membership interest (after deduction of any costs and taxes incurred by M&MBV and the SPV in relation to such Liquidity Event, allocation and distribution); (iii) to the extent that an Exiting Investor provides a notice of termination after an IPO, any shares in Tacora (or any other vehicle used as a listing vehicle pursuant to the IPO) which are not sold as part of the IPO shall be allocated and distributed to each Exiting Investor in accordance with its membership interest, but subject to the provisions and time limitations set out in Clause 2.4 (after deduction of any costs and taxes incurred by M&MBV and the SPV in relation to such IPO, allocation and distribution).

3. OBLIGATIONS OF THE SPV

3.1. The SPV shall at all times and without delay provide the Investors with all necessary information in order for the Investors to assess whether or not the SPV satisfactorily performs its Business Activities under this Agreement as and when required by Applicable Law (as such term is defined in the Shareholders Agreement) or as may be reasonably requested by an Investor. In this respect, the SPV shall use all means reasonably available to it to obtain the requested information to the extent that it relates to M&MBV, Tacora, Tacora's subsidiaries and their respective businesses. The SPV and/or M&MBV shall insure that all information provided by Tacora to its shareholders, whether pursuant to the Shareholders Agreement or otherwise, is provided to the Investors as soon as reasonably practicable once such information is received by M&MBV from Tacora.

3.2. Each Investor shall have the right to:

a. request that M&MBV exercises its rights to conduct an independent audit of Tacora, as contemplated by clause 10.2 of the Shareholders Agreement, provided that the costs of such audit shall be borne by the Investor who delivers the written request. Each of the SPV and M&MBV shall be obliged to do all such things as are necessary to implement the written request received from the relevant Investor; and

b. conduct an audit of all of the books, records and accounts maintained by the SPV and M&MBV. Each of the SPV and M&MBV shall be obliged to do all such things as are

necessary to facilitate such audit by the relevant Investor. The costs for the audit shall be borne by the relevant Investor.

3.3. The Investors shall cause the SPV and M&MBV, and each of the SPV and M&MBV also hereby undertakes, to comply with all laws and regulations in the Netherlands, and elsewhere applicable to the SPV and M&MBV, including in relation to corrupt practices (the "**Corrupt Practices Laws**"), money laundering laws (the "**Money Laundering Laws**") and the environment, health and safety.

3.4. The Investors agree to require the SPV and M&MBV to adopt and comply with the Proterra code of ethics.

3.5. The Investors shall cause the SPV and M&MBV to, and each of the SPV and M&MBV also hereby undertakes that it shall report to, the Investors any violation to the Corrupt Practices Laws or the Money Laundering Laws immediately upon becoming aware of such violation.

4. CONTRIBUTIONS

4.1. Prior to the Effective Date, the capital accounts of the SPV's then current members were as follows:

	Capital account balance (USD)	Membership interest
Black River Capital Partners Fund (Metals and Mining A) LP	4,215,518.33	6.27%
Black River Capital Partners Fund (Metals and Mining B) LP	42,155,173.32	62.74%
Aequor Holdings LLC	20,824,308.76	30.99%
Total	67,195,000.41	100%

4.2. As soon as reasonably practicable after the Effective Date:

a. subject to the Investor I receiving written evidence, in a form satisfactory to the Investor I, that the Term Credit Agreement between Tacora and SAF Jarvis LP dated October 31, 2018 and the Infrastructure Credit Agreement between Tacora and SAF Jarvis

Infrastructure LP dated October 31, 2018 (collectively, the "**Tacora Funding Agreements**") are unconditional for the initial draw-down thereunder (save for any conditions (i) requiring that the contributions under this Agreement be received by Tacora or (ii) the payment of any fees under the Tacora Funding Agreements) and Tacora may initially draw-down the gross amount of USD 100,000,000 under the Tacora Funding Agreements, Investor I hereby contributes to the SPV an amount of USD 771,553.99 (the "**Investor I Contribution**") and the SPV hereby accepts the Investor I Contribution. The SPV shall pay no interest on the amount of the Investor I Contribution;

b. subject to the Investor II receiving written evidence, in a form satisfactory to the Investor II, that the Tacora Funding Agreements are unconditional for the initial draw-down thereunder (save for any conditions (i) requiring that the contributions under this Agreement be received by Tacora or (ii) the payment of any fees under the Tacora Funding Agreements) and Tacora may initially draw-down the gross amount of USD 100,000,000 under the Tacora Funding Agreements, Investor II hereby contributes to the SPV an amount of USD 34,937,895.42 (the "**Investor II Contribution**") and the SPV hereby accepts the Investor II Contribution. The SPV shall pay no interest on the amount of the Investor II Contribution;

c. subject to Aequor receiving written evidence, in a form satisfactory to Aequor, that the Tacora Funding Agreements are unconditional for the initial draw-down thereunder (save for any conditions (i) requiring that the contributions under this Agreement be received by Tacora or (ii) the payment of any fees under the Tacora Funding Agreements) and Tacora may initially draw-down the gross amount of USD 100,000,000 under the Tacora Funding Agreements, Aequor hereby contributes to the SPV an amount of USD 22,113,611.53 (the "**Aequor Contribution**") and the SPV hereby accepts the Aequor Contribution. The SPV shall pay no interest on the amount of the Aequor Contribution; and

d. subject to Cargill (a) receiving written evidence, in a form satisfactory to Cargill, that the Tacora Funding Agreements are unconditional for the initial draw-down thereunder (save for any conditions (i) requiring that the contributions under this Agreement be received by Tacora or (ii) the payment of any fees under the Tacora Funding Agreements) and Tacora may initially draw-down the gross amount of USD 100,000,000 under the Tacora Funding Agreements and (b) being satisfied that the amendment to its off-take agreement with Tacora is legally effective (subject to such amendment being terminated where closing under the Tacora Funding Agreements does not occur and Cargill's contribution

to the SPV is promptly returned to Cargill, in any event, not later than 7 calendar days from its contribution), Cargill hereby contributes to the SPV an amount of USD 20,051,939.06 (the "**Cargill Contribution**" and together with the Investor I Contribution, the Investor II Contribution and the Aequor Contribution hereinafter jointly referred to as the "**Contributions**) and the SPV hereby accepts the Cargill Contribution. The SPV shall pay no interest on the amount of the Cargill Contribution.

4.3. In accordance with the Articles of Association, all of the members of the SPV have granted (and to the extent necessary, hereby grant) their prior written consent to the Contributions prior to the date of the Contributions.

4.4. In furtherance of the previous Clauses, the SPV shall credit the capital accounts of the Investor II, Aequor and Cargill with the contributed amounts taking into account the corrections and the SPV shall cause the required notes to be entered into its members' register, books and records. Accordingly, the balance of the respective capital accounts shall be as follows after receipt of each of the contributions set out in Clause 4.2:

	Capital account balance (USD)	Membership interest
Black River Capital Partners Fund (Metals and Mining A) LP	4,886,216.76	3.37%
Black River Capital Partners Fund (Metals and Mining B) LP	76,139,985.85	52.48%
Aequor Holdings LLC	43,950,999.60	30.30%
Cargill	20,092,797.78	13.85%
Total	145,069,999.99	100.00%

4.5. Upon a contribution to the SPV by one or more Investors in accordance with this Agreement and the Articles of Association, the SPV's board of managing directors is authorized to adjust the capital accounts of the Investors in accordance with and to reflect such contribution(s) including any premiums paid by the contributing Investors (which, subject to Clause 11.2.b, shall require approval of the general meeting of the SPV in the event the related subscription price to be paid by M&MBV is lower than USD 1.00 per share in Tacora) and in such event the capital account of the contributing Investors will be credited with their contribution *minus* the amount allocated to the capital accounts of the Investors as a premium. The premium shall be

allocated to the capital accounts of the Investors *pro rata* to their membership interests. The board of managing directors of the SPV shall make these calculations in accordance with the example methodology set out in Schedule VI (figures included in this Schedule are provided for illustrative purposes only), and provide the Investors with the calculations upon which any such correction is made and any explanations to the extent deemed necessary by the managing directors of the SPV or as requested by an Investor.

4.6. In accordance with the Articles of Association, the Investors shall not be liable for losses and/or deficits of the SPV at the time of the dissolution of the SPV or at any time prior to the dissolution of the SPV.

5. ADMITTANCE OF NEW MEMBERS TO THE SPV

5.1. Subject to Clause 9.2, admission of a new member of the SPV can only take place by a resolution of the general meeting of the SPV, unless all members of the SPV have granted their prior written consent to the admission.

5.2. Any resolution to admit a new member to the SPV shall also specify the initial amount to be contributed by such member to the SPV. In the event that a new member will be admitted to the SPV, it may be determined by the general meeting of the SPV that such member shall pay a premium (which, subject to Clause 11.2.b, shall require approval of the general meeting of the SPV in the event the related subscription price to be paid by M&MBV is lower than USD 1.00 per share in Tacora), in accordance with the methodology set out in Schedule VI (figures included in this Schedule are provided for illustrative purposes only). The premium will be allocated to the other members' capital accounts *pro rata* to their membership interests. The board of managing directors of the SPV shall make these calculation in accordance with the example methodology set out in Schedule VI (figures included in this Schedule are provided for illustrative purposes only), and provide the Investors with the calculations upon which any such correction is made and any explanations to the extent deemed necessary by the managing directors of the SPV or as requested by an Investor.

5.3. Upon the admittance of a new member, the board of managing directors of the SPV shall be entitled to determine, on behalf of the SPV, that the new member shall be granted all or some of the same rights (but not more and subject to the relevant conditions in this Agreement) which Aequor and/or Cargill are entitled to exercise in relation the SPV, M&MBV and Tacora under this Agreement. To the extent that the board of managing directors of the SPV resolves to grant

a new member (some of) the aforementioned rights, the Parties shall do all such things as are necessary to implement this decision.

6. FAIR MARKET VALUE SPV

6.1. The fair market value of the SPV's equity shall be determined by the Investors. If they fail to reach agreement within two (2) weeks after commencement of the negotiations regarding the fair market value, then on the request of the Exiting Investor or the SPV, the Exiting Investor and the SPV will (i) each select a nationally (meaning: the Netherlands, Canada or United States of America) recognized, qualified and independent appraiser and (ii) give notice to the counterparty the name and address of its appraiser within thirty (30) days following such request. If the Exiting Investor or the SPV fails to select an appraiser and give notice to the counterparty in accordance with this article, the appraiser that was selected by the other party, as the case may be, will determine the fair market value in question.

6.2. The appraisers will determine the fair market value in accordance with the following provisions:

(i) the Exiting Investor and the SPV will cause the appraiser it selected to deliver to the counterparty, within sixty (60) days of its selection, its valuation report and determination of the fair market value;

(ii) in determining the fair market value, the appraisers shall not apply any discounts for minority interests;

(iii) if the lower valuation is at least ninety percent (90%) of the higher valuation, then the fair market value will be the average of the two valuations;

(iv) if the lower valuation is less than ninety percent (90%) of the higher valuation and if neither the Investor and the SPV objects within thirty (30) days after its receipt of the valuation from the counterparty, then the fair market value will be the average of the two valuations. If the lower valuation is less than ninety percent (90%) of the higher valuation and if either the Investor or the SPV objects within thirty (30) days after its receipt of the valuation from the counterparty, then the Investor and the SPV will cause the two (2) appraisers to appoint a third appraiser who satisfies the requirements of paragraph 1 of this article. If the two (2) appraisers cannot agree on a third appraiser within ten (10) days following receipt by the appraisers of notice requesting that they appoint the third appraiser, then the Investor and the SPV may apply to have the third appraiser selected by a representative of the British Columbia International Commercial Arbitration Centre;

(v) within sixty (60) days after the appointment of the third appraiser, the third appraiser will deliver to the Investor and the SPV a valuation report that sets out its determination of the fair market value; and

(vi) if a third appraiser is appointed, the fair market value will be the value determined by the one of the first two appraisers whose valuation was closest to that determined by the third appraiser. However, if the third appraiser's valuation is within ten percent (10%) of the average of the first two valuations, whether higher or lower, then the average of the first two valuations will be the value that is used.

6.3. Subject only to signing a confidentiality agreement that is in form and substance customary at that time for valuation engagements, each appraiser will be granted unrestricted access to the books and records of the SPV, Tacora as well as to the employees of the parties having information about the SPV.

6.4. Each of the Investor and the SPV will pay the fees and expenses of the appraiser it selects. The Investor or the SPV whose appraiser's valuation was not used will pay the cost of any third appraiser; provided, however, that if the average of the first two valuations is used pursuant to Clause 6.2(vi) then the Investor and the SPV will bear equally the fees and expenses of the third appraiser.

7. TACORA CASH CALLS

7.1. The Parties agree that in the event that Tacora makes a Cash Call (as such term is defined in the Shareholders Agreement) to M&MBV, which Cash Call shall be delivered by M&MBV to the SPV as soon as reasonably practicable, then SPV shall request each of the Investors to make a contribution to the SPV *pro rata* to each Investor's capital account balance ("**Tacora Cash Call**") in a total amount equal to the Cash Call.

7.2. For each Tacora Cash Call, the SPV shall deliver to each Investor a notice in the form of Schedule I ("**Tacora Cash Call Notice**"). Each Investor may, in its sole discretion, elect to:

(i) comply with the Tacora Cash Call in full;
(ii) comply with the Tacora Cash Call in part, in which event it shall specify the amount of the Cash Call which it elects to comply with; or
(iii) not comply with the Tacora Cash Call at all,

by notifying the SPV within five (5) Business Days after receipt of the Tacora Cash Call Notice. To the extent that an Investor fails to notify the SPV within such five (5) Business Day period, it shall be deemed to have elected not to comply with the Tacora Cash Call.

7.3. To the extent that an Investor elects to comply with the Tacora Cash Call, in whole or in part, the Investor shall then advance to the SPV the amount specified in the notification provided to the SPV within 15 Business Days after receipt of the Tacora Cash Call Notice.

7.4. All amounts paid pursuant to Tacora Cash Calls shall be satisfied by the relevant Investor by completing a cash contribution to the SPV. The SPV and the Investors shall take all necessary steps to complete and execute all necessary resolutions and documentation and make any necessary filings to appropriately structure, document and record all contributions received by the SPV.

7.5. Upon an Investor ("**Non-Funding Investor**") electing, or being deemed to elect, not to fund the full portion of the Tacora Cash Call, or at all, the Investors that have elected to fund their full portion of the Tacora Cash Call, may at any time, but shall not be obligated to, elect, within ten (10) Business Days of the Tacora Cash Call Notice, by written notice to the Non-Funding Investor and the SPV, to contribute the amount not paid by the Non-Funding Investor to the SPV. In the event that more than one (1) Investor makes the aforementioned election to contribute the amount not paid by the Non-Funding Investor, such amount will be split between the relevant Investors *pro rata* to their respective percentage membership interests.

7.6. An Investor that elects not to comply with a Tacora Cash Call, or to only fund a portion of Tacora Cash Call, acknowledges and accepts that its membership interest in the SPV will be diluted as the capital account(s) of those Investors who do comply with the Tacora Cash Call shall increase and corrections to the capital accounts will be made by the SPV's board of managing directors in accordance with Clause 4.5.

7.7. If a Non-Funding Investor elects not to contribute the amount of the applicable Tacora Cash Call pursuant to Clause 7.5, the Non-Funding Investor shall not, at any time thereafter, be entitled to contribute (any portion of) the applicable non-funded amount.

7.8. Any and all amounts paid by the Investors pursuant to a Tacora Cash Call shall be paid by the SPV to M&MBV, who shall then be obliged to pay these on to Tacora as soon as reasonably practicable.

8. EXPENSES CASH CALL

8.1. The Parties agree that the SPV can request each of the Investors to make a contribution to the SPV *pro rata* to each Investor's capital account balance ("**SPV Cash Call**") in connection with

any reasonable operational costs, expenses and taxes incurred or becoming due in connection with the SPV and M&MBV performing the Business Activities, provided that the aggregate of all SPV Cash Calls for operational costs and expenses (but excluding taxes) payable by all of the Investors shall not exceed an amount of USD 400,000 per financial year (the "**SPV Cash Call Limit**").

8.2. When providing the Investors with an SPV Cash Call, the SPV shall provide the Investors with details of the operational costs, expenses and taxes incurred or becoming due in connection with the Business Activities.

8.3. For each SPV Cash Call, the SPV shall deliver to each Investor a notice in a similar form as the Tacora Cash Call Notice ("**SPV Cash Call Notice**").

8.4. Each Investor shall advance to the SPV the amount specified in the notification provided to the SPV within 15 Business Days after receipt of the SPV Cash Call Notice.

8.5. All SPV Cash Calls shall be satisfied by the Investors by completing a cash contribution to the SPV. The SPV and the Investors shall take all necessary steps to complete and execute all necessary resolutions and documentation and make any necessary filings to appropriately structure, document and record all contributions received by the SPV.

8.6. Upon an Investor being in default ("**Payment Default**") with its obligations pursuant to this Clause 8 ("**Defaulting Investor**"), the Investors that do not qualify as a Defaulting Investor ("**Non-Defaulting Investor**"), by notice to the Defaulting Investor and the SPV, may at any time, but shall not be obligated to, elect, within 15 Business Days of a Payment Default, by written notice to the Defaulting Investor and the SPV, to contribute the amount of the Payment Default to the SPV. In the event that more than one (1) Non-Defaulting Investor makes the aforementioned election to contribute the amount of the Payment Default, such amount will be split between the relevant Non-Defaulting Investors *pro rata* their respective percentage membership interests.

8.7. The Defaulting Investor acknowledges and accepts that there will be accelerated dilution of its membership interest in the SPV since: (i) the capital account(s) of the Non-Defaulting Investor(s) shall increase, (ii) the capital account of the Defaulting Investor shall be debited with the amount equal to the amount of the Payment Default, (iii) the deducted amount shall be credited to the capital accounts of the Non-Defaulting Investors *pro rata* their respective percentage interests, and (iv) corrections to the capital accounts will be made by the SPV's

board of managing directors in accordance with Clause 4.5. The provisions of Clause 8.6 and this Clause 8.7 shall not apply to a Defaulting Investor's failure to make payment of its portion of any SPV Cash Call if the SPV Cash Call Limit has been exceeded.

8.8. In the event that an SPV Cash Call is made above the Cash Call Limit ("**Excess SPV Cash Call**"), each Investor can elect to comply with this Excess SPV Cash Call at its sole discretion. Upon an Investor ("**Non-Contributing Investor**") electing, or being deemed to elect, not to fund the full portion of the Excess SPV Cash Call, or at all, the Investors that have elected to fund their full portion of the Excess SPV Cash Call pursuant to this paragraph, may at any time, but shall not be obligated to, elect, within ten (10) Business Days of the SPV Cash Call Notice for the Excess SPV Cash Call, by written notice to the Non-Contributing Investor and the SPV, to contribute the amount not paid by the Non-Contributing Investor to the SPV. In the event that more than one (1) Investor makes the aforementioned election to contribute the amount not paid by the Non-Contributing Investor, such amount will be split between the relevant Investors *pro rata* to their respective percentage membership interests.

8.9. A Non-Contributing Investor acknowledges and accepts that its membership interest in the SPV will be diluted as the capital account(s) of those Investors who do comply with the Excess Cash Call shall increase and corrections to the capital accounts will be made by the SPV's board of managing directors in accordance with Clause 4.5.

8.10. If a Defaulting Investor elects to not contribute the amount of the applicable SPV Cash Call pursuant to Clause 8.1, the Defaulting Investor or the Non-Contributing Investor, as the case may be, shall not, at any time thereafter, be entitled to contribute (any portion of) the applicable SPV Cash Call or Excess SPV Cash Call, as the case may be.

9. CASH CALL RESTRICTIONS

9.1. The only cash calls which the SPV shall be entitled to make to the Investors shall be as provided for under Clause 7 and 8.

9.2. Save as agreed otherwise in writing by the Investors, the SPV shall only be entitled to admit a new member to the SPV in accordance with Clause 5 to the extent that the Investors have not complied in full with all cash calls under Clause 7 or Clause 8, as applicable, and in such event, the new member shall only be entitled to make a membership contribution up to a maximum amount which equals the difference between: (i) the aggregate amount of all cash calls under Clause 7 or Clause 8, as applicable, which were requested or required to be paid by the

Investors; and (ii) the aggregate amount of the cash calls paid by all of the Investors (including by Investors paying the full amount of the cash calls made upon them and any amounts paid by Investors on behalf of a Non-Funding Investor, a Defaulting Investor or a Non-Contributing Investor).

10. ALLOCATION OF RESULTS OF THE SPV

10.1. Net proceeds attributable to distributions and other proceeds (other than proceeds as mentioned in Clause 10.2) from Tacora will, in each case, flow through M&MBV, and ultimately through the SPV, proportionately to the Investors in accordance with their membership interests. All income, gains, losses and deductions will be allocated to each Investor's capital account *pro rata* to their membership interests. The SPV and M&MBV will take all steps to ensure that any such proceeds are distributed to the Investors as soon as possible.

10.2. In the event that M&MBV sells all or a portion of the shares it holds in Tacora, the Parties shall procure that the sales proceeds, after deduction of any costs and taxes incurred by M&MBV in connection with the sale, shall be distributed by M&MBV to SPV. Any such sales proceeds (and / or any proceeds where the SPV sells all or a portion of the shares which it holds in M&MBV), after accounting for any costs and taxes incurred by the SPV, will be allocated to each Investor's capital account *pro rata* to their membership interests and made available for distribution to the Investors as soon as possible, subject to and in accordance with the Articles of Association and the terms and conditions of this Agreement.

11. SPECIAL RESOLUTIONS. NOMINATION RIGHTS

11.1. Provided that either Aequor or Cargill (or a permitted transferee of Aequor or Cargill) has a respective membership interest in the SPV of at least 7.5%, written consent of such Investor is required for resolutions of the board of managing directors of the SPV or M&MBV, the general meeting of the SPV or M&MBV or any other body of the SPV or M&MBV to implement the following actions and none of the following actions shall be capable of being implemented without such Investor's written consent:

a. any change to the Business Activities as set forth in Clause 1.1;

b. any incurrence of debt for borrowed money in the SPV and/or M&MBV (other than in accordance with the terms of the Shareholders Agreement);

c. except if a disposal would result in a return on investment (on a gross basis before taking into account (x) related costs, expenses and taxes of such disposal or (y) cash calls for costs, expenses and taxes of the SPV and M&MBV under this Agreement) to Aequor and

Cargill equal to or greater than the USD 2.00 per share (or (i) USD 1.50 per share if such disposal occurs on or after January 1, 2022 or (ii) USD 1.375 per share if such disposal occurs on or after January 1, 2023 or (iii) USD 1.25 per share if such disposal occurs on or after January 1, 2024) on a look through basis to Tacora based upon Aequor's or Cargill's percentage membership interest in the SPV and the SPV's indirect percentage membership interest in Tacora, the (i) disposal of all or a material portion of the assets of the SPV held directly by the SPV or (ii) the disposal by M&MBV of all or a portion of the shares in Tacora other than pursuant to an IPO of Tacora at a price per share of not less than USD 2.00 per share (or (i) USD 1.50 per share if such disposal occurs on or after January 1, 2022 or (ii) USD 1.375 per share if such disposal occurs on or after January 1, 2023 or (iii) USD 1.25 per share if such disposal occurs on or after January 1, 2024).

d. changing the tax status of the SPV or M&MBV (including changes in tax residency or treaty status of either entity, or changes in the tax status of either entity as a corporation, partnership or transparent in any jurisdiction), including by obtaining government rulings or amending agreements, making tax elections, engaging in restructurings or otherwise, if such action would, to the knowledge of the board of managing directors of the SPV or M&MBV at such time, adversely impact the interests of Aequor or Cargill, as the case may be (and, for the avoidance of doubt, an IPO of Tacora or other sale of the shares in Tacora by M&MBV shall under no circumstances be considered for purposes of this Agreement to be any such change);
e. the liquidation, winding-up or dissolution of the SPV or M&MBV;
f. the issuance of shares by M&MBV to any party other than the SPV;
g. the amendment of the Articles of Association or the articles of association of M&MBV; and
h. any reorganization of the membership rights of the SPV or the shareholder rights of M&MBV.

11.2. Provided that either Aequor or Cargill (or a permitted transferee of Aequor or Cargill) has a membership interest in the SPV of at least 7.5%, written consent of such Investor is required for resolutions of the general meeting of the SPV (or any other body of the SPV, including the board of managing directors):

a. to materially change the rights or obligations of Aequor (or Cargill, as the case may be), to require Aequor (or Cargill, as the case may be) to make any capital contribution to the SPV other than pursuant to Clause 7.1 or 8.1, or to require Aequor (or Cargill, as the case may be) to make any capital contribution to the SPV that is not proportionate to its membership interest; and

b. to admit any person as a member of the SPV and to issue membership interests to that person in connection herewith in the event the related subscription price to be paid by M&MBV is lower than USD 1.00 per share in Tacora.

11.3. The SPV, as sole shareholder of M&MBV, shall procure that the matters set out in Schedule II and Schedule III at the level of M&MBV are subject to approval of the SPV and M&MBV undertakes, to the extent that it is required by law or entitled under the Shareholders' Agreement to vote on such matters as a shareholder of Tacora, to refer such matters to the SPV and to vote in accordance with the SPV's approval or disapproval of any such matter.

11.4. For so long as:

a. Aequor (or a permitted transferee of Aequor) has a membership interest in the SPV of at least 15%; and

b. M&MBV is entitled to contractual or shareholder approval or consent rights in relation to Tacora that correspond to any of the consent rights mentioned in Schedule II,

the SPV, acting in its capacity as sole shareholder of M&MBV, may only grant its approval to or vote in favour of the matters set out in Schedule II, provided that Aequor has granted its prior written consent thereto. For the avoidance of doubt, to the extent that Aequor does not provide its consent for any such matter, M&MBV shall be obliged, and undertakes, to vote against such matter at Tacora level. In the event that the percentage interest of Aequor falls under 15%, the rights of Aequor pursuant to this Clause 11.4 shall be forfeited.

11.5. For so long as:

a. Aequor and/or Cargill (or a permitted transferee of Aequor or Cargill) has a membership interest in the SPV of at least 7.5%; and

b. M&MBV is entitled to contractual or shareholder approval or consent rights in relation to Tacora that correspond to any of the consent rights mentioned in Schedule III,

the SPV, acting in its capacity as sole shareholder of M&MBV, may only grant its approval to the matters set out in Schedule III, provided that both Aequor and Cargill have granted their prior written consent thereto. For the avoidance of doubt, to the extent that Aequor and / or Cargill does not provide its consent for any such matter, M&MBV shall be obliged, and undertakes, to vote against such matter at Tacora level. In the event that the percentage interests of Aequor and/or Cargill fall under the abovementioned relevant percentages, the rights of Aequor and/or Cargill, as the case may be, pursuant to this Clause 11.5 shall be forfeited.

11.6. For so long as Aequor (or a permitted transferee of Aequor) has a membership interest in the SPV of at least 15%, Aequor will be entitled to nominate two (2) directors to the board of

directors of Tacora who are qualified to serve as a director of a corporation under the Business Corporations Act (British Columbia), provided however that such nomination right shall endure until such time as the implementation of an IPO (but which right shall be reinstated to the extent that the IPO process fails or is unsuccessful for any reason). The nominations shall be binding upon the Parties and the Parties undertake to do all such things as are necessary to implement the appointment of such nominees as directors of Tacora as soon as is reasonably practicable. Aequor shall be entitled to replace any such nominee. If Aequor fails to nominate the directors to the board of directors of Tacora within three (3) months, the nomination rights will be forfeited.

11.7. For so long as Cargill (or a permitted transferee of Cargill) has a membership interest in the SPV of at least 7.5%, Cargill will be entitled to nominate one (1) director to the board of directors of Tacora who is qualified to serve as a director of a corporation under the Business Corporations Act (British Columbia), provided however that such nomination right shall endure until such time as the implementation of an IPO (but which right shall be reinstated to the extent that the IPO process fails or is unsuccessful for any reason). The nomination shall be binding upon the Parties and the Parties undertake to do all such things as are necessary to implement the appointment of such nominee as a director of Tacora as soon as is reasonably practicable. Cargill shall be entitled to replace any such nominee. If Cargill fails to nominate a director to the board of directors of Tacora within three (3) months of the Effective Date, the nomination right will be forfeited.

11.8. Cargill agrees that, for so long as Cargill or an Affiliate of Cargill is negotiating an off-take or similar agreement with Tacora or such an agreement is binding as between Cargill or an Affiliate of Cargill and Tacora, its nominee on the board of directors of Tacora must recuse himself or herself from, and will not be entitled to vote or otherwise participate in any board meetings or management meetings of Tacora in respect of (i) off-take, sales or marketing of Tacora products, (ii) a material proposal or transaction between Tacora and a third party where such proposal or transaction actually constitutes a conflict of interest for the Cargill nominee under applicable law, provided that if there is a dispute as to whether a conflict of interest exists, the matter shall be finally determined by means of a binding advice within a period of five (5) Business Days by an independent attorney admitted to the Canadian Bar Association of not less than 15 years standing (and the Parties shall not be able to dispute such binding advice, save for manifest error). The relevant Parties shall be entitled to make one written submission to the attorney (with an exchange of submissions to occur through the attorney) and the attorney shall be entitled to present questions to each Party in person or in writing before rendering his advice or (iii) matters ancillary thereto.

11.9. Subject to Clauses 11.6 and 11.7 and the provisions of this Agreement generally, Proterra shall nominate the directors of the board of directors of Tacora that can be nominated by M&MBV pursuant to the Shareholders Agreement. The nomination shall be binding upon the Parties and the Parties undertake to do all such things as is necessary to implement the appointment of such nominee as directors of Tacora as soon as is reasonably practicable.

11.10. The provisions of this Clause 11 shall govern in the event of any conflict with any provision of any other instrument, contract, agreement, or other document between the Investors or the Parties relating to the subject of this Agreement, and the Parties shall update and amend any such other instrument, contract, agreement, or other document to align with the provisions of this Clause 11.

12. NON-RELIANCE

12.1. The decision of Aequor, Cargill or any non-Proterra party who later becomes a member of the SPV (each a "**Future Member**"), to co-invest related to the Business Activities, is solely the decision of that Party. Proterra is not providing, and shall not be deemed to have provided, any advice or recommendation to any party in connection with such co-investment. Any materials on Tacora that were provided by Proterra (the "**Materials**") do not constitute, and should not be construed as, an offer or solicitation to purchase any security, nor does it create any contractual or other obligation on the part of SPV or Proterra to (i) offer any other party the opportunity to participate in any transaction or (ii) complete any transaction with Aequor, Cargill, a Future Member, or any other person.

12.2. The Materials do not necessarily include all of the information that a prospective investor in Tacora may need to review as part of its evaluation of such co-investment and is subject to updating, revision and/or amendment after the date hereof without notice. Proterra makes no representation as to the adequacy, accuracy or completeness of the information included in the Materials and assumes no responsibility for such information. None of Proterra, its Affiliates or any of their respective partners, members, employees or representatives makes any representation or warranty, expressed or implied, as to the adequacy, accuracy or completeness of any of the information contained in the Materials or any other written or oral communication transmitted or made available to Aequor, Cargill or any Future Member, and Proterra shall have no liability to Aequor, Cargill or a Future Member of any kind whatsoever with respect to the information included in the Materials or any such communication, other than any liability that may accrue for fraudulent acts of Proterra.

12.3. Certain information contained in the Materials was provided by (or derived from information provided by) Tacora, its representatives or other third party sources. Proterra makes no representations regarding the adequacy, accuracy or completeness of any such information.

12.4. The Material should not be construed as legal, tax, accounting or business/financial advice. Each of Aequor, Cargill and any Future Member confirms that it has had the opportunity to perform its own legal, tax, accounting and business/financial due diligence regarding such co-investment and consult with its own legal, tax, accounting and business/financial advisors regarding the same. Proterra strongly encourages Aequor, Cargill and any Future Member to perform such diligence and to make such consultations in connection with its evaluation of such co-investment opportunity.

12.5. Any financial projections or other statement of anticipated future performance that are included in the Materials are for illustrative purposes only and are based on assumptions that are subject to significant risks and uncertainties and may prove to be incomplete or inaccurate. Without limiting the foregoing, Aequor, Cargill and any Future Member acknowledge that certain information contained in the Materials constitutes "forward-looking statements," which can be identified by the use of forward looking terminology such as "may," "will," "should," "expect," "anticipate," "target," "project," "estimate," "intend," "continue" or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. In considering any prior performance information contained in the Materials, Aequor, Cargill and any Future Member should bear in mind that past performance is not indicative of future results and there can be no assurance that Tacora will achieve comparable results.

12.6. The Business Activities entail a high degree of risk, including, but not limited to, the risks described in the Materials. Without limiting the foregoing, Aequor, Cargill and any Future Member should be prepared to hold such co-investment for an indefinite period of time and should also be prepared to lose some or all of its invested capital in such co-investment. As such, participation in such co-investment is suitable only for sophisticated investors and requires the financial ability and willingness to accept the significant risks and lack of liquidity inherent in an investment of this type. The risk factors referenced herein do not purport to be exhaustive and there may be other risks associated with such co-investment.

12.7. Aequor, Cargill and any Future Member will be required to invest in such co-investment as mentioned in Clause 12.6 through the SPV. Except as set forth throughout this Agreement, the Articles of Association and / or applicable laws, Proterra or an Affiliate of Proterra will be authorized to make all decisions with respect to the SPV. Co-investing through the SPV may present additional risks to Investors than investing directly in Tacora.

12.8. The Parties acknowledge and agree that nothing in this Clause 12 shall in any way prejudice, limit, restrict or otherwise affect the provisions of Clause 18 and Schedule IV, including without limitation, any rights that Cargill may have pursuant to such Clause.

13. TRANSFER OF INTEREST

13.1. An Investor will not Transfer (as such term is defined in the Shareholders Agreement) all or any of its interest in and to this Agreement, including its membership interest in the SPV ("**Offered Interest**"), except as part of a Transfer permitted under this Agreement, subject to compliance with the other applicable provisions of Clauses 13 to 17.

13.2. Any Transfer by an Investor of an Offered Interest shall be subject to the limitation that no such Transfer may be made if:

a. as a result, any other Investor or the SPV would become subject to any material restrictions of any governmental authority to which they were not subject prior to the proposed Transfer by reason of the nationality, residence, identity (including if such proposed Transferee is a Sanctioned Person (as such term is defined in the Shareholders Agreement)) or number of the proposed Transferee;

b. as a result, any other Investor or the SPV would become subject to any additional taxation to which it was not subject prior to the proposed Transfer (which shall, for greater certainty, not include a higher rate of withholding tax on payments made by the SPV);

c. the Transfer is not permitted by applicable law; or

d. in the case of a Transfer by Cargill, it is to any person which is (or has an Affiliate which is): (i) an iron ore mining or development company with interests in Quebec or Newfoundland and Labrador related to the production or potential production of iron ore in that region, or (ii) a creditor or royalty holder of Tacora. In the event that Cargill should wish to transfer its membership interests to such a person mentioned in (i) or (ii), this shall be subject to the prior written consent of the other Investors, such consent not to be unreasonably withheld.

14. RIGHT OF FIRST REFUSAL

14.1. Subject to Clauses 15 to 17, if an Investor (a "**Vendor**") receives a *bona fide* written offer from a third party (other than any shareholder, creditor or royalty holder of Tacora, or any party to a material contract with Tacora, or any of their respective Affiliates, to whom an Investor shall not be entitled to sell its Offered Interest without the consent of the other Investors; for the avoidance of doubt, nothing herein shall restrict an Investor making a written offer to another Investor provided that such written offer shall be subject to this Clause 14) that it is willing to accept, to Transfer all but not less than all of the Vendor's Offered Interest, as a separate transaction for consideration payable in cash, which is otherwise permissible pursuant to this Agreement (a "**Third Party Offer**"), the Vendor, before accepting the Third Party Offer, shall promptly deliver a notice (a "**Vendor Notice**") to each other Investor (each a "**Recipient Investor**") and the board of managing directors of SPV, provided that where Proterra or Aequor is the Vendor: (i) Cargill will not be a Recipient Investor (and shall not be a Recipient Investor under any circumstances); (ii) no Vendor Notice is required to be delivered to Cargill; and (iii) in such circumstances this Clause 14 shall be construed to take into account that there will only be one Recipient Investor.

14.2. A Vendor Notice shall set out:

a. the price expressed in United States dollars;

b. the name and address of the prospective purchaser, and (all to the extent that such information is reasonably available) if that person is a corporation, of each of the directors, officers and shareholders of that person, of each of the individuals who ultimately, directly or indirectly, control or controls such person (and of each of the directors, officers and shareholders of any intervening corporation in the chain of shareholders between such person and such individuals, and of each of such intervening corporations) or, where such person is a corporation whose shares are publicly traded and which files information publicly available through securities regulatory authorities in North America, the name of such corporation;

c. the terms and conditions of the Transfer;

d. evidence sufficient to establish that such prospective purchaser has the power and capacity, including financial, to complete the purchase contemplated by the Third Party Offer and that the completion of the purchase contemplated by the Third Party Offer shall comply with the limitations described in Clause 13.2; and

e. all other material terms of the Third Party Offer,

together with a copy of the Third Party Offer signed by the person making such offer. Any such Vendor Notice shall constitute an offer by the Vendor to sell all but not less than all of its Offered Interest to each Recipient Investor *pro rata* according to each Recipient Investor's membership interest in the SPV as compared to the aggregate membership interests of the Recipient Investors. The Sale Procedure (as set out in Clause 15) shall apply in respect of such Vendor Notice.

14.3. If the Recipient Investors fail to deliver notice in accordance with the Sale Procedure that one or more of them is willing to purchase all, but not less than all, of the Offered Interest, the rights of the Recipient Investors, except as hereinafter provided, to purchase the Offered Interest shall terminate and the Vendor may sell all, but not less than all, of its Offered Interest to the person identified in the Vendor Notice within 90 days after the expiry of the relevant period specified in Clause 15.1. Any such sale must, however, be at a price not less than the purchase price contained in the Third Party Offer and on other terms no more favourable to such person than those contained in the Third Party Offer. If the Offered Interest is not sold within such 90-day period on such terms, the rights of each Recipient Investor pursuant to this Clause 14.3 shall again take effect.

14.4. An Investor may, without triggering the previous provisions of this Clause 14 and Clause 15, but subject to the other terms of this Agreement, Transfer all, but not less than all, of its Offered Interest to an Affiliate of such Investor, provided that the Investor and such Affiliate first enter into an agreement with the other Investors and the SPV, in form and content reasonably satisfactory to the other Investors which provides that:

a. such Transfer has no adverse Tax consequences on any of the other Investors and the SPV (which shall, for greater certainty, not include a higher rate of withholding Tax on payments made by the SPV); and

b. the Affiliate shall be bound by and have the benefit of the provisions of this Agreement.

15. SALE PROCEDURE

15.1. If a Recipient Investor receives or is deemed to receive a Vendor Notice, the Recipient Investor shall be entitled to purchase all, but not less than all, of its pro rata share of the Offered Interest in accordance with the terms and conditions of the Third Party Offer by delivering notice of the acceptance thereof to the Vendor, the other Recipient Investors and to the board of managing directors of the SPV, no later than 30 days from the date it receives a Vendor Notice. If a

Recipient Investor does not elect to purchase its pro rata share of the Offered Interest within such 30 day period, then each other Recipient Investor may purchase such non-electing Recipient Investor's pro rata share of the Offered Interest by delivering notice of the acceptance thereof to the Vendor, the other Recipient Investors and to the board of managing directors of the SPV no later than 10 days following the end of such 30 day period (and if more than one Recipient Investor elects to purchase such share of the Offered Interest, such share of the Offered Interest shall be allocated pro rata among such electing Recipient Investors according to each such electing Recipient Investor's membership interest in the SPV as compared to the aggregate membership interests of all other such electing Recipient Investors). Unless all of the Offered Interest is agreed to be acquired by one or more Recipient Investors, the Vendor shall not be required to sell any part of the Offered Interest to any Recipient Investor. Subject to Clause 15.2, the transactions shall then be completed at the SPV's registered office (or at such other location as may be agreed upon by the Vendor and such accepting Recipient Investor(s)), where delivery of the documents and instruments evidencing the Offered Interest must be made to such accepting Recipient Investor(s) with good title, free and clear of all Encumbrances against payment of the consideration by such accepting Recipient Investor(s).

15.2. In the event that a sale pursuant to Clause 14 by the Vendor to the accepting Recipient Investor(s) occurs, all Parties shall take all necessary steps to complete and execute all necessary resolutions and documentation and make any necessary filings to appropriately structure, document and record the Transfer, including by removing directors nominated by the Vendor and a release of any and all claims which the Vendor may have against the SPV.

16. TAG ALONG RIGHT

16.1. Proterra shall not be permitted to sell or Transfer, in one or a series of related transactions and whether directly or as an indirect Transfer of its membership interest, such amount of its membership interest as would result in Proterra holding less than 50% of its membership interest in the SPV set out in the table at Clause 4.4 (the "**Tag Transaction**"), unless Proterra also obtains from the acquiring third party offers (each a "**Tag Along Offer**") addressed to each of the other Investors (each a "**Tag Investor**") to acquire the full interest in and to this Agreement and the membership interest in the SPV (the "**Tag Interest**") of each Tag Investor, containing terms and conditions identical, *mutatis mutandis*, to those contained in the Tag Transaction. For the avoidance of doubt, Proterra shall be permitted to sell or Transfer, in one or a series of related transactions and whether directly or as an indirect Transfer of its membership interest, less than 50% of its membership interest in the SPV set out in the table at Clause 4.4 without the tag along rights in this Clause 16 applying.

16.2. The Tag Along Offer must provide that the purchase each Tag Interest is conditional on the purchase by the third party of the membership interest held by Proterra or on the completion of the indirect transfer of the membership interest of Proterra, as the case may be.

16.3. Any agreement to effect a Tag Transaction must be conditional upon Tag Along Offers being made to each of the Tag Investors in accordance with, and Proterra otherwise complying with, the provisions of this Clause 16. Proterra shall deliver the Tag Along Offers to the Tag Investors together with copies of the Tag Transaction documentation. The Tag Along Offers shall be irrevocable and shall each be open for acceptance by the relevant Tag Investors for 30 days after receipt thereof by each Tag Investor (the "**Tag Period**").

16.4. Each Tag Investor shall have the right, exercisable by notice given to Proterra, as agent for and on behalf of the third party, within the Tag Period:

a. to accept its Tag Along Offer; or

b. to reject its Tag Along Offer,

and if no notice is given by a Tag Investor in accordance with the terms of this Clause 16.4, such Tag Investor shall be deemed to have given the notice referred to in Clause 16.4.b.

16.5. If any of the Tag Investors accepts its Tag Along Offer, the purchase and sale of the Tag Interest(s) to the third party pursuant to the Tag Along Offer(s) shall be completed, subject to the provisions of the Tag Along Offer(s), at the same time as the sale of the Offered Interest by Proterra to the third party or the completion of the indirect Transfer of the membership interest of Proterra pursuant to the Tag Transaction and as part of the same closing.

16.6. Upon:

a. both or one of the Tag Investors having accepted their respective Tag Along Offer and subject to compliance with Clause 16.5 and, where only one Tag Investor has accepted its Tag Along Offer, such third party agreeing to be bound by all of the provisions of this Agreement; or

b. the Tag Investors having both rejected their Tag Along Offer or having been deemed to have rejected their Tag Along Offer, subject to such third party agreeing to be bound by all of the provisions of this Agreement,

Proterra may sell its Offered Interest or complete the indirect Transfer of the membership interest specified in the Tag Transaction in accordance with the terms of the Tag Transaction no later than ninety 90 days after the expiry of the Tag Period. If such sale is not completed within such 90-day period, the provisions of this Clause 16 shall again take effect.

16.7. This Clause 16 shall apply in the event that Proterra intends to enter into a Tag Transaction with either of Cargill or Aequor (or any of their Affiliates) and in such an event: (i) Proterra must deliver a Tag Along Offer to Aequor and comply with the remaining provisions of this Clause 16 where it intends to enter into a Tag Transaction with Cargill (or an Affiliate of Cargill); and (ii) Proterra must deliver a Tag Along Offer to Cargill and comply with the remaining provisions of this Clause 16 where it intends to enter into a Tag Transaction with Aequor (or an Affiliate of Aequor).

17. DRAG ALONG RIGHT

17.1. Subject to Clauses 15 to 16, in the event that Proterra receives a bona fide written offer which it is willing to accept from a third party (ie not an Affiliate or Related Party, as such term is defined in the Shareholders Agreement, of Proterra) to Transfer all (but not less than all) of the Offered Interest held by Proterra and its Affiliates (the "**Drag Transaction**") and if Proterra wishes to enter into the Drag Transaction, it shall also have the right to require that Aequor and/or Cargill (the "**Drag Right**"), simultaneously with the closing of the Drag Transaction, to sell to the third party all (but not less than all) of the Offered Interest held by Aequor and Cargill (or their Affiliates) on the same terms and conditions *mutatis mutandis* as under the Drag Transaction; provided however, that Proterra shall not have any Drag Right pursuant to this Clause 17 unless the Drag Transaction would result in a return on investment to Aequor and Cargill equal to or greater than the Performance Hurdle (as such term is defined in the Shareholders Agreement) on a look through basis to Tacora based upon Aequor's or Cargill's percentage membership interest in the SPV and the SPV's indirect percentage membership interest in Tacora. If Proterra elects to enforce its Drag Right, then it shall, prior to the closing of the Drag Transaction, deliver to Aequor and Cargill a notice (the "**Drag Along Notice**") setting out the terms of the Drag Transaction and any other information reasonably necessary to describe the exercise of the Drag Right.

17.2. Upon receipt of the Drag Along Notice, Aequor and/or Cargill shall be obliged to sell to the third party simultaneously with the completion of the Drag Transaction all its Offered Interest, on the terms set out in such Drag Along Notice.

17.3. In the event that a sale by Aequor and/or Cargill pursuant to a Drag Transaction occurs, all Parties shall take all necessary steps to complete and execute all necessary resolutions and documentation and make any necessary filings to appropriately structure, document and record the Transfer.

18. SPV WARRANTIES

18.1. Notwithstanding the provisions of Clause 12, the SPV hereby warrants to Cargill that each of the statements set out in Schedule IV (the "**Warranties**") is true and accurate as at the date of this Agreement.

18.2. Except as expressly otherwise provided in this Agreement and subject to the limitations of liability set out in Schedule V, in case of a breach of any of the Warranties, the SPV shall, by means of an exclusive remedy, be liable to compensate Cargill, for any damages (*vermogensschade*) as referred to in Section 6:96 Dutch Civil Code ("**Damages**") suffered or incurred by Cargill, or one or more of its Affiliates, as a result of a breach of the statements set out in Schedule IV (each, a "**Warranty Claim**"). For the avoidance of doubt, Proterra shall not be liable to Cargill for any Damages or Warranty Claim.

18.3. In the case of a breach of the Warranties (i), any Damage suffered by the SPV, M&MBV or Tacora shall be deemed to have been suffered by Cargill, in proportion to its membership interest in the SPV.

19. NON-COMPETE AND BUSINESS OPPORTUNITIES

19.1. The Parties acknowledge and agree that neither Cargill nor any of its Affiliates shall be restricted by the terms of this Agreement and/or the Shareholders' Agreement and/or any other ground from (i) competing with Tacora and its subsidiaries; and (ii) investing in, participating in or otherwise being interested, whether directly or indirectly, in any companies, undertakings or other ventures which are similar to or compete with the SPV, M&MBV, Tacora or any of their Affiliates.

20. WITHHOLDING TAXES

20.1. The Investors agree that any Dutch dividend withholding tax (including associated costs, penalties and interest) that should be withheld and paid by the SPV to the Dutch tax authorities shall be borne by the Investor to which the dividend withholding tax pertains. The parties acknowledge and agree that Dutch dividend withholding tax in principle will be withheld by the SPV from the actual distribution made by the SPV to the relevant Investor that is subject to dividend withholding tax. If with the benefit of hindsight it appears that a distribution made to an Investor was actually subject to Dutch dividend withholding tax, the relevant Dutch dividend

withholding tax is for the account and risk of the relevant Investor. The Parties agree that in such a case, and in the case where the Dutch distribution is to be made in-kind (e.g. Tacora shares) the SPV will invoice the relevant Investor for the amount due (including associated costs, penalties and interest), and the Investors explicitly agree to make payment to the SPV within five (5) Business Days following receipt of the invoice from the SPV. For the avoidance of doubt, the payment of the invoice by the relevant Investor shall not qualify as a contribution to the SPV and the interest percentage of the relevant Investor shall not change as a result of the payment. The payment of the invoice will be made prior to distributing the Dutch dividend in-kind.

21. GENERAL PROVISIONS

21.1. Force Majeure. In the event that a Party is prevented or delayed in the performance of any term, condition or obligation (other than the payment of money) under this Agreement due to force majeure (*overmacht*), such Party shall give prompt notice to the other Party of the commencement, expected duration and termination of any such force majeure event. The Party involved shall do its utmost to solve the force majeure situation and the Parties shall use their reasonable best efforts to agree to what extent, if any, the delay in performance shall be compensated.

21.2. Liability. The SPV shall not be liable whether in negligence, breach of contract or otherwise for any loss, damage or expense suffered or incurred by an Investor or a related person or entity arising out of or in connection with the Business Activities or any failure to provide services to the Investors, except to the extent that such loss, damage or expense is caused by the SPV's wilful misconduct or gross negligence. In no event shall (i) the SPV be liable for consequential losses, damages or expenses, including but not limited to loss of profits and (ii) no Investor shall have any liability to any other Investor except as expressly provided herein, other than in the case of fraud or wilful misconduct.

21.3. Conflict with Articles of Association. In the event of ambiguity or discrepancy between the provisions of this Agreement and the Articles of Association, it is intended that the provisions of this Agreement shall prevail and accordingly the Investors shall exercise all voting and other rights and powers available to them so as to give effect to the provisions of this Agreement and shall further if necessary procure any required amendment to the Articles of Association provided that such amendment to the Articles of Association shall not contravene Applicable Law.

21.4. Confidentiality. No Party shall disclose or use any information regarding or in relation to this Agreement, the SPV and the Business Activities, except:

a. to the extent required by Applicable Law or stock exchange regulations or any governmental authority and, to the extent reasonably possible, after consultation with the other Parties about the timing and content of such disclosure;

b. to professional advisers bound by a duty of confidentiality, to the extent necessary for any lawful purpose;

c. to the extent that the information is public knowledge at the date of this Agreement or at any time after the date of this Agreement, other than through a breach by a Party of this Agreement or through a disclosure by a person to whom a Party has disclosed such confidential information, after consultation with the other Parties about the timing and content of such disclosure;

d. for public announcements in the agreed form as agreed by the Parties;

e. to any of the Affiliates or employees of an Investor (or any of its Affiliates) that has a bona fide need to be informed, provided that such Investor shall be responsible for any disclosure or use of any such information by any such person;

f. to any third party to whom the disclosing Investor bona fide contemplates a direct or indirect Transfer of all or part of its membership interests, provided that such third party has entered into a confidentiality agreement with SPV that contains confidentiality provisions substantially similar to and no less stringent than those contained in this Agreement. To the extent that an Investor has entered into bona fide negotiations regarding the sale of a direct or indirect Transfer of all or part of its membership interests, the other Investors shall use commercially reasonable endeavours to procure that such third party is provided with reasonable access to the directors and management of the SPV, M&MBV and Tacora (including meeting with the directors and management of the SPV, M&MBV and Tacora, being able to direct questions to the directors and management of the SPV, M&MBV and Tacora and receiving a management presentation from the management of Tacora) to assist the third party with its evaluation of the proposed transaction, provided that such access occurs during ordinary business hours and does not interfere with or cause undue interruption to the business and/or operations of Tacora;

g. to any third party to whom the SPV bona fide contemplates a direct or indirect issuance of any membership interests, provided that such third party has entered into a confidentiality agreement with SPV that contains confidentiality provisions substantially similar to and no less stringent than those contained in this agreement;

h. to a governmental authority responsible for the administration and calculation of taxes, where the SPV or the disclosing Investor determines, acting reasonably, that such

disclosure is necessary and appropriate to facilitate discussions related to tax matters affecting the SPV or such disclosing Investor; and

i. where such disclosure is necessary and appropriate to enforce its obligations hereunder.

21.5. Assignment. The rights and obligations of this Agreement can be assigned, and shall only be assignable, concurrently with a transfer of a membership in accordance with this Agreement and the Articles of Association, with all rights and obligations attached thereto, resulting in the assignee acceding as a member of the SPV. A prior written consent for the transfer of membership in accordance with the Articles of Association of the SPV shall also serve as prior written consent for the assignment of this Agreement. Any transfer of a membership interest by Proterra, Aequor or Cargill under and in accordance with this Agreement shall be subject to such transferee agreeing to be bound by the terms of this Agreement and agreeing to accept and be bound by the rights and obligations of the transferor under this Agreement.

21.6. Notices. All notices, demands, consents or other communication required or permitted under or in connection with this Agreement shall be in writing and in English. Such notices shall be sent by fax, courier or by registered mail to the other Party due to receive the notice or communication.

21.7. Governing Law and Jurisdiction. The laws of the Netherlands (excluding its rules governing conflicts of laws that may require an application of a different law) shall govern the construction, interpretation and other matters arising out of or in connection with this Agreement (whether arising in contract, tort, equity or otherwise). The Parties agree that any action arising under or in connection with this Agreement shall be brought and maintained in the courts of Amsterdam, the Netherlands.

21.8. Severability. If any provision of this Agreement is null and void or is determined by a court of competent jurisdiction to be subject to annulment or unenforceable, the remaining provisions of this Agreement remain in full force, if the essential terms and conditions of this Agreement for each Party remain valid, binding and enforceable. The Parties shall then use all reasonable endeavours to replace the void, annulled or unenforceable provision(s) by a valid and enforceable substitute provision the effect of which is as close as possible to the intended effect of the void, annulled or unenforceable provision.

21.9. Entire Agreement. This Agreement constitutes the final agreement by and among the Parties, and is the complete and exclusive statement of the Parties' agreement on the matters contained

herein. All prior and contemporaneous negotiations and agreements by and among the Parties with respect to the matters contained herein are superseded by this Agreement.

21.10. Counterparts. This Agreement may be executed in one or more counterparts, and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart and each such counterpart shall constitute an original of this Agreement but all the counterparts shall together constitute one and the same instrument. The delivery of signed counterparts by facsimile or email transmission that includes a copy of the sending Party's signature is as effective as signing and delivering the counterpart in person.

21.11. Headings. The captions, titles and headings included in this Agreement are for convenience only, and do not affect the construction or interpretation of this Agreement. When a reference is made in this Agreement to a Clause, such reference will be to a Clause of this Agreement unless otherwise indicated.

21.12. Amendments. This Agreement may not be amended, supplemented or otherwise modified except by a written document executed by or on behalf of each of the Parties hereto.

Remainder of this page intentionally left blank

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives with effect as of the Effective Date.

Proterra M&M MGCA Coöperatief U.A.
By: _____
Title: Managing director A

Proterra M&M MGCA Coöperatief U.A.
By: _____
Title: Managing director B

Black River Capital Partners Fund (Metals and Mining A) LP
acting through and as such duly represented by
its sole general partner, Black River CPF (Metals and Mining) GP LP,
acting through and as such duly represented by
its sole general partner, Black River CPF (Metals and Mining) GP LLC,
represented by its sole member, Proterra Investment Partners LP

By: James S. Warren
Title: Secretary

Black River Capital Partners Fund (Metals and Mining B) LP
acting through and as such duly represented by
its sole general partner, Black River CPF (Metals and Mining) GP LP,
acting through and as such duly represented by
its sole general partner, Black River CPF (Metals and Mining) GP LLC,
represented by its sole member, Proterra Investment Partners LP

By: James S. Warren
Title: Secretary

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives with effect as of the Effective Date.

Proterra M&M MGCA Coöperatief U.A.

By: _____

Title: Managing director A

Proterra M&M MGCA Coöperatief U.A.

By: L.I.W. Klein
Director

Title: Managing director B

Black River Capital Partners Fund (Metals and Mining A) LP
acting through and as such duly represented by
its sole general partner, Black River CPF (Metals and Mining) GP LP,
acting through and as such duly represented by
its sole general partner, Black River CPF (Metals and Mining) GP LLC,
represented by its sole member, Proterra Investment Partners LP

By: James S. Warren

Title: Secretary

Black River Capital Partners Fund (Metals and Mining B) LP
acting through and as such duly represented by
its sole general partner, Black River CPF (Metals and Mining) GP LP,
acting through and as such duly represented by
its sole general partner, Black River CPF (Metals and Mining) GP LLC,
represented by its sole member, Proterra Investment Partners LP

By: James S. Warren

Title: Secretary

Aequor Holdings LLC

By: David J. Durrett

Title: Manager

_____

Cargill, Incorporated

By: _____

Title: _____

_____

Proterra M&M MGCA B.V.

By: _____

Title: _____

Aequor Holdings LLC

By: David J. Durrett

Title: Manager

Cargill, Incorporated

By: David E. Dines

Title: Corporate Senior Vice President, Cargill Metals & Shipping

Proterra M&M MGCA B.V.

By: _____

Title: _____

Aequor Holdings LLC

By: David J. Durrett

Title: Manager

Cargill, Incorporated

By: _____

Title: _____

Pioterra M&M MGCA B.V.

By: L.I.W. Klein

Title: Director

Aequor Holdings LLC

By: David J. Durrett

Title: Manager

Cargill, Incorporated

By: _____

Title: _____

Proterra M&M MGCA B.V.

By: RUPERT S N BYRD

Title: DIRECTOR A

SCHEDULE I

Cash Call Notice

[**NAME AND ADDRESS OF INVESTOR**]
[**DATE**]

Re: Cash Call

Dear Sir/Madam,

We refer to the Amended and Restated Member and Contribution Agreement dated [●], 2018, as amended from time to time (the "**Agreement**") between Proterra M&M MGCA Cooperatief U.A., Black River Capital Partners Fund (Metals and Mining A) LP, Black River Capital Partners Fund (Metals and Mining B) LP, Aequor Holdings LLC, Cargill, Incorporated and Proterra M&M MGCA B.V. In particular we refer to [7.1 of the Agreement concerning the Tacora Cash Call (as defined in the Agreement) where a Tacora Cash Call all has been made] ***or:*** [8.1 of the Agreement concerning the SPV Cash Call (as defined in the Agreement) where a SPV Cash Call all has been made].

Capitalized terms used but not defined herein shall have the meaning assigned to them in the Agreement.

We hereby give notice under and pursuant to Clause [7.2 ***or:*** 8.2] of a [Tacora Cash Call / SPV Cash Call] dated [●] in the amount of [●]. If you elect to comply with this [Tacora Cash Call / SPV Cash Call], in full, this capital call results in a [Tacora Cash Call / SPV Cash Call] owed by you to the SPV in the total amount of [●].

To the extent that you elect to fund the [Tacora Cash Call / SPV Cash Call] in part, please confirm the portion of the [Tacora Cash Call / SPV Cash Call] which you elect to fund by providing written notice to the SPV.

You must fund the cash call in USD.

The amount due must be paid within fifteen (15) Business Days as of the date of this notification letter in accordance with the Agreement by way of transfer of the amount to bank account number [●] in the name of [●].

Yours sincerely,

_____	_____
Proterra M&M MGCA Coöperatief U.A.	**Proterra M&M MGCA Coöperatief U.A.**
By: _____	By: _____
Title: Managing director A	Title: Managing director B

SCHEDULE II

a. Except as contemplated by the Shareholders Agreement, any issuance of shares of Tacora to any person other than the shareholders of Tacora at a price per share of less than USD 1.00 per share;

b. except as contemplated in an Approved Budget (as defined in the Shareholders Agreement) or a Financing Plan (as defined in the Shareholders Agreement), any incurrence of debt for borrowed money in the Purchaser from any person other than the shareholders of Tacora that exceeds USD 5 million in a single transaction or series of related transactions;

c. making in any year aggregate capital expenditures (other than as contemplated in the Approved Budget (as defined in the Shareholders Agreement) in excess of the greater of USD 5 million and 20% of the aggregate capital expenditures set forth in that year's Approved Budget; or

d. an IPO of Tacora at a price per share of less than USD 1.00 per share;

SCHEDULE III

For the purposes of this Schedule III, unless the context indicates to the contrary, capitalized terms not defined in the Agreement shall have the meaning ascribed thereto in the Shareholders Agreement.

a. Engaging in a business other than the Business;
b. the entering into or the amendment, modification or termination of any agreement, arrangement or understanding with a Related Party;
c. an Expansion Decision (including a high-level program and budget for the expansion that sets forth the estimated capital expenditures and ongoing operating expenditures and anticipated cost escalation)
d. issuance of Shares or any other securities in the capital of Tacora or any subsidiaries other than as specifically provided in Shareholders Agreement or an Approved Financing Plan or an IPO;
e. any reorganisation of the share capital or any other securities of Tacora (including any share split, consolidation, redemption or repurchase of any such shares or securities), other than as otherwise specifically provided for in an approved Financing Plan or IPO or as permitted or required under an Executive Shareholder Agreement (and for greater certainty no exercise by Tacora of any of its rights under an Executive Shareholder Agreement shall require a Special Consent);
f. disposal of all or substantially all the assets of Tacora;
g. other than as otherwise specifically provided for in an approved Financing Plan or an IPO, amending the Shareholders Agreement or the constitutional documents of Tacora;
h. any merger, share exchange, business combination, or other similar transaction of Tacora;
i. instituting any voluntary dissolution, liquidation or bankruptcy proceedings in respect of Tacora; or
j. the material modification of any closure plan or financial assurance in respect of Environmental Compliance (other than as contemplated in the Approved Budget or as required by Applicable Law).

SCHEDULE IV

1. Group Companies

1.1 The SPV, M&MBV, Tacora, Tacora Resources LLC and Knoll Lake Minerals Ltd (each a "**Group Company**" and collectively the "**Group Companies**") have been duly incorporated and properly formed and are validly existing under the laws of its jurisdiction of incorporation.

1.2 The Group Companies have not been dissolved, are not in the process of liquidation or dissolution, have not been declared bankrupt (*failliet verklaard*) and have not been granted (preliminary or definitive) moratorium of payment (*voorlopige of definitieve surséance van betaling*) or its equivalent in the relevant jurisdiction of its incorporation and no resolutions have been taken and no requests have been made to that effect. No action or request is pending to declare any Group Company insolvent, to adjudicate bankruptcy, to grant a moratorium or a suspension of payments, or to dissolve or liquidate any Group Company.

1.3 No proposal has been made and no resolution has been taken regarding a legal merger (*juridische fusie*) of any of the Group Companies with any other person or regarding a legal demerger (*juridische splitsing*) of any of the Group Companies, or in respect of the equivalents of a legal merger or legal demerger in the relevant jurisdiction.

1.4 The SPV is the sole legal and beneficial owner of all of the shares in M&MBV. M&MBV is the legal and beneficial owner of a seventy-six seven/tenth percent (76.7%) interest in Tacora. Tacora is the sole legal and beneficial owner of Tacora Resources LLC and Tacora holds a 58.2% interest in Knoll Lake Minerals Ltd.

1.5 All shares held by M&MBV in Tacora and all shares held by Tacora in each of Tacora Resources LLC and Knoll Lake Minerals Ltd are fully paid up and are free from any further capital contribution obligations and/or encumbrances. None of the Group Companies have any authorized or outstanding bonds, debentures, notes or other securities that are convertible into, exchangeable for, or evidencing the right to subscribe for or acquire any shares of the Group Companies having the right to vote.

1.6 There is no agreement that requires any Group Company to issue or transfer membership interests, shares, options or other securities in or relating to the membership interest or capital of any of the Group Companies or to create any encumbrance in relation thereto.

1.7 Save for any member of the SPV, shareholder of any Group Company or royalty holder of a Group Company, no third party has, or claims in writing, the right to share in the past, present or future income or profits, reserves or liquidation surpluses of any of the Group Companies.

1.8 Each Group Company has full power and authority to own its assets and to carry on its business as conducted on the date of this Agreement.

1.9 Each of the SPV and M&MBV has the requisite capacity and authority to enter into and perform each of its obligations under this Agreement.

2. Accounts

2.1. The stand-alone interim financial accounts, as attached hereto as Schedule VII, for the periods ending 31 December 2017 and 30 September 2018 of each of the SPV and M&MBV, respectively (the "**Interim Financial Accounts**"), have been prepared in accordance with accounting principles generally accepted in the Netherlands and under the historical cost convention. The Interim Financial Accounts give a true and fair view of the state of affairs of each of the SPV and M&MBV and their assets and liabilities as at the date of the Interim Financial Accounts and of the results thereof for the periods covering the Interim Financial Accounts.

3. Capital account balance. Membership interest

3.1 Following the Contributions the capital account balances of the members of the SPV and their membership interest in the SPV will be as follows:

	Capital account balance (USD)	Membership interest
Black River Capital Partners Fund (Metals and Mining A) LP	4,886,216.76	3.37%
Black River Capital Partners Fund (Metals and Mining B) LP	76,139,985.85	52.48%
Aequor Holdings LLC	43,950,999.60	30.30%
Cargill	20,092,797.78	13.85%
Total	145,069,999.99	100.00%

4. Litigation

None of the Group Companies is involved in, or to the SPV's or Proterra's knowledge, threatened with, any litigation, arbitration, or other legal proceedings (including administrative, criminal or tax proceedings), and, to the SPV's or Proterra's knowledge, there are no circumstances likely to give rise thereto.

5. Constitutional documents

The copies of the constitutional documents of the Group Companies which have been provided to Cargill and/or their advisers are true, accurate and complete in all respects and no resolution has been taken to amend any of these constitutional documents. All statutory books and registers of the Group Companies have been properly kept and no notice or allegation that any of them is incorrect or should be rectified has been received or is threatened.

SCHEDULE V

1. Overall time limitation

SPV shall not be liable in respect of a Warranty Claim by Cargill unless it is notified thereof before the earlier of 2nd Anniversary of the Effective Date and the completion of the IPO of Tacora.

2. Minimum Claims

SPV shall not be liable in respect of any Warranty Claims, unless:

2.1 the amount thereof or of a series of individual claims arising from the same facts, matters or circumstances, exceeds USD 20,000; and

2.2 the aggregate amount of all Warranty Claims exceeds USD 200,000, in which case Proterra shall be liable for the full amount and not merely the excess.

3. Maximum liability

The aggregate liability of SPV in respect of all claims for a breach of the Warranties shall not exceed an amount equal to USD 20,000,000.

4. Purchaser's Right to Recover

4.1 If Cargill or any of its Affiliates has a right to recover or has been indemnified by any third party, including an insurer, in respect (in whole or in part) of a matter which has given rise to a Warranty Claim (a "**Right to Recover**"), Cargill shall:

(a) notify SPV of the Right to Recover as soon as possible; and

(b) use commercially reasonable efforts to exercise and enforce, and ensure that it and each of its Affiliates uses commercially reasonable efforts to exercise and enforce, each Right to Recover.

4.2 SPV shall not be liable in respect of a Warranty Claim if and to the extent that Cargill or any of its Affiliates has recovered (net of costs and taxes) its damages pursuant to any such Right to Recover.

4.3 Where SPV has paid an amount to Cargill in respect of a Warranty Claim and Cargill or any of its Affiliates subsequently obtains a Right to Recover which relates (in whole or in part) to the matter that gave rise to such Warranty Claim, Cargill shall pay to SPV any amount recovered pursuant to such Right to Recover less any taxes and any reasonable costs and expenses incurred in obtaining the amount recovered or, if less, repay the relevant

amount paid to Cargill by SPV, in either case within 10 (ten) Business Days after receipt of the recovered amount.

5. Obligation to mitigate

Cargill shall do all reasonable things and procure (as far as it is reasonably able) that its Affiliates shall do all reasonable things to mitigate any Damage in connection with Warranty Claims in accordance with Section 6:101 of the Dutch Civil Code.

6. No double recovery

Cargill shall not be entitled to recover from SPV more than once in respect of the same loss under the Warranties.

7. No limitations of liability

None of the limitations included in this Schedule V shall apply in case of fraud (*bedrog*), wilful misconduct (*opzet*) on the part of SPV.

8. Actual knowledge

SPV shall have no liability for any Warranty Claim based upon or arising out of any inaccuracy in or breach of any of the representations or warranties of the SPV contained in this Agreement if Cargill had actual knowledge of such inaccuracy or breach on or before the entering into of this Agreement.

SCHEDULE VI

[To be attached separately]

Example 1 - Pro Rata Cash Call from Existing Coop Members

		Cash Call Calculations				
		Pre-Cash Call	A >>Cash Call>>	Pre-Adjustment	B >>Adjustment>>	Pro Forma
Contribution Type			Cash		Non-Cash	
Coop Capital Account						
MMF A	USD	4,113,112	568,522	4,681,634	0	4,681,634
MMF B	USD	71,192,405	9,840,341	81,032,745	0	81,032,745
Aequor	USD	49,348,624	6,821,055	56,169,679	0	56,169,679
Cargill	USD	20,040,859	2,770,083	22,810,942	0	22,810,942
Total	USD	144,695,000	20,000,000	164,695,000	0	164,695,000
Coop Membership Interest						
MMF A	%	2.84%	2.84%	2.84%		2.84%
MMF B	%	49.20%	49.20%	49.20%		49.20%
Aequor	%	34.11%	34.11%	34.11%		34.11%
Cargill	%	13.85%	13.85%	13.85%		13.85%
Total	%	100.00%	100.00%	100.00%		100.00%
BV Interest in Tacora						
Tacora Shares	#	144,400,000	10,000,000	154,400,000		154,400,000
Tacora Share Price	USD/sh	2.00	2.00	2.00	2.00	2.00
Tacora Value	USD	288,800,000	20,000,000	308,800,000		308,800,000
Indirect Shares in Tacora						
MMF A	#	4,104,727	284,261	4,388,987	0	4,388,987
MMF B	#	71,047,260	4,920,170	75,967,430	0	75,967,430
Aequor	#	49,248,014	3,410,527	52,658,541	0	52,658,541
Cargill	#	20,000,000	1,385,042	21,385,042	0	21,385,042
Total	#	144,400,000	10,000,000	154,400,000	0	154,400,000
Indirect Value in Tacora						
MMF A	USD	8,209,453	568,522	8,777,975	0	8,777,975
MMF B	USD	142,094,519	9,840,341	151,934,860	0	151,934,860
Aequor	USD	98,496,027	6,821,055	105,317,082	0	105,317,082
Cargill	USD	40,000,000	2,770,083	42,770,083	0	42,770,083
Total	USD	288,800,000	20,000,000	308,800,000	0	308,800,000

Cash Call Steps

Step A - Cash Call

- Cash Call for USD20m from existing Coop members
- Cash Call pro rata to pre-Cash Call Coop membership interest
- Proceeds used by BV to acquire 10m Tacora shares at USD2.00/sh

Step B - Non-Cash Adjustment

- Non-Cash adjustment to Coop members capital accounts such that Coop membership interest reflects such members actual indirect shares in Tacora based on underlying value of Tacora share subscription

Impact on Pro Forma Indirect Interest in Tacora	
->	Increase by 0.3m shares (USD0.6m @ USD2.00/sh)
->	Increase by 4.9m shares (USD9.8m @ USD2.00/sh)
->	Increase by 3.4m shares (USD6.8m @ USD2.00/sh)
->	Increase by 1.4m shares (USD2.8m @ USD2.00/sh)

Impact on Pro Forma Indirect Value in Tacora	
->	Increase by USD0.6m
->	Increase by USD9.8m
->	Increase by USD6.8m
->	Increase by USD2.8m

Note:

The above calculations and figures are provided for illustrative purposes only and are not actual figures or transaction amounts.

Example 2 - Non-Pro Rata Cash Call from Existing Coop Members

		Cash Call Calculations				
		Pre-Cash Call	A >>Cash Call>>	Pre-Adjustment	B >>Adjustment>>	Pro Forma
Contribution Type			Cash		Non-Cash	
Coop Capital Account						
MMF A	USD	4,113,112	5,000,000	9,113,112	-2,067,999	7,045,113
MMF B	USD	71,192,405	5,000,000	76,192,405	2,258,800	78,451,204
Aequor	USD	49,348,624	5,000,000	54,348,624	849,816	55,198,440
Cargill	USD	20,040,859	5,000,000	25,040,859	-1,040,616	24,000,243
Total	USD	144,695,000	20,000,000	164,695,000	0	164,695,000
Coop Membership Interest						
MMF A	%	2.84%	25.00%	5.53%		4.28%
MMF B	%	49.20%	25.00%	46.26%		47.63%
Aequor	%	34.11%	25.00%	33.00%		33.52%
Cargill	%	13.85%	25.00%	15.20%		14.57%
Total	%	100.00%	100.00%	100.00%		100.00%
BV Interest in Tacora						
Tacora Shares	#	144,400,000	10,000,000	154,400,000		154,400,000
Tacora Share Price	USD/sh	2.00	2.00	2.00	2.00	2.00
Tacora Value	USD	288,800,000	20,000,000	308,800,000		308,800,000
Indirect Shares in Tacora						
MMF A	#	4,104,727	2,500,000	8,543,456	-1,938,730	6,604,727
MMF B	#	71,047,260	2,500,000	71,429,657	2,117,603	73,547,260
Aequor	#	49,248,014	2,500,000	50,951,320	796,694	51,748,014
Cargill	#	20,000,000	2,500,000	23,475,567	-975,567	22,500,000
Total	#	144,400,000	10,000,000	154,400,000	0	154,400,000
Indirect Value in Tacora						
MMF A	USD	8,209,453	5,000,000	17,086,913	-3,877,459	13,209,453
MMF B	USD	142,094,519	5,000,000	142,859,313	4,235,206	147,094,519
Aequor	USD	98,496,027	5,000,000	101,902,639	1,593,388	103,496,027
Cargill	USD	40,000,000	5,000,000	46,951,135	-1,951,135	45,000,000
Total	USD	288,800,000	20,000,000	308,800,000	0	308,800,000

Cash Call Steps

Step A - Cash Call

- Cash Call for USD20m from existing Coop members
- Cash Call not pro rata to pre-Cash Call Coop membership interest
- Proceeds used by BV to acquire 10m Tacora shares at USD2.00/sh

Step B - Non-Cash Adjustment

- Non-Cash adjustment to Coop members capital accounts such that Coop membership interest reflects such members actual indirect shares in Tacora based on underlying value of Tacora share subscription

Impact on Pro Forma Indirect Interest in Tacora	
->	Increase by 2.5m shares (USD5.0m @ USD2.00/sh)
->	Increase by 2.5m shares (USD5.0m @ USD2.00/sh)
->	Increase by 2.5m shares (USD5.0m @ USD2.00/sh)
->	Increase by 2.5m shares (USD5.0m @ USD2.00/sh)

Impact on Pro Forma Indirect Value in Tacora	
->	Increase by USD5.0m
->	Increase by USD5.0m
->	Increase by USD5.0m
->	Increase by USD5.0m

Note:

The above calculations and figures are provided for illustrative purposes only and are not actual figures or transaction amounts.

Example 3 - Non-Pro Rata Cash Call from Existing and New Coop Members

		Cash Call Calculations				
		Pre-Cash Call	A >>Cash Call>>	Pre-Adjustment	B >>Adjustment>>	Pro Forma
Contribution Type			Cash		Non-Cash	
Coop Capital Account						
MMF A	USD	4,122,827	0	4,122,827	-9,714	4,113,112
MMF B	USD	41,228,260	30,000,000	71,228,260	-35,856	71,192,405
Aequor	USD	21,843,913	27,500,000	49,343,913	4,711	49,348,624
Cargill [New Member]	USD	0	20,000,000	20,000,000	40,859	20,040,859
Total	USD	67,195,000	77,500,000	144,695,000	0	144,695,000
Coop Membership Interest						
MMF A	%	6.14%	0.00%	2.85%		2.84%
MMF B	%	61.36%	38.71%	49.23%		49.20%
Aequor	%	32.51%	35.48%	34.10%		34.11%
Cargill [New Member]	%	0.00%	25.81%	13.82%		13.85%
Total	%	100.00%	100.00%	100.00%		100.00%
BV Interest in Tacora						
Tacora Shares	#	66,900,000	77,500,000	144,400,000		144,400,000
Tacora Share Price	USD/sh	1.00	1.00	1.00	1.00	1.00
Tacora Value	USD	66,900,000	77,500,000	144,400,000		144,400,000
Indirect Shares in Tacora						
MMF A	#	4,104,727	0	4,114,421	-9,695	4,104,727
MMF B	#	41,047,260	30,000,000	71,083,042	-35,782	71,047,260
Aequor	#	21,748,014	27,500,000	49,243,312	4,702	49,248,014
Cargill [New Member]	#	0	20,000,000	19,959,225	40,775	20,000,000
Total	#	66,900,000	77,500,000	144,400,000	0	144,400,000
Indirect Value in Tacora						
MMF A	USD	4,104,727	0	4,114,421	-9,695	4,104,727
MMF B	USD	41,047,260	30,000,000	71,083,042	-35,782	71,047,260
Aequor	USD	21,748,014	27,500,000	49,243,312	4,702	49,248,014
Cargill [New Member]	USD	0	20,000,000	19,959,225	40,775	20,000,000
Total	USD	66,900,000	77,500,000	144,400,000	0	144,400,000

Cash Call Steps

Step A - Cash Call

- Cash Call for USD77.5m from existing and new Coop members
- Cash Call not pro rata to pre-Cash Call Coop membership interest
- Proceeds used by BV to acquire 77.5m Tacora shares at USD1.00/sh

Step B - Non-Cash Adjustment

- Non-Cash adjustment to Coop members capital accounts such that Coop membership interest reflects such members actual indirect shares in Tacora based on underlying value of Tacora share subscription

Impact on Pro Forma Indirect Interest in Tacora	
->	No change
->	Increase by 30.0m shares (USD30.0m @ USD1.00/sh)
->	Increase by 27.5m shares (USD27.5m @ USD1.00/sh)
->	Increase by 20.0m shares (USD20.0m @ USD1.00/sh)

Impact on Pro Forma Indirect Value in Tacora	
->	No change
->	Increase by USD30.0m
->	Increase by USD27.5m
->	Increase by USD20.0m

Note:

The above calculations and figures are provided for illustrative purposes only and are not actual figures or transaction amounts.

Example 4 - Following Coop Member Termination Election, FMV Adjustment of Coop Capital Accounts and Distribution in Kind to Terminating Coop Member

		Calculations				
		Pre-Termination	A >>FMV Adj>>	Post-FMV Adj	B >>Distribution>>	Pro Forma
Type			Non Cash		In Kind (Tacora Shares)	
Coop Capital Account						
MMF A	USD	4,113,112	6,148,704	10,261,817		10,261,817
MMF B	USD	71,192,405	106,425,745	177,618,149		177,618,149
Aequor	USD	49,348,624	73,771,410	123,120,034		123,120,034
Cargill	USD	20,040,859	29,959,141	50,000,000	-50,000,000	0
Total	USD	144,695,000	216,305,000	361,000,000	-50,000,000	311,000,000
Coop Membership Interest						
MMF A	%	2.84%		2.84%		3.30%
MMF B	%	49.20%		49.20%		57.11%
Aequor	%	34.11%		34.11%		39.59%
Cargill	%	13.85%		13.85%		0.00%
Total	%	100.00%		100.00%		100.00%
BV Interest in Tacora						
Tacora Shares	#	144,400,000		144,400,000	-20,000,000	124,400,000
Tacora Share Price	USD/sh	2.50	2.50	2.50	2.50	2.50
Tacora Value	USD	361,000,000		361,000,000	-50,000,000	311,000,000
Indirect Shares in Tacora						
MMF A	#	4,104,727		4,104,727		4,104,727
MMF B	#	71,047,260		71,047,260		71,047,260
Aequor	#	49,248,014		49,248,014		49,248,014
Cargill	#	20,000,000		20,000,000	-20,000,000	0
Total	#	144,400,000		144,400,000	-20,000,000	124,400,000
Tacora Shares (100%; FD)						
Proterra BV	#	144,400,000		144,400,000	-20,000,000	124,400,000
Cargill (Directly Held)	#	0		0	20,000,000	20,000,000
MagGlobal	#	13,600,000		13,600,000		13,600,000
Restricted Shares	#	5,478,000		5,478,000		5,478,000
Total	#	163,478,000		163,478,000	0	163,478,000

FMV Value Adjustments and Distribution in Kind Steps

Step A - Fair Market Value (FMV) Adjustment

- Based on Cargill request to terminate Coop membership following IPO on stock exchange and no restrictions (e.g. lock up agreement), Coop members accounts' adjusted based on FMV of Tacora share price of USD2.50/sh which is for purposes of this example is the assumed listed share price at FMV determination date

Step B - Distribution in Kind of Tacora Shares

- Distribution in kind of Tacora shares to Cargill with FMV value of distribution in kind deducted from Cargill's Coop capital account

Impact on Pro Forma Indirect Tacora Shares Held	
MMF A	-> None
MMF B	-> None
Aequor	-> None
Cargill	-> Decrease by 20m

Impact on Pro Forma Direct Tacora Shares Held	
Proterra BV	-> Decrease by 20m
Cargill (Directly Held)	-> Increase by 20m
MagGlobal	-> None
Restricted Shares	-> None

Note:

The above calculations and figures are provided for illustrative purposes only and are not actual figures or transaction amounts.

SCHEDULE VII

[To be attached separately]

Proterra M&M MGCA Cooperatief UA

Adm. 20197 - 2017 USD

	2017		2016	
	debet	credit	debet	credit
Assets				
Financial fixed assets				
Participations	46.014.319,31			
	46.014.319,31			
Current assets				
Current account shareholder	175.000,00			
	175.000,00			
	46.189.319,31			
Equity and liabilities				
Shareholders equity				
Shareholders equity				
Capital members		46.175.000,41		
Retained earnings		-76.098,19		
		46.098.902,22		
Short term liabilities				
Creditors		40.417,09		
Current account shareholder		50.000,00		
		90.417,09		
		46.189.319,31		
Profit and loss				
Other expenses				
General expenses	40.417,09			
	40.417,09			
Financial income and charges				
Interest received	0,41			
	0,41			
Result participations				
Dividend received	35.680,69			
	35.680,69			
	76.098,19			

Saldibalans

Proterra M&M MGCA Cooperatief UA

Adm. 20197 - 2017 USD (Per:1-99)

Rekening		Beginsaldo	Debet	Credit	Totaal	Vorig jaar
Balans						
300	Proterra M&M B.V.		46.050.000,00	35.680,69	46.014.319,31	
500	Black River Capital Partners Fund (Metals and Mining A) LP			3.102.668,16	-3.102.668,16	
505	Black River Capital Partners Fund (Metals and Mining B) LP			31.026.679,87	-31.026.679,87	
506	Aequor Holdings LLC			12.045.652,38	-12.045.652,38	
1200	CA Proterra Investment Partners LP		129.347,83		129.347,83	
1203	Aequor Holdings LLC		45.652,17		45.652,17	
1210	CA Proterra M&M BV			50.000,00	-50.000,00	
1400	Creditors			40.417,09	-40.417,09	
		0,00	**46.225.000,00**	**46.301.098,19**	**-76.098,19**	**0,00**
Winst en Verlies						
4300	Accounting charges		23.294,08		23.294,08	
4301	Administration charges		17.123,01		17.123,01	
4995	Exchange difference		0,41		0,41	
9500	Result participation		35.680,69		35.680,69	
		0,00	**76.098,19**	**0,00**	**76.098,19**	**0,00**
	Blad totaal:	***0,00***	***46.301.098,19***	***46.301.098,19***	***0,00***	***0,00***

Rekeningkaart

Proterra M&M MGCA Cooperatief UA

Adm. 20197 - 2017 USD (Per:0-99)

Datum	Per	Dagb		Vreemde Val.	Debet	Credit	Omschrijving	Docnr
300 Proterra M&M B.V.								
17-7-2017	7	MEMO 1 10	USD		393.770,00		First Holdco Contribution	3
17-7-2017	7	MEMO 1 11	USD		41.606.230,00		Second Holdco Contribution	3
17-7-2017	7	MEMO 1 13	USD			19.790,84	Result BV Q3-17	3
27-10-2017	10	MEMO 2 10	USD		50.000,00		Company expense contribution	4
27-10-2017	10	MEMO 2 4	USD		4.000.000,00		Capital Contribution Agreement 27-10	4
31-12-2017	12	MEMO 3 1	USD			15.889,85	Result BV Q4-17	5
				0,00	**46.050.000,00**	**35.680,69**		**46.014.319,31**
500 Black River Capital Partners Fund (Metals and Mining A) LP								
17-7-2017	7	MEMO 1 1	USD			6,72	Capital Call I	3
17-7-2017	7	MEMO 1 4	USD			26.452,14	Fund A First Supplemental Contribution	3
17-7-2017	7	MEMO 1 5	USD			2.795.675,70	Fund A Second Supplemental Contribution	3
27-10-2017	10	MEMO 2 1	USD			268.774,70	Contribution I	4
27-10-2017	10	MEMO 2 5	USD			11.758,90	Expense contribution I	4
				0,00	**0,00**	**3.102.668,16**		**-3.102.668,16**
505 Black River Capital Partners Fund (Metals and Mining B) LP								
17-7-2017	7	MEMO 1 2	USD			67,19	Capital Call II	3
17-7-2017	7	MEMO 1 6	USD			264.521,34	Fund B First Supplemental Contribution	3
17-7-2017	7	MEMO 1 7	USD			27.956.755,38	Fund B Second Supplemental Contribution	3
27-10-2017	10	MEMO 2 6	USD			117.588,93	Expense contribution II	4
27-10-2017	10	MEMO 2 2	USD			2.687.747,03	Contribution II	4
				0,00	**0,00**	**31.026.679,87**		**-31.026.679,87**
506 Aequor Holdings LLC								
17-7-2017	7	MEMO 1 9	USD			10.853.799,33	Co-Investor First Supplemental Contribution	3
17-7-2017	7	MEMO 1 3	USD			26,09	Capital Call III	3
17-7-2017	7	MEMO 1 8	USD			102.696,52	Co-Investor First Supplemental Contribution	3
27-10-2017	10	MEMO 2 3	USD			1.043.478,27	Contribution III	4
27-10-2017	10	MEMO 2 7	USD			45.652,17	Expense contribution III	4
				0,00	**0,00**	**12.045.652,38**		**-12.045.652,38**
1200 CA Proterra Investment Partners LP								
27-10-2017	10	MEMO 2 8	USD		129.347,83		Expense contribution Black River	4
				0,00	**129.347,83**	**0,00**		**129.347,83**
1203 Aequor Holdings LLC								
27-10-2017	10	MEMO 2 9	USD		45.652,17		Expense contribution Tacora	4
				0,00	**45.652,17**	**0,00**		**45.652,17**
1210 CA Proterra M&M BV								
27-10-2017	10	MEMO 2 11	USD			50.000,00	Company expense contribution	4
				0,00	**0,00**	**50.000,00**		**-50.000,00**
1400 Creditors								
10-8-2017	8	C 1 902				25.173,17	VIS01 Vistra B.V.	50006371
30-10-2017	10	C 2 902				7.078,37	VIS01 Vistra B.V.	7256
8-12-2017	12	C 3 902				8.165,55	VIS01 Vistra B.V.	332
				0,00	**0,00**	**40.417,09**		**-40.417,09**
4300 Accounting charges								
10-8-2017	8	C 1 4	USD		23.294,08		Vistra	50006371
				0,00	**23.294,08**	**0,00**		**23.294,08**
4301 Administration charges								
3-8-2017	8	C 1 2	USD		1.879,09		Vistra	50006168
30-10-2017	10	C 2 2	USD		7.078,37		Vistra invoice 150007256	7256
8-12-2017	12	C 3 2	USD		8.165,55		Vistra invoice 150010332	332
				0,00	**17.123,01**	**0,00**		**17.123,01**
4995 Exchange difference								
17-7-2017	7	MEMO 1 12	USD		0,41		Second Holdco Contribution	3
				0,00	**0,41**	**0,00**		**0,41**
9500 Result participation								
17-7-2017	7	MEMO 1 14	USD		19.790,84		Result BV Q3-17	3
31-12-2017	12	MEMO 3 2	USD		15.889,85		Result BV Q4-17	5
				0,00	**35.680,69**	**0,00**		**35.680,69**
			Blad	***0,00***	***46.301.098,19***	***46.301.098,19***		

Dagboekmutaties

Proterra M&M MGCA Cooperatief UA

Adm. 20197 - 2017 USD (Per:0-99)

Regel		Rekening	Valuta		BTW	Debet	Credit	Omschrijving	Docnr
C Blad: 0001 Creditors journal									
C 1 1	VIS01	Vistra B.V.	USD	-1.879,09				Vistra	50006168
C 1 2	4301	Administration charges	USD			1.879,09		Vistra	50006168
C 1 3	VIS01	Vistra B.V.	USD	-23.294,08				Vistra	50006371
C 1 4	4300	Accounting charges	USD			23.294,08		Vistra	50006371
C 1 902	1400	Creditors	USD				25.173,17	VIS01 Vistra B.V.	50006371
				-25.173,17		**25.173,17**	**25.173,17**	**0,00**	
C Blad: 0002 Creditors journal									
C 2 1	VIS01	Vistra B.V.	USD	-7.078,37				Vistra invoice 15000725	7256
C 2 2	4301	Administration charges	USD			7.078,37		Vistra invoice 15000725	7256
C 2 902	1400	Creditors	USD				7.078,37	VIS01 Vistra B.V.	7256
				-7.078,37		**7.078,37**	**7.078,37**	**0,00**	
C Blad: 0003 Creditors journal									
C 3 1	VIS01	Vistra B.V.	USD	-8.165,55				Vistra invoice 15001033	332
C 3 2	4301	Administration charges	USD			8.165,55		Vistra invoice 15001033	332
C 3 902	1400	Creditors	USD				8.165,55	VIS01 Vistra B.V.	332
				-8.165,55		**8.165,55**	**8.165,55**	**0,00**	
MEMO Blad: 0001 Memoriaal									
MEMO 1	500	Black River Capital Partne	USD				6,72	Capital Call I	3
MEMO 1	505	Black River Capital Partne	USD				67,19	Capital Call II	3
MEMO 1	506	Aequor Holdings LLC	USD				26,09	Capital Call III	3
MEMO 1	500	Black River Capital Partne	USD				26.452,14	Fund A First Supplemen	3
MEMO 1	500	Black River Capital Partne	USD				2.795.675,70	Fund A Second Supplen	3
MEMO 1	505	Black River Capital Partne	USD				264.521,34	Fund B First Supplemen	3
MEMO 1	505	Black River Capital Partne	USD				27.956.755,38	Fund B Second Supplen	3
MEMO 1	506	Aequor Holdings LLC	USD				102.696,52	Co-Investor First Supple	3
MEMO 1	506	Aequor Holdings LLC	USD				10.853.799,33	Co-Investor First Supple	3
MEMO 1	300	Proterra M&M B.V.	USD			393.770,00		First Holdco Contributior	3
MEMO 1	300	Proterra M&M B.V.	USD			41.606.230,00		Second Holdco Contribu	3
MEMO 1	4995	Exchange difference	USD			0,41		Second Holdco Contribu	3
MEMO 1	300	Proterra M&M B.V.	USD				19.790,84	Result BV Q3-17	3
MEMO 1	9500	Result participation	USD			19.790,84		Result BV Q3-17	3
				0,00		**42.019.791,25**	**42.019.791,25**	**0,00**	
MEMO Blad: 0002 Memoriaal									
MEMO 2	500	Black River Capital Partne	USD				268.774,70	Contribution I	4
MEMO 2	505	Black River Capital Partne	USD				2.687.747,03	Contribution II	4
MEMO 2	506	Aequor Holdings LLC	USD				1.043.478,27	Contribution III	4
MEMO 2	300	Proterra M&M B.V.	USD			4.000.000,00		Capital Contribution Agr	4
MEMO 2	500	Black River Capital Partne	USD				11.758,90	Expense contribution I	4
MEMO 2	505	Black River Capital Partne	USD				117.588,93	Expense contribution II	4
MEMO 2	506	Aequor Holdings LLC	USD				45.652,17	Expense contribution III	4
MEMO 2	1200	CA Proterra Investment P	USD			129.347,83		Expense contribution Bl	4
MEMO 2	1203	Aequor Holdings LLC	USD			45.652,17		Expense contribution Ta	4
MEMO 2	300	Proterra M&M B.V.	USD			50.000,00		Company expense contr	4
MEMO 2	1210	CA Proterra M&M BV	USD				50.000,00	Company expense contr	4
				0,00		**4.225.000,00**	**4.225.000,00**	**0,00**	
MEMO Blad: 0003 Memoriaal									
MEMO 3	300	Proterra M&M B.V.	USD				15.889,85	Result BV Q4-17	5
MEMO 3	9500	Result participation	USD			15.889,85		Result BV Q4-17	5
				0,00		**15.889,85**	**15.889,85**	**0,00**	
			Blad	***-40.417,09***		***46.301.098,19***	***46.301.098,19***		

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Proterra M&M MGCA Cooperatief UA

Bookk. 20197 - 2018 USD

		2018		2017	
		debet	credit	debet	credit
Assets					
Financial fixed assets					
Participations		66.841.135,51			
Proterra M&M B.V.	*300*	*66.841.135,51*			
		66.841.135,51			
Current assets					
Liquid means		11.150,93			
Bank of New York Mellon 890 1410 594	*1070*	*11.150,93*			
Suspense account		-0,15			
Difference account	*2300*	*-0,15*			
		11.150,78			
		66.852.286,29			
Equity and liabilities					
Shareholders equity					
Shareholders equity					
Capital members			67.195.000,41		
Black River Capital Partners Fund (Metals and Mining A) LF	*500*		*4.215.518,33*		
Black River Capital Partners Fund (Metals and Mining B) LF	*505*		*42.155.173,32*		
Aequor Holdings LLC	*506*		*20.824.308,76*		
Retained earnings			-498.845,32		
General reserve	*530*		*-498.845,32*		
			66.696.155,09		
Short term liabilities					
Creditors			91.910,41		
Creditors	*1400*		*91.910,41*		
Current account shareholder			25.861,09		
CA Proterra Investment Partners LP	*1200*		*25.861,09*		
Current account participations			19.572,20		
CA Back River Capital Partners Fund M&M B	*1212*		*17.783,84*		
CA Back River Capital Partners Fund M&M A	*1213*		*1.788,36*		
Other short term debts			18.787,50		
Due administration charges	*1936*		*18.787,50*		
			156.131,20		
			66.852.286,29		
Profit and loss					
Other expenses					
General expenses		365.444,23			
Administration charges	*4301*	*154.566,20*			
Management services	*4303*	*6.603,84*			
Legal charges	*4305*	*177.404,50*			
Re-charged general expenses	*4391*	*26.869,69*			
		365.444,23			
Financial income and charges					
Interest received		68,47			
Exchange difference	*4995*	*68,47*			
Interest paid		1.468,13			
Bank charges	*4950*	*1.468,13*			
		1.536,60			
Result participations					
Dividend received		131.864,49			
Result participation	*9500*	*131.864,49*			
		131.864,49			
		498.845,32			

Trial balance

Proterra M&M MGCA Cooperatief UA

Bookk. 20197 - 2018 USD (Per:1-99)

Account		Opening balance	Debit	Credit	Total
Balance sheet					
300	Proterra M&M B.V.		66.973.000,00	131.864,49	66.841.135,51
500	Black River Capital Partners Fund (Metals and Mining A) LP			4.215.518,33	-4.215.518,33
505	Black River Capital Partners Fund (Metals and Mining B) LP			42.155.173,32	############
506	Aequor Holdings LLC		1.019.604,00	21.843.912,76	############
1070	Bank of New York Mellon 890 1410 594		287.945,31	276.794,38	11.150,93
1200	CA Proterra Investment Partners LP		129.347,83	155.208,92	-25.861,09
1203	CA Aequor Holdings LLC		45.652,17	45.652,17	
1210	CA Proterra M&M BV		50.000,00	50.000,00	
1212	CA Back River Capital Partners Fund M&M B			17.783,84	-17.783,84
1213	CA Back River Capital Partners Fund M&M A			1.788,36	-1.788,36
1400	Creditors		254.884,85	346.795,26	-91.910,41
1936	Due administration charges			18.787,50	-18.787,50
2200	Cross charge		50.039,62	50.039,62	
2300	Difference account			0,15	-0,15
		0,00	**68.810.473,78**	**69.309.319,10**	**-498.845,32**
Profit and Loss					
4301	Administration charges		154.566,20		154.566,20
4303	Management services		6.603,84		6.603,84
4305	Legal charges		177.404,50		177.404,50
4391	Re-charged general expenses		26.869,69		26.869,69
4950	Bank charges		1.468,13		1.468,13
4995	Exchange difference		1.535,99	1.467,52	68,47
9500	Result participation		131.864,49		131.864,49
		0,00	**500.312,84**	**1.467,52**	**498.845,32**
	Page total:	***0,00***	***69.310.786,62***	***69.310.786,62***	***0,00***

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	Last year
	0,00
	0,00
	0,00

General ledger

Proterra M&M MGCA Cooperatief UA

Bookk. 20197 - 2018 USD (Per:0-99)

Date	Per	Dayb.		Foreign curr.	Debit	Credit	Description	Doc.no.
300 Proterra M&M B.V.								
17-7-2017	7	MEMO 1 10	USD		393.770,00		First Holdco Contribution	3
17-7-2017	7	MEMO 1 11	USD		41.606.230,00		Second Holdco Contribution	3
17-7-2017	7	MEMO 1 13	USD			23.471,94	Result BV Q3-17	3
27-10-2017	10	MEMO 2 10	USD		50.000,00		Company expense contribution	4
27-10-2017	10	MEMO 2 4	USD		4.000.000,00		Capital Contribution Agreement 27-10	4
31-12-2017	12	MEMO 3 1	USD			18.567,92	Result BV Q4-17	5
19-1-2018	15	MEMO 3 8	USD		4.875.000,00		Initial BV Contribution	5
15-2-2018	15	MEMO 3 9	USD		1.625.000,00		Second BV Contribution	5
31-3-2018	15	MEMO 3 3	USD			56.992,74	Result BV Q1-18	5
1-8-2018	19	BONY 7 4	USD		8.000.000,00		Contribution member (31 July)	0
20-9-2018	21	BONY 8 6	USD		23.000,00		Cash movement to Proterra BV	0
21-9-2018	21	BONY 8 4	USD		6.400.000,00		Members contribution (26sept)	0
30-9-2018	15	MEMO 3 10	USD			32.831,89	Result BV Q2 and Q3-18	5
				0,00	**66.973.000,00**	**131.864,49**		**66.841.135,51**
500 Black River Capital Partners Fund (Metals and Mining A) LP								
17-7-2017	7	MEMO 1 1	USD			6,72	Capital Call I	3
17-7-2017	7	MEMO 1 4	USD			26.452,14	Fund A First Supplemental Contribution	3
17-7-2017	7	MEMO 1 5	USD			2.795.675,70	Fund A Second Supplemental Contribution	3
27-10-2017	10	MEMO 2 1	USD			268.774,70	Contribution I	4
27-10-2017	10	MEMO 2 5	USD			11.758,90	Expense contribution I	4
19-1-2018	15	MEMO 3 5	USD			295.455,00	Fund A Contribution	5
18-5-2018	17	BONY 5 2	USD			7.741,33	Member contribution (april 26, 2018)	0
31-7-2018	19	BONY 7 1	USD			315.455,00	Contribution member (31 July)	0
31-7-2018	19	MEMO 4 2	USD			92.691,00	Contribution from Fund A paid by Auquor	5
20-9-2018	21	BONY 8 1	USD			401.507,84	Members contribution (26sept)	0
				0,00	**0,00**	**4.215.518,33**		**-4.215.518,33**
505 Black River Capital Partners Fund (Metals and Mining B) LP								
17-7-2017	7	MEMO 1 2	USD			67,19	Capital Call II	3
17-7-2017	7	MEMO 1 6	USD			264.521,34	Fund B First Supplemental Contribution	3
17-7-2017	7	MEMO 1 7	USD			27.956.755,38	Fund B Second Supplemental Contribution	3
27-10-2017	10	MEMO 2 6	USD			117.588,93	Expense contribution II	4
27-10-2017	10	MEMO 2 2	USD			2.687.747,03	Contribution II	4
19-1-2018	15	MEMO 3 6	USD			2.954.545,00	Fund B Contribution	5
18-5-2018	17	BONY 5 3	USD			77.413,33	Member contribution (april 26, 2018)	0
31-7-2018	19	BONY 7 2	USD			3.154.545,00	Contribution member (31 July)	0
31-7-2018	19	MEMO 4 4	USD			926.913,00	Contribution from Fund B paid by Auquor	5
20-9-2018	21	BONY 8 2	USD			4.015.077,12	Members contribution (26sept)	0
				0,00	**0,00**	**42.155.173,32**		**-42.155.173,32**
506 Aequor Holdings LLC								
17-7-2017	7	MEMO 1 9	USD			10.853.799,33	Co-Investor First Supplemental Contribution	3
17-7-2017	7	MEMO 1 3	USD			26,09	Capital Call III	3
17-7-2017	7	MEMO 1 8	USD			102.696,52	Co-Investor First Supplemental Contribution	3
27-10-2017	10	MEMO 2 3	USD			1.043.478,27	Contribution III	4
27-10-2017	10	MEMO 2 7	USD			45.652,17	Expense contribution III	4
19-1-2018	15	MEMO 3 7	USD			3.250.000,00	Aequor Contribution	5
18-5-2018	17	BONY 5 1	USD			34.845,34	Member contribution (april 26, 2018)	0
31-7-2018	19	BONY 7 3	USD			4.530.000,00	Contribution member (31 July)	0
31-7-2018	19	MEMO 4 3	USD		926.913,00		Contribution from Fund B paid by Auquor	5
31-7-2018	19	MEMO 4 1	USD		92.691,00		Contribution from Fund A paid by Auquor	5
17-9-2018	21	BONY 8 3	USD			1.983.415,04	Members contribution (26sept)	0
				0,00	**1.019.604,00**	**21.843.912,76**		**-20.824.308,76**
1070 Bank of New York Mellon 890 1410 594								
30-10-2017	15	BONY 3 903	USD			182.664,15	Total daybook journal for page: 3	8679
26-1-2018	13	BONY 1 903	USD		129.347,83		Total daybook journal for page: 1	0
23-2-2018	14	BONY 2 903	USD		64.662,88		Total daybook journal for page: 2	0
13-3-2018	21	BONY 8 903	USD			75.759,76	Total daybook journal for page: 8	50010047
23-4-2018	16	BONY 4 903	USD			136,60	Total daybook journal for page: 4	0
23-5-2018	17	BONY 5 903	USD		93.934,60		Total daybook journal for page: 5	22018
1-6-2018	18	BONY 6 903	USD			292,07	Total daybook journal for page: 6	0
21-8-2018	19	BONY 7 903	USD			17.941,80	Total daybook journal for page: 7	50010046
				0,00	**287.945,31**	**276.794,38**		**11.150,93**
1200 CA Proterra Investment Partners LP								
18-12-2017	12	MEMO 6 2	EUR	-23.294,08		25.861,09	Vistra Invoice 6371 Nov-Dec'17	6371
27-10-2017	10	MEMO 2 8	USD		129.347,83		Expense contribution Black River	4
26-1-2018	13	BONY 1 1	USD			117.588,93	Expense Contribution	0
26-1-2018	13	BONY 1 2	USD			11.758,90	Expense Contribution	0
				0,00	129.347,83	129.347,83		
				-23.294,08	**129.347,83**	**155.208,92**		**-25.861,09**

1203 CA Aequor Holdings LLC							
27-10-2017	10 MEMO 2 9	USD		45.652,17		Expense contribution Tacora	4
18-2-2018	14 BONY 2 1	USD			45.652,17	Expense Contribution	0
			0,00	**45.652,17**	**45.652,17**	**0,00**	
1210 CA Proterra M&M BV							
27-10-2017	10 MEMO 2 11	USD			50.000,00	Company expense contribution	4
1-3-2018	15 BONY 3 1	USD		50.000,00		Expense Contribution	0
			0,00	**50.000,00**	**50.000,00**	**0,00**	
1212 CA Back River Capital Partners Fund M&M B							
27-2-2018	14 BONY 2 2	USD			17.783,84	27-02 Deposit	0
			0,00	**0,00**	**17.783,84**	**-17.783,84**	
1213 CA Back River Capital Partners Fund M&M A							
27-2-2018	14 BONY 2 3	USD			1.788,36	27-02 Deposit	0
			0,00	**0,00**	**1.788,36**	**-1.788,36**	
1400 Creditors							
29-8-2017	8 C 9 902				7.061,94	BAKER01 Baker McKenzie	4653
18-10-2017	10 C 8 902				5.301,34	BAKER01 Baker McKenzie	5824
30-10-2017	10 C 2 902				8.219,40	VIS01 Vistra B.V.	7256
30-10-2017	15 BONY 3 902			132.649,52			8679
31-10-2017	10 C 7 902				13.222,75	CAR01 McCarthy Tetrault	6564
8-12-2017	12 C 3 902				9.587,99	VIS01 Vistra B.V.	7729
18-12-2017	12 MEMO 6 902			27.328,61			6371
18-12-2017	8 C 1 902				29.557,21	VIS01 Vistra B.V.	50006371
27-12-2017	12 C 6 902				32.930,19	BAKER01 Baker McKenzie	7587
16-1-2018	13 C 12 902				4.375,24	VIS01 Vistra B.V.	8357
19-1-2018	13 C 10 902				34.907,22	BAKER01 Baker McKenzie	8056
16-2-2018	14 C 11 902				13.097,41	BAKER01 Baker McKenzie	8679
28-2-2018	14 C 14 902				25.966,66	PRO01 Proterra Investment Partners	22018
1-3-2018	15 MEMO 7 902			-1.396,90	138,68		7729
30-4-2018	16 C 15 902				5.457,41	BAKER01 Baker McKenzie	30364
23-5-2018	17 BONY 5 902			25.966,66			22018
26-6-2018	17 C 18 902				65.426,24	BAKER01 Baker McKenzie	32286
30-6-2018	17 C 17 902				91.545,73	PRO01 Proterra Investment Partners	50010827
21-8-2018	19 BONY 7 902			17.896,85	-0,15		50010046
21-9-2018	21 BONY 8 902			52.440,11			50010047
			0,00	**254.884,85**	**346.795,26**	**-91.910,41**	
1936 Due administration charges							
30-9-2018	21 MEMO 5 2	USD			18.787,50	Acrrued expenses time based July-Sept'18	8
			0,00	**0,00**	**18.787,50**	**-18.787,50**	
2200 Cross charge							
13-3-2018	21 BONY 8 12	USD		50.039,62		Wrongly booked invoice McCarthy Tetrault	0
13-3-2018	21 BONY 8 13	USD			50.039,62	Wrongly booked invoice McCarthy Tetrault	0
			0,00	**50.039,62**	**50.039,62**	**0,00**	
2300 Difference account							
21-8-2018	19 BONY 7 10	USD			0,15	Difference on 72018Tacora Invoice June'18	62018
			0,00	**0,00**	**0,15**	**-0,15**	
4301 Administration charges							
10-8-2017	8 C 1 2	EUR	23.294,08	27.328,61		Vistra invoice 150006371 Services July'17	6371
30-10-2017	10 C 2 1	EUR	7.078,37	8.219,40		Vistra invoice 150007256 Services for Sept'17	7256
8-12-2017	12 C 3 1	EUR	8.165,55	9.587,99		Vistra invoice 150007729 services Okt'17	7729
			38.538,00	45.136,00	0,00		
28-2-2018	14 C 14 2	USD		21.051,49		Proterra Investment Partners invoice 22018Tacora	22018
8-5-2018	17 C 17 2	USD		22.256,43		Vistra invoice 150010047 services March'18	50010047
8-5-2018	17 C 17 13	USD		13.359,11		Vistra invoice 150010046 Services nov-dec'17	50010046
11-7-2018	17 C 17 4	USD		20.027,90		Vistra invoice 150010750	50010750
11-7-2018	17 C 17 6	USD		13.947,77		Vistra invoice 150010827	50010827
30-9-2018	21 MEMO 5 1	USD		18.787,50		Acrrued expenses time based July-Sept'18	8
			0,00	109.430,20	0,00		
			38.538,00	**154.566,20**	**0,00**	**154.566,20**	
4303 Management services							
3-8-2017	8 C 1 1	EUR	1.879,09	2.228,60		Vistra invoice 150006168 services 29-06-17 till 31-12	6168
19-1-2018	13 C 12 2	USD		4.375,24		Vistra invoice 150008357 Directorsfee 2018	8357
			1.879,09	**6.603,84**	**0,00**	**6.603,84**	
4305 Legal charges							
26-6-2018	17 C 18 2	EUR	675,81	832,67		Baker & McKenzie invoice 9485031682 May'18	31682
19-7-2018	17 C 18 6	EUR	2.446,37	3.014,17		Baker & McKenzie invoice 9485031030 Apr'18	31030
19-7-2018	17 C 18 4	EUR	9.365,94	11.539,78		Baker & McKenzie invoice 9485032286 services Jun	32286
			12.488,12	15.386,62	0,00		
29-8-2017	8 C 9 2	USD		7.061,94		Baker McKenzie invoice 9485024653 services July'1	4653
18-10-2017	10 C 8 2	USD		5.301,34		Baker McKenzie invoice 9485025824	5824
31-10-2017	10 C 7 2	USD		4.399,25		McCarthy invoice 2950034U till Sept'17	34
31-10-2017	10 C 7 4	USD		8.823,50		McCarthy invoice 2965647U till dec'17	5647
27-12-2017	12 C 6 2	USD		32.930,19		Baker McKenzie invoice 9485027587 Sept-Nov'17	7587
19-1-2018	13 C 10 4	USD		1.562,46		B&K invoice 9485028054 Services Sept'17	8054

19-1-2018	13	C 10 6	USD		7.152,12		B&K invoice 9485028051 Services july till dec'17	8051
19-1-2018	13	C 10 2	USD		26.192,64		B&K invoice 9485028056 serviices Dec'17	8056
16-2-2018	14	C 11 2	USD		5.224,05		B&K invoice 9485028679 Services Jan'18	8679
16-2-2018	14	C 11 4	USD		7.873,36		B&K invoice 9485028678	8678
30-4-2018	16	C 15 2	USD		5.457,41		BakerMcKenzie invoice 9485030364 tax advice	30364
24-10-2018	17	C 18 8	USD		50.039,62		Invoice McCarthy Tetrault for services till 28 Feb'18	1781
				0,00	162.017,88	0,00		
				12.488,12	**177.404,50**	**0,00**		**177.404,50**
4391 Re-charged general expenses								
28-2-2018	14	C 14 3	USD		4.915,17		Proterra Investment Partners invoice 22018Tacora	22018
30-6-2018	17	C 17 8	USD		3.850,00		Tax preparation fee EY re-charged by Proterra invest	72018
30-6-2018	17	C 17 9	USD		7.347,21		General expenses invoice 62018Tacora May'18	72018
31-7-2018	17	C 17 11	USD		162,65		General expenses invoice 72018Tacora	62018
19-9-2018	17	C 17 15	USD		10.594,66		82018TACORA July'18	82018
				0,00	**26.869,69**	**0,00**		**26.869,69**
4950 Bank charges								
23-2-2018	14	BONY 2 4	USD		561,49		Bank charges Feb'18	0
13-3-2018	21	BONY 8 14	USD		25,00		Bank charges due to invoice booking McCarthy Tetra	0
22-3-2018	15	BONY 3 15	USD		14,63		Bank charges March'18	0
23-4-2018	16	BONY 4 1	USD		136,60		Bank charges Apr'18	0
18-5-2018	17	BONY 5 4	USD		98,74		Bank charges May'18	0
1-6-2018	18	BONY 6 1	USD		292,07		Bank charges Jun'18	0
24-7-2018	19	BONY 7 5	USD		44,95		Bank charges July	0
25-9-2018	21	BONY 8 7	USD		294,65		Bank charges Sept'18	0
				0,00	**1.468,13**	**0,00**		**1.468,13**
4995 Exchange difference								
17-7-2017	7	MEMO 1 12	USD		0,41		Second Holdco Contribution	3
18-12-2017	12	MEMO 6 3	USD			1.467,52	Exchange difference Eur-USD payment	6371
1-3-2018	15	MEMO 7 2	USD		138,68		Adj. payment Vistra invoice #150006168 (FX result)	6168
1-3-2018	15	MEMO 7 4	USD		697,93		Adj. payment Vistra invoice #150007256 (FX result)	7256
1-3-2018	15	MEMO 7 6	USD		698,97		Adj. payment Vistra invoice #150007729 (FX result)	7729
				0,00	**1.535,99**	**1.467,52**		**68,47**
9500 Result participation								
17-7-2017	7	MEMO 1 14	USD		23.471,94		Result BV Q3-17	3
31-12-2017	12	MEMO 3 2	USD		18.567,92		Result BV Q4-17	5
31-3-2018	15	MEMO 3 4	USD		56.992,74		Result BV Q1-18	5
30-9-2018	15	MEMO 3 11	USD		32.831,89		Result BV Q2 and Q3-18	5
				0,00	**131.864,49**	**0,00**		**131.864,49**
			Page	***29.611,13***	***69.310.786,62***	***69.310.786,62***		

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Proterra M&M MGCA BV

Bookk. 20196 - 2018 USD

		2018		2017	
		debet	credit	debet	credit
Assets					
Financial fixed assets					
Participations		66.900.000,00			
Tacora Resources Inc.	*300*	*66.900.000,00*			
		66.900.000,00			
Current assets					
Liquid means		1.903,59			
Bank of New York Mellon 890 1410 659	*1070*	*1.903,59*			
		1.903,59			
		66.901.903,59			
Equity and liabilities					
Shareholders equity					
Shareholders Equity			118,02		
Issued capital	*500*		*118,02*		
Share premium reserve			66.972.888,98		
Share Premium	*505*		*66.972.888,98*		
Retained earnings			-131.871,49		
Revaluation reserve	*510*		*-7,00*		
General reserve	*530*		*-131.864,49*		
			66.841.135,51		
Short term liabilities					
Creditors			25.405,06		
Creditors	*1400*		*25.405,06*		
Current account shareholder			21.139,45		
CA Proterra Investment Partners LP	*1201*		*21.139,45*		
Other short term debts			14.223,57		
Due administration charges	*1936*		*14.223,57*		
			60.768,08		
			66.901.903,59		
Profit and loss					
Other expenses					
General expenses		129.596,37			
Administration charges	*4301*	*122.992,53*			
Management services	*4303*	*6.603,84*			
		129.596,37			
Financial income and charges					
Interest received		1.484,90			
Exchange difference	*4995*	*1.484,90*			
Interest paid		783,22			
Bank charges	*4950*	*783,22*			
		2.268,12			
		131.864,49			

Trial balance

Proterra M&M MGCA BV

Bookk. 20196 - 2018 USD (Per:1-99)

Account		Opening balance	Debit	Credit	Total
Balance sheet					
300	Tacora Resources Inc.		66.900.000,00		66.900.000,00
500	Issued capital		5,19	123,21	-118,02
505	Share Premium			66.972.888,98	-66.972.888,98
510	Revaluation reserve		12,19	5,19	7,00
1070	Bank of New York Mellon 890 1410 659		27.257,35	25.353,76	1.903,59
1200	CA Proterra MGCA Coop		50.000,00	50.000,00	
1201	CA Proterra Investment Partners LP			21.139,45	-21.139,45
1400	Creditors		91.556,53	116.961,59	-25.405,06
1936	Due administration charges			14.223,57	-14.223,57
		0,00	**67.068.831,26**	**67.200.695,75**	**-131.864,49**
Profit and Loss					
4301	Administration charges		122.992,53		122.992,53
4303	Management services		6.603,84		6.603,84
4950	Bank charges		783,22		783,22
4995	Exchange difference		2.842,62	1.357,72	1.484,90
		0,00	**133.222,21**	**1.357,72**	**131.864,49**
	Page total:	***0,00***	***67.202.053,47***	***67.202.053,47***	***0,00***

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	Last year
0,00	
0,00	
0,00	

P
Book

Date	Per	Dayb.		Foreign curr.	Debit	Credit
300 Tacora Resources Inc.						
17-7-2017	7	MEMO 1 5	USD		41.606.230,00	
17-7-2017	7	MEMO 1 4	USD		393.770,00	
27-10-2017	10	MEMO 2 1	USD		4.000.000,00	
19-1-2018	13	MEMO 3 3	USD		4.875.000,00	
15-2-2018	13	MEMO 3 4	USD		1.625.000,00	
1-8-2018	20	BONY 7 2	USD		8.000.000,00	
17-9-2018	21	BONY 9 5	USD		1.983.415,04	
21-9-2018	21	BONY 9 7	USD		4.416.584,96	
				0,00	**66.900.000,00**	**0,00**
500 Issued capital						
17-7-2017	7	MEMO 1 1	EUR	-100,00		111,02
30-6-2018	18	HERW 1 1	EUR			12,19
30-9-2018	21	HERW 2 1	EUR		5,19	
				-100,00	**5,19**	**123,21**
505 Share Premium						
17-7-2017	7	MEMO 1 2	USD			393.658,98
17-7-2017	7	MEMO 1 3	USD			41.606.230,00
27-10-2017	10	MEMO 2 2	USD			4.050.000,00
19-1-2018	13	MEMO 3 1	USD			4.875.000,00
15-2-2018	13	MEMO 3 2	USD			1.625.000,00
1-8-2018	20	BONY 7 1	USD			8.000.000,00
17-9-2018	21	BONY 9 4	USD			1.983.415,04
20-9-2018	21	BONY 9 1	USD			23.000,00
21-9-2018	21	BONY 9 6	USD			4.416.584,96
				0,00	**0,00**	**66.972.888,98**
510 Revaluation reserve						
30-6-2018	18	HERW 1 2	USD		12,19	
30-9-2018	21	HERW 2 2	USD			5,19
				0,00	**12,19**	**5,19**
1070 Bank of New York Mellon 890 1410 659						
23-2-2018	14	BONY 1 903	USD			77,34
22-3-2018	15	BONY 2 903	USD		27.257,35	
23-4-2018	16	BONY 3 903	USD			63,89
22-5-2018	17	BONY 4 903	USD			56,03
22-6-2018	18	BONY 5 903	USD			53,77
24-7-2018	19	BONY 6 903	USD			54,12
23-8-2018	20	BONY 7 903	USD			16.775,54
21-9-2018	21	BONY 9 903	USD			8.273,07
				0,00	**27.257,35**	**25.353,76**
1200 CA Proterra MGCA Coop						
27-10-2017	10	MEMO 2 3	USD		50.000,00	
1-3-2018	15	BONY 2 1	USD			50.000,00
				0,00	**50.000,00**	**50.000,00**
1201 CA Proterra Investment Partners LP						
18-12-2017	12	MEMO 8 2	EUR	-17.911,75		19.885,62
30-9-2018	21	HERW 2 3	EUR			1.253,83
				-17.911,75	**0,00**	**21.139,45**
1400 Creditors						
3-8-2017	8	C 1 902				23.471,94
30-10-2017	10	C 6 902				8.034,22
8-12-2017	12	C 3 902				10.533,70
18-12-2017	12	MEMO 8 902			21.243,34	
19-1-2018	13	C 4 902				4.375,24
1-3-2018	15	MEMO 7 902				1.588,79
1-3-2018	15	BONY 2 902			22.385,31	
8-5-2018	17	C 7 902				43.552,64
11-6-2018	17	C 8 902				16.131,27
16-6-2018	18	C 9 902				9.273,79

23-8-2018	20	BONY 7 902			16.723,03	
21-9-2018	21	BONY 9 902			31.204,85	
				0,00	**91.556,53**	**116.961,59**
1936 Due administration charges						
30-9-2018	21	MEMO 6 2	USD			14.223,57
				0,00	**0,00**	**14.223,57**
4301 Administration charges						
10-8-2017	8	C 1 3	EUR	17.911,75	21.243,34	
30-10-2017	10	C 6 1	EUR	6.918,89	8.034,22	
8-12-2017	12	C 3 1	EUR	8.970,96	10.533,70	
				33.801,60	39.811,26	0,00
8-5-2018	17	C 7 2	USD		31.204,85	
8-5-2018	17	C 7 4	USD		12.347,79	
11-6-2018	17	C 8 2	USD		16.131,27	
16-6-2018	18	C 9 2	USD		9.273,79	
30-9-2018	21	MEMO 6 1	USD		14.223,57	
				0,00	83.181,27	0,00
				33.801,60	**122.992,53**	**0,00**
4303 Management services						
3-8-2017	8	C 1 1	EUR	1.879,09	2.228,60	
19-1-2018	13	C 4 2	USD		4.375,24	
				1.879,09	**6.603,84**	**0,00**
4950 Bank charges						
23-2-2018	14	BONY 1 1	USD		77,34	
22-3-2018	15	BONY 2 5	USD		357,34	
23-4-2018	16	BONY 3 1	USD		63,89	
22-5-2018	17	BONY 4 1	USD		56,03	
22-6-2018	18	BONY 5 1	USD		53,77	
24-7-2018	19	BONY 6 1	USD		54,12	
22-8-2018	20	BONY 7 3	USD		52,51	
25-9-2018	21	BONY 9 3	USD		68,22	
				0,00	**783,22**	**0,00**
4995 Exchange difference						
18-12-2017	12	MEMO 8 3	USD			1.357,72
1-3-2018	15	MEMO 7 6	USD		767,92	
1-3-2018	15	MEMO 7 4	USD		682,19	
1-3-2018	15	MEMO 7 2	USD		138,68	
30-9-2018	21	HERW 2 4	USD		1.253,83	
				0,00	**2.842,62**	**1.357,72**
			Page	***17.668,94***	***67.202.053,47***	***67.202.053,47***

General ledger

roterra M&M MGCA BV
:k. 20196 - 2018 USD (Per:0-99)

Description		Doc.no.
Purchaser Payment II, 41,606,230 Common Shares, 42,000,000 Total Common Shares		4
Purchaser Payment I, 393,770 Common Shares		4
Capital contribution agreement 27-10, 4,000,000 common shares, 46,000,000 Total Common Shares		5
Payment I, 4,875,000 Common Shares		6
Payment II, 1,625,000 Common Shares, 52,500,000 Total Common Shares		6
Capital contribution		0
Capital contribution towards Tacora		0
Capital contribution towards Tacora		0
	66.900.000,00	
Issued shares through cash contribution I		4
Herw tm per 18/30-06-2018/EUR/40788: -100 / 0,811622 - -111,02		0
Reval until per 21/30-09-2018/EUR/1: -100 / 0,84731401 - -123,21		0
	-118,02	
First Holding Contribution		4
Second Holding Contribution		4
Capital contribution agreement 27-10		5
Initial BV Contribution		6
Second BV Contribution		6
Capital contribution		0
Capital contribution from Proterra Coop		0
Capital contribution from Proterra Coop		0
Capital contribution from Proterra Coop		0
	-66.972.888,98	
Herw tm per 18 500		0
Reval until per 21 500		0
	7,00	
Total daybook journal for page: 1		0
Total daybook journal for page: 2		7727
Total daybook journal for page: 3		0
Total daybook journal for page: 10		0
Total daybook journal for page: 5		0
Total daybook journal for page: 6		0
Total daybook journal for page: 7		50010031
Total daybook journal for page: 9		43
	1.903,59	
Company expense contribution		5
Capital contribution		0
	0,00	
Vistra invoice #150006370 paid by Proterra Investment Partners LP		6370
Reval until per 21/30-09-2018/EUR/1: -17911,75 / 0,84731401 - -19885,62		0
	-21.139,45	
VIS01 Vistra B.V.		50007939
VIS01 Vistra B.V.		7255
VIS01 Vistra B.V.		7727
		6370
VIS01 Vistra B.V.		8355
		7727
		7727
VIS01 Vistra B.V.		50010031
VIS01 Vistra B.V.		748
VIS01 Vistra B.V.		826

	50010031
	43
-25.405,06	
Vistra accrued adm. charges Jul-Sep'18	7
-14.223,57	
Vistra Invoice 150006370 - Adm. charges Jul'17	6370
Vistra Invoice 150007255 - Adm. charges Aug-Sep'17	7255
Vistra Invoice 150007727 - Adm. charges Okt'17	7727
Vistra Invoice 150010043 - Adm. charges Jan-Feb'18	43
Vistra Invoice 150010031 - Adm. charges Nov-Dec'17	50010031
Vistra Invoice 150010748 - Adm. charges Mar-Apr'18	748
Vistra Invoice 150010826 - Adm. charges May-Jun'18	826
Vistra accrued adm. charges Jul-Sep'18	7
122.992,53	
Vistra Invoice 150006167 - Man. fees 29/06/2017 to 31/12/2017	6167
Vistra Invoice 150008355 - Man. fees 2018	8355
6.603,84	
Bank charges	0
Bank charges	0
Bank charges	0
Bank charges	0
Bank charges	0
Bank charges	0
Bank charges	0
Capital contribution from Proterra Coop	0
783,22	
Vistra invoice #150006370 paid by Proterra Investment Partners LP	6370
Adj. payment Vistra invoice #150007727 (FX result)	7727
Adj. payment Vistra invoice #150007255 (FX result)	7255
Adj. payment Vistra invoice #150006167 (FX result)	6167
Reval until per 21 1201	0
1.484,90	

Proterra M&M MGCA BV

Adm. 20196 - 2017 USD

	2017		2016	
	debet	credit	debet	credit
Assets				
Financial fixed assets				
Participations	46.000.000,00			
	46.000.000,00			
Current assets				
Current account shareholder	50.000,00			
	50.000,00			
	46.050.000,00			
Equity and liabilities				
Shareholders equity				
Shareholders Equity		111,02		
Share premium reserve		46.049.888,98		
Retained earnings		-35.680,69		
		46.014.319,31		
Short term liabilities				
Creditors		35.680,69		
		35.680,69		
		46.050.000,00		
Profit and loss				
Other expenses				
General expenses	35.680,69			
	35.680,69			
	35.680,69			

Saldibalans

Proterra M&M MGCA BV

Adm. 20196 - 2017 USD (Per:1-99)

Rekening		Beginsaldo	Debet	Credit	Totaal	Vorig jaar
Balans						
300	Tacora Resources Inc.		46.000.000,00		46.000.000,00	
500	Issued capital			111,02	-111,02	
505	Share Premium			46.049.888,98	-46.049.888,98	
1200	CA Proterra MGCA Coop		50.000,00		50.000,00	
1400	Creditors			35.680,69	-35.680,69	
		0,00	**46.050.000,00**	**46.085.680,69**	**-35.680,69**	**0,00**
Winst en Verlies						
4301	Administration charges		35.680,69		35.680,69	
		0,00	**35.680,69**	**0,00**	**35.680,69**	**0,00**
	Blad totaal:	***0,00***	***46.085.680,69***	***46.085.680,69***	***0,00***	***0,00***

Rekeningkaart

Proterra M&M MGCA BV

Adm. 20196 - 2017 USD (Per:0-99)

Datum	Per	Dagb		Vreemde Val.	Debet	Credit	Omschrijving	Docnr
300 Tacora Resources Inc.								
17-7-2017	7	MEMO 1 5	USD		41.606.230,00		Purchaser Payment II, 41,606,230 Common Shares,	4
17-7-2017	7	MEMO 1 4	USD		393.770,00		Purchaser Payment I, 393,770 Common Shares	4
27-10-2017	10	MEMO 2 1	USD		4.000.000,00		Capital contribution agreement 27-10	5
				0,00	**46.000.000,00**	**0,00**	**46.000.000,00**	
500 Issued capital								
17-7-2017	7	MEMO 1 1	EUR	-100,00		111,02	Issued shares through cash contribution I	4
				-100,00	**0,00**	**111,02**	**-111,02**	
505 Share Premium								
17-7-2017	7	MEMO 1 2	USD			393.658,98	First Holding Contribution	4
17-7-2017	7	MEMO 1 3	USD			41.606.230,00	Second Holding Contribution	4
27-10-2017	10	MEMO 2 2	USD			4.050.000,00	Capital contribution agreement 27-10	5
				0,00	**0,00**	**46.049.888,98**	**-46.049.888,98**	
1200 CA Proterra MGCA Coop								
27-10-2017	10	MEMO 2 3	USD		50.000,00		Company expense contribution	5
				0,00	**50.000,00**	**0,00**	**50.000,00**	
1400 Creditors								
10-8-2017	8	C 1 902				19.790,84	VIS01 Vistra B.V.	50007939
29-11-2017	11	C 2 902				6.918,89	VIS01 Vistra B.V.	6370
8-12-2017	12	C 3 902				8.970,96	VIS01 Vistra B.V.	7727
				0,00	**0,00**	**35.680,69**	**-35.680,69**	
4301 Administration charges								
3-8-2017	8	C 1 2	USD		1.879,09		Vistra	50007330
10-8-2017	8	C 1 4	USD		17.911,75		Vistra	50007939
29-11-2017	11	C 2 2	USD		6.918,89		Vistra invoice 150006370	6370
8-12-2017	12	C 3 2	USD		8.970,96		Vistra invoice 150007727	7727
				0,00	**35.680,69**	**0,00**	**35.680,69**	
			Blad	***-100,00***	***46.085.680,69***	***46.085.680,69***		

Dagboekmutaties

Proterra M&M MGCA BV

Adm. 20196 - 2017 USD (Per:0-99)

Regel		Rekening	Valuta		BTW	Debet	Credit	Omschrijving	Docnr
C Blad: 0001 Creditors journal									
C 1 1	VIS01	Vistra B.V.	USD	-1.879,09				Vistra	50007330
C 1 2	4301	Administration charges	USD			1.879,09		Vistra	50007330
C 1 3	VIS01	Vistra B.V.	USD	-17.911,75				Vistra	50007939
C 1 4	4301	Administration charges	USD			17.911,75		Vistra	50007939
C 1 902	1400	Creditors	USD				19.790,84	VIS01 Vistra B.V.	50007939
				-19.790,84		**19.790,84**	**19.790,84**	**0,00**	
C Blad: 0002 Creditors journal									
C 2 1	VIS01	Vistra B.V.	USD	-6.918,89				Vistra invoice 15000637(	6370
C 2 2	4301	Administration charges	USD			6.918,89		Vistra invoice 15000637(	6370
C 2 902	1400	Creditors	USD				6.918,89	VIS01 Vistra B.V.	6370
				-6.918,89		**6.918,89**	**6.918,89**	**0,00**	
C Blad: 0003 Creditors journal									
C 3 1	VIS01	Vistra B.V.	USD	-8.970,96				Vistra invoice 1500077	7727
C 3 2	4301	Administration charges	USD			8.970,96		Vistra invoice 1500077	7727
C 3 902	1400	Creditors	USD				8.970,96	VIS01 Vistra B.V.	7727
				-8.970,96		**8.970,96**	**8.970,96**	**0,00**	
MEMO Blad: 0001 Memoriaal									
MEMO 1	500	Issued capital	USD				111,02	Issued shares through c	4
MEMO 1	505	Share Premium	USD				393.658,98	First Holding Contributio	4
MEMO 1	505	Share Premium	USD				41.606.230,00	Second Holding Contribu	4
MEMO 1	300	Tacora Resources Inc.	USD			393.770,00		Purchaser Payment I, 3	4
MEMO 1	300	Tacora Resources Inc.	USD			41.606.230,00		Purchaser Payment II, 4	4
				0,00		**42.000.000,00**	**42.000.000,00**	**0,00**	
MEMO Blad: 0002 Memoriaal									
MEMO 2	300	Tacora Resources Inc.	USD			4.000.000,00		Capital contribution agre	5
MEMO 2	505	Share Premium	USD				4.050.000,00	Capital contribution agre	5
MEMO 2	1200	CA Proterra MGCA Coop	USD			50.000,00		Company expense contr	5
				0,00		**4.050.000,00**	**4.050.000,00**	**0,00**	
			Blad	***-35.680,69***		***46.085.680,69***	***46.085.680,69***		

EXHIBIT "YY"
referred to in the Affidavit of
SAMUEL MORROW
Sworn March 26, 2024

Joe Thorne

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

Bennett Jones

Bennett Jones LLP
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Mike Shakra
Partner
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August 10, 2023

Sent via Email

Joe Broking, Trey Jackson and Leon Davies

Tacora Resources Inc.
Board of Directors (the "**Board**")
102 3rd St NE #120,
Grand Rapids, MN 55744, United States

John Ciardullo, Ashley Taylor and Lee Nicholson

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario, Canada M5L 1B9

Dear Sirs:

Re: Tacora Resources Inc. ("Tacora" or the "Company")

As you know, we are counsel to an ad hoc group (the "**Ad Hoc Group**", and the steering committee of the Ad Hoc Group, the "**Steering Committee**") of holders of the 8.250% Senior Secured Notes due 2026 (the "**Original Notes**") and the 9.00% Cash / 4.00% PIK Senior Secured Priority Notes due 2023 (the "**New Notes**", and collectively with the Original Notes, the "**Notes**"), both issued by Tacora.

We write to you in connection with a recent update that we understand was provided to Tacora by Cargill International Trading PTE Ltd. and/or Cargill, Incorporated (together, "**Cargill**"). We are concerned that Cargill has misrepresented the status of discussions between the Steering Committee and Cargill regarding a consensual restructuring or recapitalization of the Company (a "**Restructuring Transaction**"), as well as the Steering Committee's views regarding a path forward for the Company and its potential restructuring. The purpose of this letter is to correct the record and inform the Board of the Steering Committee's views.

As you are aware, the Steering Committee and Cargill have been engaged in discussions regarding a Restructuring Transaction for many months. We understand that Cargill has recently represented to the Company and its advisors that these discussions have progressed significantly and that the parties are close to reaching an agreement, subject only to final negotiations regarding the quantum of existing debt held by holders of the Notes and Cargill to be equitized or compromised. Unfortunately, this is not the case.

For weeks, discussions between the Steering Committee and Cargill have not materially progressed due, in part, to Cargill's refusal to recognize that certain aspects of its Iron Ore Sale and Purchase Contract with Tacora dated November 11, 2018 (as amended pursuant to various side letters from time

to time, the "**Offtake Agreement**") may need to be revisited in order to facilitate an economically rational solution for the Company.

Taken as a whole, the current terms of the Offtake Agreement are not commercial. It is and has been an impediment to potential buyers and investors in the Company, including most recently, [redacted]. The Steering Committee is concerned that in its current form, the Offtake Agreement will continue to destroy stakeholder value and will prevent the implementation of a Restructuring Transaction for the Company.

In short, if the Offtake Agreement is not renegotiated or replaced in the near term, the Steering Committee is of the view that a consensual Restructuring Transaction will not be achievable. These views have been communicated to Cargill, which makes it especially surprising to the Steering Committee that Cargill would represent to the Company that discussions between the parties are advancing and that a resolution in the near term is likely.

As you know, the Company has been in the zone of insolvency for months. To continue its operations, it has required multiple infusions of new debt financing, as well as extensions to pay its current debt obligations. The Ad Hoc Group has been working in good faith with the Company to achieve a result that preserves value for stakeholders, and it remains committed to doing so. We hope that Cargill shares this commitment and recognizes that a successful restructuring cannot take place without a willingness to discuss the terms of the Offtake Agreement. Absent confirmation from Cargill that it is open to negotiating the Offtake Agreement, continued discussions between Cargill and the Steering Committee in respect of a restructuring may not be productive.

Yours truly,

Mike Shakra

MS

cc: Sean Zweig & Thomas Gray – Bennett Jones LLP
Michael Nessim, Usman Masood & Chetan Bhandari, Greenhill & Co., LLC
Michael Sellinger & Michael Kizer, GLC
Steering Committee

Court File No. CV-23-00707394-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TACORA RESOURCES INC.

(Applicant)

AFFIDAVIT OF DAVID PERSAMPIERI
(Sworn March 18, 2024)

I, **DAVID PERSAMPIERI**, of the City of Newton, in the State of Massachusetts, USA, MAKE OATH AND SAY:

1. I am a resident of Newton, Massachusetts, USA.

2. I am a Vice-President and the leader of the Metals and Mining practice at Charles River Associates, an economics and management consulting firm.

3. I have experience and expertise in, inter alia, the iron ore industry and markets. My curriculum vitae is annexed as Appendix A to my Report (as hereinafter defined).

4. On or about July 19, 2023, I was retained by 1128349 B.C. Ltd. ("1128349") to assess the issue of underpayment of the royalty which was payable to 1128349 by Tacora Resources Inc. ("Tacora") pursuant to the Amendment and Restatement of Consolidation of Mining Leases, 2017 made between 0778539 B.C. Ltd. and Tacora Resources Inc. ("Tacora") on or about November 17, 2017 (the "Wabush Lease").

5. I was made aware of arbitration proceedings commenced by 1128349 against Tacora (the "Arbitration")

6. I reviewed the Wabush Lease, 1128349's Detailed Arbitration Statement of Claim and Exhibits delivered in the Arbitration, and such other relevant documents as are listed in Appendix B to my Report (as hereinafter defined).

7. On or about January 4, 2024, I delivered my report to counsel for 1128349 (the "Report"). A true copy of my Report is annexed hereto marked Exhibit "A".

8. As is explained and outlined in the Report, it was my opinion that, if Tacora and Cargill were non-arm's length to each other, the royalty provided for in the Wabush Lease was underpaid to 1128349 for the period Q1, 2020-Q3 2023 in the aggregate amount of $7,295,253.73 (CDN).

SWORN remotely via videoconference, by David Persampieri, stated as being located in the city of Newton, Massachusetts, USA, before me at the City of St. John's, in the Province of Newfoundland and Labrador, this 18th day of March, 2024, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*

Joe Thorne

A Commissioner for taking affidavits, etc.

Joe Thorne

DAVID PERSAMPIERI

EXHIBIT "A"
referred to in the Affidavit of
DAVID PERSAMPIERI
Sworn March 18, 2024

Joel Thorne

A Barrister in Ontario and Newfoundland
and Labrador, LSO #58773W

IN THE MATTER OF an Indenture entitled "Amendment and Restatement of Consolidation of Mining Leases – 2017" dated November 17, 2017 made by and between 0778539 B.C. Ltd. (formerly called MFC Bancorp Ltd.) as lessor and Tacora Resources Inc. as lessee (the said Indenture being hereinafter referred to as the "Wabush Lease");

AND IN THE MATTER OF disputes, questions, differences and/or issues of agreement arising in respect of the Wabush Lease and in particular under clauses C(4) and (5) of the Wabush Lease;

AND IN THE MATTER OF Procedural Order No. 1 and Procedural Order No. 2;

BETWEEN

1128349 B.C. LTD. Plaintiff

AND

Tacora Resources Inc. Defendant

Opinion of David Persampieri

04 January 2024

Table of Contents

I. INTRODUCTION

A. Qualifications and Experience

1. I am a Vice President and leader of the Metals and Mining practice at Charles River Associates ("CRA"), an economics and management consulting firm. CRA's Metals and Mining practice provides advice on market, technology, investment, and economic issues to companies involved in the metals & mining industries. I have been involved in providing this type of advice to clients for over 25 years. My education includes a Master of Engineering, Bachelor of Engineering, and A.B. degrees from Dartmouth College. Details of my professional experience, publications, and past expert witness experience are described in my curriculum vitae, a copy of which is attached as Appendix A.

2. I have significant experience in issues associated with iron ore pricing and contracting issues. For example, I advised an iron ore producer on alternate pricing mechanisms in light of the changes in the seaborne market pricing mechanisms. I supported this client in arbitration proceedings with two of its clients where the mechanisms that I proposed were accepted. I also have significant experience in issues surrounding the seaborne market for iron ore generally and market pricing of high-grade iron ore concentrates specifically.

3. I am fully independent of the Parties to this arbitration, their counsel, and the members of the Tribunal. Neither CRA's nor my compensation depends on the content of my opinions or on the outcome of this proceeding. The views stated in this report represent my objective, independent and professional opinions.

B. Assignment

4. I have been asked by counsel for the Plaintiff, 1128349 B.C. LTD. ("1128349"), to provide my expert opinion as to the amount of Earned Royalties (as defined in the Wabush Lease) which would have been paid to 1128349 by utilizing the non-arms' length Net Revenues[1] method in paragraph (j)(ii) of the Wabush Lease and

[1] As defined in the Wabush Lease, Paragraph (j)(ii).

to compare that amount to the Earned Royalties reflected to have been paid or owed by Tacora Resources Inc. ("Tacora") to 1128349 in the Royalty Statements, and state the difference. I have been provided with Tacora's Royalty Statements to 1128349 for the period from Q3 2019 – Q3 2023. I have been asked to confine my analysis to the time period from 2020 to present.

5. I understand that 1128349 claims in the Detailed Arbitration Statement of Claim ("DASOC") that Tacora has underpaid the Earned Royalties by basing its calculation on the revenues under the November 2018 Iron Ore Sale and Purchase Contract between Tacora and Cargill International Trading Pte Ltd ("Cargill Agreement").[2] The DASOC also reflects 1128349's position that Cargill and Tacora are non-arm's length parties. 1128349 claims in the DASOC that Tacora has breached the Wabush Lease by failing to calculate and pay the Earned Royalties on the basis of non-arm's length Net Revenues as defined in paragraph (j)(ii) of the Wabush Lease. 1128349 alleges that this breach has resulted in Tacora underpaying the Earned Royalties to 1128349.

6. The materials that I have relied upon are noted throughout this report and listed in Appendix B. I reserve the right to supplement or modify my opinion, if warranted, as additional information or documents are made available to me. In addition, I reserve the right to prepare additional supporting materials such as summaries, graphical exhibits, charts, demonstratives, animations, enlargements, or other enhancements, including for hearings.

II. SUMMARY OF OPINIONS

7. My analysis indicates that Tacora has underpaid Earned Royalties to 1128349 in the amount of $CAD 7,295,253.73 if the Earned Royalties calculation required for non-arm's length transactions is used. I understand that this amount would be

[2] Tacora Resources Inc, and Cargill International Trading Pte Ltd, Restatement 1 Iron Ore Sale and Purchase Contract, November 9, 2018.

subject to a 20% withholding required for payment of the mineral rights tax, which must be remitted to the Government of Newfoundland and Labrador.

III. BACKGROUND

A. The Wabush Lease

8. The Wabush Lease leases those lands adjacent to Long Lake and Little Wabush Lake in the Labrador portion of the province of Newfoundland and Labrador (described and defined in the Wabush Lease as the "Demised Premises") to Tacora until May 20, 2055.[3] The Wabush Lease grants to Tacora the exclusive right to explore, investigate, develop, produce, extract, remove, smelt, reduce and otherwise process, make merchantable, store, sell and ship all iron ore, crude iron-bearing material, including iron ore concentrate and any metal, material or composition produced from iron ore or crude iron-bearing material (together the "Iron Ore Products").[4]

9. The Wabush Lease requires Tacora to pay a royalty ("Earned Royalties") to 1128349. The Earned Royalties are payable at an amount equal to 7% of Net Revenues from Iron Ore Products produced or derived from the Demised Premises.[5] The royalties so paid are defined in the Wabush Lease as the "Earned Royalties", which are determined on a quarterly basis.

10. According to section (j) of the Wabush Lease, "Net Revenues" shall mean:

    i. in the event that the Lessee sells Iron Ore Products under an arm's length, bona fide contract of sale, the amount per Metric Tonne (weight determined by vessel draft survey) actually received by or otherwise payable or credited to the account of the Lessee and its affiliates calculated f.o.b. Pointe Noire, Quebec or such other applicable port on the St. Lawrence seaway from which such Iron Ore Products is shipped to the Lessee's customers (the "Port"), or in

3 Detailed Arbitration Statement of Claim, August 22, 2023, Paragraph 10.
4 Detailed Arbitration Statement of Claim, August 22, 2023, Paragraph 16.
5 Amendment and Restatement of Consolidation of Mining Leases 2017 - MCR Registered #4147-3970-6951 v.1, Clause A 1.

the case of sales ex-mine gate or ex-rail, calculated at the point of actual sale, including, without limitation, all payments, incentives, bonuses, allowances, profit sharing or other consideration received by, credited or payable to the Lessee and/or its affiliates in respect thereof, less: (A) the Deductible Expenses; and (B) any royalties or overriding royalties measured by production of Iron Ore Products that are imposed on the Lessee under applicable laws by the Province of Newfoundland and are actually paid to such Province by the Lessee in respect of such sale of such Iron Ore Products (it being acknowledged that no such royalties or overriding royalties exist on the date hereof); and

ii. in the event that the Lessee otherwise sells Iron Ore Products, including, without limitation, in a non-arm's length transaction, the amount per Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "Industry Service") or, if such Industry Service is unavailable, then by such other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port."[6]

B. Overview of the Seaborne Iron Ore Market

11. Iron ore is primarily used for the production of iron and steel. Roughly 1.65 billion metric tons ("MT") of iron ore are traded on the seaborne market every year[7]; that is, iron ore that is internationally traded using ocean-going bulk carrier ships. Most of the published prices and price indices for iron ore relate to seaborne traded iron ore.

12. The major iron ore products that are sold and purchased on the seaborne market include iron ore lump (>6.3mm), sinter fines (0.15mm-6.3mm), concentrates

6 Wabush Lease, Section (j).
7 "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 5.

(including pellet feed) (>0.15mm) and pellets (agglomerated concentrate). Iron ore fines are separated out from lump in natural raw ore through a process of mining, crushing, and screening. In contrast to lump, which contains more than 60% iron, fines need to be sintered before being used in blast furnaces.

13. Iron ore concentrates are ores that have been mechanically processed to increase their iron content and decrease impurity levels. There are ample resources of iron ore worldwide at lower in-situ grades (generally about 20-40% Fe), which can be readily enriched during beneficiation processes - using gravity or magnetic separation - to increase their purity to upward of 65% Fe in an economically viable operation. Concentrates may be further processed to make pellets (either by the producer or consumer) or can be sold as an alternative sinter feed to natural fines.

14. Concentrates that are very finely sized are known as 'pellet feed' - as the name suggests, they are suitable for pelletizing. This process creates a higher-quality and more valuable direct-charge product (pellets) than either lump or sinter. Mills may also consume some concentrates as sinter feed either because they are too coarsely sized for pelletizing or as a grade sweetener to blend with lower-grade fines. When consumed via the sintering route, concentrates are typically priced at a discount to fines of similar chemistry due to their relatively inferior productivity.[8]

15. Seaborne traded iron ore is dominated by sinter fines, which comprise 70% of the seaborne trade. Much of this is imported by China. Other products' shares of seaborne trade are lump ore (17%), pellet feed concentrate (6%), BF-grade pellets (5%) and DR-grade pellets (4%).[9]

16. Today, seaborne iron ore exports are dominated by Australia (900 million MT) and Brazil (380 million MT), which together accounted for nearly 50% of usable

8 "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 4.
9 "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 5.

iron ore produced in 2021.[10] Since passing Japan in 2003 to become the world's largest iron ore importer, China's iron ore imports have continued to increase. In 2020, China imported 1.2 billion MT, representing around two-thirds of world imports. Japan, the second largest importer, imported less than 200 million MT in 2020.[11]

17. From a company perspective, the seaborne market is and has been dominated by Vale (Brazil), Rio Tinto (Australia and Canada), and BHP Billiton (Australia). Taken together, these three companies accounted for approximately 55% of seaborne iron ore trade in 2021.[12] These three companies largely determine the terms of sale and pricing mechanisms used for seaborne iron ore through negotiations with some of the large importing companies, including those in China and Japan. These three companies have been the dominant suppliers of iron ore to the seaborne market for many years and have most often set the pricing environment for the industry since at least the early 1990s.[13]

IV. SEABORNE IRON ORE MARKET PRICING

A. Introduction

18. Pricing of iron ore is dependent upon a wide range of factors. These include its form (fines, pellets, lump, concentrate), its iron content (% Fe), other quality factors (the presence of SiO_2, Al_2O_3, etc.), moisture content, and the location from which the iron ore is sourced and delivered. Historically, and until March 2010, most iron ore contracts were priced using prices that were negotiated annually between major suppliers and buyers of iron ore. The first set of trading partners to reach agreement on changes to the price for the year typically announced the agreement and it served as the price "benchmark" that the other industry participants typically followed. This is often referred to as the "Annual

10 "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 5.
11 "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 5.
12 "Iron Ore Miners Increase Production Capacity," E&MJ, December 2022, p. 37.
13 "Iron Ore Manual," The Tex Report Ltd., 2009, p. 6.

Benchmark" price, which was used to calculate the price in most long-term contracts ("LTCs") for seaborne iron ore.

19. Between 2000 and 2010, massive increases in the annual tonnages of seaborne-traded iron ore were driven almost entirely by sustained demand growth from Chinese steel mills, whose share of world steel production trebled over that period from 15% to 45%. This encouraged the entry of active new market participants in the form of merchants and traders who operated outside the benchmark system in a rapidly developing spot market.

20. Annual pricing adjustments could not keep pace with highly volatile spot prices that reflected unpredictable swings in market dynamics, nor with the effects of industry-wide demand shocks in the wake of the global financial crisis. An abrupt change in April 2010 saw the benchmark system replaced by a new model, index-based pricing, which linked the prices of iron ore delivered under long-term agreements to the market-clearing prices determined by spot sales.

21. Under index-based pricing, a contractually specified spot-market index is averaged over an agreed quotation period (QP) to generate a base price for a particular product shipment. The system has evolved and matured in the period since 2010, notably with the development of a range of regularly published market assessments by independent commercial price reporting agencies (PRAs) that compete with each other to provide commercial (subscription-based) pricing assessments and real-time trading information across a range of commodity markets including minerals and metals. Most iron ore indices are estimated and published as prices denominated in US$ per dry metric tonne ("dmt"), delivered on a cost and freight ("CFR") basis to a port in North China.

22. In recent years, PRAs providing regular price indices and related information on iron ore markets included S&P Global Platts (Platts), FastMarkets (under the Metal Bulletin brand), Argus Media, Shanghai Ganglian E-Commerce (Mysteel) and Shanghai Metals Market.

23. In 2008, various indices began publishing spot price indices for 62% Fe iron ore fines delivered to China. The Platts "IODEX 62% Fe CFR China" is the most commonly quoted, although other Indices, such as Metal Bulletin's 62% Fe Fines index, proved essentially the same data with very minor differences in values. Starting in 2010, these 62% Fe Indices were often used to set the base value of iron in contracts for a variety of iron ore products and locations.

24. The 62% Fe CFR China indices, such as Platts IODEX and Metal Bulletin's 62% Fe index, represent the PRAs' assessment of the price of 62% Fe iron fines delivered to a port in China, determined using survey-assessment methodologies.[14] From 2010-2015, these 62% Fe indices were used as the basis for most pricing terms in iron ore contracts. They were the most well-established index and were the first to be used in derivative transactions. For transactions involving products and locations other than 62% Fe fines delivered to China, the pricing in such transactions had to be adjusted to account for different iron content, product characteristics, and locations.

25. In 2010, Platts launched a 65% Fe Fines Index (IOPRM00 IO fines 65% Fe CFR China) to reflect the market value of high-grade iron ore fines products. Other indices followed suit including Metal Bulletin (MBIOI-65-BZ) in 2013.[15] Metal Bulletin also launched a 66% Fe Concentrate Index (MBIOI-CO) in 2012, which tracks the value of high-grade concentrate products specifically. Starting from around 2014, the market for high-grade iron ore products began to shift from using 62% Fe fines indices to the 65% Fe fines indices. These 65% Fe indices differ from the 62% Fe indices as they reflect the market price for high-grade (63.5% Fe +) rather than mid-grade (60 – 63.5% Fe) iron ore products. Based on my experience and knowledge, most high-grade products have been priced using one of the high-grade indices since around 2018.

14 "Platts Specifications guide – Iron Ore", S&P Global, April 2020, https://www.spglobal.com/platts/plattscontent/_assets/_files/en/our-methodology/methodology-specifications/ironore.pdf, pp. 2, 7.

15 "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 16.

26. Participants did not initially use these high-grade indices as the basis for pricing in contracts because they were new and not yet well-established. However, buyers and sellers of high-grade product types have gradually adopted the 65% Fe fines indices as their base for pricing. Concentrates (which includes pellet feed) were the first high-grade products to shift to the 65% Fe index in 2014-2015, followed by "Tier One" pellets (including BHS's DRI pellets) in 2019.[16] I also understand that several concentrate suppliers, including Anglo American and Samarco use the MBIOI-CO 66% Fe concentrate index to price their concentrate sales.[17] Based on my experience and knowledge, these high-grade indices are now considered the industry standard basis for pricing high-grade iron ore products.

27. With the demise of the annual benchmark pricing system in 2010, most LTC's adopted an index-linked pricing mechanism to determine prices. Especially for LTCs with durations of more than 1 – 2 years, most of these mechanisms are based on the same basic formula for FOB[18] contracts:

FOB Base Price = (Index Average + [Fe Content Adjustment] – Freight)

i. "Index Average" is defined as the average of a specified index for a specified quotation period. While there are a variety of quotation periods used, my experience is that use of "current quarter" quotation period is most common for sales under LTCs. As noted above, starting in 2014, the 62% Fe indices have been gradually replaced by 65% Fe indices for high grade products.

ii. The "Fe Content Adjustment" is used to adjust the price to reflect Fe content of the product that is different from that of the index. For most mid-grade products, this adjustment is made using a "VIU x Fe difference" formula. Value In Use ("VIU") in this context is typically defined as the value for

16 "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 17.
17 "Understanding the High-Grade Iron Ore Market," FastMarkets, 2021, p. 17.
18 Note: FOB means "Free On Board", which means the seller is responsible for loading the purchased cargo onto the ship, and all costs associated. The point the goods are safe aboard the vessel, the risk transfers to the buyer, who assumes the responsibility of the remainder of the transport.

every additional 1% Fe based on the Platts 1% Fe differential index (or equivalent). When multiplied by the difference in Fe content between the product being sold and the index, this provides an adjustment for Fe content. For high grade products that are priced using a 65% index, the Fe adjustment is most commonly accomplished via a pro-rata adjustment (i.e.; ([Product Fe Content – Index Fe Content] / [Index Fe Content])

iii. "Freight" is the adjustment required to reflect a sale based on FOB loadport rather than the CFR prices reflected in the indices. Initially, the freight component was typically negotiated periodically by the seller and buyer, usually with full knowledge of spot freight index levels. Over time, most LTCs adopted a specific freight index as the basis for this term.

V. DETERMINING THE MARKET – BASED PRICE FOR IRON ORE PRODUCTS

28. I understand that 1128349's position is that Cargill and Tacora are non-arm's length parties. Therefore, under the terms of the Wabush Lease, "Net Revenues" shall be "the amount per Metric Tonne by reference to a standard industry publication or service containing prices or quotations of the prices at which Iron Ore Products of equivalent types and qualities are being sold or purchased at a specific point of delivery (an "Industry Service") or, if such Industry Service is unavailable, then by such other means, in accordance with mining industry practice, as may establish such prices or quotations of the prices at which Iron Ore Products or equivalent types are being sold and purchased, calculated at f.o.b. the Port."[19] I interpret this as requiring the determination of the market price of Tacora's Iron Ore Products, FOB Sept Iles Port.

29. We were provided with a spreadsheet prepared by Tacora which calculates the Net Revenues and resulting Earned Royalties using the definitions provided under the terms of the Wabush Lease at paragraph (j)(ii). I understand that this

[19] Wabush Lease, Paragraph (j)(ii).

spreadsheet provides Tacora's interpretation of the calculation of Net Revenues using the Industry Service approach for the period from Q3 2019 – Q4 2022.[20]

30. As noted above, in the seaborne market for iron ore, market-based prices for long term contract sales are typically determined using an "index-linked" methodology. I have used the following formula to determine the market-based price for Tacora's iron ore concentrate product:

FOB Base Price = (Index Average + [Fe Content Adjustment] – Freight)

31. To select the appropriate index to use, I considered the specifications of Tacora's concentrate product. I understand that Tacora produces and sells what it calls "Iron Ore Premium Concentrate."[21] According to the Cargill Agreement, it has the following specifications[22]:

	Typical	Min	Max
CHEMICAL COMPOSITION (ON A DRY BASIS UNLESS OTHERWISE STATED)			
1. Fe	65.9%	65.4%	-
2. SiO2	2.60%	-	3.10%
3. Al2O3	0.2%	-	0.5%
4. Mn	1.4%	-	1.7%
5. P	<0.01%	-	0.02%
6. S	<0.01%	-	0.1%
7. H2O @ 105 Degc	3.0%	-	5.0%

20 230201 - Tacora Workbook – Original.xlsx., provided in Appendix C.
21 "Our Product," Tacora, https://tacoraresources.com/our-product/.
22 Tacora Restatement 1 Iron Ore Sale and Purchase Contract, November 9, 2018, Clause 9.1.

8. CaO	0.05%	-	0.2%
9. MgO	0.05%	-	0.2%
10. TiO2	0.04%	-	0.08%
11. K2O	0.04%	-	0.08%
12. Na2O	0.02%	-	0.06%
PHYSICAL COMPOSITION			
Greater than 0.40mm	16.0%	-	25%
Less than 0.15mm	30.0%	-	40%
Less than 0.045mm	4.0%	-	10%

32. These specifications, particularly the high (65.9% typical) Fe content and low silica and alumina (2.60% and 0.2% respectively), are consistent with a high-grade iron ore fines product. These specifications are very similar to both the Platts and Metal Bulletin 65% Fe indices, as shown in the table below.

	Tacora Concentrate	MB 65% Fe Fines Index[23]	MB 65% Fe Concentrate Index[24]	Platts 65% Fe Fines Index[25]
Fe	65.9% (65.4% min)	65.0% (63.5-66%)	65.0% (63-66%)	65.0%
SiO_2	2.60%	1.7%	6%	2%
Al_2O_3	0.2%	1.5%	0.5%	1.4%

23 "Iron ore indices," FastMarkets, April 2023, p. 10.
24 "Iron ore indices," FastMarkets, April 2023, p. 12.
25 "Platts Specifications guide – Global Iron Ore," S&P Global, April 2023, pp. 2, 3.

P	<0.01%	0.08%	0.02%	0.065%
H_2O	3.0% (5.0% max)	9%	8%	8.5%
Size	16%>0.40mm 30%<0.15mm	90% <10mm <30%<0.15mm	>80%<0.15mm	90%<10mm

33. As shown in the table, Tacora's concentrate specifications are very much in line with the various 65% Fe indices, especially with regard to the critical specifications around Fe content and combined silica and alumina impurity levels.

34. Because Tacora's concentrate product meets the specifications for the 65% Fe indices and based on the market situation described above, where the market for such high-grade iron ore products has adopted the use of 65% Fe indices, I believe that the 65% Fe indices are the appropriate indicators to use to determine the market price. I have adopted the "current quarter" quotation period for 65% Fe Indices for the Index Average term.

35. Tacora's Iron Ore Products have Fe content greater than the 65% Fe specified in the indices. To adjust for this higher Fe content, I use a pro-rata methodology. I believe that this is the most common and appropriate approach used in the market for high-grade iron ore products that use 65% Fe Indices as their pricing basis.

36. To adjust the index-based values, which represent product delivered to China (most commonly Qingdao), to represent product sales FOB Sept Iles, I have estimated freight costs between Sept Iles and Qingdao. This freight adjustment is typically accomplished via the use of published freight indices. Both Platts and the Baltic Exchange publish relevant freight indices that represent the cost to ship iron ore from Tubarao, Brazil to Qindgdao in capesize vessels.[26] These index values are stated in $ per wet metric ton ($/wmt). To determine the appropriate

[26] "Platts Specifications Guide – Global Freight", S&P Global, October 2023, p. 24 (IOFBC00) and BCI-C3.

freight adjustment, these values must be converted from $/wmt to $/dmt. I then need to account for the increased cost to ship from Sept Iles to Qingdao compared with Tubarao to Qingdao. Shipping distance from Tubarao to Qingdao is approximately 11,000 nm, while from Sept Iles, it is approximately 14,000 nm. Since there are also fixed elements of the voyage, for loading and unloading, I estimate that the cost to ship from Sept Iles is approximately 24% higher than from Tubarao. Note that this is consistent with the estimate used by Tacora in their alternate royalty calculations in the spreadsheet that they provided, which is shown in Appendix C.[27]

37. In summary, I have calculated the "Industry Service" price for Tacora's concentrate sales as follows:

+ Platts 65% Fe Index, $/dmt. CFR Qingdao x (Actual %Fe/65% Fe)

- Index Freight Tubarao to Qingdao / (1-% moisture) x 1.24

= Market Price of Tacora's concentrate FOB Sept Iles

38. For actual %Fe, I use the values for the "Ave. %Fe of Iron Ore Products" contained in the table of each quarterly Royalty Statement. For % moisture, I use 1.6% for all quarters on the basis of the "natural moisture within the ore" defined in Clause 4.3.1 of the Tacora Iron Ore Stockpile Purchase Agreement (17 Dec 2019).[28]

39. I have compared my calculated values for the quarterly average market price of Tacora's iron ore concentrate with those provided by Tacora in its alternate royalty calculation spreadsheet as well as with the realized prices based on dividing gross revenue by "Gross Tonnes Shipped" from each of the quarterly Royalty Statements. Note that I assume the "Gross Tonnes Shipped" are reported in "dry metric tonnes" or dmt, as they match the figures in Tacora's financial

27 230201 - Tacora Workbook – Original.xlsx, provided in Appendix C.

28 Tacora Resources Inc and Cargill International Trading Pte Ltd, Iron Ore Stockpile Purchase Agreement, December 17, 2019, Clause 4.3.1.

statements, which are consistent with the shipment volumes associated with the presentation of cost and price data that is reported specifically in $ per dmt. Furthermore, the alternate royalty analysis spreadsheet, provided by Tacora, treats the "Gross Tonnes Shipped" as dmt.

Industry Service ($USD/dmt)				
	CRA Industry Service ($USD/dmt)	**Tacora Industry Service ($USD/dmt)**	**Implied Gross Price from Royalty Statements ($USD/dmt)**	**Implied Net Price from Royalty Statements ($USD/dmt)**
Q1 2020	$87.22	$86.57	$76.47	$74.45
Q2 2020	$94.13	$93.54	$85.42	$83.46
Q3 2020	$107.24	$106.74	$112.17	$110.13
Q4 2020	$127.74	$126.90	$170.91	$168.82
Q1 2021	$170.26	$168.85	$185.77	$183.62
Q2 2021	$202.21	$199.87	$257.91	$255.69
Q3 2021	$151.84	$150.61	$18.86	$16.70
Q4 2021	$92.50	$91.37	$107.20	$105.04
Q1 2022	$142.39	$141.29	$178.12	$175.77
Q2 2022	$123.24	$123.10	$76.16	$73.83
Q3 2022	$86.11	$86.08	$56.28	$54.01
Q4 2022	$85.90	$85.53	$115.31	$113.12
Q1 2023	$118.22	$117.66	$118.57	$116.12
Q2 2023	$98.56	$97.84	$77.79	$75.32

Q3 2023	$99.92	$99.83	$104.01	$101.54

40. As shown on the table, my calculations result in similar prices to those calculated by Tacora in Appendix C. The small differences arise from adjustments that I make for higher Fe content in Tacora's iron ore concentrate compared with the 65% Fe index and converting the freight index values from $/wmt to $/dmt. Tacora did not make either of these adjustments in its calculations. From 2020 through Q3 2023, the market-based "Industry Service" prices that I calculate have a weighted average of $USD 119.96 per dmt, Tacora's Industry Service prices have a weighted average of average $USD 119.17 per dmt, and the weighted average of the Royalty Statements implied gross price is $USD 117.86 per dmt. Note that, per the Wabush Lease, the "gross value received" as reported in the Royalty Statements is further reduced by "Deductible Expenses" prior to calculating Earned Royalties, resulting in a weighted average implied net price of $USD 115.63 per dmt.

VI. DETERMINING EARNED ROYALTIES OWED AND UNDERPAYMENT

41. Once I have determined the appropriate market price for Tacora's iron ore concentrate product for each quarter, I multiply this by the shipments to determine Net Revenues in $USD in accordance with Clause (j)(ii) of the Wabush Lease. I then calculate gross Earned Royalties at 7% of this figure. The result is the Earned Royalties owed, based on the use of market-based prices in $USD. I convert figure to $CAD using the quarterly average of daily exchange rates published by the Bank of Canada. I understand that Earned Royalties are subject to 20% tax, which is withheld from payments made to 1128349, as Tacora remits the tax payment directly to the Government of Newfoundland and Labrador.

42. I have compared the Earned Royalties owed based on my calculations with the Earned Royalties paid or payable by Tacora according to the Royalty Statement letters. A summary of this comparison is shown in the table below. Quarterly details are shown in Appendix D. I also attach as Appendix E the detailed data

and analysis which I use to support the "Industry Service" table above and the Quarterly Earned Royalty assessment in Appendix D.

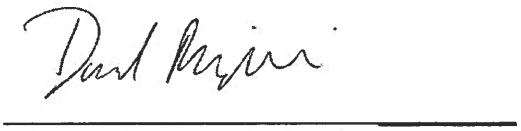
Earned Royalties Underpayment Summary - $CAD	
Time Period	**Underpayment ($CAD)**
Total Underpayment – Q1 2020 - Q1 2023 ($CAD)	$5,182,559.30
Underpayment Q2 - Q3 2023 ($CAD)	$2,112,694.43
Total Underpayment Q1 2020 - Q3 2023 ($CAD)	**$7,295,253.73**

43. Over the entire period, I find that Tacora has underpaid Earned Royalties by a total of $CAD 7,295,253.73. Of this, $CAD 2,112,694.13 is from Q2 and Q3 2023, a period when I understand that Tacora has not paid the amounts that they agree are owed for Earned Royalties. The Q2 and Q3 2023 amounts shown in the table are in addition to the amounts that Tacora indicated that they owe in their Royalty Statements. I understand that a 20% withholding on these amounts would be required for payment of the mineral rights tax, which must be remitted to the Government of Newfoundland and Labrador.

VII. CONCLUSION

44. I have calculated the Earned Royalties owed by Tacora to 1128349 using the approach required by the Wabush Lease for non-arm's length transactions for the period from Q1 2020 – Q3 2023. Specifically, I calculated the "Industry Service" price per dmt for Tacora's Iron Ore Products, FOB Sept Iles port using the appropriate iron ore industry practice. I then multiplied this by Tacora's reported shipments to determine Net Revenues, which are the basis for determining the Earned Royalties. I calculated Earned Royalties by taking 7% of Net Revenues for each quarter. I then compared the resulting Earned Royalties owed with the amounts shown in Tacora's quarterly Royalty Statements.

45. Over the period from Q1 2020 through Q3 2023, I find that Tacora's Royalty Statements indicate an understatement of Earned Royalties owed to 1128349 of $CAD 7,295,253.73.



David Persampieri

4 January 2024

APPENDIX A – DAVID PERSAMPIERI CV

Appendix A

DAVID PERSAMPIERI
Vice President

Master of Engineering
(Materials Science / Metallurgy)
Dartmouth College

A.B. Engineering Sciences
Dartmouth College

Mr. Persampieri is a Vice President and leader of CRA's Metals & Mining practice. He has over thirty years of experience in helping clients across the metals, mining and related industries deal with critical business issues, including corporate and business unit strategy, competitive analysis, and market planning and entry strategy. He also provides expert advice and testimony in disputes in the metals and mining industries. His experience encompasses raw materials, steel, aluminum, precious metals, and other ferrous and non-ferrous metals.

EXPERIENCE

1995–Present *Vice President*, Charles River Associates, Boston, MA

Expert Witness Experience

- ***Iron Ore Producer.*** Mr. Persampieri provided expert reports and testimony in a SIAC arbitration matter involving an iron ore pellet supply agreement. His report focused on the calculation of damages associated with the performance of this contract. He prepared and submitted two expert reports and provided expert testimony. The tribunal damage award followed Mr. Persampieri's calculations.

- ***Iron Ore Producer.*** Mr. Persampieri prepared and submitted an expert report in an ICC arbitration matter involving the performance of a long-term supply agreement for high-quality iron ore pellet feed. The initial report has addressed issues of liability, with a focus on the responsibilities of the parties in performing the contract as well as the evolving pricing environment for seaborne iron ore from 2008 to present. This matter is ongoing.

- ***Iron Ore Producer.*** Mr. Persampieri provided testimony in a US-based arbitration matter involving the determination of royalties payable on iron ore pellet products. At issue was the appropriate market price to use in determining royalties for specific pellet types.

- ***Steel Sheet Piling Producer.*** Mr. Persampieri provided testimony in US Federal Court in an unfair trade practices matter involving steel sheet piling products. He estimated damages incurred by his client due to deceptive marketing activities of a competitor.

- ***National Government.*** Mr. Persampieri provided advice and several reports to the Tax authorities of a major OECD country government. The government was investigating the use of offshore marketing subsidiaries by two major mining companies for their exports of iron ore.

- ***Iron Ore Producer.*** Mr. Persampieri was retained as an expert and provided testimony in an ICC Arbitration involving a long-term supply agreement for iron ore. His testimony focused on the evolution of iron ore pricing from 2009 – 2012 and the effect of changes to seaborne pricing on the parties to the agreement.

- ***Iron Ore Producer.*** Mr. Persampieri was retained as an expert witness in a US-based arbitration matter involving iron ore pricing. He developed a proposal for resolving a conflict over replacing terms in a pricing clause for iron ore that would use currently available published data. He also prepared and submitted and expert report and provided testimony in a binding arbitration hearing. The arbitration panel ruled in favor of our client in this matter.

- ***Mongolian Iron Ore Producer.*** Mr. Persampieri provided advice to a Chinese Company that was involved in a dispute with the Government of Mongolia over the rights to a significant iron ore property in Mongolia. The CRA team analyzed the value of the deposit based on a likely development profile that was based on a similar deposit located nearby. The client is using this analysis in an attempt to re-acquire the rights to the deposit through negotiations and possibly arbitration.

- ***Iron Ore Producer.*** Mr. Persampieri was qualified as an expert witness in a Canadian Arbitration matter involving royalty payments on iron ore pellet shipments. He prepared an expert report and testified before an arbitration panel in eastern Canada.

- ***Molybdenum Processing Joint Venture.*** Mr. Persampieri was retained as an expert witness in a dispute involving a molybdenum processing joint venture in Eastern Europe. He provided expert two expert reports and testimony in an ICSID arbitration hearing on matters relating to the performance of the joint venture operation, markets for molybdenum concentrates, technical grade molybdenum oxide, pure molybdenum oxide and molybdenum metal products. This matter was resolved in favor of Mr. Persampieri' s client.

- ***Graphite Cathode Supplier to the Aluminum Industry.*** Mr. Persampieri was retained as an expert witness in a dispute involving a long-term supply contract for graphite cathodes to a major aluminum producer. Mr. Persampieri provided two expert reports and testimony in an arbitration hearing on matters pertaining to the

aluminum industry and the effects of the economic downturn of 2008 – 2009 on its future prospects.

Iron and Steel – Related Experience

- ***Iron Ore Producer.*** Mr. Persampieri led an engagement to evaluate the market and competitive position of a proposed merchant DRI project to be built in the Midwest US. Our engagement included an evaluation of the cost position of the proposed facility, identification of potential customers and an evaluation of future DRI pricing in the US. Our client, a leading iron ore producer, used our analysis to justify moving forward with the project.

- ***Private Equity Firm.*** Mr. Persampieri led an engagement for a leading Private Equity firm to help it understand opportunities in iron ore and metallurgical coal. Our engagement included providing a comprehensive view of the current and future supply / demand situation for both products as well as an assessment of existing and developing mine projects around the world. The initial engagement led to a more detailed evaluation of a specific investment opportunity which the firm decided not to pursue.

- ***Aerospace Materials Producer.*** Mr. Persampieri led an effort to help an aerospace and industrial materials supplier evaluate an opportunity to make two complementary acquisitions in the specialty steel industry. CRA evaluated the current and future demand for these materials and conducted a customer satisfaction survey to evaluate the targets' strengths, weaknesses, and reputation in the industry. Based on our evaluation, we recommended that our client not pursue the opportunity.

- ***Metals Distribution Company.*** Mr. Persampieri led an engagement to assist a leading metals distribution company develop a growth strategy to maximize its value. We analyzed the firm's current competitive position in its various markets and evaluated several different potential growth strategies. Our recommendations, which were presented to the Board of Directors, included a continued focus on efficiency and growth by broadening the product portfolio and avoiding the temptation to enter into mill-type and downstream fabrication businesses. Our recommendations included a specific acquisition strategy coupled with key integration principles. Our client followed our strategy until it was acquired by a larger distribution company at a significant premium.

- ***Global Trading Company.*** Mr. Persampieri led an effort to provide a major global trading company with insights on the future global consumption and production of iron ore. This effort included a comprehensive analysis of the consumption and production of steel in major regions of the world leading to a projection of iron ore and other raw material requirements. In parallel, production of iron ore from existing and new mine operations was estimated along with an assessment of mining, processing, and transportation costs. This analysis was used to develop long-run projections for pricing trends under a number of different scenarios.

- ***Iron Ore Producer.*** Mr. Persampieri led a series of assignments to help a major supplier of iron ore develop a comprehensive strategy. These assignments included assessments of their core business (future consumption and supply outlook on a customer and supplier-specific basis) as well as analysis and recommendations for growth. In assessing growth opportunities, CRA's team evaluated international and domestic opportunities in iron ore as well as in other products where our client's skills would be relevant.

- ***Iron Ore and Coke Producer.*** Mr. Persampieri led an engagement for an investor group that was contemplating an acquisition of a group of iron ore and coke-making operations. In this assignment, CRA evaluated the short- and long-run consumption and supply situations for both iron ore and coke as well as for coking coal. This analysis was used to develop future price and volume scenarios that were a significant input into the client's valuation work.

- ***Refractories Producer.*** Mr. Persampieri led an engagement to evaluate the business prospects of a global producer of refractory products used in the steel, glass, and other industries. The CRA team analyzed underlying markets for the company's customer's products as well as trends in refractory product use. In addition, we evaluated the evolution of raw materials supply and the threat from emerging competitors, especially from China and India. Our analysis was used by our client to evaluate the potential value of the company.

- ***Leading Electrical Steel Producer.*** Mr. Persampieri led an effort to help a leading producer of grain-oriented electrical steels analyze the future demand for these products globally. Working with CRA's energy and utilities practice, CRA developed a forecast for global transformer demand which was used to develop projections for electrical steel consumption in key regions of the world. We worked with the client to interpret this information in support of a capacity expansion strategy.

- ***Mini-Mill Steel Producer.*** Mr. Persampieri led an assignment to assist the management of a small producer of steel wire rod and mesh products develop a product, market, and growth strategy. Key elements included analysis of product and customer competitive positions, product and customer profitability, and raw materials sourcing economics. Our work was used to develop a strategic plan that the company successfully implemented. The company was subsequently acquired by a larger mini-mill group.

Other Metals and Materials

- ***Aluminum Fabricated Products Producer.*** Mr. Persampieri led an engagement to evaluate a proposed facility for the production of titanium plate products. Our evaluation included an assessment of the overall economics of the facility as well as an evaluation of the market for titanium plate products in North America and globally. Our assessment helped our client decide not to pursue this investment opportunity.

- ***Aluminum Fabricated Products Producer.*** Mr. Persampieri led an effort to assist a US-based aluminum fabricated products producer evaluate the potential opportunity to expand its capacity to supply aluminum products to the aerospace industry. The CRA teal evaluated the overall growth in the aerospace market and conducted detailed interviews with industry participants to assess the effects of carbon-fiber composites and a shift to monolithic structures on the consumption of various aluminum products.

- ***Aluminum Engineered Products Producer.*** Mr. Persampieri led a series of projects to help a US-based aluminum engineered products producer develop a growth strategy. These projects included identification and evaluation of organic and acquisition-based growth options followed by a rigorous acquisition screening exercise focused on aerospace markets.

- ***Specialty Materials Producer:*** Mr. Persampieri led an effort to assist a leading specialty metals producer develop a growth strategy. This effort involved a detailed review of the markets, competitive cost structure and growth prospects within each of four operating units. Growth strategies and risks for each of these businesses were identified as a baseline. Using this baseline, the CRA effort identified key strengths that could be applied to new opportunities. CRA then led a process to identify potential new growth platforms the leveraged those strengths and identified potential acquisition targets in each attractive segment.

- ***Non-Ferrous Metals Producer.*** Mr. Persampieri led a series of efforts to assess the "realistic potential" of a non-ferrous metal fabricated products producer. We analyzed both domestic and global markets, competitors, and opportunities for operations improvement. These insights were combined into an analysis to highlight the likely opportunity to improve cash flows over a number of different scenarios. Based on our analysis and recommendations, the parent took advantage of high metal prices to dives the operation at a significant premium to the value of its projected cash flows.

- ***Non-Ferrous Metals Producer.*** Mr. Persampieri led an effort to help a major non-ferrous mining and metals company develop growth and diversification strategies. Our client was a leading producer of a single metal (and associated by-products) and was seeking advice on potential other metals and minerals that could help it grow and enhance its shareholder value. Mr. Persampieri led the effort to identify and evaluate potential growth opportunities in these other materials, including alumina, aluminum, iron ore, copper, zinc, lead, nickel, precious metals, etc. For a short list of potentially attractive metals, he devised entry strategies and identified potential acquisition targets.

- ***Aluminum Transportation Parts Producer.*** Mr. Persampieri provided overall project management for an assignment to develop and evaluate strategic options for a manufacturer of forged aluminum parts for the transportation industry. This analysis was used in negotiations to form a joint-venture company to produce, market, and sell these products. Subsequent to the formation of the joint venture, Mr.

Persampieri assisted in evaluating alternatives to expand production capacity to support the growth of the business.

- ***Aluminum Sheet Products Producer.*** Mr. Persampieri conducted competitive analysis for a producer of aluminum sheet products. This analysis included the development of an industry cost curve as well as an analysis of the apparent strategies of each major competitor. In addition, Mr. Persampieri performed an analysis of inter-material and inter-product competition for the major products and markets.

- ***Non-Ferrous Metals Producer.*** Mr. Persampieri had overall responsibility for a comprehensive review of a major nonferrous metals producer and the development of a strategy to improve shareholder value. The review included diagnoses of all aspects of operations—mines, surface facilities, and sales and marketing strategy. A thorough analysis of current and future supply and demand was performed leading to a forecast of long-term prices. This price outlook was used to develop operating and investment strategies to improve cash flow, earnings, and shareholder value.

- ***Non-Ferrous Strip Producer.*** Mr. Persampieri led an assignment to evaluate the realistic potential of a leading non-ferrous metal sheet and strip producer. We reviewed the client's market assessment along with their customer and product profitability. Based on our analysis, we identified opportunities to improve the performance of this company based on several restructuring scenarios and projected the impact on key financial metrics (cash flow, Return on Invested Capital).

1994–1995 *Managing Consultant*, AT Kearney/EDS Management Consulting Services, Cambridge, MA

Mr. Persampieri was responsible for client development, sales, and delivery of consulting engagements to industry for new management consulting services in product/market strategy development and business process reengineering. He integrated management consulting offerings into the information technology services of EDS' core business. Examples include:

- ***Mini-Mill Steel Company.*** Mr. Persampieri lad an engagement to re-design business processes associated with order entry, capacity planning, plant scheduling, and shipping for a mid-west U.S. producer of steel wire rod products. This project was undertaken in conjunction with the need to upgrade information systems used to support the operation.

- ***Integrated Steel Company.*** Mr. Persampieri led an effort to reduce the costs and improve the performance of outsourced machining and maintenance services for a major integrated steel company. He spearheaded an effort to involve the United

Steelworkers Union in this effort, leading to the ability of the client to better plan its outsourced work. These efforts resulted in a reduction in costs for outside machining of over 20 percent while improving the scheduling and delivery of these services.

1987–1994 *Senior Consultant*, Arthur D. Little, Inc., Cambridge, MA

Mr. Persampieri was responsible for client and case management for assignments for manufacturing companies. He managed cases in the areas of strategy development, investment/expansion analysis, and operations improvement. Examples include:

- ***Integrated Steel Company***. Mr. Persampieri led a team to assist a US integrated steel producer with a comprehensive cost reduction and efficiency improvement program. Specifically, he led a team of management and USW personnel through an exercise to reduce costs and improve productivity in the primary (BF, BOF and Casting) operations. This team identified and implemented measures in raw materials sourcing, operations scheduling and process control/quality to reduce costs by over $25 per ton of slab produced.

- ***Orthopedic Implant Manufacturer***. Mr. Persampieri provided technology-planning services using ADL's Strategic Management of Technology methodology to provide guidance in managing its technology development portfolio. He identified key emerging technologies in three areas critical to technical and market success.

- ***Mini-Mill Steel Company***. Mr. Persampieri led a team appointed by the board of directors to evaluate expansion into the production and sales of flat-rolled steel products. He analyzed market demand, competitive position, technology risks, and possible niche product/market strategies to model the financial performance and returns on a $400 million investment.

- ***Automotive Materials Supplier***. Mr. Persampieri evaluated the potential impact of aluminum, magnesium, and plastics for auto body applications. He also determined the technical and economic factors in selecting body materials and evaluated strengths and weaknesses of each when compared with steel.

- ***Integrated Steel Company***. Mr. Persampieri led a team to assist a major integrated steel mill in adopting lean manufacturing principles to reduce manufacturing cycle times, reduce inventories, and improve customer service. This effort reduced lead times by 30 percent, improved on-time delivery performance by over 40 percent, and lowered inventory by $8.0 million.

1985–1987 *Process Engineer*, Pfizer, Inc. Specialty Metal Products, Wallingford, CT

Mr. Persampieri was responsible for manufacturing process improvements aimed at improving quality, productivity, and capacity of a specialty metal strip operation. He

specified equipment and managed the installation and start-up of a $500,000 plant expansion that tripled the capacity of an emerging product line. He also implemented a shop floor Statistical Process Control program including training of hourly personnel and presentations to key customers.

PUBLICATIONS

Articles

"Issues with Feasibility Studies in Mining Arbitrations", Corporate Disputes, Jan-Mar 2014.

"Raw Materials Sourcing for EAF Steelmakers." With F. Katrak, M. Loreth, J. Agarwal, F. Brown, and G. Rainville. Metal Bulletin Monthly, May 1996.

"Materials Sourcing Strategies for EAF Steel Producers." With F. Katrak, M. Loreth, J. Agarwal, F. Brown, and G. Rainville. American Metal Market, April 22, 1996.

Conference Papers

"What now for Aluminum: The current crisis in perspective and observations for the future" Presented at TMS 2009, San Francisco, CA, February 16, 2009

"Metallurgical Coal and Coke: Short and Long Term Views" Presented at AMM State of Steel Conference, New York, NY, January 22, 2009

"Has the Global Iron Ore Market Changed Permanently?" Presented at AJM Global Iron and Steel Conference, Perth, Australia, February 23, 2006.

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Appendix B

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Data

230201 – Tacora Workbook – Original.xlsx.

TACORA WORKBOOK (.XLSX FILE)

	Shipments (Tonnage)	Gross Value Received	Royalty	Royalty Tax	CAD Net Royalty	Fx CAD to USD	USD Net Royalty	Industry Service	Alternative Net Revenue	Alternative Royalty	Alternative Royalty Tax	Alternative Net Royalty
Q1 2019	0	0	0	0	0			0	-	-	-	-
Q2 2019	0	0	0	0	0			0	-	-	-	-
Q3 2019	295,291	22,786,162	1,449,253	289,851	1,159,402	0.7560	876,470	79.6012	23,505,518	1,645,386	329,077	1,316,309
Q4 2019	541,872	58,007,856	3,840,442	768,088	3,072,353	0.7608	2,337,344	72.854	39,477,543	2,763,428	552,686	2,210,742
Total	837,163	80,794,018	5,289,695	1,057,939	4,231,756		3,213,814		62,983,061	4,408,814	881,763	3,527,051
Q1 2020	665,053	68,325,610	4,512,080	902,416	3,609,664	0.7351	2,653,464	86.5692	57,573,106	4,030,117	806,023	3,224,094
Q2 2020	804,224	95,132,981	6,329,255	1,265,851	5,063,404	0.7260	3,676,031	93.5392	75,226,470	5,265,853	1,053,171	4,212,682
Q3 2020	706,627	105,570,064	7,099,905	1,419,981	5,679,924	0.7542	4,283,799	106.7436	75,427,910	5,279,954	1,055,991	4,223,963
Q4 2020	832,636	185,385,024	12,635,187	2,527,037	10,108,150	0.7692	7,775,189	126.9024	105,663,507	7,396,445	1,479,289	5,917,156
Total	3,008,540	454,413,679	30,576,428	6,115,286	24,461,142		18,388,483		313,890,992	21,972,369	4,394,474	17,577,896
Q1 2021	802,702	188,781,537	12,884,578	2,576,916	10,307,662	0.7887	8,129,310	168.8548	135,540,086	9,487,806	1,897,561	7,590,245
Q2 2021	846,396	268,041,925	18,410,285	3,682,057	14,728,228	0.8172	12,035,417	199.874	169,172,554	11,842,079	2,368,416	9,473,663
Q3 2021	676,183	16,068,211	844,907	168,981	675,926	0.7951	537,429	150.6096	101,839,651	7,128,776	1,425,755	5,703,020
Q4 2021	807,061	109,012,730	7,296,659	1,459,332	5,837,327	0.7938	4,633,476	91.3652	73,737,290	5,161,610	1,032,322	4,129,288
Total	3,132,342	581,904,403	39,436,430	7,887,286	31,549,144		25,335,631		480,289,581	33,620,271	6,724,054	26,896,217

APPENDIX D: QUARTERLY EARNED ROYALTIES SUMMARY

	Earned Royalties per Royalty Statement Letters ($CAD)	CRA Calculated Earned Royalties - Industry Service ($CAD)	Difference (Calculated - Actual) ($CAD)
Q1 2020	$4,514,006.09	$5,454,926.29	$940,920.20
Q2 2020	$6,329,255.12	$7,338,529.25	$1,009,274.13
Q3 2020	$7,099,904.74	$7,064,651.42	-$35,253.32
Q4 2020	$12,635,189.39	$9,698,686.15	-$2,936,503.24
Total	**$30,578,355.34**	**$29,556,793.11**	**-$1,021,562.23**
Q1 2021	$12,884,577.98	$12,111,052.81	-$773,525.17
Q2 2021	$18,410,285.47	$14,710,509.08	-$3,699,776.39
Q3 2021	$844,907.10	$9,055,001.69	$8,210,094.59
Q4 2021	$7,296,659.08	$6,584,535.52	-$712,123.56
Total	**$39,436,429.63**	**$42,461,099.10**	**$3,024,669.47**
Q1 2022	$11,789,584.67	$9,687,400.84	-$2,102,183.83
Q2 2022	$5,889,939.23	$10,170,703.11	$4,280,763.88
Q3 2022	$3,408,429.22	$5,688,468.50	$2,280,039.28
Q4 2022	$7,200,288.89	$5,582,035.42	-$1,618,253.47
Total	**$28,288,242.01**	**$31,128,607.87**	**$2,840,365.86**
Q1 2023	$8,727,175.84	$9,066,262.04	$339,086.20
Q2 2023	$5,865,004.23	$7,920,134.82	$2,055,130.59
Q3 2023	$7,962,729.76	$8,020,293.59	$57,563.83
Total	**$22,554,909.83**	**$25,006,690.46**	**$2,451,780.63**
Grand Total	**$120,857,936.81**	**$128,153,190.54**	**$7,295,253.73**

APPENDIX E: DATA AND ANALYSIS

Data and analysis backup file (.xlsx)

Specifications:

Moisture	1.6%	Per Stockpile Offtake Agreement
Freight Adj	1.24	Multiplier for Sept Iles vs Tubarao Freight
Royalty Rate	7%	of Net Revenues
Royalty Tax	20%	of Royalty

	USD				USD		USD					CAD						
	Platts 65% Fe CFR Qingdao (US$/dmt)	Freight - BRZ-China (US$/wmt)	Freight - BRZ-China (US$/dmt)	Ave % Fe of Iron Ore Products	CRA Market Price - FOB Sept Iles (US$/dmt)	Shipments (Tonnage) - dmt	CRA Alt. Net Revenues ($USD)	CRA Alt. Earned Royalty ($USD)	CRA Alt. Royalty Tax ($USD)	CRA Alt Net Royalty ($USD)	FX - CAD to USD	CRA Alt. Net Revenues ($CAD)	CRA Alt. Earned Royalty ($CAD)	CRA Alt. Royalty Tax ($CAD)	CRA Alt Net Royalty ($CAD)	Hope Wilson Indistry Service Methodology (US$/dmt)	HW Check (CRA Calc Calc - HW Provided)
Q3 2019	$ 109.51	$ 24.12	$ 24.51	65.53%	$ 80.01	295,291	$ 23,625,585	$ 1,653,791	$ 330,758	$ 1,323,033	0.7574	$ 31,194,156.55	$ 2,183,590.96	$ 436,718.19	$ 1,746,872.77	$ 79.60	$ -
Q4 2019	$ 98.15	$ 20.40	$ 20.73	65.86%	$ 73.74	541,872	$ 39,958,336	$ 2,797,084	$ 559,417	$ 2,237,667	0.7576	$ 52,741,973.93	$ 3,691,938.18	$ 738,387.64	$ 2,953,550.54	$ 72.85	$ -
Total																	
Q1 2020	$ 103.52	$ 13.67	$ 13.89	65.58%	$ 87.22	665,053	$ 58,004,123	$ 4,060,289	$ 812,058	$ 3,248,231	0.7443	$ 77,927,518.42	$ 5,454,926.29	$ 1,090,985.26	$ 4,363,941.03	$ 86.57	$ -
Q2 2020	$ 108.32	$ 11.92	$ 12.11	65.50%	$ 94.13	804,224	$ 75,703,288	$ 5,299,230	$ 1,059,846	$ 4,239,384	0.7221	$ 104,836,132.13	$ 7,338,529.25	$ 1,467,705.85	$ 5,870,823.40	$ 93.54	$ -
Q3 2020	$ 128.89	$ 17.86	$ 18.15	65.43%	$ 107.24	706,627	$ 75,775,961	$ 5,304,317	$ 1,060,863	$ 4,243,454	0.7508	$ 100,923,591.67	$ 7,064,651.42	$ 1,412,930.28	$ 5,651,721.13	$ 106.74	$ -
Q4 2020	$ 146.11	$ 15.49	$ 15.74	65.51%	$ 127.74	832,636	$ 106,357,994	$ 7,445,060	$ 1,489,012	$ 5,956,048	0.7676	$ 138,552,659.35	$ 9,698,686.15	$ 1,939,737.23	$ 7,758,948.92	$ 126.90	$ -
Total																	
Q1 2021	$ 191.15	$ 17.98	$ 18.27	65.60%	$ 170.26	802,702	$ 136,665,424	$ 9,566,580	$ 1,913,316	$ 7,653,264	0.7899	$ 173,015,040.11	$ 12,111,052.81	$ 2,422,210.56	$ 9,688,842.25	$ 168.85	$ -
Q2 2021	$ 232.30	$ 26.15	$ 26.58	65.80%	$ 202.21	846,396	$ 171,146,201	$ 11,980,234	$ 2,396,047	$ 9,584,187	0.8144	$ 210,150,129.75	$ 14,710,509.08	$ 2,942,101.82	$ 11,768,407.27	$ 199.87	$ -
Q3 2021	$ 189.93	$ 31.71	$ 32.23	65.64%	$ 151.84	676,183	$ 102,671,846	$ 7,187,029	$ 1,437,406	$ 5,749,623	0.7937	$ 129,357,166.99	$ 9,055,001.69	$ 1,811,000.34	$ 7,244,001.35	$ 150.61	$ -
Q4 2021	$ 128.88	$ 30.27	$ 30.76	65.89%	$ 92.50	807,061	$ 74,652,773	$ 5,225,694	$ 1,045,139	$ 4,180,555	0.7936	$ 94,064,793.10	$ 6,584,535.52	$ 1,316,907.10	$ 5,267,628.41	$ 91.35	$ 0.02
Total																	
Q1 2022	$ 169.67	$ 22.89	$ 23.26	65.60%	$ 142.39	767,630	$ 109,303,651	$ 7,651,256	$ 1,530,251	$ 6,121,004	0.7898	$ 138,391,440.56	$ 9,687,400.84	$ 1,937,480.17	$ 7,749,920.67	$ 141.29	$ -
Q2 2022	$ 160.28	$ 29.98	$ 30.47	65.30%	$ 123.24	923,553	$ 113,818,745	$ 7,967,312	$ 1,593,462	$ 6,373,850	0.7834	$ 145,295,758.69	$ 10,170,703.11	$ 2,034,140.62	$ 8,136,562.49	$ 123.10	$ -
Q3 2022	$ 115.49	$ 23.72	$ 24.11	65.29%	$ 86.11	723,003	$ 62,260,829	$ 4,358,258	$ 871,652	$ 3,486,606	0.7662	$ 81,263,835.77	$ 5,688,468.50	$ 1,137,693.70	$ 4,550,774.80	$ 86.08	$ -
Q4 2022	$ 110.89	$ 20.45	$ 20.78	65.46%	$ 85.90	683,744	$ 58,736,642	$ 4,111,565	$ 822,313	$ 3,289,252	0.7366	$ 79,743,363.17	$ 5,582,035.42	$ 1,116,407.08	$ 4,465,628.34	$ 85.53	$ -
Total																	
Q1 2023	$ 140.10	$ 18.10	$ 18.39	65.43%	$ 118.22	810,117	$ 95,770,308	$ 6,703,922	$ 1,340,784	$ 5,363,137	0.7394	$ 129,518,029.16	$ 9,066,262.04	$ 1,813,252.41	$ 7,253,009.63	$ 117.66	CRA Calc. HW Methodology
Q2 2023	$ 124.00	$ 21.10	$ 21.44	65.60%	$ 98.56	855,017	$ 84,266,358	$ 5,898,645	$ 1,179,729	$ 4,718,916	0.7448	$ 113,144,783.19	$ 7,920,134.82	$ 1,584,026.96	$ 6,336,107.86	$ 97.84	CRA Calc. HW Methodology
Q3 2023	$ 125.00	$ 20.30	$ 20.63	65.26%	$ 99.92	854,962	$ 85,426,691	$ 5,979,868	$ 1,195,974	$ 4,783,895	0.7456	$ 114,575,622.76	$ 8,020,293.59	$ 1,604,058.72	$ 6,416,234.87	$ 99.83	CRA Calc. HW Methodology
				Sum/Avg	$ 117.03	12,596,071	$1,474,144,756.80										
				Sum/Avg - 2020-23	$ 119.96	11,758,908	$1,410,560,835.37										

FORM 53

Court File No. CV-23-00707394-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TACORA RESOURCES INC.

(Applicant)

ACKNOWLEDGEMENT OF EXPERT'S DUTY

1. My name is David Persampieri. I live at Newton, in the state of Massachusetts, USA.

2. I have been engaged by or on behalf 1128349 B.C. Ltd. to provide evidence in relation to the above-noted court proceeding.

3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:

   (a) to provide opinion evidence that is fair, objective and non-partisan;

   (b) to provide opinion evidence that is related only to matters that are within my area of expertise; and

   (c) to provide such additional assistance as the court may reasonably require, to determine a matter in issue.

4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

Date: 21 MARCH, 2024

David Persampieri