



COURT FILE NO. S-234515
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

WEAVER CAPITAL CORP.

PETITIONER

AND

EAGLE GRAPHITE CORPORATION

RESPONDENT

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

March 5, 2024

THIRD REPORT OF THE RECEIVER

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INTRODUCTION

1. On July 20, 2023, FTI Consulting Canada Inc. was appointed receiver (the “**Receiver**”) of the assets, undertakings and property of Eagle Graphite Corporation (“**EGC**” or the “**Company**”) pursuant to an order (the “**Receivership Order**”) of this Honourable Court.
2. On August 16, 2023, by an order of this Honourable Court, the Receiver was authorized to conduct a sale process (the “**Sale Process**”) in accordance with the provisions as outlined in a schedule to the order (the “**Sale Process Order**”).
3. The Receiver’s reports and other information in respect of these proceedings are posted on the Receiver’s website at cfcanada.fticonsulting.com/EagleGraphite.
4. The purpose of this report, the Receiver’s third report (the “**Third Report**”), is to:
 - (a) advise the Court on the Sale Process conducted by the Receiver;
 - (b) inform the Court of the activities of the Receiver subsequent to the date of the Receiver’s Second Report dated November 21, 2023; and
 - (c) seek the approval of this Honourable Court for the Agreement of Purchase and Sale (the “**Weaver APS**”, copy attached as Appendix A) entered into by the Receiver with Weaver Capital Corp. (“**Weaver**”) and the granting of an order vesting all of the Receiver’s right, title and interest in the assets of EGC to Weaver.

BACKGROUND INFORMATION

5. EGC was incorporated under the *Canada Business Corporation Act* on December 23, 2014 and has its registered office in Courtenay, British Columbia.
6. The Company is a natural resource company engaged in mining activities at a site located in the Slocan Valley area of British Columbia known as the Black Crystal property (“**Black Crystal**”).

7. The Company's mining activity is focused on graphite, a form of carbon, which, among other things, is used for conducting heat and electricity in electrodes, batteries and solar panels in addition to acting as a lubricant for bearings and machinery.
8. James Deith is the sole director of the Company (the "**Director**").
9. The Black Crystal site includes an open-pit quarry providing access to the graphite deposits, a processing facility and related equipment and is subject to two mineral leases and two mineral claims held by the Company.
10. The Receiver understands that production from the quarry and the processing plant ceased in or around 2013.
11. The parent company of EGC is Eagle Graphite Incorporated ("**EGI**"), a publicly traded company listed on the TSX Venture Exchange.
12. On October 4, 2022 the trading in the shares of EGI were halted as a result of a Cease Trading Order issued by the Ontario Securities Commission for failure to file its interim financial statements and management discussion and analysis for the period ending May 31, 2022.
13. In addition, EGC originally held three mineral claims however, due to a lack of liquidity, the Company failed to pursue one of its claims by performing exploration work or making payments and as a result the claim was forfeited to the government and reclaimed by a third party.

14. Weaver is the first-ranking secured creditor of EGC having acquired an existing debt from ANH Refractories Company (“**ARC**”). The affidavit of Jeffrey Wood sworn June 1, 2023 (the “**Wood Affidavit**”) and filed in support of Weaver’s application for the granting of the Receivership Order details the history of the ARC debt and the transfer and assignment of ARC’s debt and security to Weaver. The Wood Affidavit excluding its exhibits was attached as Appendix A to the Receiver’s First Report.
15. As a result of several defaults by EGC relating to the loan agreements assigned to Weaver, on January 27, 2023 Weaver’s counsel demanded repayment of EGC’s indebtedness and together delivered a notice of intention to enforce its security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (the “**BIA**”).
16. The Wood Affidavit also provides a history of the procedural efforts of Weaver in attempting to enforce its security, culminating in the issuance of the Receivership Order.
17. As indicated in the Wood Affidavit, one of the objectives for the appointment of a Receiver was to conduct a sale process that would result in the granting of an order to provide to the Chief Gold Commissioner (BC) as required to transfer title to the mineral leases.

TERMS OF REFERENCE

18. In preparing this report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, EGC’s books and records and discussions with various parties (collectively, the “**Information**”).
19. Except as described in this Report:

- (a) the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) the Receiver has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
20. Future-oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
21. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein are as defined in the Receivership Order or other Orders granted in the Receivership proceedings.

THE SALE PROCESS

22. The Sale Process Order authorized the Receiver to enter into a stalking horse agreement with Weaver (the “**Stalking Horse Offer**”).
23. As detailed in the Receiver’s Second Report, in accordance with the provisions included in the Sale Process Order, the Receiver performed the following:
 - (a) published an advertisement in the national edition of the Globe and Mail on August 25, 2023 and in the September 4 – 17, 2023 edition of The Northern Miner magazine, announcing the opportunity to acquire the assets of EGC;
 - (b) prepared an Invitation for Offers to Purchase (the “**Teaser Letter**”) summarizing the background of the Company, an overview of the asset, the historic production from Black Crystal, an overview of the mineral resource report and the details of the timeline for the offer process;
 - (c) set up an electronic data room (the “**Data Room**”) which included, among other things:
 - (i) the three appraisals included as Appendices to the Receiver’s First Report;
 - (ii) a 2018 Technical Report and Mineral Resource Estimate on Black Crystal prepared by Tetra Tech;
 - (iii) photographs of the site and structures built on the site;
 - (iv) a copy of the Stalking Horse Offer; and
 - (v) a draft form of asset purchase agreement with similar terms and conditions to the Stalking Horse Offer;

- (d) instructed legal counsel to draft a form of confidentiality agreement (“NDA”); and
 - (e) prepared a list of potential purchasers using the S&P Capital IQ data base, enquiries of the secured lender and the Director in addition to any party contacting the Receiver as a result of the notices described above.
24. On August 22, 2023 the Receiver forwarded the Teaser Letter to 36 parties identified by the Receiver and to an additional five parties that subsequently contacted the Receiver.
 25. Five parties signed NDAs and were subsequently provided access to the Data Room by the Receiver.
 26. One party requested a site visit which was organized by the Receiver on September 21, 2023.
 27. On September 25, 2023 (the “**Bid Deadline**”) one offer was received in addition to the Stalking Horse Offer. The offer was from 1420027 B.C. Ltd. (“**142**”) indicating a purchase price of \$3,800,000, in excess of the Stalking Horse Offer. A deposit cheque of \$570,000, equal to 15% of the purchase price, accompanied the offer.
 28. Accordingly, the Receiver advised Weaver of the offer received from 142 (the “**142 APS**”).
 29. Weaver advised the Receiver that it did not wish to participate in an auction with 142 and as a result, the Receiver accepted the 142 APS.
 30. The remaining obligation of the Receiver was to obtain an approval and vesting order which the Receiver sought and obtained on November 30, 2023 (the “**142 AVO**”).

31. Pursuant to the terms of the 142 APS, closing of the transaction was to occur within five business days of the Receiver obtaining the 142 AVO.
32. Prior to seeking the 142 AVO, the Receiver was approached by 142 requesting an extension of the closing date as 142 required more time to arrange the funding required to close the transaction.
33. After consulting with Weaver, the Receiver agreed to modify the terms of the 142 APS and negotiated a Modification Agreement of Purchase and Sale (the “**Modification Agreement**”) with 142 which, among other things:
 - (a) increased the purchase price and deposit to \$4,200,000 and \$630,000 respectively;
 - (b) allowed the Receiver to immediately access the deposit for use by the Receiver;
 - (c) specified a \$70,000 modification fee (the “**Modification Fee**”) to be distributed to Weaver in acknowledgement of the additional interest charges that Weaver would incur as a result of the Modification Agreement; and
 - (d) extended the closing date to January 31, 2024 (the “**Closing Date**”).
34. The Modification Agreement also included a clause wherein 142 acknowledged that, in the event it defaulted on closing the transaction, the deposit held by the Receiver would be forfeited to the Receiver.
35. Following the granting of the 142 AVO by this Honourable Court, 142 paid the incremental deposit of \$60,000 (being the difference between the original deposit and the increased deposit as a result of the Modification Agreement) and the Modification Fee to the Receiver.

36. On January 26, 2024, counsel for 142 forwarded a letter to the Receiver advising that for various reasons, including the inability of 142 to secure financing, 142 would not be closing the 142 APS. The letter proposed an alternative transaction with some additional cash paid on closing and Weaver rolling over some of its debt which would be repaid from a net smelter revenue royalty.
37. The Receiver discussed the alternative transaction with Weaver and was advised that Weaver would not agree to the revised transaction as proposed by 142. Accordingly, the Receiver's counsel advised 142's counsel that it rejected the proposal, without a counter offer. Subsequently 142 failed to close the 142 APS by January 31, 2024.
38. Given 142's default of the terms of the 142 APS, the Receiver invited Weaver to submit a Final Binding APS pursuant to, and as defined in, section 19 of the Sale Process.
39. On March 4, 2024, Weaver submitted a Final Binding Bid which the Receiver determined to be the Successful Bid (the "**Weaver APS**"). The key terms of the Weaver APS are summarized as:
- (a) Weaver would acquire all of EGC's assets including the mineral claims, mineral leases and the processing plant and equipment on an "as is, where is" basis;
 - (b) the purchase price would be \$3,700,000 which would be satisfied in the form of a credit bid against the ARC debt; and
 - (c) the closing of the transaction would occur within five business days of the Receiver obtaining a sale approval and vesting order from this Honourable Court.
40. A copy of the Weaver APS is attached as Appendix A.

RECEIVER'S ACTIVITIES

41. Since the date of the Receiver's Second Report, the Receiver's activities have primarily been focused on the Sale Process as well as engaging with the Ministry of Energy, Mines & Low Carbon Innovation ("MEMLCI") and the Ministry of Water, Land and Resource Stewardship in relation to the mineral leases and water license respectively.
42. A summary of the Receiver's cash receipts and disbursements for the period from July 20, 2023 to February 27, 2024 is summarized below:

Eagle Graphite	
Statement of Receipts and Disbursements	
32 Week Period Ending February 27, 2024	
<i>(CAD Thousands)</i>	Actual
Receipts	
Sale Deposit	630
Modification Fee	70
Receiver Certificate	50
Bank Interest	11
Total Receipts	761
Disbursements	
Distribution to Secured Creditor	(345)
Repayment of Receiver Certificate	(52)
Receiver's Fees	(111)
Legal Fees	(134)
Insurance Premiums	(3)
Operating Expenses	(16)
Total Disbursements	(661)
Ending Cash	100

43. The Receiver is holding approximately \$100,000 in its estate trust accounts, which is a function of the following receipts and disbursements:
- (a) in order to fund the receivership, the Receiver borrowed \$50,000 from Weaver pursuant to a Receiver Certificate as authorized in the Receivership Order. This was subsequently repaid along with accrued interest of approximately \$2,000;

- (b) under the Sale Process, 142 posted an aggregate, non-refundable deposit of \$630,000 and paid a \$70,000 Modification Fee which was distributed to Weaver in acknowledgement of the additional interest charges that Weaver would incur as a result of the Modification Agreement;
 - (c) bank interest of approximately \$11,000 has been received into the estate trust accounts;
 - (d) the aggregate distribution to Weaver includes:
 - (i) the Modification Fee; and
 - (ii) following 142's default of the 142 APS, a distribution of \$275,000 from the deposit posted by 142 with the Receiver;
 - (e) payments of the Receiver and its legal counsel's professional fees, collectively totaling \$245,000;
 - (f) insurance premiums for renewing general liability insurance; and
 - (g) other operating expenses include the payment of utilities, mine inspection fees and the water license renewal.
44. Following the Receiver's dialogue with the MEMLCI, the Receiver made renewal payments for the two mineral leases which will be included as a disbursement in a subsequent invoice of the Receiver.

THE INDEBTEDNESS OF WEAVER

45. As indicated in the Receiver's First Report, the Receiver's legal counsel reviewed Weaver's security and provided an opinion that, subject to the standard and customary qualifications, assumptions and limitations, the security held by Weaver over EGC's assets property and undertakings is valid and enforceable.

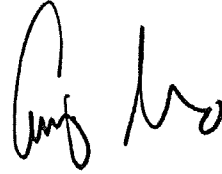
46. The Receiver's counsel requested a payout statement from Weaver which was subsequently provided. The payout statement indicated an indebtedness projected to February 29, 2024 in the amount of \$3,949,673.40.
47. The Receiver reviewed the calculations in the statement for any mathematical errors. A copy of the current payout statement is attached as Appendix B.

RECEIVER'S RECOMMENDATIONS AND APPROVALS SOUGHT

48. The Receiver's comments with respect to the Sale Process are as follows:
 - (a) the business and assets of the Company have been extensively marketed;
 - (b) the Sale Process was fair and transparent and provided all participants with equal access to information and opportunity to submit an offer;
 - (c) Weaver was consulted in respect of the Sale Process; and
 - (d) the purchase price and other terms of the Weaver APS are fair and reasonable and resulted in the best offer available.
49. Accordingly, the Receiver recommends that this Honourable Court grant an order approving the Weaver APS and vesting EGC's right, title and interest in its assets, property and undertakings to Weaver.

All of which is respectfully submitted this 5th day of March, 2024.

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

A handwritten signature in black ink, appearing to read 'Craig Munro', written in a cursive style.

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

Appendix A

Weaver Capital Corp. Agreement of Purchase and Sale

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

- and -

WEAVER CAPITAL CORP. (the "Purchaser")

AGREEMENT OF PURCHASE AND SALE

March 4, 2024

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THIS AGREEMENT OF PURCHASE AND SALE is made this 4 day of March, 2024

BETWEEN:

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

-and-

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

RECITALS

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

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

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

In conjunction with the sales process contemplated herein, the Receiver sought and obtained an Order of the Court dated August 16, 2023 (the "**Stalking Horse and Sale Process Order**") approving the agreement with the Purchaser dated August 10, 2023 as the stalking horse bid (the "**Stalking Horse Bid**") and the procedures for marketing and selling the Purchased Assets (the "**Sales Process**").

The Purchaser is submitting this Agreement to the Receiver as a bid in accordance with the Sales Process.

The Receiver has determined that this Agreement is the "Successful Bid" pursuant to the Sales Process.

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

ARTICLE 1
DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

"Closing" means the completion of the Transaction;

"Closing Cash Payment" means an amount sufficient to pay (i) any outstanding Priority Claims, and (ii) any Cure Costs;

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

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

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

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

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

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

"**Court**" has the meaning given in the Recitals;

"**Credit Bid Amount**" means the total of \$3,700,000, which is the partial amount owing by the Debtor to the Purchaser pursuant to various credit documents, including but not limited to the Acknowledgement, Consent and Release dated December 5, 2022 between the Debtor, the Purchaser and HarbisonWalker International, Inc. and secured by, amongst other things, a general security agreement between the Debtor and HarbisonWalker International, Inc. dated March 5, 2013;

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

"**Debtor**" has the meaning given in the Recitals;

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

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

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

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

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

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

"**Governmental Authorities**" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof, over part or all of the Purchased Assets, the transaction contemplated in this Agreement and/or one or both of the parties hereto and shall include a board or association of insurance

underwriters; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power over part or all of the Purchased Assets, the transaction contemplated in this Agreement and/or one or both of the parties hereto and shall include a board or association of insurance underwriters. Without limitation, Governmental Authorities shall include the Mineral Titles Branch (British Columbia), the Chief Gold Commissioner (British Columbia) and the Deputy Chief Gold Commissioner (British Columbia);

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

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

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

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

"**Outside Date**" means April 15, 2024, or such later date as agreed to by the Parties;

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

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

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

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

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

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

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

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

"Purchaser" means Weaver Capital Corp.;

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

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

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

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

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

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

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

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

"Sales Process" has the meaning given in the Recitals; ;

"Stalking Horse and Sales Process Order" has the meaning given in the Recitals;

"Stalking Horse Bid" has the meaning given in the Recitals;

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

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

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

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

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

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

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

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

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

1.2 Certain Rules of Interpretation

In this Agreement:

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

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

1.3 Entire Agreement

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

1.4 Schedules

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

SCHEDULE A - CONTRACTS

SCHEDULE B - EXCLUDED ASSETS

SCHEDULE C - PERMITTED ENCUMBRANCES

SCHEDULE D - SALES PROCESS

SCHEDULE E – ASSUMED LIABILITIES

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale of Purchased Assets

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

2.2 Excluded Assets

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

2.3 Assumed Liabilities

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

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

2.4 Assignment and Assumption of Contracts

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

2.5 Purchase Price

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

- (a) the Credit Bid Amount (\$3,700,000.00);
- (b) the Assumed Liabilities, if any; and

- (c) the Closing Cash Payment, if any.

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

2.6 Closing Cash Payment

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

2.7 Payment of Priority Claims and Cure Costs

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

2.8 Satisfaction of Purchase Price

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

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

2.9 Purchase Price Allocation

Within five business days prior to the Closing, the Purchaser shall prepare a written initial allocation of the amounts of the credits in Section 2.6 above and the Assumed Liabilities, if any, comprising the Purchase Price in respect of each of the Purchased Assets. The Parties, acting reasonably, shall agree, prior to the Closing, on such allocation.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE PARTIES

3.1 Representations and Warranties of the Receiver

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

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

3.2 Representations and Warranties of the Purchaser

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

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

ARTICLE 4 PROCEDURES

4.1 Vesting Order

- (a) The Receiver and the Purchaser acknowledge that the Closing of the Transaction is subject to the issuance of the Vesting Order.\
- (b) The Receiver shall use its commercially reasonable efforts to promptly thereafter file and serve the documents in relation to the Sale Application, on notice to parties satisfactory to the Purchaser acting reasonably.
- (c) The Purchaser shall provide all information, if any, and take such actions as may be reasonably requested by the Receiver to assist the Receiver in obtaining the Vesting Order, and any other order of the Court reasonably necessary to consummate the Transaction.

4.2 Pre-Closing Cooperation

- (a) Prior to the completion of the Transaction, upon the terms, and subject to the conditions of this Agreement, each of the Parties shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and cooperate with each other in order to do, all things necessary, proper or advisable under applicable Laws to consummate the Transaction, including the preparation and filing of all forms, registrations and notices required to be filed to consummate the Closing, and the taking of such actions

as are necessary to obtain any requisite Consent, provided that the Receiver shall not be obligated to make any payment or deliver anything of value to any Person (other than filing with and payment of any application fees to Governmental Authorities, all of which shall be paid, funded or reimbursed by the Purchaser) in order to obtain any Consent.

- (b) Each of the Receiver and the Purchaser shall promptly notify the other of the occurrence, to such Party's knowledge, of any event or condition, or the existence, to such Party's knowledge, of any fact, that would reasonably be expected to result in any of the conditions set forth in Section 5.1 or Section 5.2 not being satisfied.

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

The Purchaser hereby acknowledges and agrees as follows:

- (a) the Purchased Assets are being purchased on an "as is, where is" basis as at the Closing,
- (b) it has conducted or will conduct its own searches and investigations relating to the Purchased Assets;
- (c) it has conducted such inspections of the Purchased Assets as it deemed appropriate, satisfied itself with respect to the Purchased Assets and all matters connected with or related to the Purchased Assets, and has relied entirely upon its own investigations and inspections in entering into this Agreement to acquire the Purchased Assets without regard to any information made available or provided by the Receiver or its officers, directors, employees or agents;
- (d) it will accept the Purchased Assets in their state, condition and location as at the Closing Time and except as expressly set forth in this Agreement. The Receiver makes no representations, warranties, statements or promises on its own behalf or on behalf of the Debtor in favour of the Purchaser concerning the Purchased Assets, or the Receiver's or the Debtor's right, title or interest in or to the Purchased Assets, which the Purchaser acknowledges are being acquired on an as-is where-is basis, or the uses or applications of the Purchased Assets, whether express or implied, statutory or collateral, arising by operation of Law or otherwise, including express or implied warranties of merchantability, fitness for a particular purpose, the existence or non-existence of Hazardous Materials, compliance with any or all Environmental laws, title, description, quantity, condition or quality, and that any and all conditions and warranties expressed or implied by the *Sale of Goods Act* (British Columbia) do not apply to the sale of the Purchased Assets and are hereby waived by the Purchaser; and,
- (e) without limiting the generality of the foregoing, it acknowledges and accepts that the description of the Purchased Assets and any portion thereof contained in the Schedules hereto or otherwise provided by the Receiver is for the purpose of identification only; and that no representation, warranty or condition has or will be given by the Receiver or any other party concerning completeness or the accuracy of such descriptions or with respect to any data room set up by the Receiver.

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

4.4 Sales Process

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

ARTICLE 5 **CONDITIONS**

5.1 Conditions of the Purchaser

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

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

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

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

5.2 Conditions of the Receiver

The obligations of the Receiver to complete the purchase of the Purchased Assets under this Agreement shall be subject to the satisfaction of or compliance with, at or before the Closing Time, each of the following

conditions (each of which is acknowledged to be inserted for the exclusive benefit of the Receiver and may be waived by it in whole or in part):

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

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

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

ARTICLE 6

CLOSING AND DELIVERIES

6.1 Closing

- (a) Closing shall occur on a Business Day (the "**Closing Date**") to be designated by the Purchaser and reasonably acceptable to the Receiver within 5 Business Days after the satisfaction or waiver of all conditions set out in Sections 5.1 and 5.2 unless otherwise agreed to by the Parties.
- (b) Closing shall take place at 10:00 a.m. PST (the "**Closing Time**") on the Closing Date at the offices of the Receiver's solicitors, or such other time and location as the Parties may agree upon in writing. Any tender of documents hereunder may be made upon the Receiver or the Purchaser or upon the solicitors acting for the Party on whom tender is desired. Any

tender of money hereunder shall be made to the Receiver. All proceedings to be taken and all documents to be executed and delivered by all parties at the Closing shall be deemed to have been taken and executed simultaneously and no proceedings shall be deemed to have been taken nor documents executed or delivered until all have been taken, executed and delivered.

6.2 Receiver's Deliveries

At the Closing,

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

6.3 Purchaser's Deliveries

At the Closing,

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

6.4 Subsequent Deliveries

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

ARTICLE 7 TERMINATION

7.1 Termination

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

- (a) subject to any approvals required from the Court, if any, by mutual written consent of the Receiver and the Purchaser;
- (b) by notice from the Receiver to the Purchaser or from the Purchaser to the Receiver, following the issuance of an Order or any other action by a Governmental Authority to restrain, enjoin or otherwise prohibit the transfer of the Purchased Assets as contemplated hereby;
- (c) automatically and without any action by either the Receiver or the Purchaser if Closing has not occurred on or before the Outside Date;
- (d) by the Receiver, if there has been a material violation or breach by the Purchaser of any agreement, covenant, representation or warranty which would prevent the satisfaction of any condition set forth in Section 5.2 and such violation or breach has not been waived by the Receiver or cured, unless the Receiver is in material breach of its obligations under this Agreement; and
- (e) by the Purchaser, if there has been a material violation or breach by the Receiver of any agreement, covenant, representation or warranty which would prevent the satisfaction of any condition set forth in Section 5.1 and such violation or breach has not been waived by the Purchaser or cured, unless the Purchaser is in material breach of its obligations under this Agreement.

ARTICLE 8 OTHER COVENANTS OF THE PARTIES; GENERAL

8.1 Access of the Receiver to Books and Records

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

8.2 Tax Matters

- (a) The Purchaser and the Receiver agree to furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the Purchased Assets and the Assumed Liabilities as is reasonably necessary for the preparation and filing of any Tax return, claim for refund or other required or optional filings relating to Tax matters, for the preparation for and proof of facts during any Tax audit, for the preparation for any Tax protest, for the prosecution of any suit or other proceedings relating to Tax matters and for the answer to any governmental or regulatory inquiry relating to Tax matters.
- (b) The Purchaser and the Receiver shall each be responsible for the preparation of their own statements, if any, required to be filed under the *Income Tax Act* (Canada) and other similar focus in accordance with applicable Tax Laws.
- (c) All amounts payable by the Purchaser to the Receiver pursuant to this Agreement are exclusive of any, sale, goods and services, harmonized sales, value added, use, consumption, personal property, customs, excise, transfer or similar Taxes, duties, or charges, or any recording or filing fees or similar charges otherwise exigible in respect of the acquisition of the Purchased Assets by the Purchaser (collectively, "**Transfer Taxes**") and all such Transfer Taxes are the responsibility of and for the account of the Purchaser. The Purchaser and the Receiver agree to cooperate to determine the amount of Transfer Taxes payable in connection with the Transaction. If the Receiver is required by applicable Law or by administration thereof to collect any applicable Transfer Taxes from the Purchaser, the Purchaser shall pay such Transfer Taxes to the Receiver on Closing, against a statement from the Receiver separately indicating the amount of Transfer Tax payable, unless the Purchaser qualifies for an exemption from any such applicable Transfer Taxes, in which case the Receiver shall not collect any such applicable Transfer Taxes from the Purchaser provided the Purchaser, in lieu of payment of such applicable Transfer Taxes to the Receiver, delivers to the Receiver such certificates, elections or other documentation required by applicable Law or the administration thereof to substantiate and affect the exemption claimed by the Purchaser. The GST/PST registration number of the Debtor is to be confirmed at a later date before the Closing Date.
- (d) The Purchaser shall indemnify and save the Receiver harmless from and against all claims and demands for payment of the Transfer Taxes referenced in this Section 8.2, including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such Taxes when due.
- (e) The Purchaser and the Receiver shall also execute and deliver such other Tax elections and forms as they may mutually agree upon, including without limitation joint elections pursuant to section 167(1) of Part IX of the *Excise Tax Act* (Canada) and any equivalent or corresponding provision under any applicable provincial or territorial legislation imposing a similar Tax, that no such Tax be payable with respect to the purchase and sale of the Purchased Assets under this Agreement. The Receiver and the Purchaser shall make such election(s) in prescribed form, to be prepared by the Purchaser and approved by the Vendor (such approval not to be unreasonably withheld) promptly following the Closing.

8.3 Receiver's Capacity

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

8.4 Receiver Disclosures

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

8.5 Closing Certificates

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

8.6 Notices

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

in the case of a notice to the Purchaser at:

Weaver Capital Corp.,
28 Nightfall Court,
Kleinburg, Ontario L0J 1C0,

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

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

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

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

in the case of a notice to the Receiver at:

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

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

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

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

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

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

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

8.7 Assignment

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

8.8 Expenses

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

8.9 Time of the Essence

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

8.10 Enurement

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

8.11 Amendment

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

8.12 Further Assurances

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

8.13 Execution and Delivery

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

8.14 Survival

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

[remainder of page intentionally left blank]

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

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

Per: Craig Munro
Name: Craig Munro
Title: Managing Director
I have authority to bind the Corporation

WEAVER CAPITAL CORP.

Per: Jeffrey Wood
Name: Jeffrey wood
Title: President
I have authority to bind the Corporation

**SCHEDULE A
CONTRACTS**

All contracts, licences, leases, agreements, arrangements, documents, commitments, entitlements or engagements to which the Debtor, or the Receiver, is a party or by which the Debtor, or the Receiver, is bound, including without limiting the generality of the foregoing, the following:

1. The Receiver's agreement with Vernon (Rory) Miller dated October 4, 2023;
2. Account with Starlink for satellite service in the name of Vernon (Rory) Miller, to the extent that the Debtor or the Receiver has an interest in the same;
3. Water license with license number C117612;
4. Fortis BC account with account number 9876235227-0; and
5. Reclamation bond regarding Reclamation Permit Q-5-129.

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

**SCHEDULE B
EXCLUDED ASSETS**

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

**SCHEDULE C
PERMITTED ENCUMBRANCES**

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

**SCHEDULE D
SALES PROCESS**

SALES PROCESS

1. FTI Consulting Canada Inc. is the receiver (the "Receiver") of the assets, undertakings and properties of Eagle Graphite Corporation (the "Debtor").
2. The Receiver and Weaver Capital Corp. (the "Stalking Horse Purchaser") have entered into an Agreement of Purchase and Sale dated August 10, 2023 (the "Stalking Horse APS" or "Stalking Horse Bid") and this Sales Process forms part of such Stalking Horse APS.
3. The Receiver will solicit bids in accordance with the Sales Process described herein. Under the Sales Process, all qualified interested parties will be provided with an opportunity to participate in the Sales Process. The Sales Process is intended to solicit interest in the property, assets and undertakings of the Debtor including the processing facility and equipment, mineral leases and mineral claims as defined in the Stalking Horse APS (the "Property" or "Purchased Assets") pursuant to this transaction (the "Transaction").
4. The purpose of this Sales Process is to determine whether a better Transaction than the Stalking Horse APS may be obtained by the Receiver. For the purposes of this Sales Process, a "Superior Offer" shall mean: a credible, reasonably certain and financially viable offer made by a Qualified Bidder (as defined herein) to be a counterparty to a Transaction, the terms of which offer are more favourable and no more burdensome or conditional than the terms contained in the Stalking Horse APS.
5. The order of the Supreme Court of British Columbia (the "Court") approving the Sales Process, and any other orders of the Court, shall exclusively govern the process for soliciting and selecting bids for the sale of the Property free and clear of any and all liabilities and encumbrances, except as agreed by the parties.
6. Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day (a "Business Day" is any day, other than a Saturday or Sunday, on which banks are ordinarily open for business in Vancouver, British Columbia).

Publication Notice

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

Solicitation of Interest

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

"As Is, Where Is"

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

Participation Requirements

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

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

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

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

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

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

Due Diligence

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

Bid Deadline

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

Binding APS

15. A Binding APS must comply with all of the following:

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

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

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

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

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

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

Evaluation of Binding APS

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

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

Selection of Successful APS

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

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

The Auction and Auction Procedures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sale Application Hearing

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

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

Reservation of Rights

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

Miscellaneous

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

Limitation of Liability

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

**SCHEDULE E
ASSUMED LIABILITIES**

None

Appendix B

Payout statement of Weaver Capital Corp.

WEAVER CAPITAL CORP.

28 Nightfall Court
Kleinburg, Ontario L0J 1C0

Inputs

Annual interest rate	10%
Interest period (days in year)	365

Payments to Secured Lender

	Date paid	FX (Bank of Canada)	CAD	USD
Modification fee	04-Dec-23	1.3541	70,000.00	51,694.85
Paydown of secured debt	11-Dec-23	1.3570	275,000.00	202,652.91
Total			345,000.00	254,347.76

Loan Interest calculation - Compounding monthly on last calendar day of month (USD)

Month end	Note	Days	b/f	Interest	Paydown	c/f
31-Dec-22		31	2,550,247.13	21,659.63		2,571,906.76
31-Jan-23		31	2,571,906.76	21,843.59		2,593,750.35
28-Feb-23		28	2,593,750.35	19,897.26		2,613,647.62
31-Mar-23		31	2,613,647.62	22,198.10		2,635,845.72
30-Apr-23		30	2,635,845.72	21,664.49		2,657,510.21
31-May-23		31	2,657,510.21	22,570.63		2,680,080.84
30-Jun-23		30	2,680,080.84	22,028.06		2,702,108.90
31-Jul-23		31	2,702,108.90	22,949.42		2,725,058.32
31-Aug-23		31	2,725,058.32	23,144.33		2,748,202.65
30-Sep-23		30	2,748,202.65	22,587.97		2,770,790.62
31-Oct-23		31	2,770,790.62	23,532.74		2,794,323.36
30-Nov-23		30	2,794,323.36	22,967.04		2,817,290.40
04-Dec-23	a)	4	2,817,290.40	3,087.44	(51,694.85)	2,765,595.55
11-Dec-23	a)	7	2,765,595.55	5,303.88	(202,652.91)	2,562,942.64
31-Dec-23	b)	20	2,562,942.64	14,043.52		2,585,377.48
31-Jan-24		31	2,585,377.48	21,958.00		2,607,335.48
29-Feb-24		29	2,607,335.48	20,715.82		2,628,051.30
Total				332,151.93	(254,347.76)	2,628,051.30

Estimated payout statement (CAD)

	FX (Bank of Canada)	CAD
Loan balance (per the above)	1.357	3,566,265.61
Expenses (breakdown provided on subsequent pages)		383,407.79
Total		3,949,673.40

Note:

- a) c/f balance excludes interest for this period as is compounded monthly
 b) c/f balance includes interest for the entirety of December

Weaver Expenses to Enforce its Security
To Dec 31 2023

Clark Wilson LLP	Total	GST/HST	PST
1-Apr	\$ 7,793.66	\$ 325.00	\$ 454.16
1-Apr	\$ 1,051.58	\$ 31.33	\$ 43.75
1-May	\$ 32,675.08	\$ 1,459.40	\$ 2,027.87
1-Jun	\$ 3,170.17	\$ 141.53	\$ 198.14
1-Jul	\$ 12,091.85	\$ 531.40	\$ 732.55
1-Jul	\$ 131.58	\$ 0.08	\$ -
1-Aug	\$ 17,948.00	\$ 801.71	\$ 1,112.09
1-Sep	\$ 4,822.72	\$ 215.30	\$ 301.42
1-Oct	\$ 3,459.65	\$ 154.48	\$ 215.67
1-Dec	\$ 2,597.64	\$ 115.98	\$ 162.16
	\$ 85,741.93	\$ 3,776.21	\$ 5,247.81

Fogler Rubinoff LLP	Total	GST/HST
30-Jan	\$ 16,331.28	\$ 1,868.51
27-Feb	\$ 13,497.33	\$ 1,549.31
29-Mar	\$ 65,174.92	\$ 7,498.00
27-Apr	\$ 46,718.39	\$ 5,259.88
31-May	\$ 65,211.51	\$ 7,502.21
28-Jun	\$ 24,602.94	\$ 2,802.47
26-Jul	\$ 19,706.07	\$ 2,267.07
29-Aug	\$ 12,413.05	\$ 1,428.05
27-Sep	\$ 12,488.85	\$ 1,435.85
27-Dec	\$ 9,561.65	\$ 1,243.01
	\$ 285,705.99	\$ 32,854.36

Other Bills	Total	GST/HST	PST
Weymark Consulting	\$ 11,300.00	\$ 1,300.00	
Maurice Mostert	\$ 10,500.00	\$ 500.00	
Lawson Lundell	\$ 11,027.21	\$ 200.52	\$ 274.78
Chaitons	\$ 10,562.66	\$ 1,213.91	
Rosen Goldberg	\$ 9,508.95	\$ 1,093.95	
	\$ 52,898.82	\$ 4,308.38	

Total Expenses: **\$ 424,346.74** \$ 40,938.95

Net Of HST **\$ 383,407.79**