



FORCE FILED

No. S238572
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
MYRA FALLS MINE LTD.

PETITIONER

NOTICE OF APPLICATION

Name of Applicant: Myra Falls Mine Ltd. (the "Applicant" or the "Company")

TO: THE SERVICE LIST

TAKE NOTICE that an application will be made by the Applicant, Myra Falls Mine Ltd., before Justice Fitzpatrick at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, on Thursday, April 3, 2024 at 10:30 a.m. for Orders set out in Part 1 below.

The applicant estimates that the application will take two (2) hours (as arranged through Trial Scheduling)

☒ This matter is before Justice Fitzpatrick.

PART 1: ORDER(S) SOUGHT

1. The Applicant seeks the following orders under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"):

- (a) an order substantially in the form attached hereto as **Schedule "A"** for among other things (the "**Stay Extension Order**");
- (i) granting a further extension of the Stay Period up to and including July 31, 2025; and

- (ii) authorizing the Applicant to borrow up to an additional amount of CDN\$8million (for an aggregate principal amount of CDN\$45million) pursuant to the terms of the DIP Term Sheet (as amended, including pursuant to the Fifth DIP Amendment (as defined below)) and granting a corresponding increase in the amount of the Interim Lender's Charge, bringing such charge to CDN\$45 million (plus accrued and unpaid interest, fees and expenses);
- (b) a stalking horse and second sale and investment solicitation process approval order substantially in the form attached hereto as **Schedule "B"** (the "**Stalking Horse and Second SISP Approval Order**");
 - (i) approving a second sale and investment solicitation process (the "**Second SISP**") pursuant to which the Stalking Horse Agreement (as defined below) will serve as the Stalking Horse Bid (as defined below) and authorizing the Monitor and the Applicant to implement the Second SISP pursuant to its terms;
 - (ii) authorizing and approving the Applicant's execution of the stalking horse subscription agreement (the "**Stalking Horse Agreement**") between the Applicant and Trafigura Holding S.à r.l. (including an assignee of Trafigura Holding S.à r.l., if any, the "**Stalking Horse Purchaser**") dated March 31, 2025;
 - (iii) authorizing and approving the Expense Reimbursement Amount (as defined below);
 - (iv) authorizing, *nunc pro tunc*, the Applicant to enter into an engagement agreement (the "**Engagement Agreement**") with FTI Capital Advisors – Canada ULC (the "**Financial Advisor**") pursuant to which the Financial Advisor will assist the Company in connection with the Second SISP;
 - (v) declaring that the Financial Advisor is entitled to the benefit of the Administration Charge as security for the Financial Advisor Compensation; and

- (vi) authorizing and directing the Applicant and the Monitor to perform their respective obligations and do all things reasonably necessary to perform their obligations under the Second SISP.
- (c) such further and other relief as counsel for the Applicant may request and this Honourable Court may deem just.

PART 2: FACTUAL BASIS

Introduction

1. Capitalized terms used but not otherwise defined in this Application have the meanings ascribed to them in the Affidavit #9 of Hein Frey affirmed March 31, 2025 (the "**Frey Affidavit #9**") or the ARIO.

The Stalking Horse and Second SISP Approval Order

4. Following the conclusion of the Mediation, the Applicant negotiated a restructuring transaction (the "**Transaction**") with the Stalking Horse Purchaser which will enable the Applicant to emerge from these proceedings with the mine under care and maintenance. Before seeking Court approval of the Transaction, the Applicant wishes to canvass the market for arm's length parties' interests in the Applicant, Property and Business.

5. Accordingly, the Applicant is seeking the Stalking Horse and Second SISP Approval Order which includes the following key aspects: (i) authorizes the reappointment of the Financial Advisor, (ii) approves the Second SISP, and (iii) approves the form of the Stalking Horse Agreement to be entered into between the Stalking Horse Purchaser and the Applicant for the purposes of serving as the stalking horse bid in the Second SISP (the "**Stalking Horse Bid**").

The Second SISP

6. The Applicant, in consultation with the Monitor, developed the Second SISP in order to canvass the market for possible transactions with non-related parties that could provide superior consideration to that contemplated under the Stalking Horse Bid. The proposed guidelines for the Second SISP are attached as Schedule A (the "**SISP Guidelines**") to the form of draft Stalking Horse and Second SISP Approval Order being sought.

7. Capitalized terms used in this section that are not otherwise defined have the meanings ascribed to them in the SISP Guidelines.

8. The Second SISP is similar in many ways to the first sale and investment solicitation process (the "**First SISP**") that was approved by this Honourable Court on February 27, 2024 although important changes have been made to provide the Monitor with a greater role in the implementation of the process.

9. In addition, restrictions have been added to the Second SISP to:

- (i) limit the number of representatives of the Applicant that will be involved in the Second SISP and require that they keep the information they receive during the SISP confidential (subject to one exception describe in (iii) below);
- (ii) remove most consent rights that were provided to the DIP Lender under the First SISP. Under the Second SISP, the DIP Lender only has consent rights if the Monitor and the Company propose to accept a bid as a Phase 1 Qualified Bid or Phase 2 Qualified Bid even if it does not meet the "Minimum Consideration" requirement, or to extend the October 31, 2025 Outside Date; and

- (iii) limit the information that the DIP Lender can receive to interim anonymized and aggregated progress reports.

10. Similar to the First SISP approved by the Court, the Second SISP contemplates a two-phase sale process, which could be terminated after Phase 1 if no Phase 1 Qualified Bids are received by the Phase 1 Qualified Bid Deadline.

11. The key milestones and deadlines in the Second SISP are as follows:

Event	Timing
<u>Phase 1</u>	
Notice Monitor to publish a notice of the Second SISP on the Monitor's Website Financial Advisor to publish notice of the Second SISP in industry trade or other publications, as determined appropriate Financial Advisor to distribute Teaser Letter and NDA to potentially interested parties	No later than April 11, 2025
Phase 1 -Access to VDR Phase 1 Bidders provided access to the VDR, subject to execution of appropriate NDAs	Commencing April 17, 2025
Phase 1 Bid Deadline Deadline for Phase 1 Bidders to submit non-binding LOIs	By no later than May 27, 2025 at 12:00 p.m. (Pacific Time)
Notification of Phase 1 Qualified Bid Deadline to notify a Phase 1 Bidder whether it has been designated as a Phase 2 Bidder invited to participate in Phase 2	By no later than June 3, 2025 at 12:00 p.m. (Pacific Time)
<u>If no Phase 1 Qualified Bid are received other than the Stalking Horse Bid</u>	
Selection of Stalking Horse Bid as Successful Bid	June 3, 2025
Hearing of Approval Motion (as defined below) (subject to Court availability)	No later than June 30, 2025
Closing of Stalking Horse Bid	September 30, 2025 or such other date as may be agreed to between the parties to the Stalking Horse Agreement not to be later than

	October 31, 2025
<u>If Phase 1 Qualified Bids are received in addition to the Stalking Horse Bid</u>	
<u>Phase 2</u>	
Phase 2 Bid Deadline Phase 2 Bid Deadline (for delivery of definitive offers by Phase 2 Bidders)	By no later than July 15, 2025 at 12:00 p.m. (Pacific Time)
Auction (if needed)	July 21, 2025
Selection of Successful Bid and Back-Up Bid	By no later than 12:00 p.m. (Pacific Time) on July 21, 2025 or such later date immediately thereafter if the Auction is not completed in one day
Definitive Documentation Deadline for completion of definitive documentation in respect of a Successful Bid and Back-Up Bid	By no later than July 30, 2025
Approval Motion Hearing of Approval Motion in respect of Successful Bid (subject to Court availability)	Week of August 18, 2025
Outside Date – Closing Outside Date by which the Successful Bid must close	No later than October 31, 2025

Phase 1 overview

12. To participate in Phase 1 of the Second SISP, and prior to distribution of any confidential information, a Potential Bidder must deliver to the Financial Advisor an executed NDA. Once a NDA is received, Potential Bidder(s) will be granted access to a confidential virtual data room in order to conduct due diligence.

13. Phase 1 will consist of an initial due diligence period ending with the submission of non-binding letters of intent on or before the Phase 1 Bid Deadline. The Second SISP includes various requirements for the information to be incorporated in the LOI, as set out in further detail in paragraph 16 of the SISP Guidelines.

14. The Applicant, in consultation with the Financial Advisor and the Monitor, will then assess the LOIs by the Phase 1 Bid Deadline and the Applicant will determine whether such LOIs constitute Phase 1 Qualified Bids. At that stage, the Applicant, in consultation with the Financial Advisor, and with the consent of the Monitor, may reject any LOI if it determines that such LOI does not constitute a Phase 1 Qualified Bid, is otherwise inadequate or insufficient, or is otherwise contrary to the best interest of the Applicant and its creditors and other stakeholders.

15. If the Applicant, in consultation with the Financial Advisor and with the consent of the Monitor, has determined that they have received no Phase 1 Qualified Bids, then the Stalking Horse Bid will be deemed the Successful Bid and the Applicant will seek court approval of the Stalking Horse Agreement and the transactions contemplated therein. If there is at least one Phase 1 Qualified Bid (other than the Stalking Horse Agreement), the Second SISP will proceed to Phase 2.

Phase 2 overview

16. Phase 2 of the Second SISP affords Phase 2 Bidders with an opportunity to perform further due diligence and submit a Phase 2 Bid.

17. To qualify as a Phase 2 Bid, certain requirements must be met, as set out in paragraph 26 of the SISP Guidelines. At a high level, all Phase 2 Bids must be accompanied by: a non-refundable good faith cash deposit equal to the greater of (i) 5% of the total cash component of the purchase price contemplated by such Phase 2 Bid; and (ii) \$2,500,000, which will be paid to the Monitor and held in trust until the earlier of: (a) closing of the Successful Bid or Back-Up Bid, as applicable; and (b) rejection of the Phase 2 Bid.

18. The Applicant, in consultation with the Financial Advisor and the Monitor will assess the Phase 2 Bids received and will determine whether such Phase 2 Bids constitute Phase 2 Qualified Bids. At that stage, the Applicant, in consultation with the Financial Advisor and with the consent of the Monitor, may reject any Phase 2 Bid if it is determined that such Phase 2 Bid does not constitute a Phase 2 Qualified Bid, is otherwise inadequate or insufficient, or is otherwise contrary to the best interests of the Applicant and its creditors and other stakeholders.

19. If the Applicant, in consultation with the Financial Advisor and with the consent of the Monitor has determined that it has received no Phase 2 Qualified Bids, then the Stalking Horse Bid shall be deemed the successful bid, and the Applicant will seek court approval of the Stalking Horse Agreement and the transactions contemplated therein.

20. If at least one Phase 2 Qualified Bid in addition to the Stalking Horse Bid is received, then a Successful Bid will be identified through an action (the "**Auction**"). The Auction will be conducted in accordance with the procedure listed in the SISP Guidelines, and at the conclusion of the Auction, the Monitor, in consultation with the Applicant, will determine which Auction Bidders have submitted (1) the Successful Bid; and (2) the next highest and otherwise second-best Phase 2 Qualified Bid of the Auction (the "**Back-Up Bid**").

21. Any sale of, or investment in, the Business and Property under the SISP Guidelines, will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description.

22. The consummation of the transaction contemplated by the Successful Bid, or the Back-Up Bid if the Successful Bid does not close, will be subject to Court approval.

23. The Applicant has conducted material work since the First SISP that may affect the market for a sale or other restructuring transaction, including:

- (i) developing an updated mine plan by reworking the mine's operational plan, including revisions and optimizations to mine design techniques employed and annual production targets; and
 - (ii) subleasing the Discovery Terminal;
- (b) external market factors have changed since the First SISP, including those related to the price of Zinc; and
- (c) in the event that a Second SISP does not produce any bid higher or better than the Stalking Horse Bid, it will demonstrate that the Stalking Horse Bid is the highest and best bid, which, if approved by the Court, would enable the Applicant to exit these proceedings.

The Stalking Horse Agreement

24. The Stalking Horse Agreement between the Applicant and the Stalking Horse Purchaser will serve as the basis for the Stalking Horse Bid in the Second SISP.

25. Capitalized terms used in this section that are not otherwise defined have the meanings ascribed to them in the Stalking Horse Agreement.

26. Approval of the Stalking Horse Agreement on this application is only being sought for the purposes of approving it as the Stalking Horse Bid under the Second SISP. To the extent the Stalking Horse Agreement is ultimately designated as the Successful Bid in the Second SISP, further approval will be sought from the Court to consummate the transactions contemplated therein.

27. The significant terms of the Stalking Horse Agreement include, among other things:

Purchaser	Trafigura Holding S.À.R.L.
Closing Date	September 30, 2025 or such other date agreed to by the Parties in writing but in any event no later than October 31, 2025.
2.1 Agreement to Subscribe for and Issue Purchased Shares	Subject to the terms and conditions of the Stalking Horse Agreement, at the Closing Time, MFM will issue to the Stalking Horse Purchaser, and the Stalking Horse Purchaser shall subscribe for that number of shares in the share capital of MFM from treasury, to be specified by the Stalking Horse Purchaser at least two (2) days prior to Closing, which shares shall be issued as dully paid and shall be free and clear of all Encumbrances.
2.3 Retained Liabilities	In addition to the payment of the Purchase Price, the Purchaser is agreeing to retain significant obligations of the Company that are set out in Section 2.3, including the Company's obligations under certain agreements with First Nations, its pension plans, its environmental reclamation obligations and inter-company transactions and agreements. The Company's obligations under the DIP Facility Term Sheet are also Retained Liabilities although they will be repaid on Closing by way of the "DIP Repayment Amount".
2.5 Transfer of Excluded Liabilities to Residual Co.	On the Closing Date, pursuant to the terms of the Approval and Reverse Vesting Order, MFM shall assign and transfer the Excluded Liabilities (including Pre-Closing Unsecured Employment Liabilities) to Residual Co. All of the Excluded Liabilities shall be discharged from MFM and its assets as of the Closing pursuant to the Approval and Reverse Vesting Order.
2.6 Transfer of Excluded Assets to Residual Co	On the Closing Date, pursuant to the terms of the Approval and Reverse Vesting Order and in consideration for Residual Co. assuming the Excluded Liabilities, MFM shall assign and transfer the Excluded Assets to Residual Co. and the Excluded Assets shall vest in Residual Co. pursuant to the Approval and Reverse Vesting Order.
3.1. Purchase Price	The total aggregate consideration payable by the Stalking Horse Purchaser for the Purchased Shares is as follows: (i) an amount sufficient to repay in cash on Closing all

	<p>obligations under the DIP Facility Term Sheet as of the Closing Date, which amount is currently approximately \$34M and anticipated to be in excess of \$45M at Closing. This amount is referred to as the "DIP Repayment Amount" in the Stalking Horse Agreement;</p> <p>(ii) the CCAA Process Expense Amount, and</p> <p>(iii) the Priority Payment Amount.</p>
7.1 Conditions for the Benefit of the Stalking Horse Purchaser and MFM	<p>The obligations of the Stalking Horse Purchaser and MFM to consummate the transactions are subject to the satisfaction of minimal conditions the most substantial of which are the obtaining of certain Transaction Regulatory Approvals and the entry into of a new credit agreement between the Purchaser or one of its affiliates and the Company in order to provide the Company with post-closing working capital.</p>
7.2 Conditions for the Benefit of the Stalking Horse Purchaser	<p>The obligation of the Stalking Horse Purchaser to consummate the transactions contemplated by the Stalking Horse Agreement is subject to the satisfaction of certain customary conditions and the following additional conditions:</p> <ul style="list-style-type: none"> (a) <u>Implementation Steps</u> – MFM shall have completed the Implementation Steps that are required to be completed prior to Closing, in form and substance reasonably acceptable to the Stalking Horse Purchaser; (b) <u>Terminated Employees</u> - MFM shall have terminated the employment of the Terminated Employees, and all liabilities owing to any such Terminated Employees in respect of such terminations, including Pre-Closing Unsecured Employee Claims, shall be Excluded Liabilities which, pursuant the Approval and Reverse Vesting Order, shall be assigned and transferred as against MFM to, and assumed by, Residual Co.; and (c) <u>IBA and Wharf Lease</u> – MFM, Campbell River Indian Band (Wei Wai Kum First Nation) and Cape Mudge Indian Band (Wei Wai Kai First Nation) shall have entered into amendments to the IBA and Wharf Lease, in

	form and substance satisfactory to the Stalking Horse Purchaser.
8.5 Employee Matters	<p>The Stalking Horse Agreement requires the Company to terminate all current salaried employees immediately prior to Closing. The Purchaser will make offers of employment to such salaried employees as it chooses. Such offers of employment will include a waiver of Pre-Closing Unsecured Employee Claims and an acknowledgement that except as required for compliance with the minimum statutory requirements of the British Columbia <i>Employment Standards Act, 1996</i>, an employee's service will be deemed to begin on the Closing Date.</p> <p>In addition, notwithstanding that the Collective Bargaining Agreement is not an Excluded Contract, nothing in the Stalking Horse Agreement or otherwise shall be construed in a way that would result in the Company retaining or assuming any monetary obligation under the Collective Bargaining Agreement that is a Pre-Closing Unsecured Employee Claim. For greater certainty, to the extent that the Company recalls any hourly employee effective on or following the Closing Date and subsequently lays off that employee, such employee's entitlement to common law notice of termination or statutory or contractual notice, severance, termination, indemnity in lieu of notice or amounts that are akin or in the nature of severance or termination, or damages in lie thereof shall be calculated on years of service beginning on or after the Closing Date and the Company shall not retain or assume any monetary obligation under the Collective Bargaining Agreement in respect of such unionized employee that is a Pre-Closing Unsecured Employee Claim.</p>
8.7 Expense Reimbursement Amount	To the extent that the Stalking Horse Agreement is not the Successful Bid following the completion of the Second SISP, the Purchaser shall be entitled to be reimbursed an amount not exceeding \$500,000 for its expenses in connection with the Stalking Horse Agreement (the " Expense Reimbursement Amount ").

28. The inclusion of the Stalking Horse Agreement as the Stalking Horse Bid through the implementation of the Second SISP will benefit the Applicant's efforts to maximize value for the benefit of all stakeholders by, among other things: (a) setting a "floor price" and commercial terms for a transaction involving the business and assets of the Applicant; (b) helping to generate interest in the Applicant among potential purchasers; and (c) providing a level of certainty, stability and efficiency during the Second SISP.

Appointment of Financial Advisor

29. Pursuant to an order made on February 27, 2024, the Court appointed the Financial Advisor as the Applicant's financial advisor in connection with the First SISP. Following the completion of the First SISP, the Applicant terminated the engagement of the Financial Advisor.

30. The Applicant is seeking to re-engage the Financial Advisor to assist with implementing the Second SISP pursuant to the terms of the Engagement Letter.

31. The Financial Advisor is an investment banking affiliate of the Monitor with significant experience structuring and executing complex distressed M&A and private capital raising transactions in a variety of sectors, including mining. Given its involvement in the First SISP, the Financial Advisor is familiar with the Company and its Business.

32. Under the Engagement Letter, the Financial Advisor will be paid based upon time incurred, at the standard hourly rates of its professionals, subject to a monthly fee cap in the amount of \$135,000 USD per month. The Engagement Letter does not provide for a success fee in connection with any transaction that may arise out of the Second SISP.

33. The Financial Advisor possesses the requisite experience, knowledge and familiarity with the Applicant and its Business given the Financial Advisor's involvement in the First SISP in order to support the Applicant in implementing the Second SISP, including, without limitation, by

consulting with the Monitor and the Applicant regarding the assessment of any Bids that are submitted in accordance with the SISP Guidelines.

34. The Financial Advisor requires security for its fees and disbursements under the Engagement Letter given that the Applicant is currently under CCAA protection. Accordingly, the Applicant is seeking a declaration that the Financial Advisor is entitled to the benefit of the Administration Charge as security for the Financial Advisor Compensation.

Increasing the DIP Facility and the Interim Lender's Charge

35. The Cash Flow Forecast that will be attached to the Monitor's Seventh Report, to be filed, illustrates that the Applicant will require further financing in order to maintain operations and fund these CCAA proceedings through the proposed extension of the Stay Period.

36. The Company and the DIP Lender have entered into a fifth amendment to the DIP Term Sheet (the "**Fifth DIP Amendment**") pursuant to which the DIP Lender has agreed to extend the "Maturity Date" of the DIP Facility to July 31, 2025 and increase the "Maximum Amount" of the DIP Facility to CDN\$45 million, subject to the conditions contained therein, including this Honourable Court's approval of the Fifth DIP Amendment.

37. The Cash Flow Forecast demonstrates that the Fifth DIP Amendment will provide the Applicant the liquidity necessary to continue operating during the proposed extended Stay Period so that the Second SISP can be implemented and a value-maximizing transaction can be identified.

Stay Extension

38. The Applicant is asking this Honourable Court to extend the Stay Period until July 31, 2025.

39. The Applicant requires an extension of the Stay Period to maintain the *status quo* during the proposed Second SISP.

40. The Applicant will need time to properly and diligently implement and carry out the Second SISP in accordance with its terms.

41. Subject to the Court's approval of the Fifth DIP Amendment, the Applicant will have sufficient liquidity during the proposed extended Stay Period to fund obligations and cost of the CCAA proceedings.

42. The Applicant has acted and continues to act in good faith and with due diligence. The stakeholders of the Applicant will benefit from the extension of the stay, as it will enable the Applicant to carry out the Second SISP.

PART 3: LEGAL BASIS

The Stalking Horse and SISP Approval Order Should be Granted

The Second SISP is Necessary and Appropriate

43. Section 11 of the CCAA provides the Court with the authority to approve a sale and investment solicitation process where the Court considers it to be appropriate in the circumstances.

CCA, s.11; *Nortel Networks Corp. Re*, 2009 CarswellOnt 4467, [2009] O.J. No. 3169 [*Nortel*], at para 48.

44. In exercising their broad powers to facilitate restructurings under the CCAA, Courts consider a number of factors in connection with the approval of a sales process, including, *inter alia*:

- (a) whether a transaction is warranted at this time;
- (b) whether the sale will benefit the whole economic community;

- (c) whether creditors have a *bona fide* reason to object to a sale of the business; and
- (d) whether there is a better viable alternative.

Nortel, at para 49.

45. In addition, this Court is entitled to consider whether the proposed Second SISP is likely to satisfy the requirements of s. 36 of the CCAA, even though a sale is not yet proposed. The factors enumerated under section 36 are:

- (a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;
- (b) whether the monitor approves of the process;
- (c) whether the Monitor considers a sale more beneficial than a sale in bankruptcy;
- (d) the extent to which creditors were consulted;
- (e) the effects of the proposed sale on stakeholders; and
- (f) whether the consideration is reasonable and fair in the circumstances.

CCAA, s.36(3)

46. In *Walter*, this Court set out the following three factors for determining whether to approve a sales process under the CCAA:

- (a) the fairness, transparency and integrity of the proposed process;
- (b) the commercial efficacy of the proposed process in light of the specific circumstances; and
- (c) whether the sales process will, in the circumstances, optimize the chances of securing the best possible price for the assets for sale.

Walter Energy Canada Holdings, Inc., 2016 BCSC 1076 [*Walter*], at paras 20-21.

47. Considering the above criteria, the Applicant is of the view that the proposed Second SISP should be approved for the following reasons:

- (a) the applicant has conducted material work since the First SISP that may affect the market for a sale or other restructuring transaction, including: developing an updated mine plan by reworking the mine's operational plan, including revisions and optimizations to mine design techniques employed and annual production targets; and subleasing the Discovery Terminal;
- (b) external market factors have changed since the First SISP, including those related to the price of Zinc;
- (c) in the event that a Second SISP does not produce any bid higher or better than the Stalking Horse Bid, it will demonstrate that the Stalking Horse Bid is the highest and best bid, which, if approved by the Court, would enable the Applicant to exit these proceedings;
- (d) the Second SISP was developed in consultation with the Monitor and the Financial Advisor;
- (e) the timelines of the Second SISP are fair and reasonable in the circumstances; and
- (f) the Monitor is supportive of the Second SISP and is of the view that the Second SISP is fair, transparent and appropriate in the circumstances and will optimize the Applicant's ability to evaluate options to maximize the value of the business.

48. In addition, restrictions have been added to the Second SISP to:

- (a) limit the number of representatives of the Company that will be involved in the Second SISP and require that they keep the information they receive during the SISP confidential (subject to one exception as described in (c) below);
- (b) remove most consent rights that were provided to the DIP Lender under the First SISP. Under the Second SISP, the DIP Lender only has consent rights if the

Monitor and the Company propose to accept a bid as a Phase 1 Qualified Bid or Phase 2 Qualified Bid even if it does not meet the "Minimum Consideration" requirement, or to extend the October 31, 2025 Outside Date; and

- (c) limit the information that the DIP Lender can receive to interim anonymized and aggregated progress reports.

49. Having regard to the circumstances of these CCAA proceedings, the Applicant submits that the proposed Second SISP is reasonable and appropriate and should be granted.

The Stalking Horse Agreement Should be Approved

50. The Applicant is seeking the approval of the form of the Stalking Horse Agreement to be entered into between the Stalking Horse Purchaser and the Applicant for the purposes of serving as the stalking horse bid in the Second SISP.

51. Approval of the Stalking Horse Agreement is only being sought for the purposes of approving it as the Stalking Horse Bid under the Second SISP. To the extent the Stalking Horse Agreement is ultimately designated as the Successful Bid in the Second SISP, further approval will be sought from this Honourable Court to consummate the transactions contemplated therein.

52. Stalking horse agreements facilitate sales processes by establishing a baseline price and deal structure for superior bids from interested parties, maximizing the value of a business for the benefit of its stakeholders and enhancing the fairness of the sale process. Stalking horse agreements are frequently approved concurrently with sale process under the CCAA.

Nortel Networks Corp (Re), 2009 CanLII 39492 (ON SC) at para 56;
Validus Power Corp. et al. and Macquarie Equipment Finance Limited 2023 ONSC 6367 at para 130;
BZAM Ltd. Plan of Arrangement 2024 ONSC 1685 at paras 2 and 5 [**BZAM**];
In the Matter of a Plan of Compromise or Arrangement of Sandvine Corporation et al. 2025 ONSC 717 at
para 16
LoyaltyOne, Co (March 20, 2023) Toronto, CV-23-00696017-00CL at paras 13-14
(Endorsement)

53. The inclusion of the Stalking Horse Agreement as the Stalking Horse Bid through the implementation of the Second SISP will benefit the Applicant's efforts to maximize value for the benefit of all stakeholders by, among other things: (a) setting a "floor price" and commercial terms for a transaction involving the business and assets of the Applicant; (b) helping to generate interest in the Applicant among potential purchasers; and (c) providing a level of certainty, stability and efficiency during the Second SISP.

54. The Stalking Horse Agreement includes the Expense Reimbursement Amount of \$500,000. The Expense Reimbursement Amount is intended to compensate the Stalking Horse Purchaser for their expenditure of time and money in connection with the preparation of the Stalking Horse Agreement which will serve as the base document under the Second SISP.

55. Expense reimbursements have been approved by Canadian courts numerous times in connection with stalking horse agreements. This expense reimbursement would compensate to a maximum of \$500,000 the costs of the Stalking Horse Purchase in preparing and negotiating the Stalking Horse Agreement. Courts recognized that such payments vary by case and range from 1% to 5% of the expected transaction value therein.

Danier Leather Inc., Re, 2016 ONSC 1044 at paras 41-42 (CanLII)
CCM Master Qualified Fund v blutip Power Technologies, 2012 ONSC 1750 at para 13
BZAM at para 20

56. In this case, the Expense Reimbursement Amount is well within the range of such expenses previously accepted by the Courts.

57. The Monitor supports the approval of the Stalking Horse Agreement, including the Expense Reimbursement Amount for the purpose of approving it as the Stalking Horse Bid under the Second SISP.

58. Based on the foregoing, the Applicant believes that the Stalking Horse Agreement and the Expense Reimbursement Amount are fair and reasonable in the circumstances and should be approved.

The Court Should Approve the Engagement of the Financial Advisor

59. The Applicant is seeking approval of the retention of the Financial Advisor pursuant to the Engagement Agreement and a declaration that the Financial Advisor is a beneficiary of the

Administration Charge to secure the payment of its fees and disbursements pursuant to the Engagement Agreement.

60. CCAA Courts have recognized that financial advisors can play a key role in assisting insolvent companies by bringing experience and expertise to the restructuring process, including during a sales process.

Walter, at paras 25-48; *Canwest Publishing Inc.*, 2010 ONSC 222 [**Canwest**], at paras 52-55

61. The Financial Advisor is an investment banking affiliate of the Monitor with significant experience structuring and executing complex distressed M&A and private capital raising transactions in a variety of sectors, including mining. Given its involvement in the First SISP, the Financial Advisor is familiar with the Company and its Business.

62. In the circumstances, the assistance of the Financial Advisor is desirable and necessary to promote a successful Second SISP outcome, with the goal that the Financial Advisor's involvement will enhance the likelihood that the Second SISP generates maximum value for the Applicant's creditors and other stakeholders.

63. The Applicant submits that the declaration of the Financial Advisor as a beneficiary to the Administration Charge to secure the payment of its fees and disbursements pursuant to the Engagement Agreement is necessary and appropriate having regard to, *inter alia*, the size and complexity of the Applicant's business, the nature of the Applicant's numerous stakeholders and the proposed role of the Financial Advisor in administering the Second SISP.

64. As a result of the foregoing, the Applicant submits that it is appropriate for this Court to approve the Financial Advisor's retention pursuant to the Engagement Letter.

The Stay Extension Should be Granted

65. The current Stay Period expires on April 4, 2025. The Applicant seeks an extension of the Stay Period until July 31, 2025.

66. Pursuant to section 11.02(2) of the CCAA, the Court may grant an extension of a stay of proceedings if the Court is satisfied that (a) the applicant has acted, and is acting, in good faith and with due diligence; and (b) that circumstances exist that make the order appropriate.

CCAA, s. 11.02(2)

67. Both the examination of whether a debtor has acted in good faith, and the appropriateness of a request for an order extending a stay of proceedings, must be viewed within the lens of the remedial objectives of the CCAA and in turn the purpose of a stay of proceedings.

Yukon Zinc Corporation (Re), 2015 BCSC 1219 (CanLII), paras 24-25 and 36-38;
Century Services Inc. v Canada (Attorney General), 2010 SCC 60 (CanLII), [2010]
3 SCR 379 ["**Century Services**"], para 70.

68. As set out in detailed above, the Company requires an extension of the Stay Period to maintain the *status quo* during the proposed Second SISF, if ordered. The Company will need time to properly and diligently implement and carry out the Second SISF in accordance with its terms. The Company continues to work in good faith to advance these proceedings, including working with the Monitor to finalize the Second SISF and bringing this application so that these proceedings can be advanced expeditiously.

69. Should this Honourable Court approve the increased borrowing limit, the Company will have sufficient funds to discharge its obligations during the extension, as per the Updated Cashflows.

70. The Interim Lender and the Monitor are supportive of the stay extension.

The Interim Financing and Increase to the DIP Lender's Charge Should be Approved

71. The Company and the Interim Lender have entered into the Fifth DIP Amendment pursuant to which the DIP Lender has agreed to extend the "Maturity Date" of the DIP Facility to July 31, 2025, and increase the "Maximum Amount" of the DIP Facility to CDN\$45 million, subject to the conditions contained therein including this Honourable Court's approval of the Fifth DIP Amendment.

72. Section 11.2 of the CCAA gives the Court explicit authority to grant the DIP Lender's Charge. In turn, sub-section 11.2(4) of the CCAA provides that in determining whether to grant the DIP Lender's Charge, the Court should consider, among other things, the following factors:

- (a) the period during which the company is expected to be subject to proceedings under the CCAA;

- (b) how the company's business and financial affairs are to be managed during the proceedings;
- (c) whether the company's management has the confidence of its major creditors;
- (d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;
- (e) the nature and value of the company's property;
- (f) whether any creditor would be materially prejudiced as a result of the security or charge; and
- (g) the monitor's findings in its report, if any.

CCAA, ss. 11.2, 11.2(4).

73. The Company relies principally on interim financing to fund its care and maintenance operations and the costs of these proceedings. The Applicant will continue to require interim financing to fund its operations during the proposed extension of the Stay Period.

74. An increase in the DIP Facility will allow the Applicant to, among other things, continue its restructuring efforts, and, in the interim, maintain the value of its property, assets and undertakings for the benefit of its stakeholders.

75. The DIP Facility increased is further supported by the Monitor.

76. Accordingly, the Applicant submits that an increase in the DIP Facility up to \$45 million is reasonable and appropriate in the circumstances.

PART 4: MATERIAL TO BE RELIED ON

1. Affidavit #9 of Hein Frey, affirmed March 31, 2025;
2. Seventh Report of the Monitor, to be filed;

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,

- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party one copy of the following:
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person.

Date: March 31, 2025

Jonathan B. Ross

Signature of Jonathan B. Ross
Counsel for the Applicant, Myra Falls
Mine Ltd.

To be completed by the Court only:

Order made

☐ in the terms requested in paragraphs _____ of Part 1
of this notice of application

☐ with the following variations and additional terms:

Date: _____
Signature of ☐ Judge ☐ Associate Judge

APPENDIX

[The following information is provided for data collection purposes only and is of no legal effect.]

THIS APPLICATION INVOLVES THE FOLLOWING:

[Check the box(es) below for the application type(s) included in this application.]

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ other matters concerning document discovery
- ☐ extend oral discovery
- ☐ other matter concerning oral discovery
- ☐ amend pleadings
- ☐ add/change parties
- ☐ summary judgment
- ☐ summary trial

- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial
- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts
- ☒ other

Schedule "A"

No. S-238572
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
MYRA FALLS MINE LTD.

PETITIONER

ORDER MADE AFTER APPLICATION

(Stay Extension and DIP Increase)

BEFORE THE HONOURABLE)
JUSTICE FITZPATRICK) APRIL 3, 2025
)

THE APPLICATION OF the Petitioner, coming on for hearing before me at the courthouse at 800 Smithe Street, Vancouver, British Columbia, on the 3rd day of April, 2025; AND ON HEARING Jonathan B. Ross, counsel for the Petitioner and those other counsel listed on Schedule "A" hereto, and no one else appearing although duly served, AND UPON READING the materials filed, including the Affidavit #9 of Hein Frey, affirmed March 31, 2025 (the "**Frey Affidavit #9**"), and the Seventh Report of FTI Consulting Canada Inc. (in its capacity as court-appointed monitor of the Petitioner, the "**Monitor**") dated _____, 2025; AND PURSUANT TO the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the *British Columbia Supreme Court Civil Rules*, and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

SERVICE AND DEFINITIONS

1. The time for service of the Notice of Application for this order and the supporting materials is hereby abridged such that the Notice of Application is properly returnable today and the need for any further service thereof is hereby dispensed with.

2. Capitalized terms used in this Order and not otherwise defined herein shall have the meaning given to them in the amended and restated initial order granted in these proceedings by the Honourable Justice Fitzpatrick dated December 28, 2023 (the "**ARIO**") or the Frey Affidavit #9.

STAY EXTENSION

3. The Stay Period is hereby continued and extended to and including July 31, 2025.

AMENDMENT TO DIP TERM SHEET AND INCREASE IN INTERIM LENDER'S CHARGE

4. The Petitioner is hereby authorized and empowered to borrow up to an additional \$8 million for an aggregate principal amount of \$45 million pursuant to the DIP Term Sheet (as amended, including pursuant to the Fifth DIP Amendment, the "**Amended DIP Term Sheet**").

5. The Interim Lender shall be entitled to the benefit of the Interim Lender's Charge provided for in the ARIO to secure amounts advanced under the Amended DIP Term Sheet. The Interim Lender's Charge shall be increased to the maximum amount of \$45 million (plus accrued and unpaid interest, fees and expenses).

6. The Interim Lender's Charge, as amended herein, shall continue to have the priority set out in paragraphs 40 and 42 of the ARIO.

GENERAL

7. Endorsement of this order by counsel appearing on this application other than counsel for the Petitioner is hereby dispensed with.

8. This order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the date this order is made.

THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioner and to the Monitor, as an officer of

this Court, as may be necessary or desirable to give effect to this order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioner and the Monitor and their respective agents in carrying out the terms of this order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of Jonathan B. Ross
Lawyer for the Petitioner

BY THE COURT

REGISTRAR

Schedule "A"

LIST OF COUNSEL

COUNSEL NAME	PARTY REPRESENTED

Schedule "B"

No. S-238572
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,

R.S.C. 1985, c. C-36. AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
MYRA FALLS MINE LTD.

PETITIONER

**ORDER MADE AFTER APPLICATION
(STALKING HORSE AND SECOND SISP APPROVAL)**

BEFORE THE HONOURABLE)
JUSTICE FITZPATRICK) APRIL 3, 2025
)

THE APPLICATION OF the Petitioner, coming on for hearing before me at the courthouse at 800 Smithe Street, Vancouver, British Columbia, on the 3rd day of April, 2025; AND ON HEARING Jonathan B. Ross, counsel for the Petitioner and those other counsel listed on **Schedule "A"** hereto, and no one else appearing although duly served, AND UPON READING the materials filed, including the Affidavit #9 of Hein Frey affirmed March 31, 2025 (the "**Frey Affidavit #9**") and the Seventh Report of FTI Consulting Canada Inc. (in its capacity as court-appointed monitor of the Petitioner, the "**Monitor**") dated _____, 2025; AND PURSUANT TO the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the *British Columbia Supreme Court Civil Rules*, and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

SERVICE AND DEFINITIONS

1. The time for service of the Notice of Application for this order and the supporting materials is hereby abridged such that the Notice of Application is properly returnable today and the need for any further service thereof is hereby dispensed with.

2. Capitalized terms used in this Order and not otherwise defined herein shall have the meaning given to them in the Second Sale and Investment Solicitation Process attached as **Schedule "B"** to this Order (the "**Second SISP**").

THE SECOND SALE AND INVESTMENT SOLICITATION PROCESS

3. The Second Sale and Investment Solicitation Process (the "**Second SISP**") is hereby approved and the Petitioner, the Monitor, FTI Capital Advisors-Canada ULC (the "**Financial Advisor**") and their respective advisors (if applicable) are hereby authorized and directed to carry out the Second SISP in accordance with its terms and the terms of this Order, and to take such steps and execute such documentation as they consider to be necessary or desirable in carrying out each of their obligations thereunder.

STALKING HORSE SUBSCRIPTION AGREEMENT

4. The Petitioner is hereby authorized and empowered to enter into the stalking horse subscription agreement dated March 31, 2025 (the "**Stalking Horse Agreement**") among the Petitioner and Trafigura Holding S.à r.l. (including an assignee of Trafigura Holding S.à r.l., if any, the "**Stalking Horse Purchaser**"), attached as Exhibit B to Frey Affidavit #9, with such minor amendments as may be acceptable to the Petitioner and the Stalking Horse Purchaser, with the approval of the Monitor.

5. The Stalking Horse Agreement is hereby approved and accepted solely for the purposes of being the Stalking Horse Bid under the Second SISP; provided that, nothing herein approves the transactions contemplated in the Stalking Horse Bid, and the approval of any transactions contemplated by the Stalking Horse Agreement shall be considered by the Court on a subsequent application made to this Court if the Stalking Horse Agreement is the Successful Bid Pursuant to the Second SISP.

6. As soon as reasonably practicable following the Petitioner and the Stalking Horse Purchaser agreeing to any amendment to the Stalking Horse Agreement permitted pursuant to the terms of this Order, the Petitioner shall: (a) file a copy thereof with this Court; (b) serve a copy thereof on the service list; and (c) provide a copy thereof to each participant excluding from the public record any confidential information that MFM and the Stalking Horse Purchaser, with the consent of the Monitor, agree should be redacted.

EXPENSE REIMBURSEMENT

7. The Expense Reimbursement Amount (as defined in the Stalking Horse Agreement) is hereby approved and, subject to the entry of the Stalking Horse Agreement, the Petitioner is hereby authorized and directed to pay the Expense Reimbursement Amount to the Stalking Horse Purchaser (or to such other person as it may direct) subject to and in accordance with the terms of the Stalking Horse Agreement.

FINANCIAL ADVISOR

8. The engagement letter dated as of March 25, 2025 (the "**Financial Advisor Agreement**") between the Financial Advisor and the Petitioner, attached as **Exhibit "C"** to the Frey Affidavit #9 is hereby approved, including, without limitation, the payment of the fees and expenses set out therein (the "**Financial Advisor Compensation**") and the Petitioner is authorized to enter into, and perform its obligations under the Financial Advisor Agreement.

9. The Financial Advisor shall be entitled to the benefit of the Administration Charge on the Property (as those terms are defined in the Amended and Restated Initial Order dated December 28, 2023 (the "**ARIO**")) as security for the Financial Advisor Compensation.

PIPEDA

10. Pursuant to Section 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 and Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, and any regulations promulgated under the authority of either Act, the Petitioner and the Monitor may disclose to Potential Bidders and their advisors, in connection with the Second SISP, personal information of identifiable individuals, records pertaining to the Petitioner's past and current employees, and information on specific customers, but only to the extent desirable or required to carry out the Second SISP. Each Potential Bidder and their respective advisors to whom any such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information solely to its evaluation of a transaction in respect of the Petitioner and the Property, and if it does not complete such a transaction, shall return all such information to the Petitioner, or in the alternative destroy all such information. The Successful Bidder shall be entitled to continue to

use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by the Petitioner and shall return all other personal information to the Petitioner, or ensure that all other personal information is destroyed.

GENERAL

11. The Petitioner, the Monitor or the Financial Advisor, may from time to time apply for such further or other directions as may be necessary or desirable to give effect to this Order, including, without limitation, advice and directions regarding the Second SISP, the discharge of their respective powers and duties under the Second SISP, or any matter in connection therewith.

12. Endorsement of this order by counsel appearing on this application other than counsel for the Petitioner is hereby dispensed with.

13. This order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the date this order is made.

THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioner and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioner and the Monitor and their respective agents in carrying out the terms of this order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of Jonathan B. Ross
Lawyer for the Petitioner

BY THE COURT

REGISTRAR

Schedule "A"

LIST OF COUNSEL

COUNSEL NAME	PARTY REPRESENTED

Schedule "B"

SECOND SALE AND INVESTMENT SOLICITATION PROCESS

Procedures for the Second Sale and Investment Solicitation Process

Preamble

Myra Falls Mine Ltd. ("**MFM**") is a private company that owns and operates the Myra Falls Mine (the "**Mine**") in Strathcona Provincial Park, approximately 90 kilometers southwest of Campbell River, British Columbia. The Mine is primarily a zinc mine but also produces copper concentrate, lead concentrate and a minimal amount of gold concentrate. The Mine is currently in care and maintenance. When the Mine was fully operational, MFM shipped most of its concentrate production to Trafigura Canada Limited ("**TCL**", and together with companies in the Trafigura group of companies (other than MFM and the DIP Lender (as defined below), "**Trafigura**") pursuant to offtake arrangements between MFM and TCL (collectively, the "**TCL Offtake Agreements**").

On December 18, 2023, MFM commenced proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") before the Supreme Court of British Columbia in the City of Vancouver (the "**Court**") pursuant to an order granted by the Court on the same day (as amended and restated by an order of the Court made December 28, 2023, and as may be further amended or amended and restated from time to time, the "**Initial Order**").

Pursuant to the Initial Order, FTI Consulting Canada Inc., a licensed insolvency trustee, was appointed as monitor in the CCAA Proceedings (in such capacity, the "**Monitor**"). Pursuant to an order made on February 27, 2024, the Court appointed FTI Capital Advisors-Canada ULC (the "**Financial Advisor**") as MFM's financial advisor in connection with a Court-approved sale and investment solicitation process (the "**First SISP**"). The First SISP did not result in any qualifying restructuring transaction capable of being implemented and MFM terminated the First SISP and the engagement of the Financial Advisor.

Since terminating the First SISP, MFM has negotiated a restructuring transaction (the "**Transaction**") with Trafigura Holding S.à r.l. (together with its assignee, if any, the "**Stalking Horse Bidder**") that will allow MFM to emerge from the CCAA Proceedings as a financially restructured entity. Prior to seeking Court approval of the Transaction, MFM, with the assistance of the Monitor and the Financial Advisor, will canvass the market for potential interests in MFM or its Property and/or the Business (each as defined in the Initial Order) that could provide consideration exceeding the consideration contemplated pursuant to the Transaction.

Pursuant to an order made on April 4, 2025 (the "**Second SISP Order**"), the Court (i) re-appointed the Financial Advisor, (ii) approved a second sale and investment solicitation process (the "**Second SISP**") in respect of the Property and/or the Business, or investment in MFM (whether by way of share subscription or otherwise), and (iii) approved the form of stalking horse subscription agreement (as may be amended from time to time pursuant to its terms and the Second SISP Order, the "**Stalking Horse Agreement**") to be entered between the Stalking Horse Bidder and MFM for the purposes of serving as the stalking horse bid in the Second SISP (the "**Stalking Horse Bid**"). The purpose of this Second SISP is to assess if the Stalking Horse Bid is the best available transaction for MFM's business at this time.

For the avoidance of doubt, the implementation of the Transaction contemplated by the Stalking Horse Agreement is conditional upon the Stalking Horse Bid being selected as a Successful Bid (as defined below) in accordance with the SISP Procedures (as defined below) and Court approval of the Stalking Horse Agreement and the Transaction on a subsequent motion to be brought by MFM following the completion of the Second SISP.

MFM will conduct the Second SISP with the assistance of the Financial Advisor and under the supervision of the Monitor, in the manner set forth in these procedures (the "**SISP Procedures**").

Defined Terms

1. Capitalized terms used in these SISP Procedures and not otherwise defined herein have the meanings given to them in **Appendix "A"** hereto.

SISP Procedures

Opportunity

2. The Second SISP is intended to solicit interest in, and opportunities for, a sale of all or substantially all the Property or the Business, or an investment in MFM or the Business, or a combination thereof (collectively, the "**Opportunity**").

General

3. The SISP Procedures describe:
 - (a) the manner in which prospective bidders may (i) gain access to due diligence materials concerning MFM, the Business and the Property, and (ii) participate in the Second SISP;
 - (b) the requirements, receipt and negotiation of Bids received; and
 - (c) the ultimate selection of a Successful Bidder and the requisite approvals to be sought from the Court in connection therewith.
4. Throughout these SISP Procedures, MFM shall cooperate with the Monitor and the Financial Advisor and provide any information, documents, or other assistance as shall be reasonably required by the Monitor and the Financial Advisor. For the purpose of these SISP Procedures a limited number of MFM representatives (collectively, the "**Designated Representatives**") will be designated by MFM to the Monitor and the Financial Advisor prior to the commencement of the Second SISP to make decisions on behalf of MFM and such Designated Representatives shall keep confidential all information obtained by them in the course of the Second SISP provided however that the Designated Representatives shall be authorized to provide interim anonymized and aggregated reports on the progress of the Second SISP to Trafigura US Inc. (the "**DIP Lender**").
5. Subject to paragraph 19 of these SISP Guidelines, MFM, in consultation with the Financial Advisor and with the consent of the Monitor, may modify, amend, vary or supplement the SISP Procedures without the need to obtain a further order of the Court or providing notice to any bidder. Any such modification, amendment, variation or supplement is expressly limited to: (a) changes in the date of any Milestones (as defined below), or (b) changes that do not materially prejudice the rights of all bidders (including the Stalking Horse Bidder) and, in each case, that are necessary or useful in order to give effect to the substance of the Second SISP, the SISP Procedures and the Second SISP Order.
6. To the extent that any parties interested in making a bid under the Second SISP wishes to engage, discuss, or communicate with any party with an existing contractual relationship with MFM in relation to this Second SISP or the Business or Property, such parties may only do so after obtaining the Monitor's and MFM's consent. In considering any specific request, the Monitor and MFM shall impose such restrictions as they deem appropriate, acting reasonably.

7. The Stalking Horse Agreement constitutes a Phase I Qualified Bid and a Phase II Qualified Bid (each as defined below) by the Stalking Horse Bidder (which constitutes a Phase I Qualified Bidder and a Phase II Qualified Bidder (each as defined below)) for all purposes and at all times under this Second SISP and will serve as the Stalking Horse Bid for purposes of this Second SISP and the SISP Procedures. The Stalking Horse Bidder shall have the right to participate in the Auction (as defined below), if any. Notwithstanding the Stalking Horse Agreement and the structure of the proposed Transaction, all interested parties are encouraged to submit bids based on any form of Opportunity that they may elect to advance pursuant to the Second SISP, including as a Sale Proposal (as defined below) or an Investment Proposal (as defined below). A copy of the Stalking Horse Agreement will be made available to all Qualified Bidders and a form of such agreement will be uploaded to the VDR (as defined below) and shall be used as the basis for any Sale Proposal Phase II Qualified Bid made in the Second SISP.

Timeline

8. The following table sets out the key milestones (the "**Milestones**") under this Second SISP:

Event	Timing
<u>Phase 1</u>	
Notice Monitor to publish a notice of the Second SISP on the Monitor's Website Financial Advisor to publish notice of the Second SISP in industry trade or other publications, as determined appropriate Financial Advisor to distribute Teaser Letter and NDA to potentially interested parties	No later than April 11, 2025
Phase 1 -Access to VDR Phase 1 Bidders provided access to the VDR, subject to execution of appropriate NDAs	Commencing April 17, 2025

Phase 1 Bid Deadline Deadline for Phase 1 Bidders to submit non-binding LOIs in accordance with the requirements of Section 15.	By no later than May 27, 2025 at 12:00 p.m. (Pacific Time)
Notification of Phase 1 Qualified Bid Deadline to notify a Phase 1 Bidder whether it has been designated as a Phase 2 Bidder invited to participate in Phase 2	By no later than June 3, 2025 at 12:00 p.m. (Pacific Time)
<u>If no Phase 1 Qualified Bid are received other than the Stalking Horse Bid</u>	
Selection of Stalking Horse Bid as Successful Bid	June 3, 2025
Hearing of Approval Motion (as defined below) (subject to Court availability)	No later than June 30, 2025
Closing of Stalking Horse Bid	September 30, 2025 or such other date as may be agreed to between the parties to the Stalking Horse Agreement not to be later than October 31, 2025
<u>If Phase 1 Qualified Bids are received in addition to the Stalking Horse Bid</u>	
<u>Phase 2</u>	
Phase 2 Bid Deadline	By no later than July 15, 2025 at 12:00 p.m. (Pacific Time)

Phase 2 Bid Deadline (for delivery of definitive offers by Phase 2 Bidders in accordance with the requirements of Section 26)	
Auction (if needed)	July 21, 2025
Selection of Successful Bid and Back-Up Bid	By no later than 12:00 p.m. (Pacific Time) on July 21, 2025 or such later date immediately thereafter if the Auction is not completed in one day
Definitive Documentation Deadline for completion of definitive documentation in respect of a Successful Bid and Back-Up Bid	By no later than July 30, 2025
Approval Motion Hearing of Approval Motion in respect of Successful Bid (subject to Court availability)	Week of August 18, 2025
Outside Date – Closing Outside Date by which the Successful Bid must close (the “ Outside Date ”)	No later than October 31, 2025

Solicitation of Interest

9. As soon as reasonably practicable but in any event by no later than April 11, 2025:

- (a) the Financial Advisor, in consultation with the Monitor and MFM, will prepare a list of potential bidders, including (i) parties that have approached MFM, the Financial Advisor or the Monitor indicating an interest in the Opportunity, (ii) parties suggested by MFM's creditors or their advisors, (iii) local and international strategic and financial parties, including offtakers and streamers, who the

Financial Advisor believes may be interested in the Opportunity; and (iv) parties that showed an interest in MFM and/or its Property or Business prior to the date of the Second SISP Order (collectively, the "**Potential Bidders**");

- (b) a notice of the Second SISP and any other relevant information that the Monitor, in consultation with MFM and the Financial Advisor, considers appropriate, will be published by the Monitor on the Monitor's Website;
- (c) a notice of the Second SISP and any other relevant information that the Financial Advisor, in consultation with the Monitor and MFM, considers appropriate, will be published by the Financial Advisor in one or more trade industry or other publications as may be considered appropriate by the Financial Advisor; and
- (d) the Financial Advisor, in consultation with the Monitor and MFM, will prepare a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the Second SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the Second SISP;
- (e) MFM, in consultation with the Monitor, will prepare a form of non-disclosure agreement, in form and substance satisfactory to the Financial Advisor and the Monitor (an "**NDA**"). The Financial Advisor will provide a copy of the NDA to any Potential Bidder that requests a copy of it; and
- (f) the Financial Advisor will cause the Teaser Letter to be sent to each Potential Bidder and to any other party who requests a copy of the Teaser Letter or who is identified to the Financial Advisor or the Monitor as a potential bidder after such request or identification, as applicable.

Phase 1: Non-Binding LOIs

Phase 1 Due Diligence

- 10. To participate in the Second SISP, and prior to the distribution of any confidential information, a Potential Bidder (a "**Phase 1 Bidder**") must deliver to the Financial Advisor an executed NDA. An executed NDA may contain such amendments requested by a Potential Bidder as may be consented to MFM in consultation with the Financial Advisor.
- 11. Notwithstanding any other provision of this Second SISP, prior to MFM executing an NDA with any Potential Bidder, the Financial Advisor, if requested by MFM with the consent of the Monitor, may require a Potential Bidder to disclose details of its ownership and/or investors.
- 12. The Financial Advisor will make a confidential virtual data room (the "**VDR**") in relation to the Opportunity available to Phase 1 Bidders that have executed an NDA in accordance with Section 10, as soon as practicable following such execution. Additional information may be added to the VDR to enable Phase 1 Bidders to complete any confirmatory due diligence in respect of MFM and the Opportunity. The Financial Advisor, in consultation with the Monitor and MFM, may establish separate VDRs (including "clean rooms"), if the Monitor reasonably determines that doing so would: (a) further MFM's and any Phase 1 Bidder's compliance with applicable antitrust and

competition laws, (b) prevent the distribution of commercially sensitive competitive information, or (c) protect the integrity of the Second SISP and MFM's restructuring process generally. The Monitor may also, in consultation with the Financial Advisor and MFM, limit the access of any Phase 1 Bidder to any confidential information in the VDR where the Monitor, in consultation with the Financial Advisor and MFM, reasonably determines that such access could negatively impact the Second SISP, the ability to maintain the confidentiality of the information, the Property, the Business or their respective value.

13. The Financial Advisor, MFM, the Monitor, and their respective employees, officers, directors, agents, legal counsel other representatives and their respective advisors make no representation, warranty, condition or guarantee of any kind, nature or description as to the information contained in the VDR or made available in connection with the Second SISP. All Phase 1 Bidders must rely solely on their own independent review, investigation and/or inspection of all information, the Property and Business in connection with their participation in the Second SISP.

Communication Protocol

14. Each Phase 1 Bidder is prohibited from communicating with any Potential Bidder or another Phase 1 Bidder and their respective affiliates, legal and financial advisors regarding the Opportunity during the term of the Second SISP, without the written consent of the Monitor, in consultation with the Financial Advisor and MFM. Notwithstanding the terms of any NDA entered into by a Phase 1 Bidder, all Phase 1 Bidders shall comply with these SISP Procedures.

Phase 1 Bids

15. If a Phase 1 Bidder wishes to submit a bid in respect of the Opportunity (a "**Bid**"), it must deliver a non-binding letter of intent by email (an "**LOI**"), and each such LOI, in accordance with Section 16 below, a "**Phase 1 Qualified Bid**") to the Financial Advisor so as to be received by it not later than May 27, 2025 at 12:00 p.m. (Pacific Time) or such other date or time as may be determined in accordance with Section 4 hereof (the "**Phase 1 Bid Deadline**").
16. An LOI submitted by a Phase 1 Bidder will only be considered a Phase 1 Qualified Bid if the LOI complies at a minimum with the following:
 - (a) it has been duly executed by all required parties;
 - (b) it is received by the Phase 1 Bid Deadline;
 - (c) it is an offer to: (i) acquire all or substantially all of the Property or Business, whether through an asset purchase, a share purchase, a share subscription, or a combination thereof (any of these, a "**Sale Proposal**"); or (ii) make an investment in, recapitalize, restructure or refinance MFM and/or its Business (an "**Investment Proposal**");
 - (d) the LOI provides for: (A) net cash proceeds on closing that are not less than the aggregate of: (x) the "DIP Repayment Consideration" (as defined in the Stalking Horse Agreement), plus (y) the "Cash Consideration" (as defined in the Stalking

Horse Agreement), plus (z) a minimum overbid amount of \$1,000,000 ((x), (y) and (z) in the aggregate, the "**Minimum Cash Purchase Price**"); and (B) an assumption of the TCL Offtake Agreements (as defined in the Stalking Horse Agreement) and all environmental obligations and liabilities of MFM, including reclamation security obligations in respect of the Mine, the Discovery Terminal and the Business such that the Existing Reclamation Security is fully and finally released, and MFM and any other Trafigura entity who posted a bond or provided a guarantee in connection with such Existing Reclamation Security no longer has any remaining reclamation obligation under the Existing Reclamation Security, at law or otherwise (the "**Minimum Retained Liabilities**" and together with the Minimum Cash Purchase Price, the "**Minimum Consideration**");

- (e) the LOI includes:
 - (i) details regarding any consideration beyond the Minimum Consideration;
 - (ii) any contemplated purchase price adjustment;
 - (iii) a specific indication of the expected structure and financing of the transaction (including, but not limited to the sources of financing);
 - (iv) a description of the Property that is subject to the transaction and any of the Property expected to be excluded;
 - (v) a description of those liabilities and obligations (including operating liabilities and obligations to employees) which the Phase 1 Bidder intends to assume in addition to the Minimum Retained Liabilities and those liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction;
 - (vi) a specific indication of the structure and means by which the Phase 1 Bidder intends to satisfy the Minimum Retained Liabilities;
 - (vii) information sufficient for MFM, in consultation with the Financial Advisor and the Monitor, to determine that the Phase 1 Bidder has sufficient financial ability to complete the transaction contemplated by the Sale Proposal or Investment Proposal;
 - (viii) a description of the Phase 1 Bidder's intentions for the Business, including any plans or conditions related to MFM's management and employees;
 - (ix) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;
 - (x) any other terms or conditions of the Sale Proposal or Investment Proposal that the Phase 1 Bidder believes are material to the transaction; and
 - (xi) in addition, in the case of Investment Proposals only:
 - (A) an outline of the type of transaction or structure of the bid including with respect to any proposed restructuring, recapitalization, or

other form of reorganization of the business, property, or affairs of MFM;

- (B) the aggregate amount of the equity and debt investment, including liabilities to be assumed;
- (C) the underlying assumptions regarding the *pro forma* capital structure (including the form and amount of anticipated equity and/or debt levels, debt service fees, interest or dividend rates, amortization, voting rights, or other protective provisions (as applicable), redemption, prepayment or repayment attributes and any other material attributes of the investment);
- (D) anticipated tax planning, if any; and
- (E) the consideration to be allocated to the stakeholders including claims of any secured or unsecured creditors of MFM.

Assessment of Phase 1 Bids

- 17. Following the Phase 1 Bid Deadline, MFM, in consultation with the Financial Advisor and the Monitor, will assess the LOIs received by the Phase 1 Bid Deadline, following which MFM will determine whether such LOIs constitute Phase 1 Qualified Bids.
- 18. MFM and the Financial Advisor may, in consultation with the Monitor, following the receipt of any LOI, seek clarification with respect to any of the terms or conditions of such LOI, request and/or negotiate one or more amendments to such LOI prior to determining if the LOI should be considered a Phase 1 Qualified Bid.
- 19. MFM, in consultation with the Financial Advisor, and with the consent of the Monitor may:
 - (a) waive compliance with any one or more of the requirements specified in Section 16 above and deem such non-compliant bid to be a Phase 1 Qualified Bid, provided that any waiver of the Minimum Consideration requirement shall require the consent of the DIP Lender and further provided that the Monitor alone may waive the requirement in Section 16(b) above; or
 - (b) reject any LOI if it is determined that such LOI does not constitute a Phase 1 Qualified Bid, is otherwise inadequate or insufficient, or is otherwise contrary to the best interests of MFM and its creditors and other stakeholders. Notwithstanding anything else herein, any such rejected LOI will be deemed not to be a Phase 1 Qualified Bid.

Selection of Phase 2 Bidders

- 20. The Financial Advisor shall notify each Phase 1 Bidder in writing as to whether such Phase 1 Bidder has been determined to be permitted to proceed to Phase 2 (each a "**Phase 2 Bidder**") by no later than June 3, 2025 at 12:00 p.m. (Pacific Time).
- 21. If by no later than June 3, 2025 at 12:00 p.m. (Pacific Time) MFM, in consultation with the Financial Advisor and with the consent of the Monitor, has determined that they have received no Phase 1 Qualified Bids, then the Stalking Horse Bid shall be deemed the

Successful Bid (as defined below) and MFM will seek Court approval of the Stalking Horse Agreement and the transactions contemplated therein.

Phase 2 - Formal Binding Offers

Phase 2 Due Diligence

22. Each Phase 2 Bidder shall be invited to participate in on-site tours and inspections at the Mine (within reason and at the sole cost and expense of such bidder).
23. The Financial Advisor, after consultation with MFM and the Monitor, shall allow each Phase 2 Bidder such further access to due diligence materials and information relating to MFM, the Property and Business, as it deems appropriate in its reasonable business judgment, and subject to competitive and other business considerations.
24. Phase 2 Bidders shall have the opportunity (if requested by such party) to meet with management of MFM. Any communications or meetings between Phase 2 Bidders and management of MFM shall be supervised by representatives of the Financial Advisor and the Monitor, if requested by the Monitor, as the Monitor deems appropriate, provided that the discussions shall remain confidential and shall not be disclosed without the consent of the parties to the discussion.
25. Each Phase 2 Bidder will be prohibited from communicating with any other Phase 2 Bidder and their respective affiliates and legal and financial advisors regarding the Opportunity during the term of the Second SISP, without the consent of the Monitor, after consultation with the Financial Advisor and MFM. Such communications shall only occur on such terms as the Monitor (after consultation with the Financial Advisor and MFM) may determine.

Phase 2 Bids

26. A Phase 2 Bidder that wishes to make a definitive transaction proposal (a "**Phase 2 Bid**") shall submit a binding offer that complies with the following requirements to the Financial Advisor so as to be received by the Financial Advisor not later than July 15, 2025 at 12:00 p.m. (Pacific Time) (the "**Phase 2 Bid Deadline**"). Such Phase 2 Bid shall be a "**Phase 2 Qualified Bid**" if it meets the following criteria:
 - (a) it is received by the Phase 2 Bid Deadline;
 - (b) the Phase 2 Bid complies with all of the requirements set forth in respect of Phase 1 Qualified Bids other than the requirements set out in Section 16(b) herein;
 - (c) the Phase 2 Bid is binding and includes a letter confirming that the Phase 2 Bid is irrevocable until the selection of the Successful Bidder and the Back-Up Bidder, if any, provided that if such Phase 2 Bidder is selected as the Successful Bidder or the Back-Up Bidder, its offer shall remain irrevocable until the earlier of (i) completion of the transaction with the Successful Bidder, and (ii) October 31, 2025 (the "**Back-Up Bid Outside Date**"), subject to further extensions as may be agreed to under the applicable transaction agreement(s), with the consent of the Monitor, MFM and the DIP Lender;

- (d) the Phase 2 Bid is in the form of duly authorized and executed transaction agreements, and if the Phase 2 Bid is a Sale Transaction, it includes an executed share or asset purchase agreement, including all exhibits and schedules contemplated thereby (other than exhibits and schedules that by their nature must be prepared by MFM) together with a comparison to the Stalking Horse Agreement;
- (e) the Phase 2 Bid includes written evidence of a firm commitment for financing or other evidence of ability to consummate the proposed transaction satisfactory to the Monitor, in consultation with the Financial Advisor and MFM;
- (f) the Phase 2 Bid is not subject to the outcome of unperformed due diligence, internal approval(s) or contingency financing;
- (g) any conditions to closing or required approvals, including any agreements or approvals with unions, regulators or other stakeholders, the anticipated time frame and any anticipated impediments for obtaining such approvals are set forth in detail, such that the Financial Advisor, the Monitor and MFM, can assess the risk to closing associated with any such conditions or approvals;
- (h) the Phase 2 Bid fully discloses the identity of each entity that will be entering into the transaction or the financing (including through the issuance of equity and/or debt in connection with such Bid) or that is sponsoring, participating or benefiting from such Phase 2 Bid, and such disclosure shall include, without limitation (i) in the case of a Phase 2 Bidder formed for the purposes of entering into the proposed transaction, the identity of each of the actual or proposed direct or indirect equity holders of such Phase 2 Bidder and the terms and participation percentage of such equity holder's interest in such Phase 2 Bid; and (ii) the identity of each entity that has or will receive a benefit from such Phase 2 Bid from or through the Phase 2 Bidder or any of its equity holders and the terms of such benefit;
- (i) the Phase 2 Bid provides a detailed timeline to closing with critical milestones;
- (j) the Phase 2 Bid is accompanied by a non-refundable good faith cash deposit (the "**Deposit**") equal to the greater of (a) 5% of the total cash component of the purchase price contemplated under the Phase 2 Bid; and (b) \$2,500,000, which shall be paid to the Monitor and held in trust pursuant to Section 35 hereof until the earlier of (i) closing of the Successful Bid or Back-Up Bid, as applicable; and (ii) rejection of the Phase 2 Bid pursuant to Section 30; and
- (k) the Phase 2 Bid includes acknowledgements and representations of the Phase 2 Bidder that: (i) it had an opportunity to conduct any and all due diligence desired regarding the Property, Business and MFM prior to making its Phase 2 Bid; (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its Phase 2 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 Business, Property or MFM or the completeness of any information provided in connection therewith, except to the extent otherwise provided under any definitive transaction agreement executed by MFM.

Assessment of Phase 2 Bids

27. Following the Phase 2 Bid Deadline, MFM in consultation with the Financial Advisor and the Monitor will assess the Phase 2 Bids received by the Phase 2 Bid Deadline and will determine whether such Phase 2 Bids constitute Phase 2 Qualified Bids.
28. MFM, in consultation with the Financial Advisor and with the consent of the Monitor, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant Phase 2 Bid to be a Phase 2 Qualified Bid provided that any waiver to the Minimum Consideration requirement shall require the consent of the DIP Lender and further provided that the Monitor alone may waive the requirement in Section 26(a) above.
29. Phase 2 Bids may not be modified, amended or withdrawn after the Phase 2 Bid Deadline without the written consent of the Monitor and MFM except for proposed amendments to increase the purchase price or otherwise improve the terms of the Phase 2 Bid for MFM, its creditors and other stakeholders.
30. MFM, in consultation with the Financial Advisor and with the consent of the Monitor, may reject any Phase 2 Bid if it is determined that such Phase 2 Bid does not constitute a Phase 2 Qualified Bid, is otherwise inadequate or insufficient or is otherwise contrary to the best interest of MFM and its creditors and other stakeholders. Notwithstanding anything else herein, any such rejected Bid will be deemed not to be a Phase 2 Qualified Bid.

Evaluation of Qualified Bids and Subsequent Actions

31. In the event that no Phase 2 Qualified Bid is received (other than the Stalking Horse Bid) then the Stalking Horse Bid shall be deemed the Successful Bid, and MFM will seek Court approval of the Stalking Horse Agreement and the transactions contemplated therein.
32. In the event at least one Phase 2 Qualified Bid in addition to the Stalking Horse Bid is received then a Successful Bid will be identified through an auction in accordance with the procedure set out below.
33. If an auction (the "**Auction**") is required in accordance with the terms of these SISP Procedures, it will be conducted in accordance with the procedures set forth in this Section:
 - (a) the Monitor shall designate all Phase 2 Qualified Bidders (in addition to the Stalking Horse Bidder) as eligible to participate in the Auction (with all such bidders being referred to as "**Auction Bidders**");
 - (b) the Auction will commence at a time to be designated by the Monitor on July 21, 2025 and may, in the discretion of the Monitor, be held virtually via videoconference, teleconference or such other reasonable means as the Monitor deems appropriate. The Monitor will consult with the parties permitted to attend the Auction to arrange for the Auction to be so held. Subject to the terms hereof, the Monitor, in consultation with MFM, may postpone the Auction;

- (c) except as otherwise permitted in the Monitor's discretion, only MFM, the Monitor and the Auction Bidders, and, in each case, their respective professionals and representatives, will be permitted to attend the Auction;
- (d) each Auction Bidder shall designate a single individual to be its representative and spokesperson for the purposes of the Auction, and shall participate in the Auction through such duly authorized representative;
- (e) except as otherwise set forth herein, the Monitor may waive and/or employ and announce at the Auction additional rules that are reasonable under the circumstances for conducting the Auction, provided that such rules are:
 - (i) not inconsistent with the Initial Order, the Second SISP, the SISP Procedures, the CCAA or any order of the Court issued in connection with the CCAA Proceedings;
 - (ii) disclosed to each Auction Bidder; and
 - (iii) designed by the Monitor in its reasonable judgment and in consultation with MFM to result in the highest and otherwise best offer;
- (f) each Auction Bidder participating in the Auction must confirm on the record at the commencement of the Auction and again at the conclusion of the Auction that it has not engaged in any collusion with MFM or any other person regarding the Second SISP. For greater certainty, communications between the Stalking Horse Bidder and either MFM or the Monitor with respect to and in preparation of the Stalking Horse Agreement, the Second SISP and the SISP Procedures will not represent collusion nor communications prohibited by this paragraph;
- (g) prior to the Auction, MFM, with the consent of the Monitor, will identify the highest and best of the Phase 2 Qualified Bids received and such Phase 2 Qualified Bid will constitute the opening bid for the purposes of the Auction (the "**Opening Bid**"). In performing such review and assessment, MFM may evaluate the following non-exhaustive list of considerations: (a) the purchase price and net value (including assumed liabilities and other obligations to be performed by the Phase 2 Bidder); (b) the firm, irrevocable commitment for financing of the transaction; (c) the claims likely to be created by such Bid in relation to other Bids; (d) the counterparties to the transaction; (e) the terms of transaction documents; (f) the closing conditions and other factors affecting the speed, certainty and value of the transaction; (g) planned treatment of stakeholders, including employees and First Nations; (h) the assets included or excluded from the Bid; (i) any restructuring costs that would arise from the Bid; (j) the likelihood and timing of consummating the transaction; (k) the capital sufficient to implement post-closing measures and transactions; and (m) any other factors that MFM, in consultation with the Financial Advisor and the Monitor may deem relevant each in their sole discretion
- (h) Subsequent bidding will continue in minimum increments valued at not less than \$500,000 cash in excess of the Opening Bid. Each Auction Bidder will provide evidence of its financial wherewithal and ability to consummate the transaction at the increased purchase price if required by the Monitor;

- (i) all Auction Bidders will have the right, at any time, to request that the Monitor announce, after consultation with MFM and subject to any potential new bids, the then current highest and best bid and, to the extent requested by any Auction Bidder, use reasonable efforts to clarify any and all questions such Auction Bidder may have regarding the Monitor's announcement of the then current highest and best bid;
 - (j) each Auction Bidder will be given reasonable opportunity to submit an overbid at the Auction to any then existing overbids. The Auction will continue until the bidding has concluded and there is one remaining Auction Bidder. The Monitor, in consultation with MFM, shall determine which Auction Bidders have submitted (i) the highest and best Phase 2 Qualified Bids of the Auction (the "**Successful Bid**", and the bidder making such Successful Bid, the "**Successful Bidder**"), and (ii) the next highest and otherwise second-best Phase 2 Qualified Bids of the Auction (the "**Back-Up Bid**", and the bidder making such Back-Up Bid, the "**Back-Up Bidder**");
 - (k) any bids submitted after the conclusion of the Auction will not be considered; and
 - (l) the Monitor, in consultation with MFM, shall be at liberty to modify or to set additional procedural rules for the Auction as it sees fit, including to conduct the Auction by way of written submissions.
34. A Successful Bid and Back-Up Bid, if any, will be selected by no later than 5:00 p.m. (Pacific Time) on July 21, 2025 (or such later date immediately thereafter if the Auction is conducted and not completed in one day), and the completion and execution of definitive documentation in respect of such Successful Bid and Back-Up Bid, as applicable, must be finalized and executed as soon as possible after the close of the Auction, and in any event no later than July 30, 2025. If the transactions contemplated by the applicable Successful Bid have not closed by the Outside Date, or the applicable Successful Bid is terminated for any reason prior to the Outside Date, MFM, in consultation with the Monitor, may elect to seek to complete the transactions contemplated by the applicable Back-Up Bid and will promptly seek to close the transaction contemplated by such Back-Up Bid, which will be deemed to be a Successful Bid.
35. All Deposits will be retained by the Monitor and deposited in an interest-bearing trust account. The Deposits paid by the Successful Bidder and Back-Up Bidder whose bid(s) is/are approved at the Approval Motion will be applied to the purchase price to be paid by the Successful Bidder and/or Back-Up Bidder, as applicable, upon closing of the approved transaction and will be non-refundable, other than in the circumstances set out in the Successful Bid or the Back-Up Bid, as applicable. The Deposits of Qualified Bidders not selected as the Successful Bidder or Back-Up Bidder will be returned to such bidders within five (5) Business Days after the selection of the Successful Bidder and Back-Up Bidder, or any earlier date as may be determined by the Monitor, in consultation with the Financial Advisor and MFM. The Deposit of the Back-Up Bidder, if any, shall be returned to such Back-Up Bidder no later than five (5) Business Days after closing of the transaction contemplated by the Successful Bid.

36. If a Successful Bidder or Back-Up Bidder breaches its obligations under the terms of the Second SISP, its Deposit shall be forfeited as liquidated damages and not as a penalty, without limiting any other claims or actions that MFM may have against such Successful Bidder or Back-Up Bidder and/or their affiliates.

Approval Motion

37. Prior to the Approval Motion, the Monitor shall provide a report to the Court providing information on the process and including its recommendation in connection with the relief sought at the Approval Motion. At the Approval Motion, MFM shall seek the Approval Order.
38. The consummation of the transaction contemplated by the Successful Bid, or the Back-Up Bid if the Successful Bid does not close, will not occur unless and until the Approval Order is granted.

"As Is, Where Is"

39. Any sale of, or investment in, the Business and/or Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Financial Advisor, MFM or the Monitor, or their respective advisors or agents, except to the extent otherwise provided under any definitive sale agreement with the Successful Bidder executed by MFM. None of the Financial Advisor, MFM or the Monitor, or their advisors or agents, make any representation or warranty as to the information contained in the Teaser Letter, any management presentation or the VDR, except to the extent otherwise provided under any definitive sale agreement with the Successful Bidder executed by MFM. Each Phase 2 Bidder is deemed to acknowledge and represent that: (a) it has had an opportunity to conduct any and all due diligence regarding MFM, the Business and Property prior to making its Phase 2 Bid; (b) it has relied solely on its own independent review, investigation, and/or inspection of any documents and/or MFM, the Business and Property in making its Bid; and (c) it did not rely on any written or oral statements, representations, promises, warranties, conditions or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding MFM, the Business and Property, or the completeness of any information provided in connection therewith, except to the extent otherwise provided under any definitive sale agreement executed by MFM.

No Entitlement to Expense Reimbursement or Other Amounts

40. Phase 1 Bidders and Phase 2 Bidders shall not be entitled to any breakup fee, termination fee, expense reimbursement, or similar type of payment or reimbursement provided however that if the Stalking Horse Bidder is not the Successful Bid, it will be entitled to the Expense Reimbursement Amount (as such term is defined in the Stalking Horse Agreement).

Jurisdiction

41. Upon submitting an LOI or a Phase 2 Bid, the Phase 1 Bidder or the Phase 2 Bidder, as applicable, shall be deemed to have submitted to the exclusive jurisdiction of the Court with respect to all matters relating to the Second SISP and the terms and conditions of these SISP Procedures, any Sale Proposal or Investment Proposal.

42. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required or any other statute or as otherwise required at law to implement a Successful Bid.
43. Neither MFM, the Stalking Horse Bidder, the DIP Lender, the Financial Advisor nor the Monitor shall be liable for any claim for a brokerage commission, finder's fee or like payment in respect of the consummation of any of the transactions contemplated under the Second SISP arising out of any agreement or arrangement entered into by the parties that submitted the Successful Bid and Back-Up Bid.
44. The Monitor shall supervise the Second SISP as outlined herein. In the event that there is disagreement, or clarification is required, as to the interpretation or application of this Second SISP, the responsibilities of the Monitor, the Financial Advisor or MFM hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application of the Monitor, MFM or any other interested party with a hearing which shall be scheduled on not less than three (3) Business Days' notice.

APPENDIX A

DEFINED TERMS

- (a) **"Approval Motion"** means the motion seeking approval by the Court of the Successful Bid with the Successful Bidder, and if applicable, any Back-Up Bid if the Successful Bid is not consummated.
- (b) **"Approval Order"** means an order of the Court approving, among other things, if applicable the Successful Bid and the consummation thereof, and if applicable, any Back-Up Bid if the Successful Bid is not consummated;
- (c) **"Auction"** shall have the meaning attributed to it in Section 33;
- (d) **"Auction Bidder"** shall have the meaning attributed to it in Section 33(a);
- (e) **"Back-Up Bid"** shall have the meaning attributed to it in Section 33(j);
- (f) **"Back-Up Bidder"** shall have the meaning attributed to it in Section 33(j);
- (g) **"Back-Up Bid Outside Date"** shall have the meaning attributed to it in Section 26(c);
- (h) **"Bid"** shall have the meaning attributed to it in Section 15;
- (i) **"Business"** shall have the meaning attributed to it in the preamble;
- (j) **"Business Day"** means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Vancouver, British Columbia;
- (k) **"CCAA"** shall have the meaning attributed to it in the preamble;
- (l) **"Court"** shall have the meaning attributed to it in the preamble;
- (m) **"Deposit"** shall have the meaning attributed to it in Section 26(j);
- (n) **"Designated Representatives"** shall have the meaning attributed to it in Section 4;
- (o) **"DIP Lender"** shall have the meaning attributed to it in Section 4 ;
- (p) **"Existing Reclamation Security"** means bond number CTS10000013300 in the amount of CDN\$132,424,500 issued by Sompo Japan Insurance Inc., Canada Branch in favour of His Majesty the King in Right of the Province of British Columbia as represented by the Chief Inspector of Mines and dated September 9, 2024;
- (q) **"Financial Advisor"** shall have the meaning attributed to it in the preamble;
- (r) **"Initial Order"** shall have the meaning attributed to it in the preamble;

- (s) **"Investment Proposal"** shall have the meaning given to it in Section 16(c);
- (t) **"LOI"** shall have the meaning attributed to it in Section 15;
- (u) **"Minimum Cash Purchase Price"** shall have the meaning attributed to it in Section 16(d);
- (v) **"Minimum Consideration"** shall have the meaning attributed to it in Section 16(d);
- (w) **"Minimum Retained Liabilities"** shall have the meaning attributed to it in Section 16(d);
- (x) **"Monitor"** shall have the meaning attributed to it in the preamble;
- (y) **"Monitor's Website"** means <http://cfcanada.fticonsulting.com/myrafalls>;
- (z) **"MFM"** shall have the meaning attributed to it in the preamble;
- (aa) **"Mine"** shall have the meaning attributed to it in the preamble;
- (bb) **"NDA"** shall have the meaning attributed to it in Section 9(e);
- (cc) **"Opening Bid"** shall have the meaning attributed to it in Section 33(g);
- (dd) **"Opportunity"** shall have the meaning attributed to it in Section 2;
- (ee) **"Outside Date"** shall have the meaning attributed to it in Section 8;
- (ff) **"Phase 1 Bid Deadline"** shall have the meaning attributed to it in Section 15;
- (gg) **"Phase 1 Bidder"** shall have the meaning attributed to it in Section 10;
- (hh) **"Phase 1 Qualified Bid"** shall have the meaning attributed to it in Section 15;
- (ii) **"Phase 2 Bid"** shall have the meaning attributed to it in Section 26;
- (jj) **"Phase 2 Bid Deadline"** shall have the meaning attributed to it in Section 26;
- (kk) **"Phase 2 Bidder"** shall have the meaning attributed to it in Section 20;
- (ll) **"Phase 2 Qualified Bid"** shall have the meaning attributed to it in Section 26;
- (mm) **"Potential Bidder"** shall have the meaning attributed to it in Section 9(a);
- (nn) **"Property"** shall have the meaning attributed to it in the preamble;
- (oo) **"Sale Proposal"** shall have the meaning attributed to it in Section 16(c);
- (pp) **"Second SISP Order"** shall have the meaning attributed to it in the preamble;

- (qq) **"Second SISP"** shall have the meaning attributed to it in the preamble;
- (rr) **"SISP Procedures"** shall have the meaning attributed to it in the preamble;
- (ss) **"Stalking Horse Agreement"** shall have the meaning attributed to it in the preamble;
- (tt) **"Stalking Horse Bid"** shall have the meaning attributed to it in the preamble;
- (uu) **"Stalking Horse Bidder"** shall have the meaning attributed to it in the preamble;
- (vv) **"Successful Bid"** shall have the meaning attributed to it in Section 33(j);
- (ww) **"Successful Bidder"** shall have the meaning attributed to it in Section 33(j);
- (xx) **"Teaser Letter"** shall have the meaning attributed to it in Section 9(d);
- (yy) **"TCL Offtake Agreements"** shall have the meaning attributed to it in the preamble;
- (zz) **"Trafigura"** shall have the meaning attributed to it in the preamble;
- (aaa) **"Transaction"** shall have the meaning attributed to it in the preamble
- (bbb) **"VDR"** shall have the meaning attributed to it in Section 12.

No. S-238572
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND
ARRANGEMENT OF MYRA FALLS MINE LTD.

PETITIONER

NOTICE OF APPLICATION

GOWLING WLG (CANADA) LLP

Barristers & Solicitors
Bentall 5, Suite 2300,
550 Burrard Street
Vancouver, BC V6C 2B5

Attention: Jonathan B. Ross

Tel. No. 604.683.6498
Fax No. 604.683.3558

File No. A172589

JRB/MD