

TENDER PROCESS LETTER

Myra Falls Mine Ltd.

Introduction

Myra Falls Mine Ltd. ("**MFM**" or the "**Company**") 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.

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 August 2, 2024 (the "**Tender Process Order**"), MFM was authorized to undertake a tender process (the "**Tender Process**") for the sale of various mining equipment and parts (the "**Assets**") located at the Mine. All offers must be received by the Company, with a copy to the Monitor, no later than by 4 PM Pacific Time on the day that is not later than 45 days following the date that the Invitation for Offers is sent to the Prospective Purchaser, or on such specific date as might be set by the Company with the Monitor's consent.

The Assets available for sale are listed in the virtual data room ("**VDR**"). The rules of, and timeline for, the Tender Process are described below.

Notice of Tender Process

1. As soon as reasonably practicable after MFM's inventory classification is completed:
 - (a) MFM, in consultation and with the assistance of the Monitor, will prepare a list of prospective purchasers (the "**List of Prospective Purchasers**"), including (i) parties that have approached MFM or the Monitor indicating an interest in any of the Assets, (ii) parties suggested by MFM's creditors or their advisors, and (iii) strategic parties and auctioneers of commercial equipment, whom MFM or the Monitor believe may be interested in any of the Assets;
 - (b) MFM shall provide information and documentation to the Monitor to allow the Monitor to create a VDR with respect to the Assets available for sale to prospective purchasers (the "**Prospective Purchasers**");
 - (c) MFM, in consultation and with the assistance of the Monitor, will prepare a Tender Process summary (the "**Invitation for Offers**") outlining the process and inviting prospective purchasers (the "**Prospective Purchasers**") to provide an offer pursuant to the Tender Process;

- (d) MFM, with the assistance of the Monitor, will arrange for the Invitation for Offers to be distributed to the parties on the List of Prospective Purchasers;
- (e) MFM, in consultation and with the assistance of the Monitor, may, but is not required to, cause a notice regarding this Tender Process (the "**Tender Process Notice**"), to be published in one or more trade, industry or other publications as may be considered appropriate; and
- (f) copies of the Invitation for Offers, Tender Process Order, Form of Offer (as defined below), Additional Terms and Conditions of Sale (as defined below), and any other relevant information that the Monitor, in consultation with MFM, considers appropriate, will be published by the Monitor on the Monitor's website at: <http://cfcanada.fticonsulting.com/myrafalls/>.

Offer Submission

2. Offers by Prospective Purchasers in respect of Assets (the "**Offers**") must be submitted by Prospective Purchasers in the form of offer attached as **Schedule "1"** (the "**Form of Offer**") to the additional terms of conditions of sale attached as **Schedule "A"** hereto (the "**Additional Terms and Conditions of Sale**") with any amendments noted by way of blackline to the Form of Offer.
3. All Offers must be received by the Company, with a copy to the Monitor, no later than by **4 PM Pacific Time on the day that is not later than 45 days following the date that the Invitation for Offers is sent to the Prospective Purchaser, or on such specific date as might be set by the Company with the Monitor's consent** (the "**Bid Deadline**").
4. All submitted Offers are subject to the Additional Terms and Conditions of Sale attached as **Schedule "A"** hereto.
5. Offers must be accompanied by a non-refundable good faith cash deposit (the "**Deposit**") equal to 10% of the purchase price contained in the Offer, which Deposit shall be paid to the Monitor and held in trust in a non-interest-bearing trust account. The treatment of the Deposits is outlined in the Additional Terms and Conditions of Sale.
6. If one or more acceptable Offers are received, the Company, in consultation and with the assistance of the Monitor, will negotiate a purchase and sale agreement with one or more Prospective Purchasers, and if required pursuant to the Tender Process Order, the Company will bring an application to the Court for an order approving the transaction(s) contemplated by such purchase and sale agreement(s) and vesting the applicable Assets in the applicable purchaser(s), free and clear of all claims (an "**AVO**").

Inspection of Assets

7. In addition to receiving access to the VDR, Prospective Purchasers shall be permitted to inspect the Assets prior to submitting Offers. To schedule an inspection, Prospective Purchasers shall contact the Monitor at:

Tessa Chiricosta, Consultant
Email: tessa.chiricosta@fticonsulting.com
Phone: 1.416.649.8109

-or-

Mike Clark
Managing Director
Email: Mike.clark@fticonsulting.com
Phone: 1.604.484.9537

8. 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 conditions of the Assets or the information made available in connection with the Tender Process. Prospective Purchaser must rely solely on their own independent review, investigation and/or inspection of the Assets and information in connection with their participation in the Tender Process.

Communication Protocol

9. Each Prospective Purchaser is prohibited from communicating with any other Prospective Purchaser and their respective affiliates, legal and financial advisors regarding their Offer during the term of the Tender Process, without the written consent of MFM after consultation with the Monitor.
10. To the extent that any interested Prospective Purchaser wishes to engage, discuss, or communicate with any party with an existing contractual relationship with MFM in relation to this Tender Process or the Assets, such parties may only do so after advising MFM and the Monitor and obtaining MFM and the Monitor's consent. In considering such requests, MFM and the Monitor shall impose such restrictions or conditions as they deem appropriate.

Terms and Conditions of Sale

11. Offers must be submitted according to the Form of Offer, must be accompanied by a Deposit and must be received by the Company, with a copy to the Monitor, no later than the Bid Deadline. Offers are subject to the Additional Terms and Conditions of Sale attached as **Schedule "A"** hereto, and by submitting an Offer, each Prospective Purchaser acknowledges and agrees that its Offer is subject to the terms of this Tender Process Letter and the attached Additional Terms and Conditions of Sale. Prospective Purchasers shall be permitted to make amendments to the Form of Offer provided any amendments are noted by way of blackline to the Form of Offer, however, the nature of such amendments may result in a rejection of such Offer.
12. The Assets are offered to Prospective Purchasers on an "as-is, where-is" basis without surviving representations or warranties of any kind, nature, or description by MFM or the Monitor, or their respective advisors or agents, except to the extent otherwise provided under any definitive sale agreement with the Prospective Purchaser executed by MFM. None of MFM or the Monitor, or their advisors or agents, make any representation or warranty as to the information contained in the Invitation for Offers, the Tender Process Notice, the Tender

Process or the VDR, except to the extent otherwise provided under any definitive sale agreement with the Prospective Purchaser executed by MFM.

13. Each Prospective Purchaser is deemed to acknowledge and represent that:
 - a. it has had an opportunity to conduct any and all due diligence regarding the Assets prior to making its Offer;
 - b. it has relied solely on its own independent review, investigation, and/or inspection of the Assets or any document related to the Assets in making its Offer; 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 the Assets, or the completeness of any information provided in connection therewith, except to the extent otherwise provided under any definitive sale agreement executed by MFM.
14. Offers are considered irrevocable and binding upon submission until formally accepted or rejected by the Company.
15. Offers for parcels of Assets must be separate unless indicated as an *en bloc* offer, and Prospective Purchasers may bid on individual or multiple parcels of Assets, specifying the price for each.
16. Failure to comply with the terms and condition in the Tender Process Letter, including the stated Bid Deadline and the Additional Terms and Conditions of Sale, may result in rejection.
17. Prospective Purchasers shall not be entitled to any breakup fee, termination fee, expense reimbursement, or similar type of payment or reimbursement.
18. Neither MFM, Trafigura US Inc. (the "**Interim Lender**") 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 transaction contemplated under the Tender Process arising out of any agreement or arrangement entered into by the parties that submitted a successful Offer.

Assessment of Offers

19. Following the Bid Deadline, MFM in consultation with the Monitor, will assess the Offers received by the Bid Deadline and determine whether such Offers constitute an Offer which complies with the terms and condition of this Tender Process Letter ("**Qualified Offer**").
20. MFM, in consultation with, and with the consent of, the Monitor, may waive strict compliance with any one or more of the requirements specified in the Tender Process Letter, including the Additional Terms and Conditions of Sale and deem such non-compliant Offer to be a Qualified Offer.
21. Offers may not be modified, amended, or withdrawn after the Bid Deadline without the written consent of MFM and the consent of the Monitor, except for proposed amendments to increase the purchase price or otherwise improve the terms of the Offer.

22. MFM, in consultation with, and with the consent of, the Monitor, may reject any Offer if it is determined that such Offer does not constitute a Qualified Offer, is otherwise inadequate or insufficient, or is otherwise contrary to the best interest of the Interim Lender or MFM and its creditors and other stakeholders. Notwithstanding anything else herein, any such rejected Offer will be deemed not to be a Qualified Offer.

Evaluation of Qualified Offers

23. Following the Bid Deadline, MFM, in consultation with the Monitor and the Interim Lender, will review the Qualified Offers. In performing such review and assessment, the following non-exhaustive list of factors may be considered:
- a. the purchase price and net value (including assumed liabilities and other obligations to be performed by the Prospective Purchaser);
 - b. the claims likely to be created by such Offer in relation to other Offers;
 - c. the counterparties to the transaction;
 - d. the terms of transaction documents;
 - e. the closing conditions
 - f. factors affecting the value of the transaction;
 - g. the parcels of Assets included or excluded from the Offer;
 - h. any restructuring costs that would arise from the Offer;
 - i. the likelihood and timing of consummating the transaction;
 - j. whether the Interim Lender supports the Offer; and
 - k. any other factors that MFM or the Monitor may deem relevant in their sole discretion.
24. The Company is not bound to accept the highest or any specific Offer.
25. Following evaluation of the Qualified Offers, MFM may, with the consent of the Interim Lender and the Monitor, undertake one or more of the following steps:
- (g) accept one or more of the Qualified Offers (each a "**Successful Offer**", and each offeror making such a Successful Offer, a "**Successful Offeror**") and take such steps as may be necessary to finalize definitive transaction documents for Successful Offers with Successful Offerors;
 - (h) continue negotiations with Prospective Purchasers who have submitted Qualified Offers with a view to finalizing acceptable terms with one or more Prospective Purchasers that submitted Qualified Offers; or
 - (i) terminate the Tender Process without consummating a transaction.

Court Approval

26. Unless not required pursuant to the terms of the Tender Process Order, the acceptance of Offers and the completion of any transactions, are all subject to Court approval under the CCAA.

General

27. The terms of this Tender Process, including the requirements, criteria and timelines set out herein may be amended, extended or waived by MFM, with the consent of the Monitor, providing such amendments, extensions or waivers are, in the judgment of the Monitor, necessary or useful in order to give effect to the substance and purpose of the Tender Process and the Tender Process Order.
28. The Monitor shall supervise the Tender Process as outlined herein. In the event that there is a disagreement, or clarification is required, as to the interpretation or application of this Tender Process, the responsibilities of the Monitor or MFM hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application of the Monitor or MFM or any other interested party with a hearing which shall be scheduled on not less than three (3) business days' notice.

Schedule "A" to Tender Process Letter

Additional Terms and Conditions of Sale

1. Terms capitalized but not otherwise defined in these Additional Terms and Conditions of Sale shall have the meaning set out in the Tender Process Letter to which these Additional Terms and Conditions of Sale are attached.
2. Offers must be submitted by Prospective Purchasers according to the Form of Offer attached as **Schedule "1"** hereto (or, if in a revised form, with a blackline to the Form of Offer), and must be received by the Company, with a copy to the Monitor, no later than by **4 PM Pacific Time on day that is not later than 45 days following the date that the Invitation for Offers is sent to the Prospective Purchaser, or on such specific date as might be set by the Company with the Monitor's consent** (the "Bid Deadline").
3. By submitting an Offer, each Prospective Purchaser acknowledges that it has inspected the parcels of Assets to which the Offer pertains and that the Assets are sold on an "as-is, where-is" basis and that no representation, warranty or condition is expressed or implied as to title, description, fitness for purpose, merchantability, quantity, condition, cost, or quality thereof or compliance of any parcel of assets with or in respect of anything whatsoever. Without limitation, all Assets are specifically offered as they exist on the date of closing of the applicable transaction (the "**Closing Date**") with no adjustments to be allowed to any Prospective Purchaser for changes in conditions, qualities or quantities of such Assets from the Closing Date. The Prospective Purchaser shall be deemed to have relied entirely on its own inspection and investigation of any Assets to satisfy the Prospective Purchaser as to the effects of any laws, regulations or requirements upon any assets or the transfer by MFM to the Prospective Purchaser of any Assets. It shall be the Prospective Purchaser's sole responsibility to obtain, at its own expense, any consent to such transfer and any further documents of assurances which are necessary or desirable in the circumstances.
4. MFM shall not be required to produce any tax certificate, clearance certificate, abstract of title or documents or copies thereof or any evidence as to title, other than those in its actual possession.
5. MFM shall remain in possession of the applicable Assets until the Closing Date and receipt of the full purchase price in respect thereof (which shall be paid in trust to the Monitor).
6. All Offers must include a fully completed Form of Offer (attached as **Schedule "1"** hereto). Supplemental information must be in written form, signed by a duly authorized officer of the entity making the Offer.
7. All Offers must be accompanied by a bank draft or certified cheque payable to "FTI Consulting Canada Inc. – in Trust" in an amount equal to 10% of the purchase price contained in the Offer. If the Offer is accepted, this draft or cheque shall be deemed a non-refundable cash deposit and shall be forfeited to MFM on account of liquidated damages if the contemplated sale is not completed by the Prospective Purchaser by reason of the Prospective Purchaser's default.

8. If one or more acceptable Offers are received, the Company, in consultation and with the assistance of the Monitor, will negotiate a purchase and sale agreement with one or more Prospective Purchasers, and if required pursuant to the Tender Process Order, will bring an application to the Court for an approval and vesting order.
9. In consideration of MFM making available to Prospective Purchasers these Terms and Conditions of Sale, any other information, and the opportunity of inspection, and/or in consideration of receiving and considering any Offer to be submitted hereunder, each Prospective Purchaser agrees that its Offer is irrevocable and cannot be retracted, withdrawn, varied or countermanded prior to acceptance or rejection thereof.
10. MFM may, in consultation with the Interim Lender and the Monitor, call upon Prospective Purchasers to re-submit any Offer made to MFM for its reconsideration. Each Prospective Purchaser agrees that the re-submission contemplated under this section is a fair and reasonable manner of proceeding.
11. Offers may be made for all or any parcel of Assets. Offers submitted for more than one parcel of Assets must specifically allocate a separate price for each parcel and will be considered as a separate Offer for each parcel unless otherwise indicated as an *en bloc* offer.
12. Offers to liquidate the Assets must contain a net minimum guaranteed return to MFM and will be subject to the liquidator and MFM entering into an auction services agreement on terms satisfactory to MFM, the Interim Lender and the Monitor.
13. Where a Prospective Purchaser withdraws its Offer after the Bid Deadline and before the date on which the party receives notification of the decision made regarding the Offers, the Deposit shall be forfeited on account of liquidated damages by the party to MFM.
14. Cheques or drafts accompanying Offers that are not accepted by MFM shall be returned by the Monitor to the party by pre-paid registered mail, addressed to the party at the address set forth in its Offer.
15. The balance of the purchase price shall be paid on the Closing Date.
16. The Prospective Purchaser shall pay to MFM on closing, in addition to the balance of the purchase price, all applicable federal and provincial taxes, unless the applicable exemption certificates are presented to MFM on or before the Closing Date.
17. The Prospective Purchaser shall be solely responsible for costs of removing the purchased Assets.
18. The Prospective Purchaser shall assume, at its cost, complete responsibility for compliance with all municipal, provincial and federal laws insofar as the same apply to the purchased Assets and the use thereof by the Prospective Purchaser.

19. The submission of an Offer to the Company shall constitute an acknowledgement and an acceptance by the Prospective Purchaser of these Additional Terms and Conditions of Sale.
20. The validity and interpretation of these Additional Terms and Conditions of Sale shall be governed by the laws of the Province of British Columbia and the Supreme Court of British Columbia shall have exclusive jurisdiction with respect to any dispute arising out of these Additional Terms and Conditions of Sale or any transaction documents entered into pursuant hereto.
21. All stipulations as to time are strictly of the essence.