



This is the 1<sup>st</sup> affidavit  
of Steffen Schmidt in this case  
sworn on 7/July/2015

NO. S-154746  
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 THE CANADA BUSINESS CORPORATIONS ACT  
R.S.C. 1985, c. C-44, as amended

AND

IN THE MATTER OF NORTH AMERICAN TUNGSTEN CORPORATION LTD.

PETITIONER

**AFFIDAVIT**

I, Steffen Schmidt, Project Manager - International Mining, of Bergla 33, A-8435 St. Martin i. S., Austria, make oath and say as follows:

1. I am the Project Manager - International Mining for the secured creditor Wolfram Bergbau and Hütten AG ("WBH") and I have personal knowledge of the facts and matters referred to herein except where stated to be based on information and belief and as to those facts I verily believe them to be true.
2. I am authorized by WBH to make this affidavit.
3. I have read the Notice of Application made by North American Tungsten Corporation Ltd. ("NATC") dated July 2, 2015 and the Affidavit #4 of Dennis M. Lindahl sworn July 2, 2015 ("Lindahl Affidavit #4"), and I make this affidavit in response to that application.

**LEERSEITE**

4. WBH is a corporation that was established in 1975 in Austria for the purpose of mining and refining tungsten. WBH is a world-leading manufacturer of tungsten oxide-, tungsten metal-, and tungsten carbide powders.
5. The unique properties of tungsten make it indispensable in modern high-tech industries. It has the highest melting point of all metals making it suitable for high temperature applications in energy and lighting technology, and in the space industry. With a density comparable to gold, it is used in flywheel and counter-balance weights and anti-vibration tool-holders in aerospace, automotive, sport, and telecommunications applications. Tungsten serves as a substitute for lead and is used as radiation-shielding in medical engineering.
6. When combined with carbon as tungsten carbide it exhibits diamond-like hardness and, thereby, forms the basis of modern cutting and drilling tools in metal-, stone-, plastics-, and wood-working. Applications range from miniature drills for the electronics industry and drills used in mining and tunnelling to specialized tools for cutting, pressing, and forming.
7. WBH operates a mine and ore dressing plant in Mittersill, Austria and a refining plant in St. Martin, Austria.
8. WBH is a customer of NATC and purchases tungsten concentrates from NATC that are produced at the Cantung Mine owned and operated by NATC located in the Northwest Territories, pursuant to a Supply Agreement dated February 20, 2014 (the "Supply Agreement"). Attached hereto and marked as **Exhibit "A"** is a true copy of the Supply Agreement.
9. The Supply Agreement provides for the annual purchase by WBH of 100,000 to 115,000 metric tonne units (MTUs) of tungsten concentrate for a total of at least 320,000 MTUs of tungsten concentrate as more particularly described in the Supply Agreement.
10. As a result of the initial order made in this proceeding, the Supply Agreement was amended by way of an Amending Agreement dated June 24, 2015 (the "Amending

LETTERS

Agreement"). Attached hereto and marked as **Exhibit "B"** is a true copy of the Amending Agreement.

11. The terms of the Amending Agreement were approved by this Honourable Court by order pronounced June 26, 2015.
12. The purpose of the Amending Agreement was to eliminate the US\$3 million prepayment provided for in the Supply Agreement and corresponding concentrate invoices and to implement a new payment structure for future concentrate shipments from the Cantung Mine to WBH, as more particularly described in the Amending Agreement.
13. At the same time as entering into the Supply Agreement, WBH agreed to lend to NATC the amount of US\$2,500,000 (the "WBH Loan") pursuant to the terms of a written Loan Agreement dated February 20, 2014 (the "Loan Agreement"). Attached hereto and marked as **Exhibit "C"** is a true copy of the Loan Agreement, without its voluminous schedules.
14. NATC's indebtedness to WBH is secured by a Security Agreement dated February 24, 2014 (the "Security Agreement") and the collateral of all of NATC's present and after acquired property relating to or connected with the MacTung Mine owned by NATC. Attached hereto and marked as **Exhibit "D"** is a true copy of the Security Agreement, without its voluminous schedules.
15. WBH is also a party to a Priority Agreement with certain debenture holders, a Priority Agreement with Messrs. Erickson and Heikkila, a Subordination Agreement with Her Majesty the Queen in Right of Canada as represented by the Minister of Indian Affairs and Northern Development, which I understand has now been assigned to the Government of the Northwest Territories as represented by the Minister of Environment and Natural Resources ("GNWT"), and an Intercreditor Agreement with Global Tungsten & Powders Corp. ("GTP"), the other customer of concentrates from the Cantung Mine.

**LEERSEITE**

16. As a result of these various agreements, the WBH security in the MacTung Mine is subordinate only to GNWT and ranks pari passu with GTP.
17. At the time of swearing this affidavit, the outstanding indebtedness of NATC to WBH on the WBH Loan is approximately US\$2.223 million.
18. The reason that WBH agreed to lend money to NATC in early 2014 was to provide financial assistance to the operating tungsten mine to help stabilize and continue the operations so as to continue the sale of concentrates to WBH in the ordinary course of business. WBH thought that it had received adequate security for the WBH Loan based on what was disclosed regarding the liability to DIAND, now GNWT. That liability has possibly expanded substantially which could impair WBH's security. WBH's security should not be impaired further by adding on more debt, heavy interest accruals, fees and expenses, all in the name of keeping the Cantung Mine running for another few months. All this is doing is postponing the inevitable which is to cease operations at the Cantung Mine.
19. The current plan of putting the Cantung Mine into care and maintenance will result in the cessation of concentrate shipments to WBH pursuant to the Supply Agreement, which will bring the Supply Agreement to an end. WBH will be forced to source tungsten concentrates elsewhere to replace the missing tonnage. Even if the Cantung Mine could be restarted at a future date, the supply agreements with customers would need to be completely renewed.
20. I have reviewed the cash flow projections attached to Lindahl Affidavit #4, as have others in WBH, and it is our conclusion that providing DIP financing for \$3 million at interest rates of 14% or 21%, depending on the lender, will not help NATC emerge from this process with a workable plan or arrangement. Putting the Cantung Mine in care and maintenance in November of this year, with resulting monthly operating expenses of between \$250,000 and \$500,000, with the hope that tungsten prices will eventually increase, is not a workable plan.

LESCITTE



21. Rather than invest another \$3 million plus interest and various fees and costs to postpone the inevitable result, to the prejudice of WBH and its security interests, WBH would prefer to see the assets of NATC put up for sale.

SWORN (OR AFFIRMED) BEFORE ME at )

\_\_\_\_\_ )

\_\_\_\_\_ on )

7/July/2015: )

\_\_\_\_\_ )

\_\_\_\_\_ )

A Notary Public for \_\_\_\_\_ )

  
STEFFEN SCHMIDT

LEERSEITE

This is Exhibit "A" referred to in the  
Affidavit of Steffen Schmidt  
before me at \_\_\_\_\_  
this 7 day of July, 2015

\_\_\_\_\_  
A Notary Public

LEERSEITE

EXECUTION VERSION

SUPPLY AGREEMENT

THIS SUPPLY AGREEMENT ("Agreement") is entered into this 20<sup>th</sup> day of February, 2014 by and between Wolfram Bergbau und Hütten AG (WBH), an Austrian corporation having an address at Bergla 33, 8543 St. Martin im Sulmtal, Austria and North American Tungsten Corporation LTD ("NTC"), a public company listed on TSXV, having its registered office at #1640-1188 West Georgia Street, Vancouver, BC V6E 4A2, Canada.

WHEREAS, NTC and WBH entered into and are operating under the Supply Agreement dated July 12, 2010 and amended March 31, 2012 that concerns the purchase and sale of tungsten concentrates produced at the Cantung Mine ("Former Supply Agreement"); and

WHEREAS, concurrently with this Agreement, the Parties have entered into certain financing and security agreements, pursuant to which, *inter alia*, WBH will provide a loan to NTC in the amount of US\$2,500,000.00 subject to conditions set forth therein (the "Financing Agreements"); and

WHEREAS, in connection with the Financing Agreements, the Parties desire to have this Agreement replace and supersede the Former Supply Agreement, whereupon NTC will sell and WBH will purchase tungsten concentrates produced at the CanTung Mine ("Mine") on the following terms and conditions;

NOW, THEREFORE, intending to be bound legally, and in consideration of the mutual representations, warranties, covenants and agreements set forth herein, the receipt and legal sufficiency of which are hereby acknowledged, the Parties agree as follows:

**Section 1      Effective Date**

March 1, 2014.

**Section 2      Term**

- (1) Subject to earlier termination in accordance with Section 17 (Termination and Suspension) the term of this Agreement shall commence on the Effective Date and end on the latter to occur ("Initial Term") of:
  - (a) February 1, 2017; or
  - (b) the date on which the Total Contracted Quantity defined below in Section 4 has been delivered in total to WBH, provided, however, that WBH shall have a right, in its sole discretion, to extend the Initial Term on the same terms and conditions, as set forth in Appendix 1 as would apply to the Extension Terms, until all amounts outstanding under the Financing Agreements have been repaid in full.

LEERSEITE

- (2) Notwithstanding and in addition to the above if neither Party gives written notice to the other by February 1, 2016, this Agreement shall automatically renew for one year (the "Initial Extension Term") and the terms and conditions applicable during the Initial Extension Term shall be the same as those applicable during the final twelve months of the Initial Term.
- (3) In addition, if the Initial Extension Term is in place, and if neither Party gives written notice to the other by February 1, 2017, this Agreement shall automatically renew for a subsequent one (1) year term on the same terms and conditions applicable during the Initial Extension Term (the "Second Extension Term").

### Section 3 Concentrates

Scheelite concentrate processed at the Cantung Mine ("Mine") to be supplied in accordance with the quality specifications set forth in Section 6 (the "Quality Specifications") or procured by NTC from alternative suppliers in accordance with the Quality Specifications and in compliance with all other terms and conditions of this Agreement ("Concentrate").

### Section 4 Quantity

- (1) During the Initial Term NTC commits to sell and ship to WBH a minimum of 320,000 metric tonne unit ("MTU") of contained W03 in Concentrates (the "Total Contracted Quantity") according to the annual and quarterly volumes specified in Appendix 1. NTC shall ship the MTU in approximately equal quarterly quantities according to Appendix 1 (and best efforts to ship in approximately equal monthly quantities during each quarter). WBH shall have the right to decline any quarterly shipments more than 10% above the quarterly minimum volume. The type of Concentrates (i.e., G1, Flot A, Flot B, Flot C) of shipments of the 10% above the quarterly minimum volume shall be according to the quarterly quality distribution as specified in Appendix 1.
- (2) During the Initial Extension Term or Second Extension Term, if applicable, NTC commits to sell and ship a minimum of 115,000 MTU per year according to Appendix 1. NTC shall ship the MTU in equal quarterly quantities according to Appendix 1 (and best efforts to ship in approximately equal monthly quantities during each quarter). WBH shall have the right to decline quarterly shipments more than 10% above the quarterly minimum volume listed in Appendix 1. The quality of shipments of the 10% above the quarterly minimum volume shall be according to the quarterly quality distribution as specified in Appendix 1.
- (3) NTC may substitute monthly minimum quantities of lower grade quality with higher grade qualities. Quarterly and annual minimum quantities should be substantially in accordance with the agreed quantitative distribution of concentrate qualities, unless otherwise agreed to by the parties. For the avoidance of doubt, for the quarterly and annual requirements, higher grade qualities may not be substituted for lower grade qualities and lower grade qualities cannot be substituted for higher grade qualities, unless otherwise agreed to by the parties.

LEERSETTE



## Section 5 Shipment and Delivery

- (1) Shipments are considered to occur when the Concentrate leaves the Mine and the related trucking Bill of Lading is provided to WBH. Shipments shall be in containers. One container equals maximum twenty four (24) tons or forty-eight thousand (48,000) pounds contained in Super Sacks according to WBH's specifications.
- (2) NTC shall provide WBH with a three (3) months rolling forecast of future shipments.
- (3) Except as provided herein, all shipments shall be CIF Rotterdam INCOTERMS 2010. Title to the property will transfer to WBH upon receipt by designated carrier at the Mine. Risk of loss transfers to WBH upon loading at ship loading terminal. Final delivery to be at WBH's designated warehouse in Rotterdam. NTC shall arrange and pay for all transportation and insurance. WBH will reimburse NTC for 50% of the freight costs. In connection with the foregoing, NTC does not reserve its right of disposal.

## Section 6 Quality Specifications

- (1) Subject to the MTU quantities set forth in Section 4 and Appendix 1, NTC shall supply the following forms of Concentrates as set forth in this Section 6 that shall conform to the following quality specifications (the "Quality Specifications").

### G1 Concentrates:

G1 Specifications			
W03	min 65%	Organics	max 50 ppm
Moisture	max 0.50%	Be	max 200 ppm
Sb	max 1.0%	S	max 1.5%
Mo	max 0.15%	Cd	max 20 ppm
As	max 0.10%	Pb	max 0.25%
Fe+ Mn	max 1%	F	max 0.04%
P	max 1.0%	U + Th	max 100 ppm
		Radioactivity	max 0.40 Bq/g max 10 R/hr

### Flot A Concentrate:

Flot A Specifications			
W03	min 35%	Organics	max 200 ppm
Moisture	max 2%	Be	max 200 ppm
Sb	max 1.0%	S	max 1.5%
Mo	max 0.15%	Cd	max 20 ppm
As	max 0.10%	Pb	max 0.25%
Fe+ Mn	max 1%	F	max 0.04%
P	max 3%	U + Th	max 100 ppm
		Radioactivity	max 0.60 Bq/g

**LEERSEITE**

			max 10 R/hr
--	--	--	-------------

**Flot B Concentrate:**

Flot B Specifications			
W03	30-35%	Organics	max 200 ppm
Moisture	max 2%	Be	max 200 ppm
Sb	max 1.0%	S	max 1.5%
Mo	max 0.15%	Cd	max 20 ppm
As	max 0.10%	Pb	max 0.25%
Fe+ Mn	max 1%	F	max 0.04%
P	max 3%	U + Th	max 100 ppm
		Radioactivity	max 0.60 Bq/g max 10 R/hr

**Flot C Concentrate:**

Flot C Specifications			
W03	25-30%	Organics	max 200 ppm
Moisture	max 2%	Be	max 200 ppm
Sb	max 1.0%	S	max 1.5%
Mo	max 0.15%	Cd	max 20 ppm
As	max 0.10%	Pb	max 0.25%
Fe+ Mn	max 1%	F	max 0.04%
P	max 3%	U + Th	max 100 ppm
		Radioactivity	max 0.60 Bq/g max 10 R/hr

- (2) WBH may, at its sole discretion, elect to reject any shipment or delivery that does not meet the Quality Specifications or other requirements set forth in this Agreement, whether in whole or in part. All costs associated with the return of rejected Concentrate, including but not limited to freight and duties, shall be borne by NTC.
- (3) If NTC becomes aware that a shipment will not meet the Quality Specifications, in whole or in part, NTC shall inform WBH of the same at its earliest opportunity and, without prejudice to WBH's right to reject any shipment, NTC shall compensate WBH for any costs and expenses incurred as a result of accepting such non-conformity, whereupon the Parties shall enter into negotiations in good faith in order to agree upon reasonable compensation for the loss suffered by WBH and/or a reduction in the Purchase Price.
- (4) If WBH determines that any delivery does not meet the Quality Specifications, in whole or in part, WBH may, without prejudice to WBH's right to reject any shipment, inform NTC of the same, NTC shall compensate WBH for any costs and expenses incurred as a result of accepting such non-conformity, whereupon the Parties shall enter into negotiations in good faith in order to agree upon reasonable

LEPSITTE

compensation for the loss suffered by WBH and/or a reduction in the Purchase Price.

- (5) If WBH accepts non-conforming Concentrates then, subject to receipt of compensation as set forth above or as may otherwise be mutually agreed, the delivery of such Concentrates will count towards the delivery of the relevant Total Contracted Quarterly Quantity and the Total Contracted Quantity.
- (6) WBH reserves any other rights or remedies available under this Agreement or by law, where such rights at law are not inconsistent with this Agreement, in the event any shipment or delivery does not meet the Quality Specifications or other requirements set forth in this Agreement, including the right to reject any shipment.
- (7) The shipments shall be made in the manner specified in Section 5 (Shipments).

#### Section 7 Price

- (1) The Purchase Price for Concentrates (the "Purchase Price") shall be calculated by reference to the average of the London Metal Bulletin ("LMB") Tungsten APT European free market USD \$ per MTU monthly Average of the Low and the High as published by the Metal Bulletin ("LMB Mid") for the latest complete calendar month prior to shipment multiplied by a discount factor (the "Discount Factor").
- (2) The Purchase Prices for Concentrates shall be calculated according to this Section and Appendix 2.
- (3) For LMB Mid lower than \$350 per MTU the Discount Factor shall be 80%.
- (4) For LMB Mid above \$350.01 per MTU the Discount Factor shall be:  
$$\text{Discount Factor} = (-0.027 * \text{LMB Mid} + 89.45)\%.$$
- (5) The following fixed discounts (the "Fixed Discounts") shall be subtracted from the Purchase Price for Flot Concentrates:  
  
Flot A Concentrate: \$20.00 per MTU.  
  
Flot B Concentrate: \$25.00 per MTU.  
  
For LMB Mid lower than \$320 per MTU the Fixed Discount for Flot C Concentrate shall be \$35 per MTU.  
  
For LMB above \$320 per MTU the Purchase Price for Flot C Concentrate shall be fixed at \$220 per MTU.
- (6) In the event that the LMB ceases to publish any values or such values cease to reflect market conditions, WBH and NTC shall negotiate in good faith to agree upon a new, comparable pricing mechanism under the Agreement. All invoices and payments made under this Agreement shall be made in USD.

**LEERSEITE**

## Section 8      Payment Terms

- (1) Payments for shipments to WBH shall be made at WBH's election as follows:
  - (a) Following proof of shipment from Mine and presentation of electronic trucking Bill of Lading (the "**Date of Payment**") to NTC's designated account in accordance with the supplier financing arrangement set forth below:
    - (i) The Parties shall establish a supplier financing arrangement on mutually agreed terms and conditions with WBH's designated bank ("**Bank**") whereby NTC will have the ability to submit WBH's invoices to the Bank for immediate prepayment with a payment term for WBH of up to one hundred eighty (180) days by entering into a corresponding agreement with the Bank (the "**Prepayment Agreement**"). NTC shall be responsible for costs and fees arising in connection with the supplier financing arrangement. WBH or its affiliates and Bank have entered into a cooperation agreement (the "**Cooperation Agreement**") whereby Bank will prepay invoices submitted by NTC to WBH under this Agreement according to terms and conditions set forth in the Cooperation Agreement and the Prepayment Agreement;
    - (ii) WBH and NTC agree that all invoices under this Agreement shall be presented by NTC to Bank for prepayment in accordance with the terms and conditions set forth in the Cooperation Agreement and the Prepayment Agreement; or
  - (b) 30 days following presentation of proof of shipment of Concentrates from Mine and presentation of electronic trucking Bill of Lading via wire transfer to NTC's designated account. Notwithstanding, during the Term, WBH has the right to maintain an outstanding amount due NTC of no less than US\$3,000,000 in accordance with Section 11.
- (2) Further, at NTC's request, WBH undertakes to cooperate with Export Development Canada ("**EDC**") in providing EDC directly with WBH's relevant financial statements/information as required by EDC for the purpose of NTC obtaining accounts receivable insurance. If NTC no longer utilizes EDC, NTC will cooperate with another third party for the purpose of NTC obtaining receivable insurance, provided that in no event shall such cooperation with EDC or any third party conflict with the supplier financing arrangement described above.

## Section 9      Weighing, Sampling and Assaying

- (1) Weighing, Sampling and Assaying ("**W/S/A**") by WBH shall be final for determination for payment and settlement subject to (5) below.
- (2) NTC will provide the weight, moisture content, W03 assay and sulphur assay with each shipment.

LEERSEITE



- (3) Upon arrival of the Concentrates at WBH's facilities, WBH shall assay the shipment based on a container load composite sample and provide the results within ten (10) business days to NTC. WBH shall retain the sample for further testing, if requested.
- (4) If the difference between NTC and WBH's assay is less than 0.5% W03 then WBH's assay shall be the final settlement with respect to W03 content.
- (5) If the difference is greater than 0.5% W03 or if other non-conformities in quality are claimed, then NTC or WBH can elect to send a sealed sample of the Concentrates sampled and retained by WBH to A.H. Knight International Ltd. ("AHK") or SGS who will assay independently. The AHK or SGS assay will be final for the purposes of settlement. The party whose assay falls furthest from the AHK or SGS assay will pay the cost of the AHK or SGS assay with respect to W03. If the independent assay reveals other material non-conformities with respect to the quality specifications, then NTC shall pay the cost of the assay, and WBH may exercise any available rights or remedies.

#### **Section 10 Purchase Orders**

This Agreement constitutes a long term multiple delivery contract and not a framework agreement for future deliveries. Therefore, deliveries under this Agreement are not subject to further instructions or purchase orders of WBH. However, from time to time, WBH, or other permitted buyer hereunder, shall for documentation purposes only issue purchase orders ("**Purchase Orders**") for Concentrates pursuant to this Agreement. Such Purchase Orders shall be used and referenced by NTC for the purpose of administering quantities, shipping documentation, invoicing and payments. Any conflict between this Agreement and such Purchase Orders or any confirmations or other documents or instruments issued by any Party shall be resolved in favour of this Agreement.

#### **Section 11 Prepayment**

WBH, under the Former Supply Agreement, made a US\$3 million repayment to NTC for Concentrates, which prepayment was not to be applied for any particular Concentrate until the Former Supply Agreement was terminated. In conjunction with the signing of this Supply Agreement, the US\$3 million prepayment will remain outstanding with the following terms and conditions:

- (1) The prepayment will not be applied as payment for any particular Concentrate until this Agreement has been terminated as contemplated in Section 2.
- (2) Delivery of the Concentrates and payment terms shall be structured such that WBH shall have title to US\$3 million in unpaid Concentrate plus interest until this Agreement is terminated as contemplated in Section 2 upon which time WBH shall apply the US\$3 million prepayment plus interest against final Concentrate deliveries and NTC's outstanding accounts receivable.
- (3) The interest on the US\$3 million prepayment shall be one-year 3% which shall be calculated from the Closing Date.

**LEERSEITE**

- (4) The interest on the US\$3 million prepayment will be paid quarterly beginning on March 31, 2014 and on June 30, 2014, September 30, 2014, December 31, 2014 and the same dates in each year thereafter so long as any amount on the prepayment is outstanding.
- (5) For the sake of clarity, as security for the US \$3 million prepayment, NTC shall ensure that during the Term, WBH shall have title to a corresponding amount of Concentrates.
- (6) If an insolvency or similar event as contemplated pursuant to Section 17(2)(e) occurs, WBH shall have the right to set off any amount owed to NTC against the unpaid amount of the US \$3 million prepayment.

#### **Section 12 Insurance**

For convenience, NTC shall, at its sole cost and expense, obtain and maintain from a reputable insurance company, adequate and suitable general and public liability insurance coverage covering all claims (including without limitation, personal injury, property damage and/or products liability claims) by third parties (including without limitation, governmental and political bodies, agencies and other regulatory authorities) allegedly caused by or resulting from the performance or breach of such party's obligations hereunder, and such coverage shall be reasonably satisfactory to WBH. NTC will furnish to WBH such evidence of such policies as WBH shall reasonably require. For greater certainty, the parties acknowledge that NTC shall ensure that all shipments are insured from the Mine to delivery at WBH's designated warehouse in Rotterdam (with WBH as the sole named insured and loss payee in respect of all marine cargo insurance).

#### **Section 13 Warranty**

NTC warrants and represents to WBH that the Concentrates delivered under this Agreement will comply in all aspects to the Quality Specifications described in Section 6 and will be of good quality and fit for intended use.

#### **Section 14 Confidentiality**

- (1) It is stipulated and agreed that since each party has received, and will be in a position to become acquainted with, certain of each other's confidential, privileged and proprietary information, product pricing, delivery terms, specifications and volumes, including without limitation, documents which are marked confidential, proprietary or privileged or bear a similar mark of like import such information shall be kept confidential; excluding, however, any information:
  - (a) which is or becomes available to the public through no act, omission or fault of, and absent any breach of a covenant or obligation hereunder by, the party whose obligation it is to keep such information confidential;

LEERSEITE

- (b) which the party whose obligation it is to keep such information confidential may have received lawfully from any third party without restrictions as to disclosure thereof and without breach of this Agreement;
  - (c) which was developed by the party whose obligation it is to keep such information confidential without (as established by documentation or by other appropriate evidence) the use of the other party's Confidential Information or any breach of this Agreement or any other agreement; or
  - (d) any information which a party is obligated to disclose by operation of law or regulatory agency rules to which a party may be subject, provided, however, that prior to any such disclosure, such party give the other party notice of the circumstances relating to such compelled disclosure and an opportunity to seek an appropriate protective order or limit disclosure with respect thereto.
- (2) (Each party's respective confidential, privileged and proprietary information is referred to herein as such party's "**Confidential Information**"). NTC agrees that the Confidential Information of WBH, and WBH agrees that the Confidential Information of NTC, is an integral and key part of the assets of each respective entity and that the unauthorized use or disclosure of the other party's Confidential Information would seriously damage the owner thereof in its business. As a consequence of the above, NTC and WBH hereby agree that, during the Term and thereafter:
- (a) NTC and WBH shall not, directly or indirectly:
    - (i) use any of the other party's Confidential Information, except as may be necessary to perform its obligations hereunder; or
    - (ii) disclose, furnish or make accessible, or cause any Person to disclose, furnish or make accessible, any aspect of the other party's Confidential Information to any Person (other than the other party),
  - (b) except, in either case (i) or (ii), as may be expressly authorized by the other party in writing or as required by law or pursuant to a court order; provided, however, that prior to any compelled disclosure, the party whose obligation it is to keep such information confidential shall have given the other party notice of the circumstances relating to such compelled disclosure and an opportunity to seek an appropriate protective order with respect thereto.
- (3) Except as required by law or pursuant to a court order:
- (a) NTC and WBH shall each use no less than the care a reasonably prudent Person would use in safeguarding his, her or its Confidential Information;
  - (b) NTC and WBH shall each limit access to the other party's Confidential Information to its employees who require access to such Confidential Information for the purposes of performing its obligations hereunder; and

**LEERSEITE**

- (c) NTC and WBH shall each refrain from any action or conduct which might reasonably be expected to compromise the confidential, privileged or proprietary nature of the other party's Confidential Information.
- (4) NTC and WBH shall each comply with reasonable requests made by the other from time to time regarding the protection of the confidential, privileged and proprietary nature of the other party's Confidential Information. Upon the written request of either party, the other party shall return to the requesting party all tangible forms of the requesting party's Confidential Information, including any and all copies thereof.
- (5) Nothing herein shall prevent NTC and WBH from disclosing information by way of a news release or other public document respecting this Agreement where such disclosure is required by law or regulatory authority, provided that each party has reviewed and consented to such disclosure. The provisions of this Section shall survive expiration or termination of this Agreement.

#### **Section 15      Assignment**

- (1) NTC may not assign or transfer any rights, obligations or interests pertaining to this Agreement (whether by sale of assets, equity interests, merger or other business arrangement) to any other person or entity without the prior written consent of WBH, not to be unreasonably withheld.
- (2) WBH may, without the consent of NTC, assign its rights and obligations under this Agreement to an affiliate in the Sandvik Group or WBH's designated Bank or inventory management provider. WBH may, with the prior written consent of NTC, not to be unreasonably withheld, assign its rights and obligations under this Agreement to any other person or entity that shall have been approved by EDC. Unless agreed otherwise, WBH shall remain responsible for performance of this Agreement.

#### **Section 16      Entire Agreement**

The terms and conditions of this Agreement constitute the entire agreement between the Parties relating to the supply of tungsten concentrates and, effective February 1, 2014 this Agreement shall supersede the Former Supply Agreement and any and all previous agreements or understandings written or oral on the subject matter hereof, as may have existed. This Agreement may be modified only by a written agreement, signed by both parties, expressly modifying the Agreement.

#### **Section 17      Termination and Suspension**

- (1) NTC shall have the right to terminate this Agreement with immediate notice in the event that:
  - (a) WBH becomes insolvent or a bankruptcy petition is filed against it, or cannot promptly present to NTC adequate assurances of performance within fifteen (15) calendar days if requested;

LEERSEITE



- (b) WBH fails to purchase and pay for the targeted minimum monthly quantities of Concentrates for any three (3) consecutive month period during the term of the Agreement; or
- (2) WBH shall have the right to terminate this Agreement with immediate notice in the event that:
  - (a) Concentrates does not materially conform to Specifications for three (3) consecutive months; or
  - (b) NTC otherwise fails to make deliveries or breaches any other material term or material condition as provided in this Agreement; or
  - (c) NTC assigns this Agreement to any person engaged in the production, manufacturing and distribution of downstream products made of Tungsten concentrate ("Competitor"); or
  - (d) NTC or its shareholders transfer or sell or sell any interest in the Mine to a Competitor; or
  - (e) NTC becomes insolvent, enters into bankruptcy or similar proceedings, or cannot promptly present to WBH adequate assurances of performance within fifteen (15) calendar days if requested; or
  - (f) NTC breaches the Financing Agreements or any Event of Default occurs thereunder.
- (3) If an event occurs that would entitle WBH to terminate under (2), then WBH may, in its sole discretion, remain party to this Agreement but demand immediate repayment of any outstanding amounts under the Financing Agreements, including all accumulated interest thereunder.

#### **Section 18      Governing Law**

This Agreement shall be governed by the laws of New York, excluding its conflict of laws rules and excluding the UN Convention on Contracts for the International Sale of Goods.

#### **Section 19      Dispute Resolution**

The Parties agree to attempt to settle all disputes amicably and in good faith. If settlement is not reached, such disputes shall be settled by arbitration administered by the International Centre for Dispute Resolution in accordance with its International Arbitration Rules. The arbitrator is to be appointed in accordance with said rules, and such rules are to be followed in the arbitration. The place of arbitration shall be New York, NY. The language utilized in connection with any arbitration shall be English. The arbitrators ruling shall be final and binding on both parties and non-appealable. The arbitration award will expressly rule on the costs of arbitration, including awarding of fees and legal expenses to

**LEERSEITE**

the other Party. Nothing herein shall be construed as preventing either party from obtaining equitable relief to which it may be entitled in a court of competent jurisdiction.

## **Section 20      Notice**

Any notice or other communication permitted or required under this Agreement shall be deemed given if in writing and delivered personally or deposited into FedEx or another comparable international overnight delivery service, to the respective addresses listed below, or such other addresses of which either Party notifies the other in writing and shall be effective when received.

### **(a)      To WBH:**

Wolfram Bergbau und Hütten AG  
Bergla 33  
8543 St. Martin i.S.  
Austria

Attention:      Ulrika Wedberg, President

### **With a copy to:**

Wolfram Bergbau und Hütten AG  
Bergla 33  
A-8543 St. Martin i.S.  
Austria

Attention:      Steffen Schmidt, Project Manager - International Mining

### **(b)      To NTC:**

North American Tungsten Corporation Ltd.  
Suite 1640 - 1188 W. Georgia Street  
Vancouver, B.C. V6E 4A2  
Canada

Attention:      Kurt Heikkela

## **Section 21      Force Majeure**

In the event of any strike, act of God, war, lockout, combination of workmen, interference by trade unions, suspension of labor, storm, flood, fire, accident, lack of railway or seaborne freight facilities preventing or hindering WBH or NTC from giving or receiving delivery of Concentrates under this Agreement, deliveries may be suspended during such time of Force Majeure declared by the affected party, providing always that prompt written notice shall be given by the affected party to the other party. It is expressly provided that in no event shall business impracticability, failure of subcontractor or supplier, or any cause not specifically enumerated in this article constitute a cause of Force Majeure. The occurrence of an event of Force Majeure shall not terminate this Agreement, absent the written consent of

**LEERSEITE**

WBH and NTC otherwise; provided, however, that WBH or NTC may, at its option, terminate this Agreement if an event of Force Majeure prevents, or such Party reasonably anticipates that it will prevent, the other Party from meeting its obligations in whole or in substantial part under this Agreement for more than (a) 90 consecutive calendar days during the Term or (b) a cumulative amount of 180 calendar days during any one year period during the Term. Provided this Agreement is not terminated following an event of Force Majeure, the Term of this Agreement shall be extended for a period equal to the period during which the event of Force Majeure prevents NTC or WBH from meeting its obligations in whole or substantial part. Both NTC and WBH shall use best efforts to avoid the occurrence and remove the causes of an event of Force Majeure and to continue performance of their respective obligations hereunder promptly following the removal of such causes. In the event that an event of Force Majeure prevents WBH or NTC from meeting its obligations hereunder in part, but not in whole, WBH and NTC shall use best efforts to equitably adjust their respective obligations hereunder consistent with and in furtherance of the purposes hereof.

## **Section 22      Audit/Inspection**

During the Term, WBH or its representatives may, upon reasonable advance notice, inspect NTC facilities and audit NTC's records applicable to this Agreement to verify that compliance with its obligations under this Agreement. NTC will provide WBH or its representatives any information and documentation that is reasonably requested in connection with such audit or inspection. NTC will reimburse WBH within 45 days after the audit is completed for any overpayments made by WBH plus interest. NTC will bear the cost of the audit and inspection if the audit or inspection reveals overpayment of 2% or more by WBH during the period of time subject to review under the audit or inspection.

## **Section 23      Compliance**

- (1) NTC warrants and represents that it shall comply with all laws, regulations or government orders concerning the production or shipment of Concentrates under this Agreement, including any national, international, state or local laws dealing with the environment, health and safety, labor and employment, transportation or storage of hazardous materials, and import/export or customs requirements, such as pre-shipment notifications. NTC further agree to adhere to the principles and expectations set forth in Sandvik's Code of Conduct and Supplier Policy, available at any time by request (the "Code of Conduct and Supplier Policy").
- (2) In particular, NTC warrants to WBH that the Concentrates supplied:
  - (a) have been produced under conditions that respect human rights, the environment, and the health and safety of employees and that did not involve bribery, kickbacks, or similar improper payments; and
  - (b) do not contain material from conflict regions including but not limited to the Democratic Republic of the Congo or any of its adjoining countries.

LEERSEITE

- (3) NTC commits to cooperate with WBH's requests to verify compliance with the Code of Conduct and Supplier Policy and/or to verify Concentrates origin and chain of custody. NTC shall indemnify, defend and hold WBH harmless from any liability, losses, damages, penalties or claims arising from any actual or alleged failure of NTC to comply with any of the obligations contained in this Section.

*[Signature page follows]*

LESCOTT



This Agreement is made by and between the Parties hereto as of the Effective Date set forth above.

**NORTH AMERICAN TUNGSTEN  
CORPORATION LTD**

By: 

Nafise Kurt Heikkela

Title: President - CEO

**WOLFRAM BERGBAU UND HÜTTEN  
AG**

By: \_\_\_\_\_

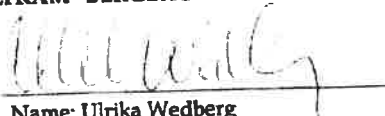
Name: Ulrika Wedberg

Title: President - CEO

LEERSEITE

WOLFRAM BERGBAU UND HÜTTEN  
AG

By:



Name: Ulrika Wedberg

Title: President - CEO



Andreas Beck, Vice President

[Supply Agreement]

LEERSEITE

## Appendix 1 Quantities

### Appendix 1 Minimum Volumes (MTU)

Initial Term			Flot A		Flot B		Flot C		Total Annual Volume
	G1 >65% W03		>35% W03		30% <W03<35%		25% <W03<30%		
Ending Date	Annual Volume	Quarterly Volume	Annual Volume	Quarterly Volume	Annual Volume	Quarterly Volume	Annual Volume	Quarterly Volume	
February 1, 2015	55,000	13,750	20,000	5,000	20,000	5,000	5,000	1,250	
February 1, 2016	60,000	15,000	20,000	5,000	20,000	5,000	5,000	1,250	
February 1, 2017	60,000	15,000	55,000	13,750					
Contract term	175,000		95,000		40,000		10,000		

Initial Extension Term			Flot A		Flot B		Flot C		Total Annual Volume
	G1 >65% W03		>35% W03		30% <W03<35%		25% <W03<30%		
Ending Date	Annual Volume	Quarterly Volume	Annual Volume	Quarterly Volume	Annual Volume	Quarterly Volume	Annual Volume	Quarterly Volume	
February 1, 2018	60,000	15,000	55,000	13,750					

Second Extension Term			Flot A		Flot B		Flot C		Total Annual Volume
	G1 >65% W03		>35% W03		30% <W03<35%		25% <W03<30%		
Ending Date	Annual Volume	Quarterly Volume	Annual Volume	Quarterly Volume	Annual Volume	Quarterly Volume	Annual Volume	Quarterly Volume	
February 1, 2019	60,000	15,000	55,000	13,750					

**LEERSEITE**

## Appendix 2 Pricing

### Appendix 2 Calculation of Purchase Price for Concentrates

	W03 content (%)	Discount factor (LMB <\$350)	Discount factor (>\$350)	Fixed Discount	Fixed Price (LMB >\$320)
G1	>65	80%	-0.027 * LMB MID+ 89.45		na
Flot A	>35	80%	-0.027 * LMB MID+ 89.45	\$ 20.00	na
Flot B	30-35	80%	-0.027 * LMB MID+ 89.45	\$ 25.00	na
Flot C	25-30	80%	na	\$ 35.00	\$220.00

#### Examples:

LMB Mid	Base Discount	G1 Price	Flot A price	Flot B price	Flot C price
\$250.00	80.0%	\$200.00	\$180.00	\$175.00	\$165.00
\$260.00	80.0%	\$208.00	\$188.00	\$183.00	\$173.00
\$270.00	80.0%	\$216.00	\$196.00	\$191.00	\$181.00
\$280.00	80.0%	\$224.00	\$204.00	\$199.00	\$189.00
\$290.00	80.0%	\$232.00	\$212.00	\$207.00	\$197.00
\$300.00	80.0%	\$240.00	\$220.00	\$215.00	\$205.00
\$310.00	80.0%	\$248.00	\$228.00	\$223.00	\$213.00
\$320.00	80.0%	\$256.00	\$236.00	\$231.00	\$220.00
\$330.00	80.0%	\$264.00	\$244.00	\$239.00	\$220.00
\$340.00	80.0%	\$272.00	\$252.00	\$247.00	\$220.00
\$350.00	80.0%	\$280.00	\$260.00	\$255.00	\$220.00
\$360.00	79.7%	\$287.03	\$267.03	\$262.03	\$220.00
\$370.00	79.5%	\$294.00	\$274.00	\$269.00	\$220.00
\$380.00	79.2%	\$300.92	\$280.92	\$275.92	\$220.00
\$390.00	78.9%	\$307.79	\$287.79	\$282.79	\$220.00
\$400.00	78.7%	\$314.60	\$294.60	\$289.60	\$220.00
\$410.00	78.4%	\$321.36	\$301.36	\$296.36	\$220.00
\$420.00	78.1%	\$328.06	\$308.06	\$303.06	\$220.00
\$430.00	77.8%	\$334.71	\$314.71	\$309.71	\$220.00
\$440.00	77.6%	\$341.31	\$321.31	\$316.31	\$220.00
\$450.00	77.3%	\$347.85	\$327.85	\$322.85	\$220.00
\$460.00	77.0%	\$354.34	\$334.34	\$329.34	\$220.00
\$470.00	76.8%	\$360.77	\$340.77	\$335.77	\$220.00
\$480.00	76.5%	\$367.15	\$347.15	\$342.15	\$220.00
\$490.00	76.2%	\$373.48	\$353.48	\$348.48	\$220.00
\$500.00	76.0%	\$379.75	\$359.75	\$354.75	\$220.00
\$510.00	75.7%	\$385.97	\$365.97	\$360.97	\$220.00
\$520.00	75.4%	\$392.13	\$372.13	\$367.13	\$220.00
\$530.00	75.1%	\$398.24	\$378.24	\$373.24	\$220.00
\$540.00	74.9%	\$404.30	\$384.30	\$379.30	\$220.00
\$550.00	74.6%	\$410.30	\$390.30	\$385.30	\$220.00
\$560.00	74.3%	\$416.25	\$396.25	\$391.25	\$220.00
\$570.00	74.1%	\$422.14	\$402.14	\$397.14	\$220.00
\$580.00	73.8%	\$427.98	\$407.98	\$402.98	\$220.00
\$590.00	73.5%	\$433.77	\$413.77	\$408.77	\$220.00
\$600.00	73.3%	\$439.50	\$419.50	\$414.50	\$220.00

LEERSEITE



This is Exhibit "B" referred to in the  
Affidavit of Steffen Schmitt, sworn  
before me at \_\_\_\_\_  
this 7 day of July, 2015

\_\_\_\_\_  
A Notary Public

**LEERSEITE**

## AMENDING AGREEMENT

THIS AMENDING AGREEMENT is entered into this 24<sup>th</sup> day of June, 2015 by and between Wolfram Bergbau and Hütten AG ("WBH"), an Austrian corporation having an address at Bergla 33, 8543 St. Martin im Sulmtal, Austria and North American Tungsten Corporation Ltd. ("NTC"), a public company listed on TSXV, having its registered office at #1640-1188 West Georgia Street, Vancouver, BC V6E 4A2, Canada.

WHEREAS NTC and WBH entered into and are operating under a Supply Agreement effective March 1, 2014 (the "Supply Agreement") that provides for the purchase and sale of tungsten concentrate ("Concentrate") produced at NTC's Cantung Mine (the "Mine");

WHEREAS pursuant to the Former Supply Agreement (as that term is defined in the Supply Agreement), WBH made a US\$3 million prepayment to NTC for Concentrate (the "Prepayment"), which Prepayment was not to be applied for any particular Concentrate until the Former Supply Agreement was terminated. The Prepayment remains outstanding with NTC under the Supply Agreement and is secured at all times against an equivalent value of Concentrate that has been shipped from the Mine and for which title has passed to WBH, and for which invoices have been issued by NTC;

WHEREAS the Parties wish to amend the Supply Agreement to eliminate the Prepayment and corresponding Concentrate invoices, and to implement a new payment structure for future Concentrate shipments from the Mine to WBH;

WHEREAS NTC has sought creditor protection under the provisions of the *Companies' Creditors Arrangements Act* in the Supreme Court of British Columbia, Action No. S154746, Vancouver Registry (the "CCAA Proceeding"), and is subject to an Order of the Court pronounced June 9, 2015 (the "Initial Order");

NOW, THEREFORE, intending to be legally bound, and in consideration of the mutual representations, warranties, covenants and agreements set forth herein, the receipt and legal sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Section 8 of the Supply Agreement, Payment Terms, shall be amended by deleting all of paragraph (1) and replacing it with the following:

"(1) Payment for each shipment of Concentrate from NTC to WBH shall be made by way of wire transfer to NTC's designated account within five business days following NTC's presentation to WBH of the following documents evidencing shipment from the Mine and transfer of title of such Concentrate to WBH:

(a) the shipping confirmation document identifying the shipment number, the pro-bill number issued by the trucker, the applicable truck and trailer numbers, and the particulars of the Concentrate included in the shipment;

(b) the shipping notice document identifying the shipment number, the pro-bill number and the particulars of the Concentrate included in the shipment;

llw

**LEERSEITE**

(c) the pro-bill or bill of lading, as the case may be, issued by the trucking company; and

(d) the commercial invoice issued by NTC to WBH in respect to the Concentrate included in the shipment and associated freight charges as allocated to WBH under the Supply Agreement.

NTC will also provide to WBH, as soon as practicable, a copy of the ocean bill of lading issued by the shipping company when the Concentrate is loaded on a ship for transport to Rotterdam."

2. Section 11 of the Supply Agreement, Prepayment, shall be deleted in its entirety and replaced with the following:

"Upon approval of this Agreement by the Supreme Court of British Columbia in the CCAA Proceeding:

(1) The Prepayment shall be applied to and set-off against any outstanding and unpaid invoices issued from NTC to WBH for Concentrate shipments made from the Mine, starting with the oldest invoices.

(2) Any amounts owing from WBH to NTC after application of the Prepayment to the outstanding and unpaid invoices shall be set-off against any interest owing to WBH on the Prepayment, and any remaining balance owing from WBH to NTC shall be paid forthwith by wire transfer to NTC's designated account."

3. This Agreement is conditional upon the approval by the Supreme Court of British Columbia in the CCAA Proceeding.
4. Subject to the approval by the Supreme Court of British Columbia in the CCAA Proceeding, the Parties acknowledge and agree that this Agreement is an amendment to the Supply Agreement. Unless the context of this Agreement otherwise requires, this Agreement and the Supply Agreement shall be read together and shall have the effect as if the provisions of this Agreement and the Supply Agreement were contained in one agreement.
5. This Agreement may be executed in counterparts and delivered by electronic file transfer. Each such executed counterpart will be considered an original. All executed counterparts taken together will constitute one agreement.

WU

**LEERSEITE**

This Agreement is made by and between the Parties hereto as of the date set forth above.

NORTH AMERICAN TUNGSTEN  
CORPORATION LTD.

By: \_\_\_\_\_

Name: Kurt Heikkela

Title: President - CEO

WOLFRAM BERGHEIM HÜTTEN AG

Bergbau und Hütten AG  
A-8543 St. Martin i. S. (Stmk.)

By: \_\_\_\_\_

Name: Ulrika Wedberg

Title: President - CEO

LETTERSEITE



This is Exhibit "C" referred to in the  
Affidavit of Steffen Schmidt, sworn  
before me at \_\_\_\_\_  
\_\_\_\_\_ this 7 day of July, 2015

\_\_\_\_\_  
A Notary Public

LEERSEITE

## EXECUTION VERSION

### LOAN AGREEMENT

LOAN AGREEMENT dated as of February 20, 2014 between WOLFRAM BERGBAU UND HÜTTEN AG, a corporation duly incorporated under the laws of Austria, (together with its successors and assigns, the "Lender"); and NORTH AMERICAN TUNGSTEN CORPORATION LTD., a corporation duly incorporated under the laws of Canada (together with its successors and assigns, the "Borrower");

WHEREAS the Lender wishes to lend, and the Borrower wishes to borrow, the aggregate principal amount of US\$2,500,000 (the "Loan");

AND WHEREAS the Borrower and the Lender wish to set out the terms and conditions to which the Loan is and shall be subject for so long as it is outstanding, the whole as more fully set forth herein;

NOW, THEREFORE, the parties agree as follows:

#### ARTICLE 1 INTERPRETATION

##### Section 1.1 Definitions

In this Agreement, unless the context otherwise requires, the following terms have the respective meanings set out below:

"Business Day" means any day excluding Saturday, Sunday or any other day which in Toronto, Ontario is a legal holiday or a day on which banks are authorized by law or by local proclamation to close;

"Closing Date" means the date on which all of the conditions precedent to disbursement of the Loan set forth in Article 5 are satisfied or waived by the Lender and the Loan is disbursed by the Lender to the Borrower, which date shall be no later than February 20, 2014, unless otherwise agreed to by the parties hereto;

"Convertible Note" has the meaning ascribed thereto in Section 8.8;

"Debt" of any Person means: (a) all obligations of such Person for borrowed money, including obligations for borrowed money evidenced by bonds, debentures, notes or similar instruments, (b) all obligations of such Person, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person, and (c) all contingent liabilities of such Person in respect of any of the foregoing;

**LEERSEITE**

**"Default"** means any event or circumstance which constitutes an Event of Default or which, with the lapse of time, the giving of a notice or both, would constitute an Event of Default;

**"Dollar"** and the symbol "\$" mean lawful money of United States of America;

**"Event of Default"** means any of the events set out in Section 9.1; to time;

**"GAAP"** means generally accepted accounting principles in Canada in effect from time

**"Governmental Authority"** means Canada, the United States of America, the Provinces, Territories or States thereof, any other sovereign country and any other regional, municipal, state, provincial, local or other subdivision of any jurisdiction, and any other governmental entity of any such jurisdiction and includes any agency, department, commission, office, régie, ministry, tribunal, central bank or other Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

**"GTP"** means Global Tungsten & Powders Corp., a Delaware corporation;

**"GTP Loan Agreement"** means that certain loan agreement by and between the Borrower and GTP, as lender, dated December 19, 2013, as may be amended, restated, supplemented or otherwise modified from time to time;

**"Intercreditor Agreement"** means that certain agreement by and between the Lender, the Borrower and GTP dated the same date as this Agreement pursuant to which the parties have agreed, among other things, as to the manner in which security for this Agreement and the GTP Loan Agreement will be held and the basis upon which proceeds of realization of such security will be shared, as may be amended, restated, supplemented or otherwise modified from time to time;

**"Interest Rate"** means 3%;

**"Lien"** means any interest in property securing an obligation owed to, or a claim by, a Person other than the owner (which for the purposes hereof shall include a possessor under a title retention agreement and a lessee under a capital lease) including by way of mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, conditional sale agreement, deposit arrangement, deemed trust, title retention, capital lease, factoring or securitization arrangement;

**"Loan"** has the meaning ascribed thereto in the recitals hereof;

**LEERSEITE**

**"Loan Documents"** means this Agreement, the Security Agreement and any other present or future agreement or other document entered into pursuant to or otherwise in connection with the foregoing or with the Loan, as such agreements or documents may be amended, supplemented or restated or otherwise modified from time to time, but for greater certainty the Supply Agreement is not a Loan Document;

**"Material Adverse Change"** means any change, condition, event or occurrence which, when considered individually or together with other changes, conditions, events or occurrences, taken as a whole, could reasonably be expected to have a Material Adverse Effect;

**"Material Adverse Effect"** means a material adverse effect upon (i) the business, assets, operations or financial condition of the Borrower taken as a whole, (ii) the ability of the Borrower to perform its material obligations under the Loan Documents, or (iii) the rights and remedies of the Lender under the Loan Documents;

**"Permitted Indebtedness"** means (i) Debt of the Borrower in favour of the Lender arising under this Agreement or any other Loan Documents, (ii) Debt in existence as of the Closing Date and disclosed in Schedule A, and (iii) purchase money obligations not exceeding \$250,000 in the aggregate;

**"Permitted Liens"** means (i) Liens in favour of the Lender, (ii) Liens securing purchase money obligations not exceeding \$250,000 in the aggregate, (iii) statutory Liens or other like Liens arising by operation of law in the ordinary course of the Borrower's business and not arising as a result of any default or omission on the part of the Borrower, including, for greater certainty, Liens in favour of Her Majesty the Queen in Right of Canada ("DIAND"), and (iv) Liens disclosed in Schedule B hereto to the extent such Liens have been postponed and subordinated in favour of the Lender to the satisfaction of the Lender, acting reasonably, or to the extent that such Liens are mechanics or similar Liens registered from time to time in the ordinary course;

**"Person"** means any individual, corporation, company, limited liability company, estate, limited or general partnership, trust, joint venture, other legal entity, unincorporated association or Governmental Authority;

**"Security Agreement"** means that certain security agreement by and between the Borrower and the Lender whereby the Borrower shall, as security for its obligations hereunder, grant to the Lender first ranking security (subject only to Permitted Liens and the Intercreditor Agreement) over all of the Borrower's right title and interest in

LEERSHTE



and to all of its presently owned and after acquired property of whatever nature or kind and wherever situate, and all proceeds thereof and therefrom, comprising, located or otherwise relating to or arising from the property owned and/or operated by the Borrower known as the "MacTung Mine" located in the Selwyn mountain range in an area straddling the territorial border between Yukon and the Northwest Territories, including, without limitation, all mining leases, licenses, mineral claims and other mineral tenures related thereto;

"Supply Agreement" means that certain agreement by and between the Lender and the Borrower in respect of the supply by the Borrower to the Lender of tungsten ore concentrates dated on or around the date hereof and to take effect on February 20, 2014, as may be amended, restated, supplemented or otherwise modified from time to time;

"Tax" or "Taxes" means all taxes of any kind or nature whatsoever including federal large corporation taxes, provincial capital taxes, realty taxes (including utility charges which are collectible like realty taxes), business taxes, property transfer taxes, income taxes, sales taxes, levies, stamp taxes, royalties, duties, and all fees, deductions, compulsory loans and withholdings imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future, by any Governmental Authority having power to tax, together with penalties, fines, additions to tax and interest thereon, and "Tax" shall have a correlative meaning; and

"Term" means the period commencing on the date hereof and terminating on the earlier of: (a) March 31, 2017; and (b) the date that the Lender has confirmed in writing to the Borrower that all of the obligations of the Borrower remaining under this Agreement have been satisfied.

#### **Section 1.2      Accounting Terms and Calculations**

Unless otherwise provided, terms and expressions of an accounting or financial nature have the respective meanings given to such terms and expressions under GAAP.

#### **Section 1.3      Time**

Except where otherwise indicated in this Agreement, any reference to time means local time in Toronto, Ontario.

#### **Section 1.4      Interpretation**

In this Agreement words denoting the singular include the plural and vice versa and words denoting any gender include all genders. The word "includes" or "including" shall mean, "includes without limitation" and "including without limitation", respectively.

LEERSEITE

**Section 1.5 Headings**

The headings are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

**Section 1.6 Governing Law**

This Agreement is governed by and construed in accordance with laws of the Province of British Columbia and the laws of Canada applicable therein.

**ARTICLE 2  
THE LOAN**

**Section 2.1 The Loan**

Upon the satisfaction or waiver by the Lender of the conditions precedent set forth in Article 5, the Borrower shall borrow from the Lender and the Lender shall lend to the Borrower the Loan.

**Section 2.2 Repayment of Loan, Interest and Term**

- (1) Throughout the Term, the Borrower hereby binds and obliges itself to make scheduled principal repayments in reduction of the Loan, with the first such reduction to occur on March 31, 2015 and thereafter in consecutive quarterly reductions on June 30, September 30, December 31 and March 31 of each year. Each such reduction shall be for an amount equal to \$293,750.00, with the final payment of \$150,000.00 becoming due on March 31, 2017.
- (2) The Borrower hereby binds and obliges itself to repay the Loan on the last Business Day of the Term the entire balance of the Loan outstanding on such date as well as any accrued and unpaid interest, fees and accessories and interest on arrears of interest, fees and accessories.
- (3) Notwithstanding the foregoing, the entire unpaid principal amount of the Loan as well as all accrued and unpaid interest, fees and accessories and all interest on arrears of interest, fees and accessories, shall be repayable by the Borrower to the Lender forthwith upon the occurrence of an Event of Default.

**Section 2.3 Prepayment**

The Borrower shall have the right to prepay any or all of the Loan at any time without penalty or indemnity.

LEERSITE

#### **Section 2.4      Non-Revolving Loan**

The Loan shall be a non-revolving facility and any portion of the Loan that is repaid or prepaid shall (subject to Section 2.6) reduce the principal of the Loan and may not be re-borrowed.

#### **Section 2.5      No Set-off**

All payments by the Borrower to the Lender shall be made without set-off, compensation, counterclaim or deduction of any kind.

#### **Section 2.6      Application**

All payments to be made pursuant hereto shall be made and applied as follows: (a) first, to the payment of all costs, fees and expenses contemplated by Section 10.8 hereof, (b) second, to the payment of accrued and unpaid interest, and (c) third, to the payment of the principal of the Loan and to any other obligations owing by the Borrower to the Lender.

#### **Section 2.7      Use of Proceeds**

The Loan shall be used for the planned 2014-investment program to enhance economic sustainable production at the CanTung Mine through increased power generation, mill optimisation, waste water treatment and tailings management, and not, for greater certainty, for unspecified working capital or to service any existing debt of the Borrower. During the Term and until completion of the 2014-investment program, the Borrower shall provide the Lender with quarterly reports on the progress of the program and shall permit representatives of the Borrower to access the CanTung Mine site during normal business hours and with reasonable notice to confirm the progress of the program.

### **ARTICLE 3 INTEREST**

#### **Section 3.1      Interest Rate**

Throughout the Term, the Borrower shall pay the Lender interest on the outstanding principal of the Loan at an annual rate equal to the Interest Rate, beginning on March 31, 2014.

#### **Section 3.2      Computation of Interest**

Interest in respect of the Loan shall be computed on the basis of a 365-day year for the actual number of days elapsed. Interest payable shall be calculated upon the quarterly outstanding balance of the Loan from and including the Closing Date until, but excluding, the date the Loan is repaid in full.

**LEERSEITE**

**Section 3.3 Payment of Interest**

Interest in respect of the Loan shall be payable throughout the Term, in arrears, beginning on March 31, 2014 and quarterly thereafter on each March 31, June 30, September 30 and December 31 with respect to amounts of interest accrued to and including the last day of such quarter. Interest payable on the Loan shall be payable both before and after demand, default and judgment at the Interest Rate set forth herein.

**ARTICLE 4  
PLACE AND CURRENCY OF PAYMENT**

**Section 4.1 Currency**

All amounts payable under this Agreement shall be paid in United States Dollars.

**Section 4.2 Receipt of Payments**

Unless otherwise agreed to by the parties, any payment required to be made by the Borrower to the Lender under this Agreement shall be made by wire transfer of immediately available funds to the account specified by the Lender to the Borrower from time to time. If the Borrower shall be required by law to deduct any Taxes from any payment to the Lender under any Loan Document, then the amount payable to the Lender shall be increased so that, after making all required deductions, the Lender receives an amount equal to that which it would have received had no such deductions been made.

**ARTICLE 5  
CONDITIONS PRECEDENT**

Notwithstanding the execution of this Agreement by the parties hereto, the Loan shall only be disbursed by the Lender at such time as each of the following conditions precedent have either been met to the satisfaction of the Lender or, as the case may be, waived by the Lender:

- (a) the Security Agreement shall have been executed, delivered and notice thereof registered wheresoever required by applicable law;
- (b) fully executed copies of the Supply Agreement shall have been delivered by all of the parties thereto;
- (c) fully executed copies of the Intercreditor Agreement shall have been delivered by all of the parties thereto;
- (d) all of the costs and expenses covered in Section 10.8 shall have been paid by the Borrower;

**LEERSEITE**



- (e) the representations and warranties of the Borrower set forth herein shall be true and correct as if given on the Closing Date;
- (f) there shall be no Event of Default;
- (g) no Material Adverse Change shall have occurred with respect to the Borrower since June 30, 2013;
- (h) the Lender shall have received duly executed subordination and postponement agreements from all relevant secured creditors of the Borrower with respect to the Liens set forth in Schedule B, in form and substance reasonably satisfactory to the Lender; and
- (i) the Lender shall have received the legal opinions of counsel to the Borrower with respect, inter alia, to the enforceability of the Loan Documents and the validity of the security granted thereunder, and in form and substance satisfactory to counsel to the Lender, accompanied with customary Lien search reports with respect to the Borrower.

**ARTICLE 6**  
**CONDITION SUBSEQUENT**

[Intentionally Deleted]

**ARTICLE 7**  
**REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants to the Lender as follows (and acknowledges that the Lender is relying thereon without inquiry):

**Section 7.1 Corporate Existence, Power and Capacity**

The Borrower:

- (a) is a corporation duly incorporated and validly existing under the laws of the jurisdiction of its organization;
- (b) has all requisite corporate or other power necessary to own its assets and carry on its business as now being or as proposed to be conducted, and to enter into and perform its obligations under this Agreement; and
- (c) is qualified to do business in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure to so qualify could have a Material Adverse Effect.

**LEERSEITE**

## **Section 7.2 No Breach**

The execution and delivery of the Loan Documents and the performance by the Borrower of its obligations thereunder does not, and will not conflict with, result in a breach of or require any consent (other than those that have been obtained) under, the constituting documents of the Borrower, or any applicable law or regulation, or any order, injunction or judgment of any court or Governmental Authority or agency, or any agreement or instrument to which the Borrower is a party or by which it or any of its property is bound.

## **Section 7.3 Authorization and Validity**

The Borrower has all necessary corporate power, authority and legal right to execute, deliver and perform its obligations under the Loan Documents, has duly authorized by all necessary organizational action the execution, delivery and performance of its obligations under such Loan Documents and has duly and validly executed and delivered the Loan Documents. The obligations of the Borrower under the Loan Documents constitute legal, valid and binding obligations, enforceable against it in accordance with their terms, except to the extent that such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights.

## **Section 7.4 Approvals**

Other than filings and notices with respect to the Security Agreement which have been made, no authorization, approval or consent of, nor any registration with, any Governmental Authority or agency, is necessary for the execution, delivery or performance by the Borrower of the Loan Documents or to ensure the legality, validity or enforceability thereof.

## **Section 7.5 Litigation**

There are no actions, suits or proceedings (whether or not purportedly on its behalf) pending against or affecting the Borrower before any court or other judicial or administrative entity which would, if adversely determined, have a Material Adverse Effect on the Borrower or the ability of the Borrower to perform any of its obligations hereunder.

# **ARTICLE 8 COVENANTS**

## **Section 8.1 Affirmative Covenants**

The Borrower will:

LEERSITE

- (a) Legal Existence - preserve and maintain its legal existence and all of its material rights, privileges and licenses;
- (b) Legal Compliance - comply in all material respects with the requirements of all laws and regulations applicable to it and its business and assets (including environmental laws and laws relating to taxation) and with all orders of Governmental Authorities;
- (c) Payment of Taxes - pay and discharge all Taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its property or assets prior to the date on which penalties or interest attach thereto, except for any such Tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained;
- (d) Maintenance of Property - maintain all of its properties and assets used or useful in its business in good working order and condition, ordinary wear and tear excepted;
- (e) Financial Statements - within 30 calendar days of the end of each calendar month, provide to the Lender a report containing the financial statements of the Borrower for the previously ended month;
- (f) Government Filings - make and maintain all filings required by any Governmental Authority or agency; and
- (g) Liens and Priority - do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Lender may reasonably require to ensure that the Lien in favour of the Lender granted under the Security Agreement remains a valid Lien subject only to Permitted Liens.

#### **Section 8.2 Negative Covenants**

- (1) Liens - Other than Permitted Liens, the Borrower will not create, incur, assume or suffer to exist any Lien upon or in respect of any of its present or future properties or assets without the prior written consent of the Lender, which, in the case of Liens upon property of the Borrower that is not the subject of the Security Agreement, shall not be unreasonably withheld;
- (2) Indebtedness - Other than Permitted Indebtedness, the Borrower will not incur, create, assume or suffer to exist any Debt without the prior written consent of the Lender which shall not be unreasonably withheld; and

LEFRESQUE

- (3) **Deemed Consent** - In the event that the Lender fails to respond to a request for consent to an action pursuant this section within seven Business Days of such consent request, the Lender shall be deemed to have consented to such action. In the event that consent is required more urgently, the Borrower shall advise the Lender of the accelerated time requirement and the Lender shall use all commercially reasonable efforts to respond to the request within such time period.

### **Section 8.3 Notices**

The Borrower will provide prompt notice to the Lender of:

- (a) any Default or Event of Default;
- (b) any Material Adverse Change; and
- (c) any material default by it under any material contract.

### **Section 8.4 Further Assurances**

The Borrower will cooperate with the Lender and execute such further instruments and documents as the Lender may reasonably request to carry out to its satisfaction the transactions contemplated by the Loan Documents.

### **Section 8.5 Representations and Warranties**

The Borrower will ensure that all representations made in this Agreement are true and correct at all times.

### **Section 8.6 Obligation to Amend**

The Borrower acknowledges that the Lender may wish to assign the Loan to a commercial bank, and, in such event, the Borrower and the Lender shall to the extent necessary to facilitate such assignment, amend and restate this Agreement, to provide for such additional and more exhaustive Borrower covenants, representations, warranties, conditions, events of default or other obligations as are reasonable or necessary in the circumstances. Notwithstanding the foregoing, the Borrower shall not be obliged to agree to amend the Interest Rate or the terms of repayment of the Loan.

### **Section 8.7 Equal Lending Terms**

Borrower hereby covenants and agrees that throughout the term of this Agreement, in the event that any provisions of the GTP Loan Agreement are amended with the result that any terms and conditions set forth in such agreement, in the opinion of the Lender, in its sole discretion, are more favourable to the lender thereunder than the terms provided in this Agreement, then this Agreement shall be amended to include such terms and

**LEERSEITE**



conditions. Notwithstanding the foregoing, the Borrower shall not be obliged to agree to amend the Interest Rate or the terms of repayment of the Loan.

#### **Section 8.8 Right to Convertible Note**

The Lender shall have the right, but not the obligation to convert all amounts outstanding hereunder and owing to it into a note that is convertible into common shares of the Borrower (the "Convertible Note") in the principal amount of all principal and interest outstanding at the time such right is exercised, which Convertible Note shall be secured by the assets that are secured under the Security Agreement and shall be convertible at any time by the Lender into common shares of the Borrower which shall be listed for trading on the TSX Venture Exchange or such stock exchange as such common shares are listed at such time. The conversion price for the conversion shall be (i) in the event that there exists an Event of Default hereunder, the lowest price allowable by law or applicable stock exchange policy; and in the event that an Event of Default does not exist, the applicable market price of the common shares of the Borrower less a discount of 5%. Issuance of the Convertible Note shall be subject to the prior approval of the TSX Venture Exchange. Following such demand, the Borrower, at its option, shall have 30 days to either issue the Convertible Note to the Lender or repay the Lender all amounts outstanding under the Loan.

### **ARTICLE 9 EVENTS OF DEFAULT AND REMEDIES**

#### **Section 9.1 Events of Default**

The occurrence of one or more of the following events constitutes an event of default ("Event of Default") under the Loan Documents:

- (a) the Borrower defaults in the payment when due of any amount owing under the Loan;
- (b) the Borrower defaults under the terms of any other indebtedness where such indebtedness is of an amount exceeding \$250,000 and such default continues after the applicable notice or grace period, if any, except where such default is being contested diligently and in good faith and the effect of such default has been stayed;
- (c) any representation, warranty or certification made or deemed made by the Borrower in any Loan Document proves to be false or misleading as of the time made or deemed to be made;
- (d) the Borrower is in violation of or in default with respect to, and any event has occurred which, with the lapse of time or action by a third party, would

**LEERSEITE**

result in the violation of or a default with respect to any material contract, including but not limited to, the Supply Agreement, which is not cured within the grace period, if any, contemplated in such material contract;

- (e) the Borrower fails or neglects to perform, keep or observe any of the material covenants contained in this Agreement or any other Loan Document and the same shall remain unremedied for ten days or more;
- (f) the Borrower shall generally not pay or becomes unable to pay its debts generally as such debts become due or shall admit, in writing, its inability to pay its debt generally;
- (g) the Borrower (i) applies for or consents to the appointment of a receiver, or trustee of itself or of all or a substantial part of its property or assets, (ii) makes a general assignment for the benefit of its creditors, (iii) takes advantage of any law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or (iv) takes any action for the purpose of effecting any of the foregoing;
- (h) a proceeding is commenced against the Borrower in any jurisdiction seeking (i) its bankruptcy, reorganization, liquidation, dissolution, arrangement or winding-up, or similar relief, (ii) the appointment of a receiver, trustee or the like of all or any substantial part of its property, or (iii) the seizure or the attachment of any part of its property having a value of more than \$500,000, except where such proceeding is contested diligently and in good faith within 30 days of the commencement of such proceeding;
- (i) the Borrower defaults under any of its material obligations under the Supply Agreement; or
- (j) a Material Adverse Change occurs with respect to the Borrower.

## Section 9.2 Remedies

If an Event of Default occurs and is continuing, the Lender may, on giving a written notice to the Borrower:

- (a) declare all indebtedness of the Borrower under the Loan Documents to be immediately payable and demand immediate payment of the whole or part thereof; and
- (b) exercise all of the rights and remedies of the Lender including its rights and remedies under any Loan Document.

**LEERSEITE**

**ARTICLE 10  
MISCELLANEOUS**

**Section 10.1 Notices**

All notices, requests, demands and other communications hereunder shall be in writing and shall be delivered personally, sent by facsimile transmission or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally, sent by facsimile transmission or, if mailed, ten (10) business days after the date of deposit, if addressed:

(a) for the Lender:

Wolfram Bergbau und Hütten AG  
Bergla 33  
8543 St. Martin i.S.  
Austria

Attention: Ulrika Wedberg, President  
Telecopier: +43 3465 7077- 420

with a copy to:

Wolfram Bergbau und Hütten AG  
Bergla 33  
A-8543 St. Martin i.S.  
Austria

Attention: Steffen Schmidt, Project Manager - International Mining

with a copy to the Lender's legal counsel, which shall not constitute notice:

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

Attention: David R. McCarthy  
Telecopier: (416) 869-5627

(b) for the Borrower:

LEERSHIRE

North American Tungsten Corporation Ltd.  
1640- 1188 W. Georgia Street  
Vancouver, BC V6E 4A2  
Attention: Dennis Lindahl  
Telecopier: 604-684-2992

with a copy to the Borrower's legal counsel, which shall not constitute notice:

Dentons Canada LLP  
20<sup>th</sup> Floor,  
250 Howe Street  
Vancouver, BC V6C 3R8

Attention: Brian Abraham  
Telecopier: 604-683-5214

#### **Section 10.2 Confidential Information**

Each of the Lender and the Borrower will maintain the confidentiality of financial and other information and data that it obtains through or on behalf of the other, including the terms and conditions of this Agreement ("**Confidential Information**") and shall not disclose or otherwise release to any other Person such Confidential Information without the written consent of the other. Confidential Information does not include the following:

- (a) information that is in the public domain at the time of the disclosing party's receipt thereof;
- (b) information that, after the disclosing party's receipt thereof, lawfully becomes part of the public domain through no act of the disclosing party; and
- (c) any information as otherwise required to be disclosed by law or stock exchange regulation applicable to any Person.

#### **Section 10.3 Books and Accounts**

The Lender will keep books and accounts evidencing the Loan and any transactions made pursuant to this Agreement. Absent manifest error, such books and accounts will be deemed to represent accurately such transactions and the indebtedness of the Borrower under the Loan.

LERSITE



#### **Section 10.4 Determination**

In the absence of manifest error, any determination made by the Lender of the amounts payable hereunder will be conclusive and binding upon the Lender and the Borrower.

#### **Section 10.5 Prohibition on Assignment by Borrower**

The Borrower may not assign its rights, or the amounts to be received by it, under this Agreement.

#### **Section 10.6 Assignments**

- (1) The Lender may assign, in whole or in part, its rights and obligations hereunder (including the outstanding indebtedness of the Borrower under the Loan) to any Person (the "Assignee") without the consent of the Borrower. When the assignment becomes effective, the Assignee will become a Lender hereunder and will benefit from the rights and be liable for the obligations of the Lender, and the Lender will be released from its obligations.
- (2) The Lender may disclose to potential or actual Assignees any confidential information concerning the Borrower in its possession, without liability to the Borrower for such disclosure or the results thereof.

#### **Section 10.7 Time of the Essence**

Time is of the essence of this Agreement and the mere lapse of time for the Borrower performing any of their obligations under this Agreement shall constitute the Borrower in Default.

#### **Section 10.8 Costs and Expenses**

The Borrower must pay on demand the amount of all reasonable costs, fees and expenses (including legal and other professional fees) incurred by the Lender in connection with the Loan Documents and the preparation, negotiation, execution, delivery and administration thereof, as well as the reasonable costs and expenses incurred by the Lender in connection with the enforcement of, or the preservation of any rights under, any Loan Documents.

#### **Section 10.9 No Waiver**

No waiver, whether by conduct or otherwise, of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provisions (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly

**LESCHITE**

provided in an instrument duly executed by the party to be bound thereby. Any step taken by the Lender or in its name to remedy a default shall not constitute a renunciation to such default and shall not be deemed to have released the Borrower. The Lender shall be entitled at any time, without prejudice to its right to later exercise any available recourse in any circumstances, to renounce to a default or to grant to the Borrower a delay to remedy such default or to take any other measure which it may find appropriate. Similarly, the default by the Lender to ensure full compliance by the Borrower with any undertaking of the Borrower hereunder or the default or delay by the Lender in exercising a right or recourse in accordance with the provisions of this Agreement or otherwise shall not constitute a renunciation by the Lender to any such right or recourse. The Lender shall not be deprived from later exercising a right or recourse which it has not have previously exercised, in whole or in part, as a result of the granting of a delay or for any other reason.

**Section 10.10 Set-off**

The Lender is authorized at any time after the occurrence and during the continuance of an Event of Default to set off and to apply any and all deposits held for the Borrower against any amount due and payable by the Borrower under the Loan Documents.

**Section 10.11 Communications**

The Lender is entitled to rely in its dealings with the Borrower upon any instruction or notice which the Lender believes in good faith to have been given by a Person authorized to give such instruction or notice or to make the applicable transaction.

**Section 10.12 Counterparts**

This Agreement may be executed in any number of counterparts by electronic transmission or otherwise, all of which taken together constitute one and the same instrument. A party may execute this Agreement by signing any counterpart.

*(Signature page follows)*

LEERSEITE

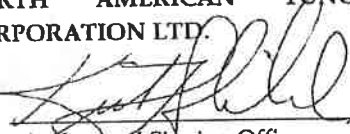
IN WITNESS WHEREOF the parties have caused this Agreement to be duly executed as of the date and year first above written.

WOLFRAM BERGBAU UND HÜTTEN  
AG

By: \_\_\_\_\_  
Authorized Signing Officer

By: \_\_\_\_\_  
Authorized Signing Officer

NORTH AMERICAN TUNGSTEN  
CORPORATION LTD.

By:  \_\_\_\_\_  
Authorized Signing Officer

By: \_\_\_\_\_  
Authorized Signing Officer

LEERSEITE

IN WITNESS WHEREOF the parties have caused this Agreement to be duly executed as of the date and year first above written.

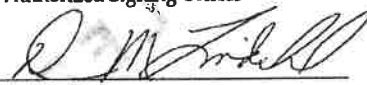
WOLFRAM BERGBAU UND HÜTTEN  
AG

By: \_\_\_\_\_  
Authorized Signing Officer

By: \_\_\_\_\_  
Authorized Signing Officer

NORTH AMERICAN TUNGSTEN  
CORPORATION LTD.

By: \_\_\_\_\_  
Authorized Signing Officer

By:   
Authorized Signing Officer

LEEROMTE



WOLFRAM BERGBAU UND HÜTTEN  
AG

By:

  
Name: Ulrika Wedberg

Title: President - CEO



Andreas Bock, Vice President

[Loan Agreement]

**LEERSEITE**

This is Exhibit "D" referred to in the  
Affidavit of Steffen Schmidt, sworn  
before me at \_\_\_\_\_  
this 7 day of July, 2015

\_\_\_\_\_  
A Notary Public

**LEERSEITE**

## EXECUTION VERSION

### SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made as of the 20<sup>th</sup> day of February 2014, between NORTH AMERICAN TUNGSTEN CORPORATION LTD., a Canada corporation having its head office at Suite 1640 - 1188, West Georgia Street, Vancouver, BC V6E 4A2 (the "Debtor") and WOLFRAM BERGBAU UND HÜTTEN AG, a corporation existing under the laws of Austria having an office at Bergla 33, 8543 St. Martin i. S., Austria (the "Secured Party").

#### WHEREAS:

- A. Pursuant to a Loan Agreement dated February 20, 2014 (the "Loan Agreement") between the Debtor and the Secured Party, the Debtor has or intends to borrow from the Secured Party the aggregate principal amount of US\$2,500,000 (the "Loan");
- B. To secure the payment and performance of all of the obligations of the Debtor to the Secured Party under the Loan Agreement, the Debtor has agreed to execute this Security Agreement in favour of the Secured Party.

NOW THEREFORE the Debtor agrees as follows:

#### Section 1      Security Interest

- (1) For valuable consideration and as security for the payment and performance of the Obligations (as defined herein) the Debtor hereby grants, mortgages and charges as and by way of a fixed and specific charge, and assigns and transfers to the Secured Party, and grants to the Secured Party a security interest in, all the Debtor's right, title and interest in and to all the Debtor's present and after-acquired property (including goods, chattel paper, investment property, documents of title, instruments, money and intangibles) of whatever nature or kind and wheresoever situate, and all proceeds thereof and therefrom, comprising, located on or otherwise relating to or arising from the property owned and/or operated by the Debtor known as the "MacTung Mine" located in the Selwyn Mountain Range in an area straddling the territorial border between Yukon and Northwest Territories (the "Project") including, without limitation, the Mineral Rights (as defined herein).
- (2) Subject to Section 2, the charges, assignments and transfers and security interests created pursuant to Section 1(1) are hereinafter collectively called the "Security Interests" and the property subject to the Security Interests and all property, assets and undertakings, expressed to be charged, assigned or transferred or secured by any instruments supplemental hereto or in implementation hereof are hereinafter collectively called the "Collateral."
- (3) In this Security Agreement, "Mineral Rights" means:
  - (a) the mineral rights, claims, mineral claims, leases and tenements comprising the Project as of the date hereof, including those set forth in Schedule A;

**LEERSEITE**

- (b) any other mineral rights, claims, mineral claims and tenements from time to time comprising the Project;
- (c) any leases, permits, easements, licences, claims, subleases, rights of way or other rights to carry out or conduct mining operations connected with the mineral rights, claims, mineral claims and tenements referred to in paragraphs (i) or (ii) issued or transferred to or held by or on behalf of the Debtor or in which the Debtor has or acquires any interest or shares therein;

and includes:

- (i) any applications for, or mineral rights, claims, mineral claims and tenements issued in place of, those referred to above; and
- (ii) the mineral rights, claims, mineral claims and tenements referred to above as renewed, extended, modified or varied from time to time;

and for the purposes of this Security Agreement the terms "mine", "claim" and "mineral claim" shall have the meanings set forth in the *Quartz Mining Act* (Yukon) or the *Placer Mining Act* (Yukon), as applicable.

## **Section 2        Exclusions**

- (1) The mortgages, charges and security interests granted in this Security Agreement do not apply or extend to:
  - (a) the last day of any term created by any lease or agreement therefor now held or hereafter acquired by the Debtor, but the Debtor will stand possessed of the reversion thereby remaining in the Debtor of any leasehold premises upon trust for the Secured Party to assign and dispose thereof as the Secured Party or any purchaser of such leasehold premises directs;
  - (b) any lease or other agreement which contains a provision which provides in effect that such lease or agreement may not be assigned, subleased, charged or encumbered without the leave, licence, consent or approval of the lessor or other party until such leave, licence, consent or approval is obtained, and the security interest created hereby will attach and extend to such lease or agreement as soon as such leave, licence, consent or approval is obtained;
  - (c) any consumer goods of the Debtor.

## **Section 3        Attachment**

- (1) The Debtor and the Secured Party do not intend to postpone the attachment of the security interests hereby created, except as provided in Section 2(1)(b), and except as provided therein the security interests hereby created will attach when:
  - (a) this Security Agreement has been executed, or in the case of after-acquired property, such property has been acquired by the Debtor;

LEERSEITE



- (b) value has been given; and
- (c) the Debtor has rights in the Collateral, or in the case of after-acquired property, acquires rights in the Collateral.

#### **Section 4      Obligations Secured**

This Security Agreement and the Security Interests hereby created are in addition to and not in substitution for any other security interest now or hereafter held by the Secured Party from the Debtor or from any other person whomsoever and shall be general and continuing security for the payment of all indebtedness and liability of the Debtor to the Secured Party pursuant to or arising in relation to the Loan Agreement, (including interest thereon), present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate balance thereof, including all advances on current or running account, future advances and re-advances, and for the performance of all obligations of the Debtor to the Secured Party pursuant to or arising in relation to the Loan Agreement or this Security Agreement (all of which indebtedness, liability and obligations are hereinafter collectively called the "Obligations").

#### **Section 5      Representations and Warranties**

(1) The Debtor represents and warrants to the Secured Party as follows:

(a) **Corporate Requirements.**

- (i) it is duly incorporated and it is in good standing under the federal laws of Canada;
- (ii) it has the power and authority to carry on the business now being carried on by it and has the full power and authority to execute and deliver this Security Agreement;
- (iii) all necessary and requisite corporate proceedings, resolutions and authorizations have been taken, passed, done and given by it and by its directors to authorize, permit and enable it to execute and deliver this Security Agreement; and
- (iv) the entering into this Security Agreement is not in contravention of any statute, the organizational or constating documents of the Debtor or any agreement or other document to which the Debtor is a party, subject to the Debtor getting consent of other secured parties with respect to the priority of this Security Agreement;

- (b) **No Actions.** There are no actions or proceedings pending or, to the knowledge of the Debtor, threatened which challenge the validity of this Security Agreement;

**LEERSEITE**

- (c) **Owens Collateral.** The Debtor owns, possesses and has good title to all currently held Collateral, free from all prior security interests, mortgages, charges, encumbrances, liens and claims, except only those prior Permitted Encumbrances shown in Schedule B;
  - (d) **Right and Authority.** The Debtor has the right and authority to create the security interests created in this Security Agreement;
  - (e) **Permits and Authorizations.** The Debtor holds all permits and authorizations necessary or desirable in connection with the possession, occupation, construction, operation and maintenance of the Project and all such permits and authorizations are in good standing, in full force and effect and the Debtor is in compliance therewith; and
  - (f) **Compliance.** The Debtor is in compliance with all applicable laws, including (without limitation), all environmental laws, in each case relating to the possession, occupation, construction, operation and maintenance of the Project.
- (2) All representations and warranties of the Debtor made in this Security Agreement or in any certificate or other document delivered by or on behalf of the Debtor for the benefit of the Secured Party with respect to the Loan Agreement are material, will survive the execution and delivery of this Security Agreement and will continue in full force and effect without time limit. The Secured Party will be considered to have relied upon each such representation and warranty in spite of any investigation made by or on behalf of the Secured Party at any time.

#### **Section 6        Covenants of the Debtor**

- (1) The Debtor covenants with the Secured Party the following:
- (a) **Defend Collateral.** It will defend the Collateral against all claims and demands of all persons claiming the Collateral or an interest therein at any time;
  - (b) **Provide Information.** Upon the demand by the Secured Party it will furnish in writing to the Secured Party all information reasonably requested concerning the Collateral, and it will promptly advise the Secured Party of the serial number, year, make and model of each serial numbered good at any time included in the Collateral, provided that all information furnished by the Debtor will be kept confidential except as any disclosure may be required by any applicable law;
  - (c) **Insurance.** It will insure and keep insured to their full insurable value with a company or companies selected by the Debtor and approved in writing by the Secured Party all the Collateral against such perils as may be prudent having regard to the nature of the Collateral and the business of the Debtor

**LEERSEITE**

(including an extended coverage insurance clause), and whenever and to the extent required in writing by the Secured Party, the Debtor will:

- (i) cause to be endorsed in such form as may be required by the Secured Party on the policies evidencing such insurance a notation that any amounts payable under such policies will be paid to the Secured Party as its interest may appear; and
  - (ii) deposit with the Secured Party every policy and renewal certificate for such insurance or a certified copy thereof;
- (d) **Repair.** It will keep the Collateral in good condition and repair according to the nature and description thereof respectively and if the Debtor neglects to keep the Collateral or any part thereof in good condition and repair then the Secured Party may (but will not be required to) from time to time, without any notice to the Debtor in situations considered by the Secured Party to be emergency situations and otherwise upon not less than 15 days' notice, make such repairs as it in its sole discretion considers necessary;
- (e) **Costs of Enforcement.** It will pay all costs, charges and expenses of and incidental to in taking, recovering, keeping possession of or inspecting the Collateral and generally in any other proceedings taken in enforcing the remedies in this Security Agreement or otherwise in connection with this Security Agreement or by reason of non-payment or procuring payment of the monies hereby secured;
- (f) **Costs Caused by Default.** If the Debtor defaults in any material covenant to be performed by it hereunder, the Secured Party may, but is not required to, perform any such covenant of the Debtor capable of being performed by the Secured Party, and if the Secured Party is put to any costs, charges, expenses or outlays to perform any such covenant, the Debtor will indemnify the Secured Party for such costs, charges, expenses or outlays and such costs, charges, expenses or outlays (including solicitors' fees and charges incurred by the Secured Party on an "own client" basis) will be payable immediately by the Debtor to the Secured Party, will bear interest at the highest rate borne by any of the other Obligations and will, together with such interest, form part of the Obligations secured by this Security Agreement;
- (g) **Notice of Litigation.** It will give written notice to the Secured Party of all material litigation or other material claims before any court, administrative board or other tribunal affecting the Collateral or any part thereof;
- (h) **Corporate Existence etc.** It will at all times maintain its corporate existence; that it will carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practice; and that it will keep or cause to be kept proper books of account in accordance with sound accounting practice;

**LEERSEITE**

- (i) **Taxes.** It will pay all material taxes, rates, levies, charges, assessments, statute labour or other imposition whatsoever now or hereafter rated, charged, assessed, levied or imposed by any lawful authority or otherwise howsoever on it, on the Collateral or on the Secured Party in respect of the Collateral or any part or parts thereof, or any other matter or thing in connection with this Security Agreement, except when and so long as the validity of such taxes, rates, levies, charges, assessments, statute labour or other imposition is in good faith contested by it, and will, if and when required in writing by the Secured Party, furnish for inspection the receipts for any such payments;
- (j) **Payments.** It will promptly pay or remit all amounts which if left unpaid or unremitted might give rise to a lien or charge on any of the Collateral ranking or purporting to rank in priority to any security interest created by this Security Agreement;
- (k) **Further Assurances.** It will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party may reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party the Collateral and the security interests intended to be created hereunder, for the purpose of accomplishing and effecting the intention of this Security Agreement; and
- (l) **Purchase Monies.** If the Secured Party advances money to the Debtor for the purpose of enabling the Debtor to purchase or acquire rights in any Collateral the Debtor will use such money only for that purpose and will promptly provide the Secured Party with evidence that such money was so applied.

#### **Section 7      Negative Covenants of the Debtor**

The Debtor covenants and agrees with the Secured Party that it will not, without the prior written consent of the Secured Party, not to be unreasonably withheld:

- (a) **Change Name.** Change its name;
- (b) **Amalgamate.** Amalgamate or otherwise merge its business with the business of any other person; or
- (c) **Continue.** Continue from the jurisdiction which presently exercises primary corporate governance over the affairs of the Debtor.

#### **Section 8      Performance of Obligations**

If the Debtor fails to perform its obligations hereunder, the Secured Party may, but shall not be obliged to, perform any or all of such obligations without prejudice to any other rights and remedies of the Secured Party hereunder, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis)

**LEERSEITE**



incurred in connection therewith shall be payable by the Debtor to the Secured Party forthwith with interest until paid at the highest rate borne by any of the Obligations.

**Section 9        Restrictions on Sale or Disposal of Collateral**

Except as herein provided, without the prior written consent of the Secured Party the Debtor will not:

- (a) grant, exchange, transfer, assign, sell, lease or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral consisting of tangible personal property from the jurisdictions in which the Security Interests hereby created have been perfected without prior written notice to the Secured Party.

Provided that the Debtor is not in default under this Security Agreement, at any time without the consent of the Secured Party the Debtor may lease, sell, license, consign or otherwise deal with items of inventory in the ordinary course of its business and for the purposes of carrying on its business.

**Section 10        Default**

Subject to Section 25(10), the Debtor shall be in default under this Security Agreement upon the occurrence and during the continuation of any of the following events, unless waived by the Secured Party,

- (a) the Debtor makes default in payment when due of any indebtedness or liability of the Debtor to the Secured Party under the Loan Agreement or this Security Agreement;
- (b) The Debtor is in breach of any material term, condition, obligation or covenant to the Secured Party hereunder and such breach is not cured within 10 days of receipt of notice by the Debtor, or any material representation or warranty to the Secured Party hereunder is untrue;
- (c) the Debtor declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the *Bankruptcy and Insolvency Act*, the *Companies' Creditors Arrangement Act* or similar legislation in any jurisdiction, or makes an authorized assignment;
- (d) a receiver, receiver and manager or receiver-manager of all or any part of the Collateral is appointed;
- (e) an order is made or an effective resolution is passed for winding-up the Debtor;

**LEERSEITE**

- (f) the Debtor ceases or threatens to cease to carry on all or a substantial part of its business;
- (g) an order of execution against the Collateral or any part thereof remains unsatisfied for a period of 10 days;
- (h) without the prior written consent of the Secured Party, the Debtor creates or permits to exist any material security interest in, charge, encumbrance, lien on or claim against any of the Collateral which ranks or could in any event rank in priority to or *pari passu* with any of the Security Interests created by this Security Agreement, save and except for Permitted Encumbrances;
- (i) the holder of any other material security interest, charge, encumbrance or lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
- (j) the Debtor enters into an amalgamation, a merger or other similar arrangement with any other person.

#### Section 11      Enforcement

- (1) Upon any default under this Security Agreement the Secured Party may declare any or all of the Obligations to become immediately due and payable and the security hereby constituted will immediately become enforceable. To enforce and realize on the Security Interests created by this Security Agreement the Secured Party may take any action permitted by law or in equity, as it may deem expedient, and in particular and without limiting the generality of the foregoing, the Secured Party may do any of the following:
  - (a) appoint by instrument a receiver, receiver and manager or receiver-manager (the person so appointed being hereinafter called the "Receiver") of the Collateral, with or without bond as the Secured Party may determine, and from time to time in its absolute discretion remove such Receiver and appoint another in its stead;
  - (b) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents and its servants therefrom, without becoming liable as a mortgagee in possession;
  - (c) preserve, protect and maintain the Collateral and make such replacements thereof and repairs and additions thereto as the Secured Party may deem advisable;
  - (d) sell, lease or otherwise dispose of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Secured Party may seem reasonable, provided

LEERSEITE

that if any sale, lease or other disposition is on credit the Debtor will not be entitled to be credited with the proceeds of such sale, lease or other disposition until the monies therefor are actually received; and

- (e) exercise all of the rights and remedies of a secured party under the Act.
- (2) A Receiver appointed pursuant to this Security Agreement shall be the agent of the Debtor and not of the Secured Party and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of the Secured Party hereunder, and in addition shall have power to carry on the business of the Debtor and for such purpose from time to time to borrow money either secured or unsecured, and if secured by a security interest on any Collateral, such security interest may rank before or *pari passu* with or behind any of the Security Interests created by this Security Agreement, and if it does not so specify such security interest shall rank in priority to the Security Interest created by this Security Agreement.
- (3) Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of Collateral pursuant to this Security Agreement will be applied as the Secured Party, in its absolute discretion, may direct as follows:
  - (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by the Secured Party in connection with or incidental to:
    - (i) the exercise by the Secured Party of all or any of the powers granted to it pursuant to this Security Agreement; and
    - (ii) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to it pursuant to this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable to the Receiver;
  - (b) in or toward payment to the Secured Party of all principal and other monies (except interest) due in respect of the Obligations; and
  - (c) in or toward payment to the Secured Party of all interest remaining unpaid in respect of the Obligations.

Subject to applicable law and the claims, if any, of other creditors of the Debtor, any surplus will be paid to the Debtor.

## Section 12      Deficiency

If the amounts realized from the disposition of the Collateral are not sufficient to pay the Obligations in full, the Debtor will immediately pay to the Secured Party the amount of such deficiency.

LEERSEITE

**Section 13      Liability of Secured Party**

The Secured Party shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfillment of contracts during any period when the Secured Party shall manage the Collateral upon entry, as herein provided, nor shall the Secured Party be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. The Secured Party shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall the Secured Party, in the case of investment property, securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall the Secured Party be obliged to keep any of the Collateral identifiable. The Debtor hereby waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party than aforesaid.

**Section 14      Appointment of Attorney**

Upon the occurrence of and during the continuation of an event of default hereunder, the Debtor hereby irrevocably appoints the Secured Party or the Receiver, as the case may be, with full power of substitution, to be the attorney of the Debtor for and in the name of the Debtor to sign, endorse or execute under seal or otherwise any deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Secured Party or the Receiver, as the case may be, pursuant to this Security Agreement.

**Section 15      Appropriation of Payments**

Any and all payments made in respect of the Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Secured Party may see fit, and the Secured Party may at all times and from time to time change any appropriation as the Secured Party may see fit.

**Section 16      Liability to Advance**

None of the preparation, execution, perfection and registration of this Security Agreement or the advance of any monies shall bind the Secured Party to make any advance or loan or further advance or loan, or renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Secured Party.

**Section 17      Waiver**

The Secured Party may from time to time and at any time waive in whole or in part any right, benefit or default under any section of this Security Agreement but any such

**LEERSEITE**



waiver of any right, benefit or default on any occasion shall be deemed not to be a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default, as the case may be. No waiver shall be effective unless it is in writing.

**Section 18      Notice**

Notice may be given to either party by sending it through the post in prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided herein or at such other address as may be given in writing by such party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

**Section 19      Extensions**

The Secured Party may grant extensions of time and other indulgences, take and give up security, accept composition, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Debtor, account debtors of the Debtor, sureties and others and with Collateral and other security interests as the Secured Party may see fit without prejudice to the liability of the Debtor or the Secured Party's right to hold and realize on the Security Interests created by this Security Agreement.

**Section 20      No Merger**

This Security Agreement shall not operate so as to create any merger or discharge of any of the Obligations, or of any assignment, transfer, guarantee, lien, contract, promissory note, bill or exchange or security interest of any form held or which may hereafter be held by the Secured Party from the Debtor or from any other person whomsoever. The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

**Section 21      Rights Cumulative**

All rights and remedies of the Secured Party set out in this Security Agreement, and in any other security agreement held by the Secured Party from the Debtor or any other person whomsoever to secure payment and performance of the Obligations, are cumulative and no right or remedy contained herein or therein is intended to be exclusive but each is in addition to every other right or remedy contained herein or therein or in any future security agreement, or now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and the Secured Party that may be in effect from time to time.

**Section 22      Assignment**

The Secured Party may, without further notice to the Debtor, at any time assign, transfer or grant a security interest in this Security Agreement and the Security Interests created hereby. The Debtor expressly agrees that the assignee, transferee or secured party, as the case may be, shall have all of the Secured Party's rights and remedies under this

**LEERSEITE**

Security Agreement and the Debtor will not assert any defense, counterclaim, right of set-off (except in respect of obligations arising under the Supply Agreement referred to in the Loan Agreement) or otherwise any claim which it now has or hereafter acquires against the Secured Party in any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

#### Section 23      Satisfaction and Discharge

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to the Secured Party shall be deemed not to be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Debtor and payment to the Secured Party and payment of all reasonable costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Secured Party in connection with the Obligations and such release and discharge.

#### Section 24      Enurement

This Security Agreement shall enure to the benefit of the Secured Party and its successors and assigns, and shall be binding upon the successors and permitted assigns of the Debtor.

#### Section 25      Interpretation

##### (1)      Definitions.

In this Security Agreement:

"**Collateral**" has the meaning set out in Section 1(2) hereof, and, where the context permits, any reference to "**Collateral**" shall be deemed to be a reference to "**Collateral or any part thereof**";

"**Permitted Encumbrances**" has the meaning ascribed thereto in the Loan Agreement and includes, for greater certainty, the encumbrances listed in Schedule B hereto;

"**the Act**" means the *Personal Property Security Act* (British Columbia) and all regulations thereunder, as amended from time to time and includes, to the extent applicable, any similar statute in any other jurisdiction, including without limitation the *Personal Property Security Act* (Yukon Territory), and all regulations thereunder, as amended from time to time.

##### (2)      Incorporated Definitions. In this Security Agreement words which are defined in the Act which are not defined in this Security Agreement will have the meaning set out in the Act.

LEERSEITE

- (3) **Headings.** The headings in this Security Agreement are inserted for convenience of reference only and will not affect the construction or interpretation of this Security Agreement.
- (4) **Severability.** If any provision contained in this Security Agreement is invalid or unenforceable the remainder of this Security Agreement will not be affected thereby and each provision of this Security Agreement will separately be valid and enforceable to the fullest extent permitted by law.
- (5) **Laws of British Columbia.** This Security Agreement is governed by, and construed in accordance with, the laws of British Columbia and the Debtor submits to the non-exclusive jurisdiction of the courts of British Columbia concerning this Security Agreement.
- (6) **Time of Essence.** Time will be of the essence hereof.
- (7) **Number and Gender.** In this Security Agreement, words in the singular include the plural and *vice-versa* and words in one gender include all genders.
- (8) **Counterparts.** This Security Agreement may be signed by original or facsimile and, if applicable, executed in any number of counterparts and each executed counterpart will be considered to be an original. All executed counterparts taken together will constitute one agreement.
- (9) **Enurement.** This Security Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
- (10) **Paramountcy.** In the event of any inconsistency between the provisions of this Security Agreement and the Loan Agreement, the provisions of the Loan Agreement shall govern.

#### **Section 26      Acknowledgement and Waiver**

The Debtor hereby:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement or verification statement filed or issued, as the case may be, at any time in respect of this Security Agreement or any amendments hereto.

**LEERSEITE**

IN WITNESS WHEREOF the Debtor has executed this Security Agreement on the date set forth at the head of this Security Agreement.

NORTH AMERICAN TUNGSTEN  
CORPORATION LTD

By: 

Name: Kurt Heikkila

Title: Chief Executive Officer

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LEERSEITE**



IN WITNESS WHEREOF the Debtor has executed this Security Agreement on the  
date set forth at the head of this Security Agreement.

NORTH AMERICAN TUNGSTEN  
CORPORATION LTD.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: Dennis M Lindahl

Name: DENNIS M LINDAHL

Title: CFO

LEERSEITE

---

Urkund dessen die folgende Unterschrift

Deutschlandsberg, am 07.07.2015

*Steffen H.*

LEERSEITE

Gebühr in Höhe von € 14,30  
gem. § 14 TP 13 GebG idF  
BGBl. II 191/2011 entrichtet.

B.R.Zl.: 816/15

Ich bestätige die Echtheit der Unterschrift des Herrn Steffen **Schmidt**, geboren am 08.01.1963  
(achten Jänner neunzehnhundertdreundsechzig), Bergla 33, A-8543 Sankt Martin im Sulmtal. -  
Deutschlandsberg, am 07.07.2015 (siebenten Juli zweitausendfünfzehn) -----



  
öffentlicher Notar



Handwritten signature

