



No. S154746
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.

TWENTIETH REPORT OF THE MONITOR

ALVAREZ & MARSAL CANADA INC.

JULY 9, 2019



ALVAREZ & MARSAL

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Appendix A – Request for Expressions of Interest dated May 30, 2019

1.0 INTRODUCTION

- 1.1 On June 9, 2015, on the application of North American Tungsten Corporation Ltd. (the “**Company**” or “**NATC**”), the Supreme Court of British Columbia (the “**Court**”) made an order (the “**Initial Order**”) granting a stay of proceedings against or in respect of the Company and its assets until July 9, 2015 (the “**Stay Period**”) pursuant to the provisions of the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) and appointing Alvarez & Marsal Canada Inc. as monitor (the “**Monitor**”). The proceedings brought by the Company under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
- 1.2 Pursuant to subsequent orders of the Court made in the CCAA Proceedings, the most recent on September 11, 2017, the Stay Period has been extended until April 30, 2020 pursuant to the December 5, 2018 order of Mr. Justice Grauer.
- 1.3 At the date of the Initial Order, NATC was in the business of mine development and tungsten concentrate production. Its key mining assets included one producing mine located in the Northwest Territories (“**Cantung**”) and one development property located on the border of the Yukon and the Northwest Territories (“**Mactung**”).
- 1.4 On October 26, 2015, the Company discontinued production at Cantung and transitioned the mine to care and maintenance. The care and maintenance plan was designed to, among other things, enable the Company to remain in compliance with Cantung’s water licence issued by the Mackenzie Valley Land and Water Board (“**MVLWB**”) and various environmental regulations, preserve the value of the Cantung Mine site and mitigate reclamation liabilities associated with the mine. Since on or around November 2015, funding for the care and maintenance program has been provided by the Government of Canada as represented by the Department of Indian Affairs and Northern Development (“**DIAND**”).
- 1.5 Pursuant to the terms of the Security Release Agreement dated November 30, 2018 between NATC and the primary secured equipment lender, Callidus Capital Corporation (“**Callidus**”), and as subsequently approved by an order of this Honourable Court on December 5, 2018, select mobile and mining equipment was sold by the Monitor and the proceeds remitted to Callidus in accordance with the terms of the Security Release Agreement.
- 1.6 On July 9, 2019, the Monitor, acting on behalf of the Company, filed a Notice of Application seeking an order approving and authorizing NATC to commence a competitive selection process (the “**Competitive Selection Process Order**”) and to approve the activities of the Monitor as described herein.

- 1.7 The Initial Order, along with other documents filed in the CCAA Proceedings, are posted on the Monitor's website at www.alvarezandmarsal.com/northamerican.

2.0 PURPOSE OF REPORT

- 2.1 The purpose of this Twentieth Report of the Monitor (the "**Twentieth Report**") is to provide the Court and the Company's stakeholders with:

- a) an update on the Company's care and maintenance activities at the Cantung Mine site and restructuring matters generally since the last update which was provided in the Nineteenth Report of the Monitor dated November 30, 2018 (the "**Nineteenth Report**");
- b) a comparison of actual cash receipts and disbursements for the period November 24, 2018 to July 5, 2019 to those forecast in the cash flow statement (the "**Twelfth Cash Flow Statement**") which was appended to the Nineteenth Report of the Monitor dated November 30, 2018;
- c) information with respect to the Competitive Selection Process; and
- d) the Monitor's comments with respect to the proposed terms of the Competitive Selection Process and the Competitive Selection Process Order.

- 2.2 Unless otherwise stated, all monetary amounts contained in this Twentieth Report are expressed in Canadian dollars.

3.0 UPDATE ON OPERATIONS AND RESTRUCTURING ACTIVITIES

- 3.1 Since the date of the Nineteenth Report, the Monitor's primary activities have included:
- a) managing the care and maintenance of the Company's Cantung Mine site;
 - b) preserving the Company's remaining mining equipment and finalizing the sale of certain equipment pursuant to the Security Release Agreement with Callidus;
 - c) attending to environmental and regulatory matters including regular reporting to the MVLWB, DIAND and Environment and Climate Change Canada ("**ECCC**");
 - d) working with consultants on various environmental and geotechnical investigation and related environmental remediation programs taking place at the Cantung Mine site;
 - e) communicating with key stakeholders including DIAND and representatives of Indigenous groups;
 - f) together with the Governments of the NWT and Canada (the "**Governments**"), developing a competitive procurement process for the sale of the Mactung and Cantung assets and the management of environmental liabilities at the Cantung Mine site (the "**Competitive Selection Process**") which includes the preparation and circulation of a

request for expressions of interest (the "RFEI") which has been appended hereto as Appendix "A" and other related documents; and

g) continuing discussions with potential investors and other interested parties.

Management of Care and Maintenance at Cantung

- 3.2 The Company continues to employ twelve full time employees on alternating three week schedules whose activities include, among other things, performing regular water sampling and reporting, regular inspections of and repairs to site buildings and infrastructure, and maintaining mobile and other equipment as well as access to the mine site by way of the Nahanni Range Road, site roads and the airstrip. In addition, the Company continues to perform site clean-up and progressive remediation tasks.

Equipment

- 3.3 Callidus, DIAND and the Company completed the requirements under the Security Release Agreement which was described in paragraph 1.5 above and in more detail in section 7.0 of the Nineteenth Report. Pursuant to the terms of the Security Release Agreement, the Support Agreement between Callidus, DIAND and NATC governing the use and maintenance of certain mobile and mining equipment was terminated upon the completion of the Security Release Agreement. The amounts due to Callidus under the Security Release Agreement were fully paid in January 2019.

Environmental and Geotechnical Investigations

- 3.4 As noted in previous reports, the Company has engaged Tetra Tech Canada Inc ("Tetra Tech") to perform environmental and geotechnical investigations of the Cantung Mine site (the "Phase III ESA") in order to understand the current state of the environmental conditions of the Cantung Mine site in order to develop potential remediation options and related cost estimates.
- 3.5 Tetra Tech is currently working towards completing the majority of its work which has included the following:
- a) human health and ecological risk assessments;
 - b) geochemistry assessments and tailings cover design;
 - c) tailings geotechnical assessments;
 - d) underground and open pit stability assessments;
 - e) borrow source assessments; and
 - f) remedial options analysis and preliminary liability estimates.

- 3.6 Tetra Tech has prepared various draft reports which are currently being reviewed and commented on by the Company, DIAND and the Monitor. Reports relating to the borrow source and tailings geotechnical assessments will be prepared once the results of the 2019 summer field program are known.
- 3.7 Tetra Tech is performing further analysis of the stability of the tailings ponds and has engaged subcontractors to assist with this evaluation.
- 3.8 The Company has increased the scope of Tetra Tech's services since the date of the Monitor's Nineteenth Report to include the following:
- a) contracting and supervising drilling and civil construction contractors;
 - b) gathering and interpreting further data on the stability of the tailings ponds;
 - c) engaging and consulting with Indigenous groups regarding potential remedial options;
 - d) preparing a preliminary design for the preferred remedial options selected;
 - e) preparing long-term monitoring plans and related cost estimates; and
 - f) conducting an archaeological study of the Cantung Mine site.

Environmental and Regulatory Matters

- 3.9 The Company is continuing to submit regular reports to ECCC under the *Metal Mining Effluent Regulations* and the *Environmental Effects Monitoring Program* and to MVLWB as required under the Company's water licence.
- 3.10 The Company and the Monitor have corresponded with and attended meetings with representatives of:
- a) MVLWB regarding the water licence and land use permit applications relating to the summer field investigation programs;
 - b) DIAND inspectors relating to reporting required under the water licence and other regulatory requirements; and
 - c) ECCC regarding work being performed to comply with various ECCC regulations.
- 3.11 The Company has reported on and filed follow up reports with various regulators and Indigenous groups on spills and other environment related matters at the Cantung Mine site.

Engagement with Indigenous Groups

- 3.12 The Company's engagement plan, as approved by the MVLWB (the "**Engagement Plan**"), provides for engagement and regular communication and consultation with various stakeholders including Indigenous groups.
- 3.13 The Company held community working group calls in December 2018 and April 2019. Under this plan, the Company has notified affected Indigenous groups of certain events occurring at the Cantung Mine site.
- 3.14 The Company continues to work closely with DIAND on its consultation and engagement efforts with Indigenous groups. A further community working group will be held late July 2019 to provide Indigenous groups with an update on the following:
- a) care and maintenance activities at the Cantung mine site;
 - b) environmental and geotechnical investigation activities at the Cantung Mine site; and
 - c) the proposed Competitive Selection Process referred herein.

Stakeholder Communications

- 3.15 The Company, represented by the Monitor, maintained regular correspondence with secured creditors holding security on certain mobile equipment and related matters including Callidus and Caterpillar Financial.
- 3.16 The Company continues to hold bi-weekly conference calls with DIAND and prepare monthly reports to DIAND on the status of the care and maintenance activities and the Company's cash receipts and disbursements.

Discussions with Potential Investors and Other Interested Parties

- 3.17 The Company, the Monitor and DIAND have continued to receive enquiries from potential investors and other interested parties regarding opportunities with respect to the Cantung mine including the possibilities of restarting mining and milling operations, reprocessing the tailings and/or performing the long-term remediation of the mine site.
- 3.18 On May 24, 2019, the Monitor and the Governments entered into a memorandum of understanding (the "**MOU**") whereby the Governments retained and appointed the Monitor to jointly market the Mactung and Cantung properties (the "**Assets**") for sale and undertake a procurement process in respect of the environmental liabilities at the Cantung Mine. The MOU will remain in place until the earlier of the completion of: (i) a sale of the Assets and the execution of an agreement with respect to the management of the environmental liabilities with

the Cantung Mine (the “**Cantung Work**”) or (ii) the expiry of the stay of proceedings granted by this Honourable Court. The Governments are responsible for the fees of the Monitor under the MOU.

- 3.19 In order to further discussions with potential investors and other interested parties, the Monitor prepared an RFEI seeking expressions of interest from interested parties. The RFEI was issued on May 30, 2019 and the deadline for receipt of responses was June 28, 2019. The purpose of the RFEI was to obtain ideas from interested parties regarding potential future options for the development of the Cantung and Mactung assets (the “**Assets**”), to gain an understanding of interested parties’ information requirements and to assess market interest in the Assets and the performance of remediation of environmental liabilities of the Cantung mine (the “**Cantung Work**”) basis for any evaluation during the Competitive Selection Process, but may be used by the Monitor and the Governments to determine the content and process for the Competitive Selection Process.
- 3.20 The RFEI was successfully delivered by email and facsimile to 279 potentially interested parties. Numerous parties submitted responses to the RFEI although parties were not required to respond to the RFEI in order to be able to submit a response to the Request for Qualifications (the “**RFQ**”) stage of the Competitive Selection Process.

4.0 COMPETITIVE SELECTION PROCESS

Introduction

- 4.1 The Monitor seeks Court approval of the Competitive Selection Process, which if successful, will lead to a transaction to be approved by the Court that the sale of the Assets and the execution of a contract for the performance of the Cantung Work.
- 4.2 The purpose of the Competitive Selection Process is to transfer the Assets to the private sector to ensure the timely development of the Mactung deposit towards a producing mine, to evaluate the options for production at the Cantung mine and to complete the Cantung Work with a goal of eventual mine closure, in order to create economic development in Northern Canada and job opportunities for Northern residents as well as minimizing the costs to Canadian taxpayers associated with the ongoing care and maintenance and remediation of the Cantung mine site.
- 4.3 The Monitor intends to manage the Competitive Selection Process in its capacity as Monitor of NATC, which owns the Cantung mine assets and in its capacity as advisor to the Government of the NWT, which owns the Mactung deposit, and Canada. Canada is the primary stakeholder of

the Cantung mine assets as it is responsible for the residual environmental liabilities and is the first ranking secured creditor of NATC.

- 4.4 The Governments have jointly engaged the Monitor to manage the Competitive Selection Process given the Monitor's previous experience in marketing and sales processes and its specific knowledge of the Assets, including with respect to the regulatory requirements and the engagement process with Indigenous groups.
- 4.5 A coordinated and joint sales and procurement process for the Assets and the Cantung Work is expected to maximize value to the Governments, by simultaneously transferring both assets and the management of environmental liabilities to the private sector while also ensuring the appropriate engagement of and opportunity for Indigenous groups, Northern businesses and Northern residents.

Process

- 4.6 The Competitive Selection Process is a procurement process which involves two main stages. The first stage is on RFQ which the Monitor intends, subject to approval of this Honorable Court, to issue in late July 2019. As stated in section 3, the responses that the Monitor has received to the RFEI will inform the content and timing of the Competitive Selection Process.
- 4.7 The RFQ will be publicized in print and electronic media and sent out to specific parties, including those who responded to the RFEI. RFQ respondents will be required to submit responses setting out their relevant qualifications, experience, financial capacity and a description of their intended approach to engaging with Indigenous groups and Northern communities and developing the Assets and performing the Cantung Work.
- 4.8 The Monitor and the Governments will then evaluate the responses and select a shortlist (the "**Shortlisted Proponents**") who will be invited to participate in the second stage of the Competitive Selection Process, which is the Request for Proposals (the "**RFP**"). The RFP stage will require the Shortlisted Proponents to prepare and submit a proposal (each a "**Proposal**") to purchase the Assets and to perform the Cantung Work.
- 4.9 The Governments and the Monitor will seek to shape the process in a way to encourage innovative solutions to manage the environmental liabilities at the Cantung mine. The data and preliminary work with respect to options for remediation, currently under development by the Company's consultants, will be available to the Shortlisted Proponents. All of the other available data relating to the Assets, including drill and assay data and other technical reports will be available to the Shortlisted Proponents.

- 4.10 The RFP will also include draft agreements for both the purchase of the Assets and the performance of the Cantung Work. It is expected that the form of those agreements will be substantially settled through the RFP process.
- 4.11 The final stage of the Competitive Selection Process will involve the Monitor and the Governments selecting a preferred proponent (the “**Preferred Proponent**”) from the Shortlisted Proponents who they consider has submitted the Proposal that is most likely to meet the objectives of the Competitive Selection Process. At that point, the Monitor expects to enter into negotiations with the Preferred Proponent to finalize the form of agreements for the purchase of the Assets and the performance of the Cantung Work. The definitive agreements relating to the Cantung mine and the Cantung Work will require approval of the Court within the CCAA Proceedings.

Engagement with Indigenous Groups

- 4.12 One of the key features of the Competitive Selection Process is the Monitor’s ongoing engagement with Indigenous groups and northern communities, in conjunction with the Governments. As set out above in paragraph 3.14, the Monitor has been actively involved with engagement with Indigenous groups through the Company’s Engagement Plan. As the Governments and the Monitor will be working collaboratively to finalize wording and structure of the RFQ and work towards development of the RFP, this will also provide an opportunity for on-going dialogue and consultation with Indigenous groups.
- 4.13 The Competitive Selection Process is not prescriptive with respect to the formation of respondent entities, but it is anticipated that respondents to the RFQ may initially include Indigenous group controlled entities or members and Northern businesses. The Competitive Selection Process also allows for changes to respondent entities throughout the process, which may involve the formation of partnerships, joint ventures or other corporate vehicles to allow for the participation of various groups in the ultimate transaction.

Timing and Court Approval

- 4.14 The Monitor expects that the Competitive Selection Process will involve the following milestones and timing:
- a) RFQ Issue Date: July 31, 2019;
 - b) RFQ Submission Time: September 17, 2019;
 - c) Announcement of Shortlisted Proponents: September 30, 2019;
 - d) Issuance of RFP: October 2019;

- e) Submission Time for Proposals: at least six months after issuance of RFP; and
 - f) Selection of Preferred Proponent: at a time in 2020, to be determined.
- 4.15 The completion of any agreements with the Preferred Proponent with respect to the sale of the Cantung assets and the performance of the Cantung Work will require the approval of this Court, and the Monitor will bring an application seeking such order (including a vesting order, if applicable) at the appropriate time.
- 5.0 CASH FLOW VARIANCE ANALYSIS**
- 5.1 The Monitor manages the Company's cash flow and disbursements pursuant to the terms of the November 16, 2015 Order and continuously reviews the Company's actual cash flows in comparison to the estimates provided to this Honourable Court including those in the Eleventh Cash Flow Statement.
- 5.2 The Company's actual cash receipts and disbursements as compared to the Eleventh Cash Flow Statement for the period from June 9, 2015 to July 5, 2019 are summarized below. The variance analysis reflects the cash flows for each of the two stages of the CCAA Proceedings: (i) cash flows from the Company's operations and financing activities up to November 25, 2015, and (ii) cash flows from the Company's care and maintenance activities that have been funded by DIAND since November 25, 2015.

North American Tungsten Corporation Ltd.
Unaudited Summary of Actual Versus Forecast Cash Flows
For the period June 9, 2015 to July 5, 2019
(\$000's)

	June 9, 2015 to July 5, 2019		
	Actual	Forecast	Variance
Operations and Finance			
Cash Flow from Operations			
Collection of accounts receivable and other receipts	\$ 20,940	\$ 20,940	\$ -
Operating disbursements and mine site employee costs	(17,600)	(17,600)	-
Head office and corporate disbursements	(2,130)	(2,136)	6
Restructuring professional fees	(2,477)	(2,477)	-
Net cash flow from operations	(1,267)	(1,272)	6
Net Cash Flow from Financing			
Proceeds from interim financing	3,000	3,000	-
Proceeds from AR Financing Facility	-	-	-
Interim financing fees and interest	(280)	(280)	-
AR financing fees and interest	(30)	(30)	-
Principal and interest on existing Callidus loans	(1,668)	(1,668)	-
Repayment of interim financing	(382)	(319)	(63)
Net cash flow from financing	640	703	(63)
Net Cash Flow from Operations and Finance	(626)	(570)	(56)
Cash Position - Operations			
Opening Cash Position	626	626	-
Closing Cash Position - Operations	\$ -	\$ 56	\$ (56)
Care and Maintenance			
Cash Flow from Care and Maintenance (C&M)			
Advances from DIAND	\$ 27,364	\$ 27,364	\$ -
GST refunds	630	801	(171)
Employee costs	(6,127)	(6,083)	(44)
Fuel	(3,551)	(3,701)	149
Insurance	(412)	(413)	2
Regulatory initiatives	(5,912)	(10,030)	4,118
Other operating disbursements	(3,263)	(3,470)	206
Professional fees	(3,523)	(3,761)	238
Net cash flow from care and maintenance	5,206	707	4,499
Cash Position - (C&M)			
Opening Cash Position	-	-	-
Closing Cash Position (C&M)	\$ 5,206	\$ 707	\$ 4,499
Cash Position - Consolidated	\$ 5,206	\$ 763	\$ 4,443

Operations and Finance

- 5.3 The principal cash flow variances with respect to operations and finance are described below:
- a) head office and insurance disbursements were approximately \$6,000 lower than forecast due to refunded insurance premiums; and
 - b) greater than anticipated repayment of interim financing amounts due to Callidus totaling approximately \$63,000.
- 5.4 There was no cash on hand in the Company's operating and finance accounts as at July 5, 2019.

Care and Maintenance

5.5 Over the reported period, the Company realized a net favourable cash flow variance of approximately \$4.5 million in respect of care and maintenance activities. The principal components of the variance are described below:

- a) GST refunds were \$171,000 lower than forecast due to timing differences between filing returns and collections of same;
- b) fuel costs were \$149,000 lower than forecast due to lower fuel consumption levels and timing differences;
- c) regulatory initiatives were \$4.1 million lower than forecast due to:
 - i. timing differences with respect to the payments of apparently \$2.3 million to consultants relating to the Phase III ESA and other projects (approximately \$2.3 million);
 - ii. short term delays in commencement of the geotechnical drill assessments on the tailings ponds and related site projects (approximately \$1.2 million); and
 - iii. delays in entering into contracts with contractors to construct ramps and pads for the drilling program and other matters (approximately \$600,000).
- d) other operating disbursements were \$206,000 lower than forecast due to operational efficiencies and timing differences; and
- e) professional fees were \$238,000 lower than forecast due to timing differences with respect to the Monitor and its legal counsel's fees and disbursements.

While there is a positive cash variance as at the date this Twentieth Report, it is expected that these funds will be fully expended by the end of calendar year 2019 when the budgeted remediation work has been completed.

5.6 There was approximately \$5.2 million of cash on hand in the Company's care and maintenance accounts as at July 5, 2019.

6.0 MONITOR'S CONCLUSION AND RECOMMENDATIONS

6.1 The Monitor is of the view that the Competitive Selection Process Order will enable the Company to effect a successful restructuring transaction (including a possible contemporaneous remediation program) in respect of the Cantung Mine site. In addition, it is the view of the Monitor that a 'dual track' process involving a potential transaction involving both the Cantung and Mactung assets is an efficient and cost effective method to bring these two assets or opportunities to market. Possible transactions may result in a number of different outcomes

including a restart of mining operations, reprocessing of existing tailings and a remediation of the existing environmental liabilities at the Cantung Mine site

- 6.2 For the reasons set out above, the Monitor respectfully recommends that this Honourable Court grant the Competitive Selection Process Order.

All of which is respectfully submitted to this Honourable Court this 9th day of July, 2019.

Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of
North American Tungsten Corporation Ltd.

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

Per: Todd Martin
Senior Vice President

APPENDIX A

Request for Expressions of Interest relating to the Mactung Deposit and the Cantung Mine

Introduction and Background

The Government of Canada ("**Canada**") and the Government of the Northwest Territories ("**GNWT**") (together the "**Governments**") have requested that Alvarez & Marsal Canada Inc. ("**A&M**") in its capacity as the court appointed Monitor of North American Tungsten Corporation Ltd. ("**NATC**"), seek expressions of interest from interested parties (the "**Interested Parties**") relating to the purchase of and/or investment in the Cantung Mine site and the Mactung deposit (jointly referred to as the "**Assets**") which are located in the Northwest Territories and the Yukon. Appendix A includes further descriptions of the Assets.

GNWT owns the Mactung deposit, which was acquired from NATC in November 2015. NATC was granted protection from its creditors pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") in June 2015. The Cantung Mine site has been in care and maintenance since November 2015 with funding provided by Canada. A&M is the Monitor of NATC, appointed by the court pursuant to the CCAA, and oversees the day to day operations of NATC. In marketing the Assets as one package, the Governments' objectives are to transfer the Assets to the private sector to create economic development in Northern Canada and job opportunities for Northern residents as well as minimizing the costs to Canadian taxpayers from the ongoing care and maintenance and remediation of the Cantung Mine site.

Purpose of the Request for Expressions of Interest ("RFEI")

The purpose of this RFEI is to obtain ideas from Interested Parties on potential future options for the Assets and various information requirements. NATC (through the Monitor) and the Governments are considering how to develop and proceed with a competitive sales process to meet the marketing objectives of the Governments, which may include a Request for Qualifications ("**RFQ**") and/or Request for Proposals ("**RFP**"). NATC and the Governments wish to gauge the level of interest, experience and requirements of Interested Parties for such a process. The range of options which the Governments may consider include, but are not limited, to the following:

- i. development of the Mactung deposit;
- ii. a restart of mining operations at Cantung which may include hard rock mining and milling and reprocessing of high-grade tailings contained in various storage facilities at the Cantung Mine site while at the same time undertaking progressive remediation of the Cantung Mine site.

NATC and the Governments are open to receiving ideas regarding any other potential options relating to the Assets. It should be noted that the Assets are being offered as a package. Individual transactions involving Mactung or Cantung will not be considered at this time.

NATC and the Governments are also seeking input from Interested Parties on the following matters:

- i. what type of information or data would be required to fully evaluate the Assets and associated opportunities and to submit a proposal that NATC and the Governments can assess;

- ii. high level ideas on the commercial terms on which Interested Parties would undertake the progressive remediation of the Cantung Mine site;
- iii. how much time would be required to evaluate the opportunity;
- iv. what level of site access would be required to Mactung and Cantung and timing for these potential visits during 2019; and
- v. other considerations which the Governments should take into account in planning a sale process for the Assets.

Responses to the RFEI

Interested Parties should respond to this RFEI by submitting a letter to NATC that includes a brief statement of the nature of their interests in the Assets, including but not limited to the above options and the Interested Parties' long-term plans for the Assets. Interested Parties should also provide any input on the items requested above.

NATC and the Governments will not use any responses to this RFEI as part of any evaluation process for a future RFQ or RFP. The responses are solely for the purpose of providing NATC and the Governments with information to assist in determining how to proceed with any sale process for the Assets.

Nothing in this RFEI process shall create any contractual relations between an Interested Party and the Governments or NATC, nor create any binding obligation for the Governments or NATC.

If Interested Parties decline to respond to this RFEI they will still be able to participate in a future RFQ process.

Responses to this RFEI may be delivered by hand, regular mail, fax or email to the following location before the submission deadline of close of business on June 28, 2019.

North American Tungsten Corporation Ltd.
c/o Alvarez & Marsal Canada Inc.
Suite 1680 – 400 Burrard St.
Vancouver BC V6C 3A6

Fax: 604.638.7441

Email: natungsten@alvarezandmarsal.com

Contacts at Alvarez & Marsal Canada Inc.

Person: Callum Beveridge, Senior Director
Email: cbeveridge@alvarezandmarsal.com
Telephone: +1.604.638.7447

Marianna Lee, Senior Associate
marianna.lee@alvarezandmarsal.com
+1.604.639.0845

This RFEI is dated May 30, 2019.

Appendix A

Mactung Deposit

- The property is located 160 km north-west of the Cantung property on the border of the Yukon and Northwest Territories.
- The Mactung property is considered the largest undeveloped tungsten skarn deposit outside of China.
- Based on an April 2009 NI43-101 technical report, Mactung has an initial estimated life of 11.2 years with the potential to increase to 17 years. Estimated resources include indicated resources of 33.0 million tonnes (@0.88% WO₃), inferred resources of 11.0 million tonnes (@0.78% WO₃) and probable mineral reserves of 8.5 million tonnes (@1.082% WO₃) which are included in indicated resources.
- A third party 2015 scoping study indicated that the Mactung deposit could be developed into one of the world's lowest-cost producers of tungsten.
- The GNWT has recently applied to the Yukon Environmental and Socio-economic Assessment Board (YESAB) for a Class 4 Quartz Mining Land Use Approval in order to conduct ongoing exploration and care and maintenance activities.

Cantung Mine site

- The Cantung tungsten mine is located in the south-west corner of the Northwest Territories. The mine is located 740km from Whitehorse with year-round road access via Watson Lake.
- The Cantung Mine is fully permitted and has a water licence issued by the Mackenzie Valley Land and Water Board to January 2024.
- The mine is currently under care and maintenance with funding being provided by the Government of Canada.
- The latest NI43-101 technical report (dated September 2014) estimated probable mineral reserves of 1.8 million tonnes (@ 0.81% WO₃). The report also disclosed indicated resources of 3.84 million tonnes (@ 0.97% WO₃) (including the mineral reserves noted above) and inferred mineral resources of 1.4 million tonnes (@ 0.80% WO₃).
- There may also be a potential opportunity to recover WO₃ from the tailings ponds.
- Revenues and production volumes for the last year of full production (2014) were C\$85m and 274,000 MTUs of WO₃, respectively.
- Existing infrastructure includes an underground mine (flooded) and open pit, power generation, milling and concentrator plant (gravity and flotation cell circuits), waste water treatment plant, tailings storage facilities, fuel tanks, airstrip, camp, and various equipment.
- Any transaction involving Cantung will likely involve the remediation of certain aspects of the mine site. A detailed Phase III environmental and geotechnical site assessment of the Cantung mine site is well underway.