



January 28, 2022

VIA EMAIL: Debra.Smith@seattle.gov]

Ms. Debra Smith
General Manager and CEO
Seattle City Light
P.O. Box 34023
Seattle, WA 98124-4023

Re.: Imperial Metals Corporation (“Imperial Metals”) surrender mining interests within the area identified in white in Schedule “A” attached hereto (the “Skagit River Donut Hole”)

Dear Ms. Smith,

We write to confirm to The City of Seattle’s desire to support the preservation and protection of the natural and cultural resources and recreational opportunities within the headwaters of the Skagit River, which includes the Skagit River Donut Hole.

In furtherance of the foregoing goal and objective, we understand as follows:

1. The City of Seattle, through its City Light Department (“**Seattle**”) intends to introduce legislation to the Seattle City Council that will allow it to contribute US\$1,250,000 (the “**Seattle’s Contribution Amount**”) to the Skagit Environmental Endowment Commission (“**SEEC**”), forming a portion of the contribution payable by SEEC to Imperial Metals in consideration for the surrender of its mining interests within the Skagit River Donut Hole (the “**Surrender**”);
2. Seattle also expects to help coordinate The State of Washington’s (the “**State**”) contribution to SEEC for SEEC’s payment to Imperial Metals in consideration for the Surrender. Based on the State’s Salmon Policy Brief, Seattle anticipates the State will commit US\$4,500,000 (the “**State’s Contribution**”) to SEEC in contribution towards the Surrender. Seattle currently anticipates that such transfer will be made from the State to Seattle pursuant to an agreement between Seattle and the State, but will work cooperatively with the State to execute such transfer in a manner that is mutually acceptable to both the State and Seattle (the “**State Contribution Agreement**”);
3. Seattle and SEEC both understand that the State’s Contribution will not be delivered to Seattle until after April 1, 2022.
4. Seattle will, as soon as reasonably practicable, introduce legislation that enables the acceptance of the State’s Contribution by Seattle and its further transmittal to SEEC in contribution toward the Surrender, and authorizes Seattle’s payment in contribution toward the Surrender. As previously stated, the anticipated path would be approving the execution of both the State Contribution Agreement to accept the State’s Contribution and a second agreement authorizing the transmittal of Seattle’s Contribution and the State’s Contribution (collectively, the “**Combined Contribution Amount**”) to SEEC. Seattle shall endeavor to deliver the Combined Contribution Amount to SEEC by April 15, 2022; and

5. SEEC has agreed to arrange, at SEEC's sole expense, bridge financing of the Contribution Amount for the period commencing on the Surrender Date and ending on the date that Seattle delivers the Combined Contribution Amount to SEEC.

Please confirm Seattle's intentions as set forth herein by executing and delivering this letter to the undersigned at the address first noted above.

**SKAGIT ENVIRONMENTAL
ENDOWMENT COMMISSION**

By: Thomas Curley

Name: Thomas Curley
Title: Canada Commissioner
& Co-Chair

By: Leo Bodensteiner

Name: Leo Bodensteiner
Title: USA Commissioner
& Co-Chair

Acknowledged and agreed to by the undersigned as of the _____ day of January 2022:

THE CITY OF SEATTLE, CITY LIGHT DEPARTMENT

Debra J. Smith

Name: Ms. Debra Smith
Title: General Manager and CEO

SCHEDULE "A" SKAGIT RIVER DONUT HOLE

