



# **Trustee's Supplementary Report to Creditors of Golden Hill Ventures Ltd. and Golden Hill Ventures Limited Partnership**

**RSM Richter Inc.**  
Toronto, March 18, 2010

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**SUPREME COURT OF YUKON**

**IN THE MATTER OF THE PROPOSAL OF  
GOLDEN HILL VENTURES LTD.**

**IN THE MATTER OF THE PROPOSAL OF  
GOLDEN HILL VENTURES LIMITED PARTNERSHIP**

**SUPPLEMENT TO THE TRUSTEE'S PRELIMINARY REPORT  
TO CREDITORS DATED MARCH 10, 2010**

**March 18, 2010**

**1. INTRODUCTION**

This report ("Supplementary Report")<sup>1</sup> has been prepared by Richter in its capacity as Proposal Trustee in the proceedings commenced on November 25, 2009 by the Company. On March 9, 2010, the Proposal was filed with the Official Receiver in accordance with Section 62(1) of the BIA. On March 10, 2010 the Proposal Trustee mailed to the Company's creditors a package of documents containing, among other things, a notice of proposal to creditors and the Proposal Trustee's preliminary report on the Proposal ("Preliminary Report"). A copy of the Preliminary Report is also available on the Proposal Trustee's website at [www.rsmrichter.com](http://www.rsmrichter.com).

**1.1 Defined Terms**

Unless otherwise defined in this Report, defined terms have the meaning provided to them in the Preliminary Report.

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<sup>1</sup> See Section 1.1 below regarding defined terms.

## 1.2 Purpose of this Report

The Preliminary Report detailed that at the time the Preliminary Report was being finalized, the Proposal Trustee was in the process of obtaining security opinions from its Yukon-based legal counsel regarding the validity and enforceability of the security held by certain of the Secured Creditors. The purpose of this Report is to detail those security opinions. The Secured Creditors are GE, CWB, Wajax, Caterpillar and BDC.

## 1.3 Currency

Unless otherwise noted, all currency references in this Supplementary Report are to Canadian dollars.

## 1.4 Restrictions

This Supplementary Report is subject to the restrictions set out in Section 1.3 of the Preliminary Report.

## 2. SECURED CREDITORS

A summary of the estimated amounts owing to the Secured Creditors, based on the information provided by the Company to the Proposal Trustee, is as follows:

	<u>\$000s</u>
GE	7,065
Caterpillar	1,965
BDC	1,050
CWB	966
Wajax	378
Total	<u>11,424</u>

### 3. SECURITY OPINION

The Proposal Trustee engaged Yukon-based counsel, Lackowicz, Shier & Hoffman (“LSH”), to provide an opinion on the validity and enforceability of the security held by the Secured Creditors over the Company’s business and assets. Based on LSH’s review, and subject to the assumptions and qualifications contained in the LSH security opinion, it appears that:

- a) GE has valid and enforceable security against all of the present and after-acquired personal property of GHV LP (the “LP Assets”) and against certain serial numbered goods that would be enforceable against a trustee in bankruptcy of GHV LP;
- b) BDC has valid and enforceable security against:
  - i) all of the LP Assets that would be enforceable against a trustee in bankruptcy of the GHV LP; and
  - ii) all of the present and after-acquired personal property of GHV Ltd. (the “GP Assets”) that would be enforceable against a trustee in bankruptcy of GHV Ltd.;
- c) Caterpillar and Wajax each have valid and enforceable security against certain serial numbered goods that form part of the LP Assets and/or the GP Assets that would be enforceable against a trustee in bankruptcy of GHV LP and/or GHV Ltd.; and
- d) CWB has valid and enforceable security against certain serial numbered goods that form part of the LP Assets that would be enforceable against a trustee in bankruptcy of GHV LP.

Copies of the LSH opinion provided to the Proposal Trustee can be made available to Unsecured Creditors for review upon request.

#### 4. CONCLUSION

Based on the forgoing, the Secured Creditors appear to have valid and enforceable security against a trustee in bankruptcy of the Company. As detailed in Section 6 of the Preliminary Report, the realizable value of the property of the GHV LP and GHV Ltd. is estimated to be in the range of approximately \$5.4 million to \$6.6 million, which does not include any costs of realization, including professional fees. As noted above, GE and BDC appear to have valid and enforceable security against all of the LP Assets and are owed an aggregate amount in excess of \$8.2 million. As a result, and as further detailed in Section 8 of the Preliminary Report, should the Company's proposal not be accepted by the Unsecured Creditors and/or approved by the Court, the Company will become bankrupt and, in such a situation, there are unlikely to be any distributions to Unsecured Creditors as the LP Assets and the GP Assets are fully encumbered in favour of the Secured Creditors.

For the reasons detailed in the Preliminary Report, the Proposal Trustee recommends that Unsecured Creditors vote in favour of acceptance of the Proposal.

\* \* \*

Yours very truly,

A handwritten signature in black ink, appearing to read "RSM Richter Inc.", is written over the typed name.

**RSM RICHTER INC.  
IN ITS CAPACITY AS TRUSTEE UNDER THE PROPOSAL OF  
GOLDEN HILL VENTURES LTD. AND  
GOLDEN HILL VENTURES LIMITED PARTNERSHIP  
AND NOT IN ITS PERSONAL CAPACITY**