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**Second Report of Duff & Phelps  
Canada Restructuring Inc.  
as CCAA Monitor of Tamerlane  
Ventures Inc. and  
Pine Point Holding Corp.**

December 31, 2013

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COURT FILE NO.: CV-13-10228-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, C.C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
TAMERLANE VENTURES INC. AND PINE POINT HOLDING CORP.**

**SECOND REPORT OF  
DUFF & PHELPS CANADA RESTRUCTURING INC.  
AS CCAA MONITOR OF TAMERLANE VENTURES INC. AND  
PINE POINT HOLDING CORP.**

**DECEMBER 31, 2013**

## **1.0 Introduction**

1. Pursuant to an order ("Initial Order") of the Ontario Superior Court of Justice (Commercial List) ("Court") made on August 23, 2013, Tamerlane Ventures Inc. ("Tamerlane") and Pine Point Holding Corp. ("Tamerlane Pine Point") were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and Duff & Phelps Canada Restructuring Inc. ("D&P") was appointed the monitor ("Monitor"). (Tamerlane and Tamerlane Pine Point are jointly referred to as the "Applicants".) A copy of the Initial Order is attached as Appendix "A".
2. Pursuant to an order issued by the Court on September 17, 2013, the stay of proceedings was extended until January 7, 2014.
3. The Affidavit of Margaret M. Kent, Tamerlane's Executive Chair and Chief Financial Officer and a director of Tamerlane Pine Point, sworn August 22, 2013 (the "Kent Affidavit") and filed in support of the Applicants' application for CCAA protection, provides, *inter alia*, the Applicants' background, including the reasons for the commencement of these proceedings.
4. The principal purpose of these restructuring proceedings is to create a stabilized environment in which to carry out a sale and investment solicitation process ("SISP") for the Applicants' business and assets in order to maximize value for stakeholders.
5. A description of the Applicants' business is provided in Section 2 below.

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6. Global Resource Fund, the Applicants' secured lender (in such capacity, the "Secured Lender") and debtor-in-possession lender (in such capacity, the "DIP Lender"), supports the relief requested by the Applicants.

## **1.1 Purposes of this Report**

1. The purposes of this report ("Report") are to:
  - a) Provide background information about the Applicants and these proceedings;
  - b) Report on the Applicants' weekly cash flow projection for the period ending December 22, 2013;
  - c) Provide the Court with an update on the SISP;
  - d) Summarize a proposed transaction ("Transaction") between Tamerlane and Nelson Machinery & Equipment Ltd. ("Purchaser") for the sale of 28 flotation cells and related equipment ("Purchased Assets"), pursuant to an offer dated December 17, 2013 ("Sale Agreement");
  - e) Summarize a proposed amendment ("DIP Amendment") to the DIP Facility (as defined below); and
  - f) Recommend that this Honourable Court make an order or orders, among other things:
    - Granting the Applicants' request for an extension of its stay of proceedings from January 7, 2014 to January 31, 2014;
    - Approving the Transaction and vesting Tamerlane's right, title and interest in the Purchased Assets in the Purchaser upon filing of the Monitor's Certificate with this Honourable Court; and
    - Approving the DIP Amendment.

## **1.2 Currency**

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

## **1.3 Defined Terms**

1. Capitalized terms not defined in this Report have the meanings provided to them in the Kent Affidavit.

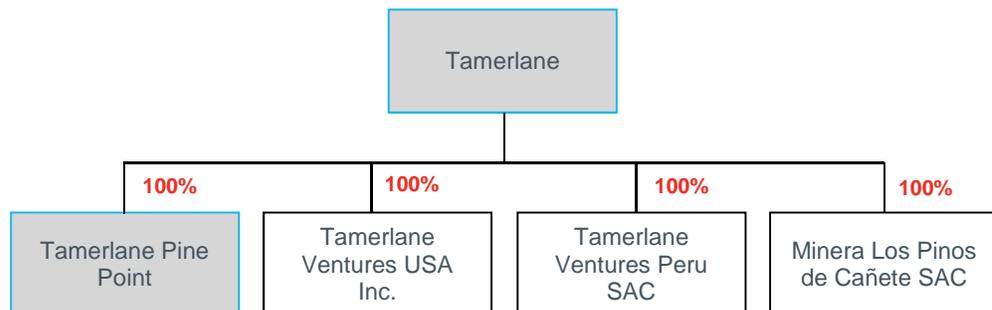
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## 1.4 Restrictions

1. In preparing this Report, D&P has relied upon unaudited financial information prepared by the Applicants' representatives, the Applicants' books and records, discussions with management and discussions with the Applicants' advisors. D&P has not performed an audit or other verification of such information. An examination of the Applicants' cash flows and/or financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future oriented financial information relied upon in this Report is based on the Applicants' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.
2. Based on its review of the cash flows and/or financial forecasts, their underlying assumptions and on discussions with management, D&P is of the view that the cash flow projection appended as Appendix "B" is reasonable. Any party that wishes to use the cash flow projection and/or the financial forecasts for financial or investment purposes is encouraged to perform its own diligence.

## 2.0 Background

1. The shares of Tamerlane are listed on Tier 2 of the TSX Venture Exchange under the symbol "TAM".
2. Tamerlane's corporate chart is provided below <sup>1</sup> (Tamerlane and its subsidiaries are collectively referred to as the "Tamerlane Group"):



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<sup>1</sup> The shaded entities represent the Applicants.

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3. The Tamerlane Group is engaged in the acquisition, exploration and development of base metal projects in Canada and Peru. The Tamerlane Group's flagship property is the Pine Point Property, a project located near Hay River in the South Slave Lake area of the Northwest Territories of Canada. The Pine Point Property is owned by Tamerlane Pine Point. The Tamerlane Group's other significant asset is the Los Pinos mining concessions in the Lima Department, Peru. The Monitor understands that Tamerlane acquired the Los Pinos assets through Tamerlane Ventures Peru SAC and it holds the Los Pinos mining concessions through Minera Los Pinos de Cañete SAC.
  4. As the Tamerlane Group is an exploration phase mining business, it does not currently generate any revenue.
  5. The Applicants do not employ any individuals. Tamerlane's management team consists of four individuals who are employed by Tamerlane Ventures USA Inc. ("Tamerlane USA"). Tamerlane pays a management fee to Tamerlane USA for the services provided by these individuals.
  6. Additional information concerning the Applicants and these proceedings can be found on the Monitor's website at:

[www.duffandphelps.com/restructuringcases](http://www.duffandphelps.com/restructuringcases).

### **3.0 Cash Flow**

#### **3.1 Receipts and Disbursements for the Week Ending December 22, 2013**

1. A comparison of the Applicants' budget to actual results for the period ended December 22, 2013 is provided in Appendix "C" ("Comparison"). As of December 22, 2013, the DIP Lender had advanced approximately US\$876,000 to the Applicants under a debtor-in-possession lending facility ("DIP Facility"), which has funded, among other things, the Applicants' operating expenses and the SISF.
2. As reflected in the Comparison, the Applicants' expenses have been slightly lower than budgeted.

#### **3.2 Cash Flow for the Period Ending January 31, 2014**

1. The Applicants' weekly cash flow projection for the period ending January 31, 2014 ("Cash Flow"), together with management's report on the cash-flow statement as required by Section 10(2)(b) of the CCAA, and the Monitor's report on the cash-flow statement as required by Section 23(1)(b) of the CCAA, are provided in Appendix "B".
2. The Monitor has reviewed the Cash Flow and believes it to be reasonable.

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3. The Applicants require approximately US\$136,825 to fund general operating expenses and professional fees for the period January 7, 2014 to January 31, 2014.
  4. The Applicants have provided a copy of the Cash Flow to the DIP Lender. The DIP Lender has agreed to provide additional funding necessary for the extension period.

#### **4.0 Sale and Investor Solicitation Process**

1. The purpose of the SISP is to complete one or more sale, investment or financing transactions. Since the commencement of these proceedings, PricewaterhouseCoopers Corporate Finance Inc., the Applicants' financial advisor ("Financial Advisor"), has led the SISP, with the assistance of the Applicants and the Monitor (collectively, the "SISP Team").
2. The SISP has generated interest from prospective purchasers and the SISP Team, along with the Secured Lender, continues to negotiate with prospective purchasers; however, additional time is required in order to attempt to complete the SISP. The SISP was originally anticipated to be completed by January 7, 2014 and the existing stay period expires on that date. The Applicants require until January 31, 2014 in order to further consider options presently available to them, in cooperation with the Monitor, the Financial Advisor and Global Resource Fund.

#### **5.0 Applicants' Request for an Extension**

1. The Applicants are seeking an extension of the stay of proceedings from January 7, 2014 to January 31, 2014.
2. Pursuant to the Initial Order, the Applicants cannot seek extensions of the stay period beyond January 7, 2014, unless certain conditions are met or the prior written consent of the Monitor and the Secured Lender is obtained. The conditions referenced above have not been met, but the Monitor and Global Resource Fund have provided written consent to an extension of the stay period to January 31, 2014.
3. The Monitor supports the Applicants' request for an extension of the stay of proceedings for, among others, the following reasons:
  - The Applicants are acting in good faith and with due diligence;
  - Global Resource Fund consents to the extension;

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- The granting of the extension should not prejudice any creditor, as the Applicants are projected to have sufficient funds to pay post-filing services and supplies as contemplated by the Cash Flow; and
  - The extension of the stay period until January 31, 2014 will provide stability and create the certainty that is required while the Applicants, the Monitor and Global Resource Fund consider the available options and transactions.

## **6.0 Sale of Flotation Equipment**

1. Tamerlane owns flotation equipment that was intended to be used in the operation of the Pine Point Property. The flotation equipment consists of 80 flotation cells and related pieces of equipment.
2. Pursuant to a Forbearance Agreement entered into between the Applicants and the Secured Lender on December 31, 2012, Tamerlane agreed to: (i) use its best efforts to sell its flotation equipment, and (ii) engage a broker to use commercially reasonable efforts to sell the flotation equipment.
3. In or around February 2013, Tamerlane engaged D'Angelo International LLC ("Broker") to broker the sale of the flotation equipment. Pursuant to the Broker's agreement with Tamerlane, the Broker is entitled to a 10% commission on the proceeds of any transaction involving the flotation equipment.
4. Immediately following its engagement in February 2013, the Broker commenced a sale process for the flotation equipment ("Sale Process"). The Broker has advised that the Sale Process has included: (i) advertising the cells on leading industry websites; (ii) a direct mail campaign to more than 4,000 mining companies on three separate occasions; (iii) direct discussions with more than twelve potential purchasers; and (iv) dealings with the five largest used mineral process equipment dealers in Canada and the United States (which includes the Purchaser), which, according to the Broker, represent an estimated 80% of the wholesale market for used mineral process equipment.
5. The Purchased Assets represent 28 of the 80 flotation cells and were marketed by the Broker for US\$588,500.

## **6.1 Transaction**

1. A copy of the Sale Agreement is attached as Appendix "D".
2. A summary of the Transaction is as follows:
  - The Purchaser is Nelson Machinery Equipment Ltd.;
  - The Purchased Assets comprise 28 flotation cells and related equipment;

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- The purchase price is US\$400,000. Tamerlane would receive US\$360,000, net of the commission payable to the Broker;
  - The Monitor has requested a deposit of US\$60,000, representing 15% of the purchase price. As of the date of this Report, US\$22,500 has been paid to the Monitor. The Broker has advised the Monitor that the balance of the deposit is to be paid to the Monitor during the week of December 30, 2013;
  - The Purchased Assets are to be sold on terms consistent with standard insolvency transactions, i.e. completed on an “as is, where is” basis, without significant representations or warranties; and
  - The Transaction remains subject only to the approval of this Honourable Court and an order of the Court vesting clean title in and to the Purchased Assets in the Purchaser on closing.

## 6.2 Recommendation

1. The Monitor recommends that this Honourable Court issue an order approving the Transaction for, among others, the following reasons:
  - The Purchased Assets have been marketed for sale for almost a year by the Broker, which has experience marketing assets of this nature. The Purchaser’s offer represents the highest offer submitted for the Purchased Assets;
  - The Broker supports the transaction. The Broker has advised the Monitor that the market for mineral processing equipment has significantly declined since the Sale Process commenced;
  - In the Monitor’s view, the Sale Process as described to it by the Applicants’ representatives was commercially reasonable and the Monitor approves of that process;
  - Global Resource Fund, as the party with an economic interest in the Transaction, consents to the Transaction;
  - The Transaction does not affect the marketability of the Tamerlane Group and does not impact other options presently being considered by the Applicants, the Monitor and Global Resource Fund; and
  - The only condition remaining in the Sale Agreement is the approval of this Honourable Court and the vesting order.
2. For the reasons noted above, the Monitor respectfully recommends that this Honourable Court approve the Transaction.

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## 7.0 DIP Facility

1. As of December 22, 2013, the DIP Lender had advanced approximately US\$876,000 under the DIP Facility. The net proceeds from the Transaction will be used to partially repay the DIP Lender's advances. Accordingly, the following amendments have been negotiated to the DIP Facility in order to fund the extension period:
  - The Applicants will be entitled to an additional US\$136,825 in funding under the DIP Facility, representing the additional funding required until January 31, 2014, pursuant to the Cash Flow (which revised Cash Flow replaces the cash flow previously attached to the DIP Term Sheet);
  - The maturity date will be extended to the earlier of (i) January 31, 2014; and (ii) such earlier date upon which repayment is required due to the occurrence of an Event of Default;<sup>2</sup> and
  - All other terms of the DIP Facility will remain unchanged.
2. A copy of the DIP Amendment is attached to the Applicants' motion materials.
3. The Monitor supports the DIP Amendment. Without it, the Tamerlane Group has no liquidity – it is without funding to pay operating expenses or to fund the SISP. In the Monitor's view, in order to complete any transaction, additional funding would be required.

## 8.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make the Orders granting the relief detailed in Section 1.1 of this Report.

\* \* \*

All of which is respectfully submitted,



**DUFF & PHELPS CANADA RESTRUCTURING INC.  
IN ITS CAPACITY AS CCAA MONITOR OF  
TAMERLANE VENTURES INC. AND PINE POINT HOLDING CORP.  
AND NOT IN ITS PERSONAL CAPACITY**

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<sup>2</sup> Events of default include, among others: entry of Orders in the CCAA proceedings that affect the DIP Lender without their consent; termination of the CCAA proceedings or the CCAA stay of proceedings; material variances from the agreed cash flow projections (excluding permitted variances and funding of professional fees); and breaches of covenants in the DIP Facility;

## **Appendix “A”**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE MR. ) FRIDAY, THE 23<sup>rd</sup>  
 )  
JUSTICE NEWBOULD ) DAY OF AUGUST, 2013  
 )

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF TAMERLANE VENTURES INC. and  
PINE POINT HOLDING CORP.

(the "**Applicants**")

**INITIAL ORDER**

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Margaret M. Kent sworn August 22, 2013 and the Exhibits thereto (the "**Kent Affidavit**") and the Report of the Proposed Monitor, Duff & Phelps Canada Restructuring Inc. ("**Duff & Phelps**") (the "**Monitor's Pre-Filing Report**"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, Duff & Phelps, and Global Resource Fund (the "**Secured Lender**"), and on reading the consent of Duff & Phelps to act as the Monitor,

## SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application, the Application Record and the Monitor's Pre-Filing Report is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

## APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicants are companies to which the CCAA applies.

## PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

## POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that, subject to the terms of the DIP Term Sheet and Definitive Documents (each as hereinafter defined), the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Kent Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management

System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. THIS COURT ORDERS that, subject to the terms of the DIP Term Sheet and Definitive Documents, the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) except as otherwise provided herein, the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges or as otherwise agreed among the Applicants, the Secured Lender and the relevant Assistant.

7. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, and subject to the terms of the DIP Term Sheet and Definitive Documents, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

8. THIS COURT ORDERS that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, which may only be done with the prior written consent of the Secured Lender, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, at such intervals as such Rent is usually paid in the ordinary course of business, in advance (but not in arrears). On the date of the first of such

payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. THIS COURT ORDERS that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court upon notice to the Secured Lender: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

### **RESTRUCTURING**

11. THIS COURT ORDERS that each of the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants contained in the DIP Term Sheet or Definitive Documents, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and, with the prior written consent of the Monitor, to dispose of redundant or non-material assets not exceeding \$10,000 in any one transaction or \$50,000 in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) implement the SISP (as hereinafter defined) under the oversight of the Monitor and in accordance with this Order,

all of the foregoing to, among other things, permit the Applicants to proceed with an orderly restructuring of the Business in order to, among other things, repay their obligations to the Secured Lender.

12. THIS COURT ORDERS that each of the Applicants shall provide each of the relevant landlords, the Monitor and the Secured Lender with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased

premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two days notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, which may only be done with the prior written consent of the Secured Lender, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY**

14. THIS COURT ORDERS that until and including September 22, 2013, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

15. THIS COURT ORDERS that during the Stay Period, no Proceeding shall be commenced or continued against or in respect of Tamerlane Ventures USA, Inc. or Tamerlane Ventures Peru SAC (collectively, the "**Foreign Entities**") or their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Foreign Entities Property**") with respect to any guarantee, contribution or indemnity obligation, liability or claim in respect of or that relates to any agreement involving the Applicants or the obligations, liabilities and claims of, against, or affecting the Applicants or the Business (the "**Related Claims**"), except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Foreign Entities or Foreign Entities Property in respect of the Related Claims are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

16. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued, except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

17. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any Person against or in respect of the Foreign Entities or Foreign Entities Property in respect of the Related Claims are hereby stayed and suspended and shall not be commenced, proceeded with or continued, except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Foreign Entities to carry on any business which they are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii)

prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

### **NO INTERFERENCE WITH RIGHTS**

18. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

### **CONTINUATION OF SERVICES**

19. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreement or agreements, and that the Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

### **NON-DEROGATION OF RIGHTS**

20. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

## **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

21. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

## **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

22. THIS COURT ORDERS that the Applicants shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

23. THIS COURT ORDERS that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$45,000, as security for the indemnity provided in paragraph 22 of this Order, provided, however, that the Directors' Charge shall not secure any indemnity for liability of the Applicants' officers and directors which arises based on acts or omissions occurring after the Outside Date (as hereinafter defined) or the termination of these proceedings, whichever may be earlier. The Directors' Charge shall have the priority set out in paragraphs 44 and 46 herein.

24. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 22 of this Order.

**APPOINTMENT OF MONITOR**

25. THIS COURT ORDERS that Duff & Phelps is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

26. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the receipts and disbursements of the Applicants and the Foreign Entities;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and its counsel of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise and assist the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, or as otherwise agreed to by the DIP Lender;
- (e) advise and assist the Applicants in their development of the Plan and any amendments to the Plan;

- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan, as applicable;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants and the Foreign Entities, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

27. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

28. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in

pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

29. THIS COURT ORDERS that the Monitor shall provide any creditor of the Applicants (including the Secured Lender) and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors (other than the Secured Lender) unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

30. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

31. THIS COURT ORDERS that <sup>✓ subject to paragraph 33 hereof, ✓</sup> the Monitor, counsel to the Monitor, counsel to the Applicants, and the financial advisor to the Applicants (the "**Financial Advisor**") shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges or as otherwise agreed between the Applicants and the relevant party, whether incurred prior to, on, or after the date hereof, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, counsel for the Applicants, and the Financial Advisor on at least a monthly basis or as otherwise agreed in writing between the Applicants and the relevant party. JMT

32. THIS COURT ORDERS that, if one or more of the Monitor, counsel to the Monitor, counsel to the Applicants, or the Financial Advisor reasonably determines at any time, in light of the amount of DIP Financing and the Administration Charge, that it is unlikely to be paid in full (in accordance with its agreement with the Applicants) for its services to the Applicants, then such person(s) shall be entitled to withdraw its services on behalf of the Applicants and/or to terminate its engagement with the Applicants, without further obligation on its part.

33. THIS COURT ORDERS that, if requested by the Applicants, the DIP Lender, this Court or any interested party, the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

34. THIS COURT ORDERS that the Monitor, counsel to the Monitor, and counsel to the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$300,000, as security for their professional fees and disbursements incurred in accordance with paragraph 31 hereof, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 44 and 46 hereof.

35. THIS COURT ORDERS that the Financial Advisor shall be entitled to the benefit of and is hereby granted a charge (the "**Financial Advisor Charge**") on the Property, which charge shall not exceed an aggregate amount of \$300,000, as security for the Financial Advisor's professional fees and disbursements incurred in accordance with paragraph 31 hereof, both before and after the making of this Order in respect of these proceedings. The Financial Advisor Charge shall have the priority set out in paragraphs 44 and 46 hereof.

36. THIS COURT ORDERS that the Monitor, counsel to the Monitor, counsel to the Applicants and the Financial Advisor shall be entitled to the benefit of and are hereby granted a charge (the "**Subordinated Administration Charge**") on the Property as security for their professional fees and disbursements incurred in accordance with paragraph 31 hereof to the extent that they are not secured by the Administration Charge or the Financial Advisor Charge, both before and after the making of this Order in respect of these proceedings. The Subordinated Administration Charge shall have the priority set out in paragraphs 44 and 46 hereof.

## **DIP FINANCING**

37. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from the Secured Lender (in such capacity, the "**DIP Lender**") to be used for the purpose set out in the DIP Term Sheet, provided that borrowings under such credit facility shall not exceed USD \$978,571 plus interest and costs of the DIP

Lender unless permitted by both (i) further Order of this Court and (ii) the terms of the DIP Term Sheet.

38. THIS COURT ORDERS that such credit facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between the Applicants and the DIP Lender dated as of August 22, 2013 (the "**DIP Term Sheet**"), filed.

39. THIS COURT ORDERS AND DECLARES that the DIP Term Sheet be and is hereby approved, ratified and confirmed, and the execution of the DIP Term Sheet by the Applicants be and is hereby authorized and approved. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, expenses (including legal fees) liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

40. THIS COURT ORDERS that, in addition to the obligations of the Applicants set out in the DIP Term Sheet, the Applicants and the Monitor shall promptly upon request provide to the DIP Lender access to such information as it may reasonably request concerning the business and affairs of the Applicants and the Foreign Entities, including, without limitation, bank statements and transaction records, general ledgers, budgets, cheque registers and cancelled cheques, and material contracts, all subject to recognition that the Applicants have reduced their staffing as part of the restructuring process.

41. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 44 and 46 hereof.

42. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge, the DIP Term Sheet, or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the DIP Term Sheet, Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon three business days' prior notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Term Sheet, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

43. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the DIP Term Sheet or the Definitive Documents.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

44. THIS COURT ORDERS that the priorities of the security given by the Applicants to the Secured Lender (the "**Secured Lender Security**"), the Directors' Charge, the Administration Charge, the Financial Advisor Charge, the Subordinated Administration Charge and the DIP Lender's Charge as among them, shall be as follows:

First – Administration Charge (to the maximum amount \$300,000);

Second – Financial Advisor Charge (to the maximum amount of \$300,000);

Third – DIP Lender's Charge;

Fourth – Directors' Charge (to the maximum amount of \$45,000);

Fifth – Secured Lender Security; and

Sixth - Subordinated Administration Charge.

45. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge, the Financial Advisor Charge, the Subordinated Administration Charge or the DIP Lender's Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

46. THIS COURT ORDERS that (i) each of the Directors' Charge, the Administration Charge, the Financial Advisor Charge, and the DIP Lender's Charge shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, notwithstanding the order of perfection or attachment, and (ii) the Subordinated Administration Charge shall constitute a charge on the Property and shall rank in priority to all Encumbrances in favour of any Person, notwithstanding the order of perfection or attachment, other than the Administration Charge, the Financial Advisor Charge, the DIP Lender's Charge, the Directors' Charge and the Secured Lender Security.

47. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges or the Secured Lender Security, unless the Applicants also obtain the prior written consent of all of the beneficiaries of the Charges and the Secured Lender Security, or further Order of this Court.

48. THIS COURT ORDERS that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) any applications(s) for receivership order(s) issued pursuant to the BIA, the *Courts of Justice Act*, or any other statute, or any order(s) made pursuant to such applications; (e) the provisions of any federal or provincial statutes; or (f) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which they are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the DIP Term Sheet and the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

49. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

## RESTRICTIONS ON EXTENSION OF CCAA PROCEEDINGS

50. THIS COURT ORDERS that, notwithstanding any other provision of this Order, the Applicants may not seek or obtain any extension of the Stay Period beyond 11:59 p.m. (Toronto time) on January 7, 2014, unless it has repaid both the DIP Lender and the Secured Lender in full or received the prior written consent of the Secured Lender and the Monitor prior to such date (such date beyond which the Applicants may not seek or obtain any extension of the Stay Period, if any, being the "**Outside Date**"). Immediately following the Outside Date and with automatic effect: (i) these proceedings shall terminate (the "**Termination**"), (ii) the Monitor shall be released and discharged, and (iii) this Order (except for paragraphs 22, 23, 31, 34, 35, 36, and 41 hereof) shall be of no further force or effect. provided, however, that:

(a) the Administration Charge, the Financial Advisor Charge and the Subordinated Administration Charge shall not secure any fees or disbursements of the Monitor, its counsel, counsel to the Applicants or the Financial Advisor (collectively, the "**Insolvency Professional Fees**") incurred after the Termination, except those Insolvency Professional Fees which relate to:

- (i) obtaining the approval(s) or other relief from this Court as set out in paragraph 52 hereof;
- (ii) the fees of the Monitor or its counsel in relation to the transition from these CCAA proceedings to a receivership; or
- (iii) any other fees or disbursements of the Applicants' counsel, the Monitor, the Monitor's counsel or the Financial Advisor which are approved by the Secured Lender in advance.

51. THIS COURT ORDERS that, immediately upon the Termination, a receiver selected by the Secured Lender shall hereby be appointed, without security, over all assets and undertakings of the Applicants pursuant to section 243 of the *Bankruptcy and Insolvency Act* and section 101 of the *Courts of Justice Act*; and <sup>(ii)</sup> a receivership order substantially in the form of Schedule "A" (the "**Receivership Order**") shall issue immediately upon the Secured Lender filing with the Court a written consent of a licensed bankruptcy trustee, selected by the Secured Lender, to act as receiver. The Secured Lender may attend at a Commercial List chambers appointment as soon

and subject in all respects  
to the discretion of the  
Court: (i)

as practicable after the Termination for the purpose of ~~having~~ the Receivership Order ~~signed~~,  
which the Applicants have irrevocably consented to. ✓ -25

52. THIS COURT ORDERS that, notwithstanding the occurrence of the Termination, Duff & Phelps Canada Restructuring Inc. is authorized to apply to this Court from and after the date of the Termination to seek: (a) approval of (i) its conduct and activities, and (ii) its fees and disbursements and those of its counsel incurred in connection with these proceedings; and (b) such other relief as Duff & Phelps Canada Restructuring Inc. deems appropriate in connection with its role as Monitor in these proceedings, its discharge as Monitor and any matters relating to the transition of these CCAA proceedings to receivership proceedings. The Termination in accordance with paragraph 50 hereof shall not affect, vary, derogate from or limit any of the protections in favour of the Monitor at law or pursuant to the CCAA, this Order or any other Order that may be granted by this Court in these proceedings.

#### **SALE AND INVESTMENT SOLICITATION PROCESS**

53. THIS COURT ORDERS AND DIRECTS that the Sale and Investment Solicitation Process (the "SISP") attached as Schedule "B" to this Order be and is hereby approved, and the Financial Advisor, the Monitor and the Applicants are authorized and directed to perform each of their obligations thereunder and to do all things reasonably necessary to perform their obligations thereunder.

54. THIS COURT ORDERS that each of the Monitor and the Financial Advisor, and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Monitor or the Financial Advisor, as applicable, in performing its obligations under the SISP (as determined by this Court).

55. THIS COURT ORDERS that, in connection with the SISP and pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada), the Applicants, the Financial Advisor and the Monitor are authorized and permitted to disclose personal information of identifiable individuals to prospective investors, financiers, purchasers or offerors

and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one of more investment, finance or sale transactions (each, a “**Transaction**”). Each prospective investor, financier, purchaser, or offeror to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Applicants, the Financial Advisor or the Monitor, as applicable; (ii) destroy all such information; or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Applicant, and shall return all other personal information to the Applicants, the Financial Advisor or the Monitor, as applicable, or ensure that all other personal information is destroyed.

#### **SERVICE AND NOTICE**

56. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in The Globe and Mail a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

57. THIS COURT ORDERS that the Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile or email to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

58. THIS COURT ORDERS that the Applicants, the Monitor, the Secured Lender and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on its website at <http://www.duffandphelps.com/services/restructuring/Pages/RestructuringCases.aspx>, and that any such service or notice by email shall be deemed to be received on the day on which such transmission occurs, or if such transmission occurs after 5:00p.m. or on a day that is not a business day, then on the next business day after such transmission.

### **GENERAL**

59. THIS COURT ORDERS that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their respective powers and duties under this Order or the interpretation or application of this Order.

60. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

61. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Peru, or in any other foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

62. THIS COURT ORDERS that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative

in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

63. THIS COURT ORDERS that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven days' notice to the Secured Lender any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

64. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Daylight Time on the date of this Order, and, for greater certainty, the DIP Lender shall be entitled to rely on this Order as issued for all advances made under the DIP Term Sheet and the Definitive Documents up to and including the date this Order may be varied or amended by this Court.

65. THIS COURT ORDERS that, notwithstanding paragraph 63 of this Order, no order shall be made varying, rescinding or otherwise affecting (i) the priorities of this Order with respect to the Charges, the Secured Lender Security, the DIP Term Sheet or the Definitive Documents, or paragraphs 50 or 51 of this Order, unless notice of a motion is served on the Monitor, the Applicants, and the Secured Lender returnable no later than September 5, 2013, or except with the written consent of the Applicants, the Monitor, and the Secured Lender.

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ON / BOOK NO:  
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AUG 23 2013

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Schedule "A"

Schedule "B"

SCHEDULE A

Court File No.

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE ) \_\_\_\_\_ DAY, THE \_\_\_\_  
JUSTICE )  
 ) DAY OF \_\_\_\_\_, 201\_\_

**IN THE MATTER OF SECTION 243 OF *THE BANKRUPTCY AND INSOLVENCY ACT*  
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT***

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
TAMERLANE VENTURES INC. AND PINE POINT HOLDING CORP.**

**ORDER**

THIS APPLICATION made by Global Resource Fund (“GRF”) for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “CJA”) appointing [RECEIVER'S NAME] as receiver (in such capacities, the “Receiver”) without security, of all of the assets, undertakings and properties of Tamerlane Ventures Inc. and Pine Point Holding Corp. (collectively, the “Debtor”) acquired for, or used in relation to a business carried on by the Debtor, was heard this day in chambers at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application and the provisions of the Initial Order made in Commercial List File No. CV-13-[ ]-00CL (the “Initial Order”) which provide that a Receiver be appointed over the Debtor immediately after the Outside Date (as defined in the Initial Order), upon hearing the submissions of counsel for Global Resource Fund and upon the Debtor consenting to this order, no one appearing for [NAME] although duly served as appears from the affidavit of service of [NAME] sworn [DATE] and on reading the consent of [RECEIVER'S NAME] to act as the Receiver,

## **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

## **APPOINTMENT**

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, [RECEIVER'S NAME] is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

## **RECEIVER'S POWERS**

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any

obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The

authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, section 31 of the Ontario *Mortgages Act*, or equivalent statutory provisions of other provinces or territories, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals,

firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including

providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

7. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

9. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

10. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract,

agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

### **CONTINUATION OF SERVICES**

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

### **RECEIVER TO HOLD FUNDS**

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **EMPLOYEES**

13. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

## **PIPEDA**

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

## **LIMITATION ON ENVIRONMENTAL LIABILITIES**

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or

other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### **RECEIVER'S ACCOUNTS**

17. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA but provided, however, that the Receiver's Charge shall rank *pari passu* with the Administration Charge granted pursuant to the Initial Order.

18. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### **FUNDING OF THE RECEIVERSHIP**

20. THIS COURT ORDERS that, with the prior written consent of GRF, the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the Administration Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

### **GENERAL**

24. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

25. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

27. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

28. THIS COURT ORDERS that GRF shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of GRF's security or, if not so provided by GRF's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

29. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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**SCHEDULE "A"**  
**RECEIVER CERTIFICATE**

CERTIFICATE NO.

AMOUNT \$

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties of Tamerlane Ventures Inc. and Pine Point Holding Corp. (the "Debtor") (acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the of MONTH, 20YR (the "Order") made in an action having Court file number \_\_\_-CL-\_\_\_, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$\_\_\_, being part of the total principal sum of \$\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the \_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_ day of MONTH, 20YR.

[RECEIVER'S NAME], solely in its capacity  
as Receiver of the Property, and not in its  
personal capacity

Per: \_\_\_\_\_

Name:

Title:

## SCHEDULE B

### Sale and Investment Solicitation Process

#### Purpose

1. The purpose of the Sale and Investment Solicitation Process ("**SISP**") is to identify one or more financiers or purchasers of and investors in the Applicants' business with a completion date of a transaction or transactions no later than January 7, 2014.

#### Defined Terms

2. All capitalized terms used but not otherwise defined herein have the meanings given to them in the Order granted by the Ontario Superior Court of Justice (the "Court") on August 23, 2013 (the "**Initial Order**") in respect of the Applicants' proceedings commenced under the CCAA.

#### SISP Procedures

3. The Financial Advisor, with the assistance of the Applicants and the Monitor (collectively, the "**SISP Team**"), will compile a listing of prospective financiers, investors and purchasers (together with others expressing an interest in the business, assets or property of the Applicants, "**Interested Parties**"). The Financial Advisor will make best efforts to contact all parties identified in the list as well as any additional parties that the SISP Team believes could be a potential financier, investor or purchaser.
4. The Financial Advisor, with the oversight of the Monitor (who will assist and monitor the process), will conduct a financing, investor and sale solicitation process whereby Interested Parties will have the opportunity to submit offers to finance the Applicants, to purchase some or all of the Applicants' Property or to make an investment in the Applicants. Input from the Secured Lender will be considered by the Financial Advisor and the Monitor.
5. The SISP Team will determine whether the SISP should include newspaper or other advertising directed at Interested Parties and, if so determined, shall cause a notice of the SISP to be published expeditiously, as determined by the Financial Advisor (in consultation with the Monitor).

6. As soon as possible after the date of the Initial Order, the Financial Advisor will distribute to Interested Parties an interest solicitation letter detailing this opportunity. A form of confidentiality agreement ("CA") will be attached to the interest solicitation letter that Interested Persons will be required to sign in order to gain access to confidential information and to commence performing due diligence (each Interested Party who signs a CA being referred to herein as, a "**Prospective Offeror**"). Those parties who have already executed a confidentiality agreement with the Applicants (also a "CA" for the purposes hereof) may not be required to execute a new confidentiality agreement. All CAs shall enure to the benefit of any purchaser of the Applicants' business.
  
7. The Financial Advisor, with the assistance and oversight of the Monitor, may provide an investment overview document to Prospective Offerors. The document would provide an overview of the Applicants' business, assets and prospects that may be of interest to prospective buyers or investors.
  
8. A chart summarizing important target dates for the SISP is set out below:

Sale and Investment Solicitation Process	Date
Court Approval of SISP	August 23, 2013
Begin Marketing to Interested Parties	August 23, 2013
Receipt of Non-Binding Letters of Intent	October 22, 2013
Receipt of Offers	November 22, 2013
Clarification of offers and re-submission, if applicable	between November 22, 2013 and December 6, 2013
Execution of Binding Agreement (Financing Agreement, APA, etc.)	December 16, 2013
Court approval of Transaction(s)	as soon as practicable following execution of binding agreement
Closing(s)	as soon as practicable following Court approval of transaction(s)

9. At any time during the SISP, any party may, upon reasonable prior notice to the service list, apply to the Court for advice and directions with respect to the discharge of its power and duties hereunder.

## **Non-Binding LOIs**

10. The Financial Advisor shall seek non-binding letters of intent (each an "LOI") from Interested Parties in accordance with the target date above that include:
  - (a) the identity of the offeror;
  - (b) an indication of the proposed financing, investment terms or purchase price for assets;
  - (c) any anticipated regulatory and other approvals required to close the proposed transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;
  - (d) a timeline to closing with critical milestones;
  - (e) such form of financial disclosure and credit-quality support or enhancement that will allow the SISP Team to make a reasonable determination as to the offeror's financial and other capabilities to consummate the proposed transaction; and
  - (f) such other information reasonably requested by the Financial Advisor, in consultation with the Applicants, the Monitor, and the Secured Lender.
  
11. The SISP Team, in consultation with the Secured Lender, will evaluate the LOIs based on, among other things, the ability of the offeror to complete due diligence and conclude a transaction within the target time frame set out herein. To the extent that the SISP Team determines to pursue a transaction with any Interested Party that submitted an LOI, the SISP Team will provide such Interested Party with access to additional information on the business and the Property, including access to an online data room and an opportunity to meet with senior management of the Applicants, together with the Financial Advisor, and the Monitor if so requested by the Monitor.

## Submissions of Offers

12. The Financial Advisor shall seek offers from Interested Parties in accordance with the target date above that:
- (a) provide the identity of the offeror, evidence of corporate authority and proof of such offeror's financial ability to perform the proposed transaction to the satisfaction of the SISP Team, acting reasonably;
  - (c) are in the form of a binding offer capable of acceptance, irrevocable for a period of 10 Business Days;
  - (d) are accompanied by a refundable cash deposit in the form of a wire transfer (to a bank account specified by the Monitor) or such other form of deposit as is acceptable to the Monitor, payable to the order of the Monitor, in trust (the "**Deposit**"), in an amount and on terms acceptable to the SISP Team;
  - (e) in the case of a proposed purchase of the Applicants' Property, includes the following: an acknowledgement and representation that the offeror: (a) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and (b) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement;
  - (f) in the case of an investment in the Applicants' business, includes the following: an acknowledgement and representation that the offeror: (a) has relied solely upon its own independent review, investigation and/or inspection of any documents in making its bid; and (b) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the business of the

Applicants or the completeness of any information provided in connection therewith, except as expressly stated in the investment agreement; and

- (g) states any conditions to closing.
13. The SISP Team, in consultation with the Secured Lender, will evaluate the offers based on, among other things, the ability of the offeror to conclude a transaction within the target time frame set out herein. The Financial Advisor, in consultation and working with the Monitor and the Applicants, may seek clarifications with respect to any offers.

### **Post-Offer Procedure**

14. If one or more offers are received, the Applicants, in consultation with the Financial Advisor, the Monitor, and the Secured Lender, may choose to:
- (a) subject to paragraph 15 below, accept one (or more if for distinct transactions) offer(s) (the "**Successful Offer**" and the offeror(s) making the Successful Offer(s) being a "**Successful Offeror**") and take such steps as are necessary to finalize and complete an agreement for the Successful Offer(s) with the Successful Offeror(s); or
  - (b) continue negotiations with a selected number of offerors (collectively, "**Selected Offerors**") with a view to finalizing one (or more if for distinct transactions) agreement(s) with one or more Selected Offerors.
15. The SISP Team shall be under no obligation to accept the highest or best offer or any offer and the selection of the Selected Offers and the Successful Offer(s) shall, subject to the following sentence, be entirely in the discretion of the SISP Team, after consultation with the Secured Lender. For greater certainty, the Secured Lender's prior written approval is required prior to acceptance of any Successful Offer unless it is evident in the opinion of the Secured Lender, acting reasonably, that such Successful Offer shall generate proceeds sufficient to repay by the Outside Date (as defined in the Initial Order) both (i) all outstanding indebtedness of the Secured Lender (including

principal, interest, fees, and costs) (the “**Secured Lender Debt**”) in full and (ii) all outstanding indebtedness ranking in priority to the Secured Lender Debt including, without limitation, amounts secured by the Administration Charge, the Financial Advisor Charge, the DIP Lender’s Charge, and the Directors’ Charge (all as defined in the Initial Order).

### **Other Terms**

16. If a Successful Offeror breaches its obligations under the terms of its offer, its Deposit shall be forfeited to the Applicants as liquidated damages and not as a penalty.
17. The Applicants will apply to the Court (the "**Approval Motion**") for an order approving the Successful Offer(s) and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Offer(s) and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Offer(s).
18. The Approval Motion will be held on a date to be scheduled by the Court, which will be sought as expeditiously as possible by the Applicants. The Approval Motion may only be adjourned or rescheduled by the Applicants or the Monitor with the consent of the Secured Lender.
19. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Offer.
20. The setting of target dates is not intended to preclude the continuation of the SISP with respect to any Interested Parties, or preclude a particular Interested Party from being considered by the SISP Team with respect to a transaction.
21. The SISP Team shall provide the Secured Lender with copies of all LOIs and offers (including Successful Offers), including any amended versions thereof, along with any

summaries of same prepared by the Financial Advisor or Monitor, forthwith upon receipt.

**IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN  
THE MATTER OF A PLAN OR COMPROMISE OR ARRANGEMENT OF TAMELANE VENTURES INC. and PINE  
POINT HOLDING CORP.**

Court File No. CV-13-10228-00CL

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

Proceedings commenced in Toronto

**INITIAL ORDER**

**BENNETT JONES LLP**

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Suite 3400, P.O. Box 130  
Toronto, Ontario  
M5X 1A4

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Lawyers for the Applicants

## **Appendix “B”**

## **Appendix “C”**

Tamerlane Ventures Inc. and Pine Point Holding Corp.

**Budget-to-Actual Variance Analysis**

For the Period Ended December 22, 2013

Unaudited; C\$)

	Note	Actual	Projected	Variance (\$)	Variance (%)
<b>Receipts</b>					
HST refunds	1	-	27,693	(27,693)	-100%
Financing	2	876,029	950,000	(73,971)	-8%
Total receipts		876,029	977,693	(101,664)	-10%
<b>Disbursements</b>					
Tamerlane Ventures USA, Inc.					
Management fees	3	228,641	246,293	17,653	7%
Other	2	41,327	41,340	13	0%
Office		32,271	34,113	1,842	5%
Due diligence	2	9,082	50,000	40,918	82%
Los Pinos		37,599	37,500	(99)	0%
Pine Point lease claims	4	26,463	22,966	(3,497)	-15%
Shareholder services	5	1,305	13,207	11,902	90%
Total operating disbursements		376,687	445,419	68,732	15%
Professional fees	2	338,000	277,500	(60,500)	-22%
Financial Advisor fees		180,000	180,000	0	0%
Total professional fees		518,000	457,500	(60,500)	-13%
Net cash flow/(shortfall)		(18,658)	74,774	(93,432)	-125%
Opening cash balance		807			
Net cash flow/(shortfall)		(18,658)			
Foreign exchange impact	6	19,954			
Ending cash balance		2,104			

General Note: For the purpose of the variance analysis, US dollar transactions have been converted at par to Canadian dollars.

Notes

1. The company filed an HST return for the three month period ending September 30, 2013 for a refund of \$58,811. The refund has not been received.
2. Timing difference.
3. The company's payroll source deductions have been slightly lower than projected.
4. Management miscalculated total lease claim payments in connection with its Pine Point property. Management was advised by the Government of the Northwest Territories that it under remitted its lease claim payment (made in the week ending September 1, 2013) by \$3,497 and subsequently paid the difference.
5. Difference represents pre-filing expenses related to the Company's Annual General Meeting that will not be paid.
6. The DIP is funded in US dollars. This amount represents the foreign exchange impact of converting US dollars to Canadian dollars.

## **Appendix “D”**



# Nelson Machinery & Equipment Ltd.

Mining & Mineral Process Equipment ♦ Liquidations ♦ Appraisals

1470 RUPERT STREET, NORTH VANCOUVER, BC V7J 1E9 PH (604) 985-5331 FAX (604) 985-2074  
VISIT US ON THE INTERNET! <http://www.nelsonmachinery.com> e-mail: [sales@nelsonmachinery.com](mailto:sales@nelsonmachinery.com)

Keith D'Angelo  
D'Angelo International LLC.  
Bellingham, Washington  
USA 98229  
[keith.dangelo@dangelointernational.com](mailto:keith.dangelo@dangelointernational.com)

December 17, 2013

Ref: Offer to Purchase  
Tamerlane Ventures Inc. Flotation Cells (Bellingham)

Dear Keith

Nelson Machinery & Equipment Ltd. proposes to offer the sum of \$400,000.00 USF to purchase the following flotation cells.

- (1) Bank of 10, Wemco model 144 (500 ft<sup>3</sup>) flotation cells  
Including:
  - (1) feed box
  - (2) connection boxes
  - (1) discharge box
  - (1) 2-cell tank assembly
  - (2) 4-cell tank assemblies
  - Belt guards, drive pulleys, and motors
  
- (1) Bank of 8, model 100R (100 ft<sup>3</sup>) flotation cells  
Including:
  - (1) feed box
  - (1) connection boxes
  - (1) discharge box
  - (2) 4-cell tank assemblies
  - Drawing #569227
  
- (1) Bank of 4, model 100R (100 ft<sup>3</sup>) flotation cells  
Including:
  - (1) feed box
  - (1) discharge box
  - (2) 4-cell tank assemblies
  - Drawing #569226



# Nelson Machinery & Equipment Ltd.

Mining & Mineral Process Equipment ♦ Liquidations ♦ Appraisals

1470 RUPERT STREET, NORTH VANCOUVER, BC V7J 1E9 PH (604) 985-5331 FAX (604) 985-2074  
*VISIT US ON THE INTERNET!* <http://www.nelsonmachinery.com> e-mail: [sales@nelsonmachinery.com](mailto:sales@nelsonmachinery.com)

- (1) Bank of 6, model 50R (50 ft<sup>3</sup>) flotation cells  
Including:
  - (1) feed box
  - (1) connection boxes
  - (1) discharge box
  - (1) 2-cell tank assembly
  - (1) 4-cell tank assemblies
  - Drawing #569213

The offer is based on the following condition:

- Equipment is "as is, where is" condition as inspected:  
Blaine, Washington; Kamloops, British Columbia; and Hay River, Alberta.

**Terms:**

- **Wire transfer in full upon notice of offer acceptance.**
- **Bill of sale required upon receipt of payment in full.**

I trust the above offer is to your acceptance and I look forward to your positive response.

Sincerely,

Rod Engel

Nelson Machinery & Equipment Ltd.