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**Third Report of Duff & Phelps  
Canada Restructuring Inc.  
as CCAA Monitor of Tamerlane  
Ventures Inc. and  
Pine Point Holding Corp. and  
Pre-Filing Report of Duff & Phelps  
Canada Restructuring Inc. as  
Proposed Receiver of Tamerlane  
Ventures Inc. and Pine Point  
Holding Corp.**

January 27, 2014

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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.**

**THIRD REPORT OF  
DUFF & PHELPS CANADA RESTRUCTURING INC.  
AS CCAA MONITOR OF TAMERLANE VENTURES INC. AND  
PINE POINT HOLDING CORP  
AND PRE-FILING REPORT OF  
DUFF & PHELPS CANADA RESTRUCTURING INC.  
AS PROPOSED RECEIVER OF TAMERLANE VENTURES INC. AND PINE POINT  
HOLDING CORP.**

**JANUARY 27, 2014**

## **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 “Company”.) A copy of the Initial Order is attached as Appendix “A”.
2. Pursuant to a Court order made on September 17, 2013, the stay of proceedings was extended until January 7, 2014. On January 7, 2014, the Court issued an order extending the stay of proceedings to January 31, 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 Company’s application for CCAA protection, provides, *inter alia*, the Company’s background, including the reasons for the commencement of these proceedings. A copy of the Kent Affidavit is attached as Appendix “B” to this Report.

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4. The principal purpose of the CCAA proceedings was to create a stabilized environment in which to carry out a sale and investment solicitation process (“SISP”) for the Company’s business and assets in order to maximize value for the benefit of stakeholders, including Global Resource Fund, the Company’s principal secured lender (in such capacity, the “Secured Lender”) and debtor-in-possession lender (in such capacity, the “DIP Lender” and together with the Secured Lender, “GRF”).
  5. Pursuant to the Initial Order, the Company could not seek an extension of the stay of proceedings beyond January 7, 2014, unless (i) it repaid GRF in full by that date; or (ii) received written consent from GRF and the Monitor to seek an extension of the stay prior to January 7, 2014 (“Outside Date”). A further condition of the Initial Order was that immediately following the Outside Date the CCAA proceedings would terminate (“Termination”).
  6. Pursuant to a Court order issued on January 7, 2014, the Outside Date was extended to January 31, 2014, with the consent of GRF and the Monitor.
  7. GRF has informed the Company and the Monitor that it is not prepared to consent to further extensions of the CCAA stay of proceedings and GRF intends to seek an Order (the “Receivership Order”) appointing D&P as receiver and manager (“Receiver”) of the Company’s assets, property and undertaking (“Property”).
  8. This report (“Report”) has been prepared by D&P in its capacity as Monitor and in its capacity as the proposed Receiver.

## **1.1 Purposes of this Report**

1. The purposes of this Report are to:
  - a) Provide background information about the Company and these proceedings, including the termination of the CCAA proceedings and GRF’s application to have D&P appointed as the Receiver;
  - b) Provide an update on the SISP; and
  - c) Recommend that this Honourable Court make an order approving the Monitor’s activities, as described in this Report.

## **1.2 Currency**

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

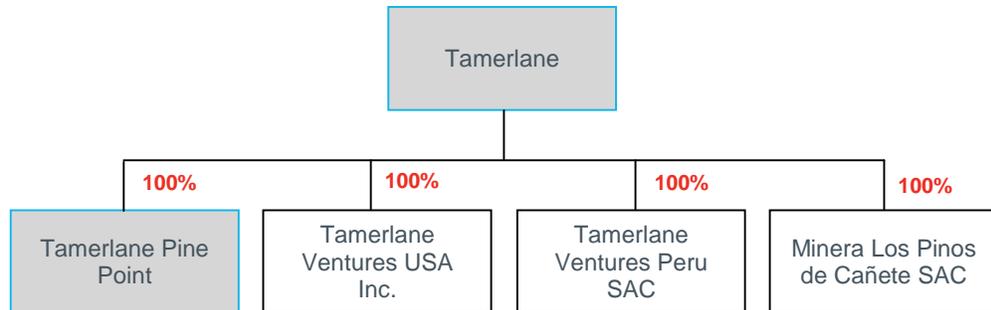
## **1.3 Defined Terms**

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

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## 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".



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. The Tamerlane Group does not presently generate any revenue.
5. The Company does not have any employees. 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<sup>2</sup>.
6. Additional information concerning the Company and these proceedings can be found on the Monitor's website at:

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

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<sup>1</sup> The shaded entities are subject to the restructuring proceedings.

<sup>2</sup> In the context of the receivership proceedings, D&P, if appointed, would retain any individuals it requires on a term and task basis.

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### 3.0 Terminating the CCAA Proceedings and the Appointment of a Receiver

1. The proposed CCAA Termination Order provides for, among other things:
  - termination of the CCAA proceedings, including the discharge and release of the Monitor;
  - the transition of the proceedings to a receivership pursuant to the Proposed Receivership Order, including through: (a) the continuation of the Charges (as defined in the Initial Order) against the Property in accordance with the terms, limitations and priority set out in the Initial Order and the Receivership Order; and (b) ancillary authorizations in order to complete any matters incidental to the Termination and to transition to the receivership; and
  - approval of the Monitor's activities.
2. The Monitor supports the Company's request for relief as it relates to the CCAA Termination Order.
3. Pursuant to paragraph 51 of the Initial Order, upon Termination, the Secured Lender can appoint a receiver over all the property, assets and undertaking of the Company, subject to the discretion of the Court. The terms of the contemplated Receivership Order were largely agreed between the Company and GRF as part of the Second Amendment to the Forbearance Agreement dated August 22, 2013, in the context of, and as a condition of, GRF consenting to the CCAA process and the Company provided GRF with its irrevocable consent to the appointment of a receiver.
4. GRF is seeking the appointment of D&P as Receiver. D&P has consented to act as Receiver. A copy of the consent is attached as Appendix "C".
5. The Receivership Order generally follows the Ontario Model Receivership Order and is substantially the same as the form of order contemplated by, and attached as Schedule A to, the Initial Order.

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## 4.0 Sale and Investor Solicitation Process

1. The purpose of the SISP is to complete one or more sale, investment or financing transactions.
2. Since the commencement of these proceedings, PricewaterhouseCoopers Corporate Finance Inc. ("PwCCFI"), as financial advisor to the Company in the CCAA proceedings, has led the SISP, with the assistance of the Company, under the supervision of the Monitor. The Receivership Order contemplates the authority for the Receiver, with the consent of GRF, to continue the retention of PwCCFI as financial advisor on the terms contained in an agreement between PwCCFI and Tamerlane. In such case, PwCCFI would act as financial advisor to the Receiver and assist in the sale process.
3. The primary purpose of the receivership proceedings will be for the Receiver and PwCCFI to complete the SISP, which has generated interest from several parties. It is intended that negotiations with interested parties will continue in the receivership process.

## 5.0 Security Review

1. D&P, in its capacity as Monitor and in its capacity as proposed Receiver, asked its counsel, Goodmans LLP ("Goodmans"), to conduct a review of the security granted by the Company in personal property to secure amounts owing to the Secured Lender under the Credit Agreement. Goodmans provided an opinion under the laws of the Province of Ontario and engaged agents to provide an opinion under the laws of the Northwest Territories and Washington State and Washington D.C., respectively. Read together, the opinions provide that (subject to the assumptions and qualifications contained therein) the personal property security granted in favour of the Secured Lender is valid and enforceable and creates valid security interests in the personal property of the Company secured to which the *Personal Property Security Act* (Ontario), the *Personal Property Security Act* (Northwest Territories), the Uniform Commercial Code of the State of Washington and the Uniform Commercial Code of the District of Columbia applies; however, as a result of complex conflict of laws matters, there is a question whether the Secured Lender has a binding and/or perfected security interest in Tamerlane's bank accounts. It is noted that these bank accounts had nominal balances at the time the Initial Order, and the DIP Lender's Charge over all of the Company's assets, was granted (less than \$5,000).

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## 6.0 Overview of the Monitor's Activities

1. Since its appointment on August 23, 2013, the Monitor's activities have included:
  - Attending at Court on August 23, 2013 regarding the initial application;
  - Publishing notices in the national edition of *The Globe and Mail* newspaper in accordance with the Initial Order;
  - Assisting the Company to deal with certain vendors, as required;
  - Sending a notice of the CCAA proceedings to all known creditors in accordance with the Initial Order;
  - Completing the statutory filings required pursuant to Section 23 of the CCAA and filing those forms with the Office of the Superintendent of Bankruptcy (Canada);
  - Reviewing and commenting on the Company's draft Court materials filed in connection with its stay extension motions returnable September 17, 2013 and January 7, 2014;
  - Attending at Court on September 17, 2013 and January 7, 2014 regarding stay extension applications;
  - Reviewing and commenting on various iterations of weekly cash flow statements prepared by the Company for the periods ending January 5, 2014 and January 31, 2014;
  - Reviewing eight debtor-in-possession financing requests;
  - Reviewing the Company's bank reconciliation on a weekly basis;
  - Drafting weekly updates to GRF, including preparing variance analyses and updating cash flows;
  - Reviewing SISP materials prepared by the Financial Advisor, including a non-disclosure agreement, process letter and teaser;
  - Corresponding extensively with the Financial Advisor to obtain updates on the status of the SISP;
  - Reviewing expressions of interest received for the Company's business and assets and discussing same with GRF, PwCCFI and the Company;
  - Corresponding routinely with the Company, its legal counsel and with legal counsel to the GRF;

- 
- Negotiating the sale of equipment owned by Tamerlane;
  - Monitoring and approving the Company's receipts and disbursements as required under the Initial Order;
  - Drafting the Monitor's pre-filing Report to Court dated August 22, 2013, the First Report to Court dated September 10, 2013, the Second Report to Court dated December 31, 2013 and this Report;
  - Responding to calls and enquiries from various parties regarding the Company's CCAA proceedings;
  - Posting all Court materials filed in these proceedings on the Monitor's website; and
  - Other matters pertaining to the administration of this mandate.

## 7.0 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.*

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

## **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.

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.

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

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>(i)</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

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

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 or 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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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 Eamer 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 SISIP with respect to any Interested Parties, or preclude a particular Interested Party from being considered by the SISIP Team with respect to a transaction.
21. The SISIP 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 TAMERLANE 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**  
One First Canadian Place  
Suite 3400, P.O. Box 130  
Toronto, Ontario  
M5X 1A4

S. Richard Orzy (LSUC #231811)  
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Lawyers for the Applicants

## **Appendix “B”**

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**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.

**AFFIDAVIT OF MARGARET M. KENT**  
**(Sworn August 22, 2013)**

I, Margaret M. Kent, of the City of Kailua-Kona, in the State of Hawaii, United States of America, **MAKE OATH AND SAY:**

1. I am (i) the Executive Chair and Chief Financial Officer of Tamerlane Ventures Inc. ("**Tamerlane**"), (ii) a Director of Pine Point Holding Corp. ("**Tamerlane Pine Point**", and together with Tamerlane, the "**Applicants**"), and (iii) the Chair and Treasurer of Tamerlane Ventures USA, Inc. ("**Tamerlane USA**", and together with the Applicants, the "**Company**"). As such, I have personal knowledge of the matters set out below, except where otherwise stated. Where I do not possess personal knowledge, I have stated the source of my information and I believe such information to be true.

2. All references to dollar amounts contained in this affidavit are to United States Dollars unless otherwise stated.

**I. RELIEF SOUGHT**

3. This affidavit is sworn in support of an application for an initial order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") in respect of the Applicants, among other things:

- a) abridging and validating the time for service of the Notice of Application and the Application Record, and dispensing with further service thereof;
- b) declaring that the Applicants are companies to which the CCAA applies;
- c) appointing Duff & Phelps Canada Restructuring Inc. ("**Duff & Phelps**") as Monitor of the Applicants;
- d) staying all proceedings and remedies taken or that might be taken in respect of the Applicants or any of their property, except as otherwise set forth in the Initial Order;
- e) staying all proceedings and remedies taken or that might be taken in respect of Tamerlane USA or Tamerlane Ventures Peru SAC ("**Tamerlane Peru**"), or any of their property with respect to any claim involving the Applicants, except as otherwise set forth in the Initial Order;
- f) authorizing the Applicants to carry on business in a manner consistent with the preservation of their property and to make certain payments in connection with their business and the proceedings;
- g) authorizing the Applicants to borrow funds under a credit facility (the "**DIP Financing**"), with such DIP Financing to be on the terms set out in

the term sheet dated August 22, 2013 (the "**Term Sheet**") between the Applicants and Global Resource Fund (in such capacity, the "**DIP Lender**");

- h) granting the Administration Charge (defined below), the Financial Advisor Charge (as defined below), the Directors' Charge (as defined below), the DIP Lender's Charge (defined below), and the Subordinated Administration Charge (defined below);
- i) approving the SISP (defined below), and authorizing PricewaterhouseCoopers Corporate Finance Inc. (the "**Financial Advisor**"), the Monitor and the Applicants to perform their obligations thereunder;
- j) providing that the Applicants may not seek or obtain any extension of the stay of proceedings beyond 11:59 p.m. (Toronto time) on January 7, 2014 unless certain conditions (such as the prior written consent of the Applicants' secured lender) are met (such date beyond which the Applicants may not seek or obtain any extension of the stay period, if any, being the "**Outside Date**"), and that if those conditions are not met by the Outside Date, this proceeding will automatically terminate and a receiver will be appointed in respect of the Applicants; and
- k) permitting the Applicants to file with this Honourable Court a plan of compromise or arrangement.

4. The Secured Lender consents to the relief sought in this proceeding.

## II. CORPORATE STRUCTURE

### *Tamerlane*

5. Tamerlane is a publicly held company whose shares are listed on Tier 2 of the TSX Venture Exchange under the symbol "TAM". It was incorporated in the Province of British Columbia on May 16, 2000, and was continued as a federal corporation under the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44 (the "CBCA") on July 26, 2010. A copy of Tamerlane's articles of continuance is attached as Exhibit "A".

6. Tamerlane's registered office is located at 181 Bay Street, Suite 4400, Toronto, Ontario, M5J 2T3 and its executive office is located at 441 Peace Portal Drive, Blaine, Washington State, USA, 98230.

7. Tamerlane's share capital consists of an unlimited number of common shares without par value. As of August 20, 2013, Tamerlane had 137,828,529 common shares issued and outstanding as well as 5,630,000 stock options and 13,750,000 warrants outstanding. Additionally, a convertible debenture issued to Global Resource Fund, a fund managed by Renvest Mercantile Bancorp Inc. (the "**Secured Lender**"), would result in another 6,250,000 shares being issued and outstanding if converted.

8. To the best of my knowledge, no person beneficially owns, or exercises control or direction over, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of Tamerlane except for (i) R. Christopher Charlwood, who beneficially owns 27,500,000 shares (19.95% of voting rights), and (ii) the Secured Lender, which beneficially owns 21,268,827 shares (15.4% of voting rights). Mr. Charlwood, who I believe to be a

sophisticated investor, purchased his shares in January 2013 for CAD \$1,698,842 (or CAD \$0.0618 per share). I understand that he continues to believe in the long-term value of the Company and its assets.

9. Mr. Charlwood, Tamerlane's largest shareholder, has been kept up-to-date by the Applicants with respect to this proposed CCAA proceeding, and does not object to any of the relief being sought.

***The Tamerlane Group***

10. Tamerlane Pine Point and Tamerlane USA are both direct subsidiaries of Tamerlane. An organization chart of the Company and other related subsidiaries (collectively, the "**Tamerlane Group**") is attached as Exhibit "B".

11. Tamerlane owns 100% of the shares of Tamerlane Pine Point, which is incorporated under the CBCA. The articles of incorporation of Tamerlane Pine Point are attached as Exhibit "C".

12. Tamerlane Pine Point's registered office is located at 181 Bay Street, Suite 4400, Toronto, Ontario, M5J 2T3.

13. Tamerlane also owns 100% of the shares of (i) Tamerlane USA, a company incorporated under the laws of the State of Washington, USA, (ii) Tamerlane Peru, a company incorporated under the laws of Peru, and (iii) Minera Los Pinos de Cañete SAC ("**Tamerlane Minera**"), a company incorporated under the laws of Peru.

14. None of Tamerlane USA, Tamerlane Peru or Tamerlane Minera is an applicant in these proceedings.

15. The Tamerlane Group's business is fully integrated among the Canadian, United States and Peruvian companies.

*Management of the Applicants*

16. As set out above, I am a director of each of the Applicants. In addition to me, the directors of each of the Applicants are as follows:

- a) Tamerlane: William J.V. Sheridan, J. Cowan McKinney, Timothy J. Chapman, and Ross F. Burns; and
- b) Tamerlane Pine Point: William J.V. Sheridan and Ross F. Burns.

17. The Tamerlane management team consists of the following individuals, all of which are employed by Tamerlane USA, which provides management services to the Applicants:

- a) Margaret Kent, Executive Chair and Chief Financial Officer of Tamerlane;
- b) John L. Key, Chief Executive Officer of Tamerlane;
- c) Judy Dudley, Vice President of Tamerlane; and
- d) Richard Meschke, Director, Corporate Development and Legal of Tamerlane.

18. The Applicants do not have any employees of their own.

**III. THE BUSINESS**

19. The Tamerlane Group is engaged in the acquisition, exploration and development of base metal projects in Canada and Peru. The Applicants' flagship property is the Pine Point Property,

a project located near Hay River in the South Slave Lake area of the Northwest Territories, Canada. The Tamerlane Group's other significant asset is the Los Pinos mining concessions in the Lima Department, Peru, that hosts a historic copper resource.

### *Pine Point*

20. The Pine Point Property is owned by Tamerlane Pine Point. The mine at Pine Point was the largest and most profitable zinc-lead mine in Canadian history. From 1964 to 1987 more than 64 million tonnes of ore were extracted.

21. The Pine Point Property was ultimately shut down in 1987 due to high costs of maintaining a townsite, and exhaustion of near-plant resources. However, Tamerlane has learned from the problems encountered by previous operators, and is now proposing to mine the Pine Point Properties' ore bodies using a variety of open cut and underground mining methods. No townsite will be needed, and the mill site will be centrally located to all current and future ore deposits at the Pine Point Property.

22. In 2004, the Applicants acquired an option and exclusive right to earn an undivided 60% interest in the Pine Point Property. The Applicants commenced exploration in the fourth quarter of 2004 and in 2006 fulfilled all exploration requirements to earn the 60% interest in the property. In the second quarter of 2006, the Applicants increased their interest in the Pine Point Property to 100% in exchange for \$1,000,000 and the granting of a 3% net smelter return royalty to an entity controlled by the family trusts of two insiders of Tamerlane.

23. In 2007, the Applicants completed an NI 43-101 Technical Report on the Pine Point Property. The report defined 10.9 million tonnes of measured and indicated resources in

conjunction with a positive feasibility study of 1.0 million tonnes of proven and probable reserves for the R-190 zinc-lead deposit at the Pine Point Property, one of the major deposits at the Pine Point Property.

24. Between 2005 and 2008, the Applicants completed a full environmental assessment and received all necessary land and water permits to commence construction of the mill and mine infrastructure and operate the R-190 deposit. The 5-year permits were issued in 2008, but in late 2008 the Pine Point project was put on hold because of low metal prices.

25. On March 16, 2012, the Mackenzie Valley Land and Water Board approved a Type "A" Land Use Permit for the completion and construction of the main mine site at the R-190 deposit location. In addition to obtaining the Land Use Permit, the Applicants also obtained approval for an amended Water License for the R-190 deposit location. The Minister of Aboriginal Affairs and Northern Development Canada signed the Water License in April 2012. Both the Water License and the Land Use Permit are available for the full maximum term of 5 years. The Applicants have begun work on the necessary management plans associated with the Water License and Land Use Permit to allow for commencement of construction, which can begin once financing is obtained. All permits remain in good standing.

26. On April 2, 2012, an updated NI 43-101 Technical Report (the "**2012 R-190 Report**") of the six initial underground deposits at Pine Point comprising the R-190 project was completed. The 2012 R-190 Report reflects new cost assumptions based on updated quoted prices in late 2011 as well as the effect of changing the mine access from a shaft to a decline. No update was completed for the estimates of reserves and resources. The 2012 R-190 Report confirms that the R-190 project is feasible based on the assumptions used.

27. In addition, on March 23, 2012, a NI 43-101 Technical Report was published in respect of another type of deposit - the N-204 surface deposit at Pine Point (the "**2012 N-204 Report**"). The 2012 N-204 Report confirms that the N-204 project is feasible based on the assumptions used.

28. Beginning in early 2013, the Applicants commenced work on the preparation of an additional NI 43-101 Technical Report for several other deposits at the Pine Point property, all of which are expected to be mineable by open pit methods. The Applicants are now expecting to mine a substantial amount of ore at Pine Point by open pit methods as a result of input received from potential partners and investors that were considering the Pine Point project in 2012. This report is expected to be completed by the end of August, 2013.

29. The Applicants believe based on, among other things, the foregoing, that there is very substantial value in the Pine Point Property. The project has been determined to be feasible and environmental permits and licenses have already been obtained to put the first deposit into production. All of the expensive infrastructure, such as roads, powerlines and railheads, are already in place, minimizing the capital cost necessary to commence operations. The Applicants simply need to raise the financing necessary to be able to exploit the value of the project, a task made more difficult by, among other things, the problems experienced generally in the mining sector thus far during 2013.

*Los Pinos*

30. In 2007, Tamerlane acquired the Los Pinos assets through one of its subsidiaries, Tamerlane Peru, and it currently holds the mining concessions through another of its subsidiaries, Tamerlane Minera.

31. The Los Pinos porphyry copper deposit is located at an elevation of 700 meters, 100 km south of Lima, Peru. The deposit is contained within the Los Pinos No. 1 & 6 and the El Pino concessions, which total 790 hectares.

32. The deposit is contained in a deeply weathered granodiorite, which is part of the coastal batholithic complex, and occurs in a northwest trending zone that parallels the northern portion of the Rio de Canete. Los Pinos has several sister deposits, such as the Lucuma deposit on the opposite side of the Rio de Canete. The deposit was shown to have an extensive cap of oxide copper, changing to mixed oxides and sulfides, and eventually by sulfides to depth. The Los Pinos deposit was investigated in the early 1990s assuming a copper price of \$.90 per pound, less than 30% of the current price of approximately \$3.30 per pound.

33. The Los Pinos property became significantly more valuable in 2011 as a result of rising copper prices.

34. However, the Los Pinos assets have been the subject of an ownership dispute since 2008 when Alexander Vidaurre Otayza, who was the General Manager of Tamerlane Peru and Century Mining Peru SAC ("**Century Peru**"), a company that managed the affairs of Tamerlane Peru and shared offices with it, became disgruntled and, prior to resigning, directed Century Peru's in-house lawyer and an outside law firm, both of which were holding Tamerlane Peru's

shares in trust for Tamerlane, to transfer the shares to Mr. Vidaurre and his secretary. Once the share transfer was completed, Mr. Vidaurre and his secretary both resigned from Tamerlane Peru and Century Peru and took Tamerlane Peru's share registries, corporate records and minute books with them.

35. Mr. Vidaurre then attempted to blackmail Tamerlane, demanding cash for the return of the Tamerlane Peru shares. Tamerlane, however, refused to be extorted and was successful in obtaining an injunction that froze the title to the property so that Mr. Vidaurre could not sell or otherwise dispose of the concessions. Tamerlane has also been successful in regaining administrative control of Tamerlane Minera. With administrative control, Tamerlane can now move the Los Pinos project forward and apply for the permits necessary to commence work on the project. To date Tamerlane has been successful in all of its legal proceedings in respect of this ownership dispute.

36. Mr. Vidaurre has also been charged criminally with respect to these actions and the prosecutor has filed an official report charging Mr. Vidaurre and his accomplice/co-conspirator Jaime León Gerardo Sztrancman Waisblack with crimes of forgery and giving a false statement. The prosecutor has requested five-year prison sentences for each of Mr. Vidaurre and Mr. Sztrancman.

37. In addition, the Company has been actively engaged in discussions with Mr. Vidaurre and Mr. Sztrancman regarding a possible resolution to the title dispute in the interest of increasing the marketability of the Los Pinos property. Some progress has been made in that regard to date.

38. The Applicants believe that, especially in light of current copper prices and the current status of the proceedings against Mr. Vidaurre and Mr. Sztrancman, material value can be realized from the Los Pinos property.

### ***Employees***

39. As discussed above, the Applicants do not have any employees. The four individuals (including me) who constitute the Applicants' management team are employed by Tamerlane USA, which provides management services to the Applicants.

40. The Company formerly employed additional individuals, but has proactively reduced its workforce to the greatest extent possible in order to minimize expenses. The Applicants engage advisors, agents and consultants in respect of additional work that cannot be done by management.

### ***Bank Accounts and Cash Management***

41. Tamerlane's main bank is National Bank of Canada, at which it maintains Canadian dollar and US dollar accounts.

42. The Tamerlane Group manages a centralized cash management system. Tamerlane lends cash on an inter-company basis to other entities as needed. It is anticipated that the Tamerlane Group will continue to use the existing cash management system and will continue to maintain the bank accounts and arrangements already in place during the CCAA proceedings. This approach will minimize any disruption to business operations as the Applicants seek to restructure. The cash management system includes the necessary accounting controls to enable

the Applicants, as well as their creditors and this Honourable Court, to trace funds through the system and ensure that all transactions are adequately documented and readily ascertainable.

#### **IV. CURRENT STATUS OF THE COMPANY**

43. The Company's financial reporting is done on a consolidated basis in accordance with Canadian securities laws and includes all of the entities that comprise the Tamerlane Group. The Tamerlane Group's audited consolidated financial statements for the year ending December 31, 2012 are attached as Exhibit "D", and the Tamerlane Group's interim condensed consolidated financial statements for the three months ended March 31, 2013 are attached as Exhibit "E".

##### ***Assets***

44. As at March 31, 2013 the Tamerlane Group had total consolidated assets with a net book value of \$24,814,433. The assets included consolidated current assets of \$2,007,406, and consolidated non-current assets with a net book value of \$22,807,027. Non-current assets included primarily the investment in the Pine Point property of \$20,729,551 and the Los Pinos property of \$1,314,936. As discussed above, the Applicants believe that the Los Pinos property is worth more than its net book value as a result of, among other things, recent increases in copper prices.

##### ***Secured Debt***

45. Pursuant to a Credit Agreement between Tamerlane and the Secured Lender made as of December 16, 2010, as amended by a First Amending Agreement dated June 30, 2011 and a Second Amending Agreement dated July 29, 2011 (the "**Credit Agreement**"), Tamerlane

became indebted to the Secured Lender for \$10,000,000. A copy of the Credit Agreement (including the two Amending Agreements) is attached as Exhibit "F".

46. The secured indebtedness under the Credit Agreement (the "**Secured Debt**") is guaranteed by both Tamerlane Pine Point and Tamerlane USA, and each of Tamerlane, Tamerlane Pine Point and Tamerlane USA has executed a general security agreement in favour of the Secured Lender in respect of the Secured Debt. Copies of the relevant guarantees and security agreements are attached as Exhibit "G".

47. I believe that the Secured Lender is, and has always been, fully secured by the Company's Pine Point assets, and all valuations received to date, as discussed below, fully support that belief. If anything, its security cushion has increased due to the increase of value at Los Pinos.

48. As a result of liquidity constraints facing Tamerlane (and many other junior mining companies) in the fall of 2012, it failed to make four regularly scheduled monthly interest payments in respect of the Secured Debt beginning on September 25, 2012 and failed to repay the principal balance of the Secured Debt on the maturity date of October 16, 2012, each of which was an "Event of Default" under the Credit Agreement.

49. The Company and the Secured Lender then negotiated and entered into a Forbearance Agreement made as of December 31, 2012 (the "**Forbearance Agreement**") wherein, among other things, Tamerlane agreed to make certain payments to the Secured Lender, including a \$1,500,000 principal repayment on March 31, 2013 (the "**March 31 Payment**"). A copy of the Forbearance Agreement is attached as Exhibit "H".

50. Once again, as a result of liquidity constraints, Tamerlane was unable to, and did not, make the March 31 Payment, which failure resulted in an "Event of Default" under the Credit Agreement and the Forbearance Agreement.

51. Shortly after Tamerlane failed to make the March 31 Payment, Tamerlane and the Secured Lender entered into negotiations with respect to a further forbearance arrangement.

52. On May 24, 2013, Tamerlane also failed to make the May interest payment, and on May 29, 2013, I received by email a letter from the Secured Lender's counsel (the "**May 29 Letter**") enclosing: (i) a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* ("**BIA**"); and (ii) a Notice of Intention to Dispose of Collateral pursuant to section 63 of the *Personal Property Security Act* (Ontario) (the "**PPSA**"). The May 29 Letter (including enclosures) is attached as Exhibit "**I**".

53. According to the May 29 Letter, the total amount of the Secured Debt as at May 29, 2013 was \$11,631,948.90.

54. Negotiations continued between Tamerlane and the Secured Lender in respect of a further forbearance, and on June 10, 2013, the Secured Lender and Tamerlane entered into an amendment to the Forbearance Agreement (the "**Forbearance Agreement Amendment**"). Pursuant to the Forbearance Agreement Amendment, among other things, the Secured Lender withdrew the May 29 Letter (including the statutory notices) and agreed to capitalize the May interest payment in exchange for Tamerlane agreeing to pay certain fees to the Secured Lender (which fees were capitalized) and resuming making cash interest payments to the Secured Lender with the June 25, 2013 interest payment. A copy of the Forbearance Agreement Amendment is attached as Exhibit "**J**".

55. Tamerlane was then unable to, and therefore did not, make the July 25 payment, which failure resulted in an "Event of Default" under the Credit Agreement and the Forbearance Agreement Amendment.

56. On July 26, 2013, the Applicants' counsel received by email a letter from the Secured Lender's counsel (the "**July 26 Letter**") enclosing (i) a Notice of Intention to Enforce Security pursuant to section 244 of the BIA and (ii) a Notice of Intention to Dispose of Collateral pursuant to section 63 of the PPSA. The July 26 Letter (including enclosures) is attached as Exhibit "**K**".

57. According to the July 26 Letter, the total amount of the Secured Debt as at July 26, 2013 was \$12,100,254.26.

58. Both before and after the delivery of the July 26 Letter, the Secured Lender (through its counsel) advised the Applicants (through their counsel) that, immediately after the expiry of the prescribed ten day period under section 244(2) of the BIA (the "**NITES Period**"), it intended to bring an application to seek the appointment of a receiver in respect of the Applicants.

59. At that time, the Applicants informed the Secured Lender that they were considering commencing a CCAA proceeding prior to the expiry of the NITES Period, and proposed that the Applicants and Secured Lender agree to a consensual CCAA proceeding, which the Applicants believed (and continue to believe) to be in the best interests of all stakeholders, including the Secured Lender.

60. The Secured Lender expressed a willingness to negotiate with the Applicants with a view to determining whether a CCAA proceeding could proceed on consent based upon consensual

terms that protect the interests of the Secured Lender. The Secured Lender firmly stated, however, that as a key term of consenting to any CCAA initial order, it required a fixed "sunset date" for the CCAA proceeding beyond which stay extensions could not be sought without the Secured Lender's consent unless the Secured Lender had been repaid in full by that date, as well as a provision in the initial order directing that a receivership order would issue after that date in the event that the Secured Debt was not paid in full by that date, unless the Secured Lender consented otherwise. The Secured Lender also required the Company to undertake a thorough marketing process run by a qualified financial advisor to sell assets or obtain financing so that, among other things, the Secured Debt could be repaid in full.

61. The NITES Period was set to expire at 11:59 p.m. EDT on August 6, 2013. However, leading up to August 6, 2013, the Company and the Secured Lender were in discussions regarding this consensual proceeding. Accordingly, the Company and the Secured Lender agreed to extend the expiry of the Notice of Intention to Enforce Security on multiple occasions. The current Notice of Intention to Enforce Security is set to expire at 11:59 p.m. EDT on August 23, 2013.

62. On August 22, 2013, the Secured Lender and Tamerlane entered into a second amendment to the Forbearance Agreement (the "**Second Forbearance Agreement Amendment**"). Pursuant to the Second Forbearance Agreement Amendment, among other things, (i) the Secured Lender agreed, subject to certain conditions, to forbear from exercising its rights against the Applicants until January 7, 2014, and to consent to the relief sought in this proceeding, and (ii) Tamerlane agreed to pay an additional fee to the Secured Lender. A copy of the Second Forbearance Agreement Amendment is attached as Exhibit "L".

63. As at August 20, 2013, the only parties that have registrations against the Applicants pursuant to the PPSA are: (i) the Secured Lender and (ii) the Applicants' counsel, the Monitor and the Monitor's counsel in respect of the fees and disbursements owing to each. The search results as at August 20, 2013 are attached as Exhibit "M".

64. The Applicants are not aware of any other party claiming to be a secured creditor of one or both of the Applicants.

#### ***Unsecured Creditors***

65. The Applicants' unsecured creditors are principally trade creditors. Collectively, the Applicants' accounts payable were approximately CAD \$875,000 as at August 13, 2013, in addition to accrued professional fees in connection with issues related to the Secured Debt and this proceeding. The CAD \$875,000 includes loans owing to me and Ross Burns for \$25,000 each, as well as approximately \$110,000 that has been owing since 2008 to a company that was formerly related to Tamerlane.

#### **V. REFINANCING EFFORTS TO DATE**

66. Given that the Company is in the exploration stage with its assets, it does not yet generate cash flow from operations. Accordingly, its only potential source of cash is from financing activities, which have been problematic in light of the current market for "junior" mining companies.

67. It was always contemplated by the Company when the Credit Agreement was entered into that the take-out financing would be in the form of construction financing for Pine Point.

The Company's primary focus until the early part of the summer of 2012 was on obtaining that construction financing.

68. In that regard, in or about January, 2011, advisors retained by the Company to assist in sourcing a debt deal for the financing of the Pine Point Project were successful in obtaining a term sheet for a \$60 million debt financing, and the Company also received a term sheet from an offtaker for \$40 million of offtake. However, the Company still needed to raise approximately \$30-40 million of equity, and was ultimately unsuccessful in doing so. Therefore, that deal could not proceed.

69. There was also a negotiation with an interested strategic purchaser in mid-2012 that ultimately did not proceed because of an unrelated financial setback suffered by the purchaser.

70. Following that, in or about September 2012, the Company's focus shifted from finding project financing to finding financing to simply repay the Secured Lender. There was interest from at least one Toronto-based mezzanine fund, but no deal was ultimately reached.

71. Throughout the latter half of 2012, Tamerlane tried to raise equity through private placements, and/or to sell an interest in the Pine Point project to a partner that would be able to arrange financing for mine development. During December 2012, Tamerlane completed a CAD \$160,000 equity private placement on a "flow-through" basis, meaning that the funds were required to be used for qualified Canadian exploration expenditures. This investment came from a Tamerlane director and his family.

72. Also in December, 2012, as discussed above, Tamerlane agreed to a share issuance to Mr. Charwood, which was completed in January, 2013. The share issuance was originally going to

be in exchange for a CAD \$2,000,000 equity investment, but only approximately CAD \$1,700,000 could be subscribed for in January 2013 because of certain agreed ownership limitations.

73. In or about December, 2012, Tamerlane was negotiating with an arm's length potential purchaser which was interested in the Los Pinos property. The negotiations were at a relatively advanced stage, and the gross purchase price being discussed was approximately \$13 million to \$15 million. However, no agreement was entered into.

74. The Company has continued to search for financing for the construction of the Pine Point Property, a purchase for Los Pinos, and/or to repay the Secured Lender, but has been unsuccessful to date. There continues to be significant interest from potential purchasers/investors in respect of the Applicants and their assets.

75. For instance, the Applicants have been in discussions with a foreign state-owned entity that has a successful track record of executing M&A, strategic investments and offtake agreements in multiple countries, to produce a transaction that raises the funds needed to repay the Secured Lender in full.

76. In addition, a number of other interested parties have come forward very recently and are each in early stage discussions with the Applicants and the Secured Lender with respect to transactions involving Pine Point.

## **VI. THE FINANCIAL ADVISOR AND THE SISF**

77. In order to consummate a transaction to, among other things, repay the Secured Debt in full as soon as possible, the Applicants, in consultation with the Secured Lender, have engaged the

Financial Advisor. The role of the Financial Advisor will be to, under the oversight of the Monitor, implement the sale investment solicitation process (the "SISP") attached as Exhibit "N".

78. The SISP has been agreed among the Financial Advisor, the Monitor, the Applicants and the Secured Lender.

79. Pursuant to the SISP, the Financial Advisor will seek to identify one or more financiers or purchasers of, and/or investors in, the key assets / entities that comprise the Tamerlane Group. The SISP will include broad marketing to all potential financiers, purchasers and investors, and will consider offers for proposed financing (that will, among other things, repay the Secured Debt), an investment in the Applicants' business and/or a purchase of some or all of the Applicants' assets.

80. I believe it is critically important that the SISP be approved at this time for a variety of reasons. First and most importantly, the negotiated deal between the Applicants and the Secured Lender only provides the Applicants until January 7, 2014 to close one or more transactions to pay out the Second Lender in full. Accordingly, time is of the essence, and the process must begin immediately.

81. In addition, the Applicants' business and assets are complex, and I expect that interested parties will want to undertake substantial due diligence. Lastly, the Applicants' financing under the Term Sheet is conditional on the SISP being approved at this time.

82. Accordingly, given that one or more transactions must be completed by January 7, 2014, the complexity of the assets, and the fact that the Applicants' financing is conditional on the SISP

being approved, I believe it is necessary that the SISP be granted at this time, and that the SISP provides the best potential for recovery for the Applicants' stakeholders in the circumstances.

83. The SISP will be a fair and transparent process run by the Financial Advisor, under the oversight of the Monitor. It is intended to maximize value for the Applicants and all of their stakeholders, including the Secured Lender.

84. Tamerlane previously requested that a reputable institution with significant mining experience perform valuations of both Los Pinos and the Pine Point Property. The Los Pinos valuation was completed in May 2013 and indicates a preliminary valuation of \$12 to \$15 million using a 0.3% copper cut-off grade, or \$17 to \$21 million using a 0.2% copper cut-off grade. The Pine Point valuation was completed in July 2013 and indicates a valuation of \$30 to \$56 million based on market comparables, with a value as high as \$229 million considering precedent transactions. The preliminary valuations of Los Pinos and Pine Point contain sensitive and competitive information, and, accordingly, have not been attached to my affidavit. However, counsel to the Applicants have copies of both valuations and will make them available to the Court if requested.

## **VII. THE APPLICANTS MEET THE CCAA STATUTORY REQUIREMENTS**

85. I am advised by Sean Zweig of Bennett Jones LLP, counsel to the Applicants, that the CCAA applies in respect of a "debtor company" if the claims against the debtor company or affiliated debtor companies total more than CAD \$5 million. I am further advised by Sean Zweig that a "debtor company" is a company incorporated under an Act of Parliament or the legislature of a Province which has, among other things, become bankrupt or insolvent.

**A. The Applicants are "Companies" Under the CCAA**

86. Tamerlane is a company continued under the CBCA, and Tamerlane Pine Point is a company incorporated under the CBCA. Accordingly, both are "companies" to which the CCAA applies. Copies of Tamerlane's articles of continuance and Tamerlane Pine Point's articles of incorporation were previously attached.

**B. The Applicants have Claims Against them in Excess of \$5 Million**

87. As discussed above, each of the Applicants has debts against it in excess of the CAD \$5 million statutory requirement as a result of the Secured Debt alone, which is now due and owing, and is in excess of CAD \$5 million.

**C. The Applicants are Insolvent**

88. I am advised by Sean Zweig that under section 2 of the BIA (and a similar definition exists under sections 192(2) and 208 of the CBCA), an insolvent person is one whose liabilities to creditors exceeds CAD \$1,000 and (i) is for any reason unable to meet his obligations as they generally become due, (ii) has ceased paying his current obligations in the ordinary course of business as they generally become due, or (iii) the aggregate of whose property is not, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due.

89. As a result of the Secured Debt becoming due and owing, the Applicants are unable to meet their obligation as they come due.

**VIII. RELIEF SOUGHT**

90. As discussed above, the Applicants cannot currently repay the amount owing to the Secured Lender, which is now due and payable. Accordingly, a stay of proceedings is essential

to avoid a distressed liquidation of the Applicants' assets at fire-sale prices. Such a stay would provide the Financial Advisor with the necessary time to implement the SISP with the oversight of the proposed Monitor, and the Applicants with the opportunity to engage in discussions with its stakeholders with respect to a potential plan of compromise or arrangement. The Applicants believe it is necessary to file for CCAA protection and that the Initial Order is appropriate in the circumstances.

91. On or about August 21, 2013, the Board of Directors of each of the Applicants passed a resolution approving the commencement of proceedings under the CCAA.

**A. Overview of Proposed CCAA Proceedings**

92. The paramount goal of the Applicants is to preserve, maximize and realize upon value for the benefit of all of their stakeholders, including the Secured Lender. I believe that there is considerable value for stakeholders ranking subordinate to the Secured Lender. The immediate objective of the proceeding is to secure sufficient funds to repay the Secured Lender in full.

**B. Stay of Proceedings**

93. The Applicants need a stay of proceedings to allow the Financial Advisor (with the oversight of the Monitor) to pursue and implement the SISP in an attempt to avoid a distressed liquidation of their assets.

94. Because of the integration of the Company, it would be detrimental to the Applicants' ability to successfully restructure if any person were to commence proceedings, or rights and remedies were exercised against, Tamerlane USA or Tamerlane Peru. Accordingly, the Initial Order contains provisions enjoining the exercise of rights and remedies against Tamerlane USA

or Tamerlane Peru in order to preserve the value of the Applicants while they undertake to restructure under the CCAA.

**C. Appointment of Monitor**

95. Duff & Phelps has consented to act as the Monitor of the Applicants in the CCAA proceedings, and I believe that Duff & Phelps is qualified and competent to so act.

96. I understand that Duff & Phelps will be filing its Pre-Filing Report with this Honourable Court as proposed Monitor in conjunction with the Applicants' request for relief under the CCAA.

**D. Payments During CCAA Proceeding**

97. During the course of this CCAA proceeding, the Applicants intend to make payments for goods and services supplied post-filing as set out in the cash flow projections referred to below and as permitted by the Initial Order.

**E. Charges for Professionals**

98. It is contemplated that the Monitor, counsel to the Monitor, and counsel to the Applicants would be granted a first priority Court-ordered charge on the assets, property and undertakings of the Applicants in priority to all other charges (the "**Administration Charge**") up to the maximum amount of CAD \$300,000 in respect of their respective fees and disbursements in connection with these proceedings. The Applicants believe the Administration Charge is fair and reasonable in the circumstances.

99. It is also contemplated that the Financial Advisor would be granted a second priority Court-ordered charge on the assets, property and undertakings of the Applicants in priority to all other charges other than the Administration Charge (the "**Financial Advisor Charge**") up to a

maximum amount of CAD \$300,000 in respect of the Financial Advisor's fees and disbursements in connection with these proceedings. The Applicants believe the Financial Advisor Charge is fair and reasonable in the circumstances.

100. It is further contemplated that the Monitor, counsel to the Monitor, counsel to the Applicants and the Financial Advisor would be granted an additional Court-ordered charge on the assets, property and undertakings of the Applicants in priority to all other charges other than the Administration Charge, the Financial Advisor Charge, the DIP Lender's Charge, the Directors' Charge and the security interest of the Secured Lender (the "**Subordinated Administration Charge**", and together with the Administration Charge and the Financial Advisor Charge, the "**Professional Charges**") in respect of their respective additional fees and disbursements in connection with these proceedings not covered by the Administration Charge or the Financial Advisor Charge.

101. As is customary, a significant component of the Financial Advisor's fee is a success fee which is only payable in certain circumstances. Similarly, in order to assist the Applicants with their liquidity constraints, counsel to the Applicants has agreed to discount its billing rates provided that it too be provided with a success fee to compensate it for the risk taken. Those success fees, as well as any additional ordinary fees and disbursements of the Monitor, its counsel, and the Applicants' counsel, are the subject of the Subordinated Administration Charge. The Applicants believe the Subordinated Administration Charge is fair and reasonable in the circumstances and is further evidence that there is value beyond the Secured Debt.

102. The Applicants require the expertise, knowledge and continuing participation of the proposed beneficiaries of the Professional Charges in order to complete a successful

restructuring. I believe the Professional Charges are necessary to ensure their continued participation, particularly in light of the Applicant's current liquidity position.

103. The Applicants have sought to ensure that there is no unwarranted duplication of roles so as to minimize the professional fees associated with these proceedings.

104. The Secured Lender consents to the quantum and ranking of the Professional Charges.

**F. DIP Financing & DIP Lender's Charge**

105. As set out in the cash flow forecast attached as Exhibit "O", the Applicants' principal use of cash during these proceedings will consist of the payment of ongoing day-to-day operational expenses, such as management fees for those individuals providing services to the Applicants, office related expenses, and a portion of the professional fees and disbursements in connection with these CCAA proceedings. As indicated in the cash flow forecast, it is projected that the Applicants will require additional borrowings during these proceedings, notwithstanding that the Applicants are seeking to complete these proceedings as quickly as reasonably possible in order to minimize professional costs and the impact on Tamerlane's business.

106. The DIP Loan is to be governed by a debtors-in-possession term sheet substantially in the form attached as Exhibit "P", the material terms of which include, among other things:

- i. The DIP Lender will lend an aggregate principal amount of USD \$978,571 to the Applicant.
- ii. The DIP Lender will receive a setup fee of USD \$30,000, resulting in net proceeds of USD \$948,571 to the Applicants.

- iii. The Applicants will use the proceeds for general working capital purposes and to pay fees and expenses relating to the CCAA proceeding.
- iv. Advances will be made once every two weeks based on the cash needs of the Applicants.
- v. Interest will accrue on the principal outstanding amount of the DIP Loan outstanding at the rate of 12% per annum calculated monthly and payable on the maturity date. Interest will not compound.
- vi. The Applicants may prepay the advances under the DIP Loan, in full or in part, at any time and from time to time without bonus or penalty.
- vii. The DIP Loan will mature on January 7, 2014.

107. It is contemplated that the DIP Lender would be granted a third priority Court-ordered charge on the assets, property and undertakings of the Applicants in priority to all other charges other than the Administration Charge and the Financial Advisor Charge (the "**DIP Lender's Charge**"). I have been advised by the DIP Lender that it will not provide the DIP Loan if the DIP Lender's Charge is not granted.

108. The financing provided by the DIP Lender is essential to a successful restructuring of the Applicants. Given the current financial situation of the Applicants (including its dire cash situation and the lack of availability of alternate financing), the Applicants believe the DIP Loan is the best alternative for the Applicants and its stakeholders in the circumstances. Accordingly, the directors of the Applicants exercised their business judgment to enter into the Term Sheet.

The Applicants believe the Term Sheet and the DIP Lender's Charge is fair and reasonable in the circumstances.

#### **G. Directors' Charge**

109. It is contemplated that the Applicants' directors and officers would be granted a fourth priority Court-ordered charge on the assets, property and undertakings of the Applicants in priority to all other charges other than the Administration Charge, the Financial Advisor Charge and the DIP Lender's Charge (the "**Directors' Charge**") up to the maximum amount of CAD \$45,000. The amount of the Directors' Charge has been calculated based on the estimated exposure of the directors and officers of the Applicants in the event of a sudden shut-down of the Tamerlane Group. The Applicants believe the Directors' Charge is fair and reasonable in the circumstances.

110. A successful restructuring of the Applicants will only be possible with the continued participation of the Applicants' directors and officers. The individuals have specialized expertise and relationships with the Company's stakeholders and potential third party financiers, investors and purchasers. In addition, the directors and officers have gained significant knowledge that cannot be easily replicated or replaced.

111. It is my understanding that in certain circumstances, directors and officers can be held personally liable for certain of a company's obligations

112. Tamerlane maintains an insurance policy in respect of the potential liability of its directors and officers (the "**D&O Insurance Policy**"). The D&O Insurance Policy insures the directors and officers of Tamerlane for certain claims that may arise against them in their capacity as

directors and/or officers of Tamerlane. But the D&O Insurance Policy contains several exclusions and limitations to the coverage provided, and there is a potential for there to be insufficient coverage in respect of the potential director and officer liabilities. The directors and officers of Tamerlane have expressed their desire for certainty with respect to potential personal liability if they continue in their current capacities in the context of a CCAA proceeding. In addition, I am advised by Tamerlane's insurers that if Tamerlane was to file for CCAA protection, and if the insurers agreed to renew the D&O Insurance Policy, there would be a significant increase in the premium for that insurance.

113. Based on the books and records of the Applicants and the PPSA searches conducted by counsel to the Applicants, the only secured creditors which are likely to be affected by the Administration Charge, the Financial Advisor Charge, the Directors' Charge and the DIP Lender's Charge are the Secured Lender and certain professionals retained in respect of this proceeding, who all consent to the charges being sought.

#### **H. SISP**

114. As discussed above, the Secured Lender has insisted that the Company undertake a thorough marketing process run by a qualified financial advisor to sell assets or obtain financing so that, among other things, the Secured Debt could be repaid in full.

115. Accordingly, Tamerlane, in consultation with the Secured Lender and the Monitor, solicited interest from qualified financial advisors, and ultimately selected the Financial Advisor as a result of, among other things, its significant experience in restructurings, its strong presence and reputation in the global markets, and its experience in the mining sector.

116. A brief summary of the SISP, as well as the reasons I believe the SISP should be granted at this time, are detailed above.

**I. Restrictions on Extensions of CCAA Proceedings**

117. As a condition to the Secured Lender's consent to the relief sought herein, the Applicants have agreed that the Applicants may not seek or obtain any extension of the stay of proceedings beyond the Outside Date unless they have repaid the Secured Lender in full or received the prior written consent of the Secured Lender and the Monitor prior to such date. Immediately following the Outside Date: (i) these proceedings will terminate, (ii) the Monitor will be released and discharged, and (iii) the Initial Order (except for certain paragraphs thereof) will be of no further force or effect.

118. The Applicants have further agreed that pursuant to the Initial Order, immediately following the Outside Date, a receiver will be appointed, without security, over all assets and undertakings of the Applicants pursuant to section 243 of the BIA and section 101 of the *Courts of Justice Act*, and a receivership order will issue immediately upon the Secured Lender filing with the Court a written consent of a licensed bankruptcy trustee to act as receiver.

119. As discussed above, the Secured Lender has advised the Applicants that it insists on these terms relating to the termination of the CCAA proceedings and the appointment of a receiver immediately after the Outside Date being included in the Initial Order.

120. Given the financial circumstances of the Applicants, there were significant cost-savings and other benefits to the Applicants and all of the stakeholders for this proceeding to be

consensual rather than contentious. Accordingly, the directors of the Applicants exercised their business judgment to agree to the provisions in the Initial Order in respect of the Outside Date.

#### **IX. 13 WEEK CASH FLOW FORECAST**

121. As set out in the cash flow forecast previously attached, the Applicants' principal uses of cash during the next 13 weeks will consist of the payment of ongoing day-to-day operational expenses, such as payroll and office related expenses, and a portion of the professional fees and disbursements in connection with these CCAA proceedings.

122. As at August 19, 2013, the Applicants' had approximately \$3,500 available cash on hand. The Applicants' cash flow forecast projects that, subject to obtaining the relief outlined herein, it will have sufficient cash to fund its projected operating costs until the end of the stay period.

#### **X. CONCLUSION**

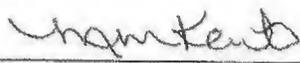
123. The Company is currently in a very challenged financial position. The Applicants believe that an orderly and expedited CCAA process that gives effect to the SISP is in the best interests of all of its stakeholders.

124. It is important to understand that the Company has no ability to generate revenue at this point in time, until it can develop its properties. It can only repay the Secured Lender by raising new financing or selling off part of its assets. The Applicants do not envisage that a complete sale of all of their assets will be necessary in this process. Rather, they expect to be able to satisfy the Secured Debt through some combination of sale and refinancing and then to complete their restructuring for the benefit of the other remaining stakeholders through this process.

125. These CCAA proceedings are necessary to preserve the value of the Applicants. The valuations discussed above indicate that the value of the Company's business is greater than the amount owed to the Secured Lender.

126. The SISP will result in the Financial Advisor exploring all options available. I am confident that the granting of the Initial Order is in the best interests of the Applicants and its stakeholders as it provides the stability the Applicants require to see the SISP through to completion.

SWORN BEFORE ME at the City of )  
Kailua-Kona, in the State of Hawaii, United )  
States of America, this 22<sup>nd</sup> day of August, )  
2013 )  
\_\_\_\_\_ )

  
\_\_\_\_\_  
**Margaret M. Kent**

**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 TAMERLANE 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

**AFFIDAVIT OF MARGARET M. KENT  
(Sworn August 22, 2013)**

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Lawyers for the Applicants

## **Appendix “C”**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

GLOBAL RESOURCE FUND

Applicant

- and -

TAMERLANE VENTURES INC. and PINE POINT HOLDING CORP.

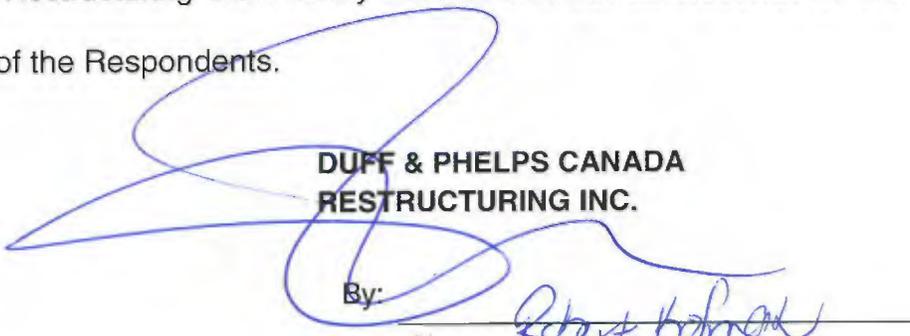
Respondents

APPLICATION UNDER section 243 of *Bankruptcy and Insolvency Act*, RSC 1985, c B-3,  
as amended and section 101 of the *Courts of Justice Act*, RSO 1990, c C.43

**CONSENT**

Duff & Phelps Canada Restructuring Inc. hereby consents to act as Receiver of the  
assets and undertaking of the Respondents.

**DUFF & PHELPS CANADA  
RESTRUCTURING INC.**

By: 

Name: Robert Holman

Title: Managing Director

GLOBAL RESOURCE FUND  
Applicant

and

TAMERLANE VENTURES INC. et al.  
Respondents

Court File No. CV-14-10417-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

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