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**First Report of Duff & Phelps  
Canada Restructuring Inc.  
as Receiver of Tamerlane Ventures  
Inc. and Pine Point Holding Corp.**

August 7, 2014

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COURT FILE NO.: CV-14-10417-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

GLOBAL RESOURCE FUND

APPLICANT

- AND -

TAMERLANE VENTURES INC. AND PINE POINT HOLDING CORP.

RESPONDENTS

FIRST REPORT OF  
DUFF & PHELPS CANADA RESTRUCTURING INC.  
AS RECEIVER OF TAMERLANE VENTURES INC. AND PINE POINT HOLDING CORP.

AUGUST 7, 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”) in the CCAA proceedings (Tamerlane and Tamerlane Pine Point are jointly referred to as the “Company”).
2. The Affidavit of Margaret M. Kent, 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 the Company believed it was necessary to file for CCAA protection. A copy of the Kent Affidavit is attached as Appendix “A”. Ms. Kent was Tamerlane’s Executive Chair, Chief Financial Officer and a director of Tamerlane Pine Point at the date that the CCAA proceedings commenced.
3. Pursuant to Court Orders made in the CCAA proceedings, the Company could not seek an extension of the CCAA stay of proceedings beyond January 31, 2014, unless (i) it repaid its principal secured creditor, Global Resource Fund (“GRF”), in full, by that date; or (ii) received written consent from GRF and the Monitor to seek an extension of the stay.

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4. Prior to January 31, 2014, GRF advised the Company and the Monitor that it was not prepared to consent to a further extension of the CCAA stay of proceedings and would seek an Order (the "Receivership Order") appointing D&P as receiver ("Receiver") of all of the Company's assets, property and undertaking (the "Property").
  5. Pursuant to Court Orders made on January 30, 2014, the CCAA proceedings were terminated (with the charges granted under the Initial Order continuing as against the property in the receivership) and D&P was appointed as Receiver of the Company. A copy of the CCAA termination order (the "CCAA Termination Order") and of the Receivership Order are attached as Appendices "B" and "C", respectively.
  6. The principal purpose of the receivership proceedings is to continue the sale and investment solicitation process ("SISP") for the Company's business and assets which commenced during the CCAA process.

## 1.1 Purposes of this Report

1. The purposes of this report ("Report") are to:
  - a) Provide background information about the Company and these proceedings;
  - b) Summarize a proposed sale of 15 flotation cells and related equipment ("Purchased Assets") by the Receiver to D'Angelo International LLC ("D'Angelo"), pursuant to an offer ("Offer") from D'Angelo dated July 15, 2014 (the "D'Angelo Transaction");
  - c) Provide an update on the status of the SISP;
  - d) Provide an overview of the Receiver's activities since the commencement of the receivership proceedings; and
  - e) Recommend that this Honourable Court issue orders:
    - Approving the D'Angelo Transaction and vesting the Receiver's and Tamerlane's right, title and interest in and to the Purchased Assets in D'Angelo upon filing of the Receiver's Certificate with this Honourable Court; and
    - Approving the Receiver's activities, as described in this Report.

## 1.2 Currency

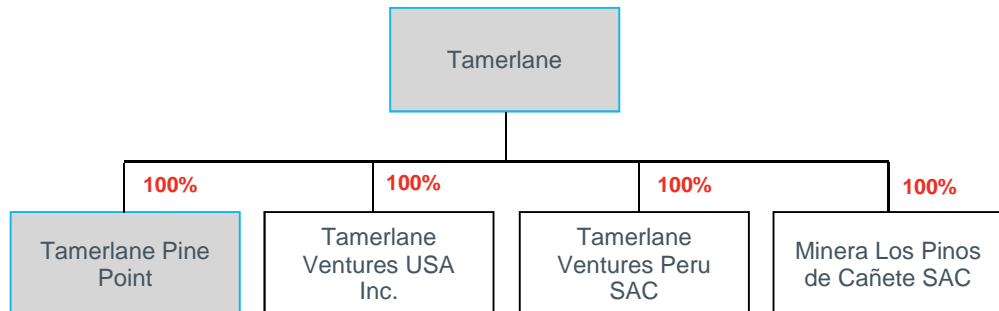
1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.



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## 2.0 Background

1. The shares of Tamerlane were listed on Tier 2 of the TSX Venture Exchange. On January 30, 2014, trading in the shares was suspended indefinitely, as a result of the receivership.
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 Pine Point (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 assets are the Los Pinos mining concessions in the Lima Department, Peru.
4. The Tamerlane Group does not presently generate any revenue.
5. The Tamerlane Group does not presently have any employees. At the commencement of the receivership proceedings, the Receiver retained two former employees of Tamerlane Ventures USA Inc. ("Tamerlane USA") as consultants to assist the Receiver during these proceedings.
6. Additional information concerning the Company and these proceedings can be found in the reports and court materials on the Receiver's website at: [www.duffandphelps.com/restructuringcases](http://www.duffandphelps.com/restructuringcases).

## 3.0 Sale of Flotation Equipment

1. At the commencement of the CCAA proceedings, Tamerlane owned 60 flotation cells of varying sizes that would be used in the operation of the Pine Point Property.

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

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2. Pursuant to a Forbearance Agreement entered into between the Company and GRF on December 31, 2012, Tamerlane agreed to: (i) use its best efforts to sell its flotation equipment; and (ii) engage a broker to use commercially reasonable efforts to sell the flotation equipment.
  3. In or around February 2013, Tamerlane engaged D'Angelo to market the flotation equipment for sale. Pursuant to its agreement with Tamerlane, D'Angelo is entitled to a 10% commission on the proceeds of any transaction for the flotation equipment.
  4. Immediately following its engagement in February 2013, D'Angelo commenced a sale process for the flotation equipment ("Sale Process"). D'Angelo has advised that the Sale Process included: (i) advertising the cells on industry websites; (ii) three direct mail campaigns to more than 4,000 mining companies; (iii) discussions with fourteen potential purchasers; and (iv) dealings with the five largest used mineral process equipment dealers in Canada and the United States, which, according to D'Angelo, represent an estimated 80% of the wholesale market for used mineral process equipment. John Key, former Chief Executive Officer of Tamerlane and a consultant engaged by the Receiver, has confirmed D'Angelo took these steps to market the flotation equipment.
  5. During the Company's restructuring proceedings, the following transactions have been completed for the flotation cells:
    - During the CCAA proceedings, Tamerlane received an offer from Nelson Machinery & Equipment Ltd. ("Nelson") to purchase 28 flotation cells (10 large cells, 12 medium cells and 6 small cells) and related equipment for US\$400,000. Tamerlane accepted this offer, subject to Court approval. On January 7, 2014, the Court approved the transaction and it closed on February 28, 2014;
    - On March 6, 2014, the Receiver received an offer from Nelson to purchase 10 flotation cells (6 medium cells and 4 small cells) and related equipment for US\$81,900. On March 10, 2014, the Receiver accepted this offer and it closed on April 11, 2014;<sup>2</sup> and
    - On March 21, 2014, the Receiver received an offer from Nelson to purchase one large flotation cell and related equipment for US\$25,000. On April 1, 2014, the Receiver accepted this offer and the transaction closed on April 11, 2014.
  6. GRF consented to each of the above transactions.

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<sup>2</sup> Pursuant to Paragraph 3(m) of the Receivership Order, the Receiver is authorized to sell the Company's assets in any transaction not exceeding \$100,000 without approval from this Court, provided that the aggregate consideration for all such transactions does not exceed \$500,000.

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### 3.1 D'Angelo Transaction

1. A copy of the Offer is attached as Appendix "D".
2. A summary of the D'Angelo Transaction is as follows:
  - Purchaser: D'Angelo;
  - Purchased Assets: 15 large flotation cells;
  - Commission: Nil;
  - Consideration: US\$337,500. The Purchased Assets were marketed for sale by D'Angelo for US\$487,500. According to D'Angelo, no party expressed an interest in the cells;
  - Deposit: US\$100,000;
  - Representations and Warranties: The Purchased Assets are to be sold on terms consistent with a standard insolvency transaction, i.e. completed on an "as is, where is" basis, without significant representations or warranties; and
  - Conditions: Subject only to Court approval and an order of the Court vesting clean title in and to the Purchased Assets in D'Angelo on closing.
3. Should the D'Angelo Transaction be completed, Tamerlane will be left with six small flotation cells, which will continue to be available for sale. The cost to store the flotation cells is currently \$1,200 a month and is expected to decrease to \$450 a month following completion of the D'Angelo Transaction.

### 3.2 Recommendation

1. The Receiver recommends that this Honourable Court issue an order approving the D'Angelo Transaction for the following reasons:
  - D'Angelo's offer represents the highest and only offer submitted for the Purchased Assets;
  - As D'Angelo is also the sales agent retained by Tamerlane to sell the flotation cells, the Receiver contacted Hilco Asset Sales Canada Corp. ("Hilco"), an appraiser and liquidator with knowledge of these assets, to review the value of the Purchased Assets. Hilco is of the view that the value of the offer is consistent with current market values for the Purchased Assets;
  - GRF, as the only party which appears to have an economic interest in Tamerlane, consents to the D'Angelo Transaction;

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- The purchase price for the flotation cells subject to this transaction is consistent with the price paid for similarly sized flotation cells in other transactions completed during these restructuring proceedings;
  - The D'Angelo Transaction will reduce go-forward carrying costs for the flotation equipment, which is a key objective of GRF;
  - The D'Angelo Transaction does not affect the marketability of the remaining assets of the Tamerlane Group and does not impact other options for the Tamerlane Group being considered by the Receiver and GRF, including a sale or refinancing of the business; and
  - The D'Angelo Transaction is subject only to Court approval.
2. For the reasons noted above, the Receiver respectfully recommends that this Honourable Court approve the D'Angelo Transaction.

#### **4.0 Proceeds from the D'Angelo Transaction**

1. Pursuant to the CCAA Termination Order, each of the Charges (as defined in the Initial Order, which include the Administration Charge and the DIP Lender's Charge) shall continue to constitute a charge on the Property in the receivership and with the priority set out in the Receivership Order until all obligations covered by a Charge are paid in full and a certificate is filed with this Court confirming same.
2. The Receiver intends to use the proceeds from the D'Angelo Transaction as follows:
  - First to pay the Administration Charge (\$300,000) under the Initial Order. The beneficiaries of the Administration Charge are the Company's legal counsel during the CCAA proceedings (Bennett Jones LLP), the Monitor (D&P) and the Monitor's legal counsel (Goodmans LLP); and
  - Second to repay a portion of amounts owing under the DIP Term Sheet (as defined in the Initial Order). GRF was the Company's debtor-in-possession financing lender in the CCAA proceedings. During the CCAA proceedings, GRF advanced approximately US\$1.1 million to the Company to fund operating expenses under the DIP Term Sheet, secured by a Court-ordered charge over all the Company's assets, properties and undertakings. On February 10, 2014, the Receiver repaid US\$360,000 of the amount outstanding under the DIP Term Sheet. Accordingly, approximately US\$740,000 is outstanding under the DIP Term Sheet, plus interest.

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## 5.0 SISP Update

1. The purpose of the SISP is to complete one or more sales, investments or financing transactions for the Pine Point Property and for Los Pinos. The SISP commenced at the outset of the CCAA proceedings and has been performed by PricewaterhouseCoopers Corporate Finance Inc. (“PwCCFI”). As the SISP was not completed prior to the commencement of the receivership proceedings, the Receivership Order authorized the Receiver, with the consent of GRF, to retain PwCCFI on the same terms as during the CCAA proceedings.
2. The primary purpose of the receivership proceedings is to complete the SISP. The somewhat distressed state of the junior mining industry and the global commodities markets have impaired the SISP. The SISP continues to generate a level of interest from prospective purchasers and parties continue to perform due diligence; however, a transaction is not expected to be completed in the near term.
3. PwCCFI and the Receiver require additional time to complete the SISP.

## 6.0 Overview of the Receiver’s Activities

1. The Receiver is seeking approval of this Report and its activities since the commencement of these proceedings, which include the following:
  - Reviewing and commenting on all receivership application materials;
  - Opening receivership bank accounts and arranging the transfer of funds from the Company’s operating bank account to the receivership bank accounts;
  - Corresponding extensively with key stakeholders in these proceedings, including GRF and its legal counsel;
  - Preparing and filing the Receiver’s Notice and Statement for each of Tamerlane and Tamerlane Pine Point as required under Sections 245 and 246 of the *Bankruptcy and Insolvency Act* and preparing creditors listings for this purpose;
  - Dealing extensively with Ms. Kent regarding the transition from the CCAA proceedings to the receivership proceedings, including retrieving the Company’s assets from Tamerlane USA leased premises;
  - Corresponding with Goodmans LLP, the Receiver’s legal counsel, concerning all issues in the receivership proceedings;
  - Corresponding with the Government of Northwest Territories (“GNWT”) in order to obtain a list of all lease payments and their due dates;

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- Backing up the Company's servers;
  - Dealing routinely with cash management issues, including paying post-filing expenses and residual CCAA expenses;
  - Arranging insurance for the Company;
  - Preparing consulting agreements between the Receiver and companies owned by John Key and Judy Dudley, former employees of Tamerlane USA ("Consultants");
  - Corresponding with D'Angelo regarding the sale of various flotation equipment;
  - Negotiating two floatation sale transactions and the D'Angelo Transaction;
  - Corresponding extensively with the Consultants regarding, among other things, the Company's cash requirements, the Northwest Territories devolution process and related issues, the storage and sale of Tamerlane's flotation equipment, the finalization of Tamerlane's National Instrument 43-101 Technical Report ("43-101") and obtaining an operating permit for the Pine Point Property;
  - Reviewing a press release issued by Tamerlane in connection with the 43-101;
  - Reviewing financial models prepared by the Consultants assessing the profitability of the Pine Point Property;
  - Obtaining a renewal of Tamerlane's Prospector's License;
  - Obtaining a renewal of Tamerlane's business license for the Town of Hay River;
  - Corresponding with representatives from the Aboriginal Affairs & Northern Development Canada and GNWT regarding revisions required to the Pine Point Property's leases as a result of the devolution process;
  - Obtaining an extension of Tamerlane's operating permit at the Pine Point Property ("Land Use Permit");
  - Corresponding extensively with representatives of National Bank of Canada and its counsel regarding amendments required by the Government of Canada and GNWT to Tamerlane's letter of credit ("LC");



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- Corresponding with counsel to the GNWT in order to arrange alternative security (other than an LC) in order to remain compliant with the Land Use Permit;
  - Reviewing sale process documents prepared by PwCCFI in connection with the SISP;
  - Corresponding with representatives of PwCCFI in connection with the SISP;
  - Compiling information in the SISP data room;
  - Corresponding with prospective purchasers;
  - Corresponding with Samson Belair / Deloitte & Touche Inc., in its capacity as court-appointed receiver of Century Mining Corporation ("Century") regarding its intention to exercise its rights under a Property Option Agreement between Tamerlane and Century;
  - Corresponding extensively with Estudio Manini & Asociados, the Receiver's Peruvian legal counsel, in order to, among other things, receive an update on criminal and civil cases in connection with Tamerlane's interest in Los Pinos and discussing same with GRF;
  - Corresponding with a representative of one of the defendants in the criminal and civil cases involving Los Pinos;
  - Dealing with various parties expressing an interest in Los Pinos;
  - Drafting this Report; and
  - Addressing all other matters pertaining to the administration of these receivership proceedings.

## 7.0 Conclusion and Recommendation

1. Based on the foregoing, the Receiver 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 COURT-APPOINTED 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**

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. Charlwood, 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.

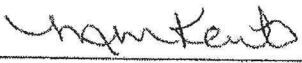
124. It is important to understand that the Company has no ability to generate revenue at this point in time, until it can develop its properties. It can only repay the Secured Lender by raising new financing or selling off part of its assets. The Applicants do not envisage that a complete sale of all 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)**

**BENNETT JONES LLP**  
One First Canadian Place  
Suite 3400, P.O. Box 130  
Toronto, Ontario  
M5X 1A4

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Lawyers for the Applicants

## **Appendix “B”**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE REGIONAL SENIOR )  
JUSTICE MORAWETZ )

THURSDAY, THE 30<sup>th</sup>  
DAY OF JANUARY, 2014



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.

**CCAA TERMINATION ORDER**

**THIS MOTION**, made by Tamerlane Ventures Inc. and Pine Point Holding Corp. (collectively, the "**Applicants**") for an order (the "**CCAA Termination Order**"), among other things: (a) terminating the proceedings (the "**CCAA Proceedings**") of the Applicants under the *Companies' Creditors Arrangement Act* (the "**CCAA**"); (b) discharging Duff & Phelps Canada Restructuring Inc. ("**Duff & Phelps**") as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**"); and (c) providing for the transition of the CCAA Proceedings to a receivership of the Applicants by further order of this Court (the "**Receivership Order**") made in Ontario Superior Court of Justice (Commercial List) File No. CV-14-10417-00CL (the "**Receivership**"), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion, filed, the Affidavit of John L. Key sworn January 27, 2014 and the Exhibits thereto, filed, and the Third Report of the Monitor, Duff & Phelps Canada Restructuring Inc., dated January 27, 2014 (the "**Third Report**"), filed, and on hearing the submissions of counsel for each of the Applicants, the Monitor, and Global Resource Fund, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Annie Kwok sworn January 28, 2014, filed:

**SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Motion, the Third Report and the Motion Record in respect of this Motion be and are hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

**APPROVAL OF MONITOR'S REPORT AND ACTIVITIES**

2. THIS COURT ORDERS that the Third Report, and the activities and conduct of the Monitor described in the Third Report, are hereby approved.

**DISCHARGE OF THE MONITOR**

3. THIS COURT ORDERS AND DECLARES that the Monitor has satisfied all of its duties and obligations pursuant to the CCAA and the Orders of the Court in respect of the CCAA Proceedings.

4. THIS COURT ORDERS AND DECLARES that Duff & Phelps is hereby discharged as Monitor effective immediately and shall have no further duties, obligations, or responsibilities as Monitor, save and except as set out in paragraphs 10 and 12 hereof.

5. THIS COURT ORDERS that, notwithstanding any provision of this Order and the termination of the CCAA Proceedings, nothing herein shall affect, vary, derogate from, limit or amend any of the protections in favour of the Monitor at law or pursuant to the CCAA, the Initial Order dated August 23, 2013 (the "**Initial Order**") or any other Order of this Court in the CCAA Proceedings, all of which are expressly continued and confirmed.

**RELEASES**

6. THIS COURT ORDERS that the Monitor, counsel to the Monitor, and each of their respective affiliates and officers, directors, partners, employees and agents (collectively, the "**Released Parties**") are hereby released and discharged from any and all claims that any person may have or be entitled to assert against the Released Parties, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on

or prior to the date of this Order in any way relating to, arising out of, or in respect of, the CCAA Proceedings or with respect to their respective conduct in the CCAA Proceedings (collectively, the "**Released Claims**"), and any such Released Claims are hereby released, stayed, extinguished and forever barred, and the Released Parties shall have no liability in respect thereof, provided that the Released Claims shall not include any claim or liability arising out of any gross negligence or wilful misconduct on the part of the applicable Released Party.

7. THIS COURT ORDERS that no action or other proceeding shall be commenced against any of the Released Parties in any way arising from or related to the CCAA Proceedings, except with prior leave of this Court on at least seven days' prior written notice to the applicable Released Parties.

#### **TERMINATION OF CCAA PROCEEDINGS**

8. THIS COURT ORDERS that the CCAA Proceedings and the Stay Period (as defined in the Initial Order and as amended from time to time) are hereby terminated.

9. THIS COURT ORDERS that:

- (a) notwithstanding the termination of the CCAA Proceedings, except as expressly provided in this CCAA Termination Order, all Orders issued in the CCAA Proceedings shall continue to be in full force and effect;
- (b) nothing in this CCAA Termination Order shall diminish or alter the rights or obligations of any person arising under the Initial Order which had vested or accrued prior to the granting of this CCAA Termination Order; and
- (c) any pleadings, motions, evidence and reports filed in the CCAA Proceedings (and which were not sealed) shall be available for use in the Receivership as though the same were filed in the Receivership, without the necessity of having such documents filed again in the Receivership.

10. THIS COURT ORDERS that, notwithstanding the discharge of Duff & Phelps as Monitor and the termination of the CCAA Proceedings, Duff & Phelps shall have the authority from and after the date of this CCAA Termination Order to complete any matters that may be

incidental to the termination of the CCAA Proceedings (including, without limitation, the filing of Monitor's Certificates in accordance with paragraph 12 below) and the transition to the Receivership pursuant to the Receivership Order. In completing any incidental matters, the Monitor shall continue to have the benefit of the provisions of all Orders made in the CCAA Proceedings, including all approvals, protections and stays of proceedings in favour of Duff & Phelps in its capacity as the Monitor, and nothing in this Order shall affect, vary, derogate from or amend any of the protections in favour of the Monitor pursuant to paragraphs 27, 28, 29, and 30 of the Initial Order, which paragraphs shall continue to apply in the receivership, *mutatis mutandis*.

### **COURT-ORDERED CHARGES**

11. THIS COURT ORDERS that, notwithstanding any provisions of this CCAA Termination Order or the termination of the CCAA Proceedings, each of the Charges (as defined in the Initial Order) shall continue to constitute a charge on the Property (as defined in the Initial Order), in accordance with the terms, limitations, and priority set out in the Initial Order, and, as among them and the charges (and the priority thereof) created by the Receivership Order, the priority set out in the Receivership Order, until such time as the Monitor files a Monitor's Certificate (defined below) with this Court in respect of such Charge; provided, however, that no further amounts shall accrue under the Charges following the granting of this CCAA Termination Order, except those fees and expenses of the Monitor and its counsel which relate to

- (a) obtaining the approval(s) or other relief from this Court as set out in paragraph 52 of the Initial Order; or
- (b) the transition from the CCAA Proceedings to the Receivership.

12. THIS COURT ORDERS that once all outstanding obligations covered by a Charge have been paid in full, the Monitor shall file a Monitor's certificate with this Court certifying that there are no outstanding obligations under such Charge (each a "**Monitor's Certificate**"). Upon the filing of a Monitor's Certificate with this Court, the Charge to which the Monitor's Certificate relates shall be discharged and shall no longer constitute a charge on the Property.

**COMPLETION OF EXISTING TRANSACTIONS AND PAYMENTS**

13. THIS COURT ORDERS that, notwithstanding any provision of this CCAA Termination Order or the issuance of the Receivership Order, the Applicants, the Monitor and/or the receiver are authorized and directed to pay the following on behalf of, or in the name of, the Applicants:

- (a) amounts that may be payable as post-filing obligations, including payroll obligations, in the CCAA Proceedings which have accrued up to the time that this CCAA Termination Order becomes effective; and
- (b) cheques that have been issued by the Applicants in respect of valid post-filing obligations which have accrued up to the time that this CCAA Termination Order becomes effective, but which are outstanding and have not cleared the Applicants' bank accounts as of the date of this CCAA Termination Order.

**EFFECTIVENESS OF THIS CCAA TERMINATION ORDER**

14. THIS COURT ORDERS that this CCAA Termination Order shall become effective at the date and time the Receivership Order is granted.

**EFFECT RECOGNITION AND ASSISTANCE**

15. 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.


16. 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.

  
\_\_\_\_\_

ENTREED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

 JAN 3 1 2014

**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

**CCAA TERMINATION ORDER**

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Lawyers for the Applicants

## **Appendix “C”**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

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 THE RECEIVERSHIP OF TAMERLANE VENTURES INC.  
AND PINE POINT HOLDING CORP.

THE HONOURABLE MR. ) THURSDAY, THE 30th  
JUSTICE MORAWETZ ) DAY OF JANUARY, 2014

B E T W E E N:

(Court Seal)

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

**ORDER**

THIS APPLICATION made by Global Resource Fund ("**Global**") 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 Duff & Phelps Canada Restructuring Inc. ("**Duff & Phelps**") 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 at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the Affidavit of David Lewis sworn January 24, 2014 and the provisions of the Initial Order of Mr. Justice Newbould dated August 23, 2013 made in Commercial List File No. CV-13-10228-00CL (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 else appearing although duly served as appears from the affidavit of service of John Birch sworn January 27, 2014 and the affidavit of service of Patricia Hoogenband sworn January 28, 2014 and on reading the consent of Duff & Phelps 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.

*counsel for the Debtor and  
counsel for Kanst Investments LLC*

*[Handwritten initials]*

#### **APPOINTMENT**

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, Duff & Phelps 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 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) with the consent of Global Resource Fund, to continue the retention of PricewaterhouseCoopers Corporate Finance Inc. ("**PwCCFI**") as financial advisor on the terms contained in an agreement between PwCCFI and Tamerlane Ventures Inc. dated August 22, 2013 (the "**Retention Agreement**"), in which case PwCCFI shall be deemed to be the financial advisor to the Receiver and the Retention Agreement shall be deemed amended *mutatis mutandis*;
- (m) 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.

- (n) 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;
- (o) 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;
- (p) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (q) 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;



- (r) 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;
- (s) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

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

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall

provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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

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

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

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

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

against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

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

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

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

10. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

#### **CONTINUATION OF SERVICES**

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

paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

#### **RECEIVER TO HOLD FUNDS**

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

#### **EMPLOYEES**

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

#### **PIPEDA**

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed

shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

#### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

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

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

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its

obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

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

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

18. THIS COURT ORDERS that, if requested by Global, this Court, or any other interested party, the Receiver and its legal counsel shall pass their 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 Global, 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.

#### **PRIORITY OF CCAA AND RECEIVERSHIP CHARGES**

24. THIS COURT ORDERS that the priorities among (i) the Charges (as defined in the Initial Order) created by the Initial Order, to the extent that any of the Charges remain in effect and (ii) the Receiver's Charge and the Receiver's Borrowing Charge



(collectively, the "**Receivership Order Charges**") as created by this Receivership Order shall be as follows:

- (a) First, the Administration Charge (as defined in the Initial Order) to the maximum amount of \$300,000 and the Receiver's Charge, on a *pari passu* basis;
- (b) Second, the Financial Advisor Charge (as defined in the Initial Order), to the maximum amount of \$300,000;
- (c) Third, the DIP Lender's Charge (as defined in the Initial Order);
- (d) Fourth, the Receiver's Borrowing Charge;
- (e) Fifth, the Directors' Charge (as defined in the Initial Order);
- (f) Sixth, the Secured Lender Security (as defined in the Initial Order);  
and
- (g) Seventh, the Subordinated Administration Charge.

## **GENERAL**

25. 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.

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

27. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, and Peru 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.

28. 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.

29. THIS COURT ORDERS that Global shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of Global's security or, if not so provided by Global'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.

30. 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.

  
\_\_\_\_\_

RECEIVED  
COURT OF QUEBEC  
LEVEILLE COURT HOUSE



JAN 3 1 2014

## SCHEDULE "A"

### RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$\_\_\_\_\_

1. THIS IS TO CERTIFY that Duff & Phelps Canada Restructuring Inc., 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 30th of January, 2014 (the "Order") made in an action having Court file number CV-14-\_\_\_\_\_-00CL, 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.

DUFF & PHELPS CANADA  
RESTRUCTURING INC., solely in its  
capacity as Receiver of the Property, and  
not in its personal capacity

Per: \_\_\_\_\_  
Name:  
Title:

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

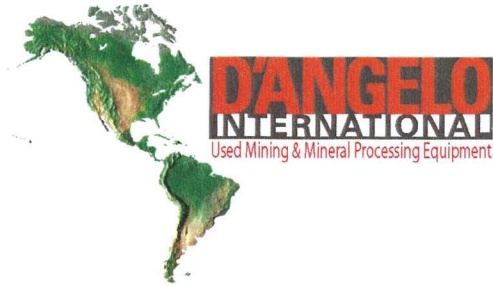
**ORDER**

**Cassels Brock & Blackwell LLP**  
2100 Scotia Plaza  
40 King Street West  
Toronto, ON M5H 3C2

John N. Birch LSUC #: 38968U  
Tel: 416.860.5225  
Fax: 416.640.3057  
jbirch@casselsbrock.com

Lawyers for the applicant

## **Appendix “D”**



Duff and Phelps

July 15,2014

Dear Noah Goldstein,

D'Angelo International LLC proposes an offer of \$337,500 USD to purchase the following flotation cells:

**Wemco Model 144, (500 cu. ft. Flotation Cells )**

consisting of:

1 Bank of 8 and One bank of 7 Cells with their corresponding feed , discharge and connection boxes described further as follows:

- - 15 Tanks with Agitator mechanisms
- - 15 40 HP motors and drive components, including belts Pulleys and guards
- - 4 Level control systems
- -Any remaining spare parts and associated components to the Wemco 144 cells

The offer is based on the following conditions:

- - Equipment in "as is" condition
- - Equipment will be sold "as is, where is", as inspected.

**Terms: Wired Funds \$100,000 USD refundable Deposit and balance upon notice of court approval ,and no later than August 17 2014.**

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

Sincerely,

Keith D'Angelo