Third Report to Court of KSV Kofman Inc. as Receiver of Tamerlane Ventures Inc. and Pine Point Holding Corp.

December 9, 2016

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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

THIRD REPORT OF KSV KOFMAN INC.
AS RECEIVER OF TAMERLANE VENTURES INC. AND PINE POINT HOLDING CORP.

DECEMBER 9, 2016

1.0 Introduction

1. Pursuant to an order ("Initial Order") of the Ontario Superior Court of Justice ("Court") made on August 23, 2013, Tamerlane Ventures Inc. ("Tamerlane") and Pine Point Holding Corp. ("PPHC") 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 PPHC are jointly referred to as the "Companies").

2. The affidavit of Margaret M. Kent, sworn August 22, 2013 (the "Kent Affidavit") and filed in support of the Companies' application for CCAA protection, provides, *inter alia*, the Companies' background, including the reasons the Companies filed for CCAA protection. A copy of the Kent Affidavit is attached as Appendix "A". At the time Ms. Kent swore her affidavit, she was Tamerlane's Executive Chair, Chief Financial Officer and a director of PPHC.

3. Pursuant to Court orders made in the CCAA proceedings, the Companies could not seek an extension of the CCAA stay of proceedings beyond January 31, 2014, unless by that date: (i) it repaid in full its principal secured creditor, Global Resource Fund ("GRF"); or (ii) received written consent from GRF and the Monitor to seek an extension of the stay.

4. Prior to January 31, 2014, GRF advised the Companies and the Monitor that it was not prepared to consent to a further extension of the stay of proceedings in the CCAA and that it intended to seek an order (the "Receivership Order") appointing D&P as receiver ("Receiver") of all of the Companies' assets, property and undertaking.

5. Pursuant to Court orders made on January 30, 2014, the CCAA proceedings were terminated ("Termination Order") and D&P was appointed as Receiver of the Company. Copies of the Termination Order and the Receivership Order are attached as Appendices "B" and "C", respectively.

6. On June 30, 2015, D&P was acquired by KSV (the "Effective Date"). Pursuant to an order of the Court made on July 10, 2015, D&P's ongoing mandates were transferred to KSV, including acting as the Receiver in these proceedings. The professionals overseeing this mandate prior to the Effective Date remain unchanged.

7. A principal purpose of these restructuring proceedings was to create a stabilized environment in which to carry out a sale and investment solicitation process ("SISP") for the Companies' business and assets.

1.1 Purposes of this Report

1. The purposes of this report ("Report") are to:

   a) provide background information about the Companies and the SISP that was carried out in the CCAA and receivership proceedings;

   b) summarize a proposed transaction (the "Transaction") with Darnley Bay Resources Limited (the "Purchaser") whereby the Receiver is recommending the sale of the Purchased Assets (as defined below) pursuant to an Asset Purchase Agreement dated December 9, 2016 between the Receiver and the Purchaser (the "APA");

   c) set out the Receiver's recommendations regarding distributions to GRF of the sale proceeds and the share consideration of the Transaction (the "Distribution");

   d) recommend that this Court issue an order, among other things:

      i. approving the Transaction;

      ii. vesting in the Purchaser all of the Companies' and the Receiver's right, title and interest in and to the Purchased Assets, free and clear of all liens, claims and encumbrances other than permitted encumbrances, upon the filing of a certificate by the Receiver confirming, among other things, completion of the Transaction;

      iii. authorizing the Receiver to make the Distribution; and

      iv. approving this Report and the actions, conduct and activities of the Receiver described herein.

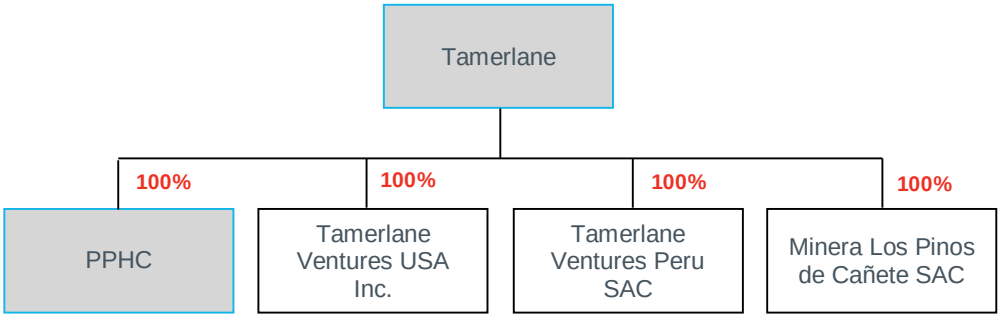
1.2 Currency

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

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.[1] Tamerlane and its subsidiaries are collectively referred to as the "Tamerlane Group".



3. The Tamerlane Group was 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 PPHC. The Tamerlane Group's other significant assets are the Los Pinos mining concessions in the Lima Department, Peru, which are subject to an ownership dispute that the Receiver is presently working to resolve.

4. The Tamerlane Group is presently inactive. It does not generate any revenue.

5. The Tamerlane Group does not have any employees. At the commencement of the receivership proceedings, the Receiver engaged two former employees as consultants to assist it with these proceedings; these individuals were formerly employees of Tamerlane Ventures USA Inc.

6. Additional information concerning the Company and these proceedings can be found in the reports and court materials on the Receiver's website at: http://www.ksvadvisory.com/insolvency-cases/tamerlane-ventures-inc/.

[1] The shaded entities are subject to the receivership proceedings.

2.1 GRF

1. GRF is the Companies' principal secured creditor. As of September 30, 2016, GRF was owed approximately US$14 million, plus interest and costs, which continue to accrue. The indebtedness includes $500,000, before interest, advanced under Receiver's Certificates (as defined in the Receivership Order) and approximately US$520,000 owing under a debtor-in-possession facility provided by GRF to the Companies in the CCAA proceedings (the "DIP Facility").

3.0 SISP

3.1 Pre-CCAA

1. Prior to the CCAA proceedings, the Companies attempted to raise financing in order to commence mining operations at the Pine Point Property. The Companies received a term sheet for debt financing in the amount of $60 million and another term sheet for off-take financing in the amount of $40 million. Both of the term sheets were conditional on the Companies completing an equity raise of $30 million to $40 million. The Companies were unable to do so and the term sheets were terminated. In the latter half of 2012, the Companies shifted their efforts to attempt to raise financing to repay GRF, but these efforts were unsuccessful. As more fully detailed in the Kent Affidavit, the failure to repay GRF ultimately required the Companies to file for CCAA protection.

3.2 CCAA Proceedings

1. Pursuant to the terms of the Initial Order, the Companies engaged PricewaterhouseCoopers Corporate Finance Inc. ("PwC") as financial advisor to lead the SISP, under the supervision of the Monitor.

2. Following the making of the Initial Order, PwC commenced the SISP, as follows:

    - PwC contacted over 300 parties, including strategic and financial parties, including parties previously identified and approached by the Tamerlane Group's management;

    - PwC prepared an information memorandum, which was distributed to interested parties. The information memorandum contained information on the Pine Point Property, the Tamerlane Group's management and the SISP timelines;

    - Parties that signed a Non-Disclosure Agreement were provided access to a data room, which contained information regarding, *inter alia*, Pine Point's land claims, leases and geological information concerning the Pine Point Property; and

    - PwC received three (3) expressions of interest to purchase the Pine Point Property; however, no formal offers were ultimately received during the CCAA proceedings.

3.3 Receivership Proceedings

1. Pursuant to the terms of the Receivership Order, the Receiver continued to retain PwC as financial advisor on the terms set out in an agreement between PwC and Tamerlane (the "Engagement Letter"). Early in the receivership process, PwC continued to actively, but unsuccessfully, canvass the market for buyers. PwC's involvement in the process decreased substantially in 2014 and it has been largely inactive since that time. Thereafter, the majority of the sale process efforts were conducted by the Receiver. A number of interested parties have also contacted GRF directly. PwC's mandate was formally terminated by the Receiver in August 2016.

2. Of the parties that contacted the Receiver and GRF concerning the Pine Point Property, only one signed a letter of intent. That letter of intent, dated February 2, 2015, was conditional on financing. The prospective purchaser was unable to raise the financing and the letter of intent was terminated. Since that time, the level of interest diminished significantly and the Receiver's focus has been on maintaining the Pine Point permits and licenses so that the property could either be remarketed for sale when commodities markets improve or GRF could consider developing the project.

3. Factors leading to a lack of or diminished interest include:

   - the depressed state of the junior mining market and the global commodity markets since the commencement of the CCAA proceedings;

   - a 3% net smelter royalty (the "Royalty") on the Pine Point Property owned by Karst Investments LLC ("Karst"), an entity in which former management has a financial interest; the Royalty impacts the economics of the mine for any purchaser[2] and has also led to concerns expressed by interested parties regarding the continued involvement of former management; and

   - the amount of the Company's indebtedness owing to GRF, which secured lender is seeking to maximize recovery on its debt.

4. In June 2016, the Purchaser approached the Receiver to express its interest in the Pine Point Property. The Purchaser signed a confidentiality agreement and was provided access to the data room. The data room contained information on the Pine Point Property, including mineral leases and permits. The Purchaser also had discussions with Tamerlane's former Chief Executive Offer, John Key, regarding, among other things, the economics of the Pine Point Property.

[2] The Royalty attaches to the land and cannot be disclaimed or otherwise terminated.

5. On October 19, 2016, the Receiver signed a letter of intent (the "LOI") with the Purchaser. A copy of the LOI is attached as Appendix "D". The execution of a definitive document was conditional on, among other things, the Purchaser raising $5 million in equity financing, the TSX Venture Exchange (the "Exchange") approving the LOI, the Purchaser performing diligence on the Pine Point Property and the approval of the Purchaser's board of directors. The Purchaser provided the Receiver with a deposit of approximately $255,850, comprised of $50,000 and 1,150,000 of common shares of the Purchaser at a deemed price of $0.179/share, in exchange for a 90-day exclusivity period. The deposit is to be retained by the Receiver in all circumstances, unless the Receiver is unable to obtain Court approval of the Transaction. The LOI stipulated that the deposit would be credited against the purchase price.

6. On December 9, 2016, the Purchaser and the Receiver finalized the APA, which is subject to Court approval.

3.4 Transaction[3]

1. A copy of the APA is attached as Appendix "E". A summary of the Transaction is as follows:

   a) **Purchaser:** Darnley Bay Resources Limited;

   b) **Purchased Assets:** the Mining Claims, the Mining Leases and the Exploration Data (the "Purchased Assets");

   c) **Purchase Price:** $3 million and 26.25 million common shares in the Purchaser (the "DBL Shares"). Assuming a share price of $0.225 per share,[4] the value of the transaction is estimated to be $8.9 million;

   d) **Deposit:** The Deposit is non-refundable, subject only to the Receiver not being able to obtain Court approval of the APA;

   e) **Distribution of Share Consideration to GRF:** after Closing, the Receiver will distribute the net Cash Consideration to GRF. The Receiver will also distribute to GRF the DBL Shares issued as Share Consideration under the Transaction, provided that the Receiver will not make a distribution of incremental DBL Shares if such distribution would result in GRF owning or controlling aggregate DBL Shares that exceed the Permitted Equity Interest (19.99% of DBL's equity). For eight (8) months commencing after the Closing Date (the "Holding Period"), the Receiver may distribute from time to time any remaining DBL Shares to GRF provided that GRF would not own or control DBL Shares as a result of such distribution exceeding the Permitted Equity Interest. After the Holding Period, the Receiver will sell whatever DBL Shares are in its possession and distribute the proceeds to GRF. In all circumstances, the Receiver is precluded from voting the DBL Shares when they are in its possession;

[3] Terms not defined in this section have the meanings provided to them in the APA

[4] The Purchaser has arranged a financing of up to $10 million at an average price of $0.225 per DBL Share.

f) **Assignment and Assumption of Contracts:** the Receiver will assign to the Purchaser all of its right, title and interest in and to the contracts forming part of the Purchased Assets, including the Mining Leases (the "Contractual Obligations"). It is the responsibility of the Purchaser to obtain any necessary consents, approvals or waivers in connection with the assignment of contracts or any other Purchased Assets;

g) **Representation and Warranties:** consistent with the terms of a standard insolvency transaction, i.e. on an "as is, where is" basis, with limited representations and warranties. The Receiver makes no representation regarding compliance of the Purchased Assets with any Environmental Law or other applicable law;

h) **Assumed Obligations:** the Purchaser will assume the following obligations and liabilities after Closing (collectively, the "Assumed Obligations"):

   i. the Contractual Obligations;

   ii. all liabilities arising after closing from the ownership and use of the Purchased Assets, including obligations pursuant to Environmental Law;

   iii. the Permitted Encumbrances; and

   iv. the Royalty, the terms of which have been negotiated with Karst;

i) **Closing:** the parties will use commercially reasonable efforts to cause the Closing to occur no later than five (5) business days following the later of: (a) the date the Approval and Vesting Order is issued; and (b) the date that the Purchaser obtains Exchange approval of the Transaction and the listing of the DBL Shares on the Exchange (the "Exchange Approvals");

j) **Material Conditions:** the material conditions precedent to the closing are:

   i. the Exchange Approvals being obtained. In this regard, the Receiver understands that the primary two conditions are: (a) an updated geological report in connection with the Pine Point Property; and (b) a definitive APA. The Receiver understands that the Exchange has conditionally approved the Transaction. The Purchaser has advised that it expects that it will receive the final Exchange Approvals in the near term. The Receiver is seeking Court approval at this time as the Purchaser has advised that it must close its financing before December 31, 2016; and

   ii. the Court issuing the Approval and Vesting Order;

k) **Termination:** the APA may be terminated prior to Closing upon the occurrence of any of the following:

   i. a condition precedent to the Transaction has not been satisfied or waived;

   ii. Closing has not occurred by January 31, 2017;

iii. by the Receiver, if there is a material breach by the Purchaser of its obligations under the APA; and

iv. by the Purchaser, if there is a material breach by the Receiver of the obligations under the APA.

l) **Termination Fee:** If the APA is terminated for any reason other than as a result of a material breach by the Receiver, the Purchaser will pay the Receiver $35,000 (the "Termination Fee").

3.5 Recommendation

1. For the following reasons, the Receiver recommends that the Court issue an Order approving the Transaction and vesting the Receiver's and the Companies' right, title and interest in and to the Purchased Assets in the Purchaser:

   a) the SISP was conducted on a basis consistent with the Initial Order and the Receivership Order;

   b) the Companies, with the assistance of their financial advisor, and the Receiver have made extensive efforts to sell the Purchased Assets and have conducted a wide canvassing of the market;

   c) the APA represents the only definitive offer received for the Pine Point Property since the commencement of the Companies' insolvency proceedings over three years ago;

   d) the Purchase Price under the Transaction is fair and reasonable in the circumstances;

   e) GRF, being the only stakeholder with an economic interest in the Transaction, supports the Transaction;

   f) GRF does not wish to indefinitely continue to fund the carrying costs associated with the Pine Point Property, such as permitting and lease payments. The Transaction will discontinue the need for GRF to fund these costs; and

   g) subject to obtaining the Approval and Vesting Order, the Receiver believes the Transaction will likely close. If the Court grants the Approval and Vesting Order, and the Transaction does not close, the Receiver is entitled to retain the Deposit and (other than as a result of material breach by the Receiver) the Termination Fee to compensate the estate for the professional fees associated with negotiating the APA.

4.0 Distributions to GRF

4.1 Proposed Distributions

1. The APA contemplates a distribution of the proceeds to GRF, including the DBL Shares or the proceeds thereof.

2. Goodmans LLP ("Goodmans"), the Receiver's counsel, reviewed the security of GRF at the commencement of the receivership proceedings. Goodmans provided an opinion under the laws of the Province of Ontario and engaged agents to provide an opinion under the laws of the Northwest Territories and Washington State and Washington D.C., respectively. Read together, the opinions provide that, subject to the assumptions and qualifications contained therein, the personal property security granted in favour of GRF is valid and enforceable and creates valid security interests in the personal property of the Companies to which the Personal Property Security Act (Ontario), the Personal Property Security Act (Northwest Territories), the Uniform Commercial Code of the State of Washington and the Uniform Commercial Code of the District of Columbia applies. The opinion of the agent in the Northwest Territories also included an opinion regarding Pine Point as recorded lessee of the Mining Leases (as defined in the APA) at the Land Administration and as recorded holder of the Mining Claims (as defined in the APA) in the Office of the Mining Recorder.

3. The Receiver is not aware of any other claims that rank in priority to the secured claims of GRF, the Companies' primary secured lender.

5.0 Conclusion and Recommendation

1. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court make an Order granting the relief detailed in Section 1.1(d) of this Report.

* * *

All of which is respectfully submitted,

KSV Kofman Inc.

KSV KOFMAN 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”

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

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 Sercurity 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 Exibit "**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 SISP

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 Exibit "**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 beleive 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 22nd day of August, 2013

Margaret M. Kent

Appendix “B”

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE REGIONAL SENIOR	)	THURSDAY, THE 30th
	)	
JUSTICE MORAWETZ	)	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.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:
JAN 31 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”

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

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,

counsel for the Debtor and counsel for Karst Investments LLC

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, 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.

Ivanie R.S.J.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JAN 31 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”

DARNLEY BAY
RESOURCES LIMITED

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Toronto, Ontario
M5H 2V1
Canada

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Fax: (416) 361-2519
jlevy@darnleybay.com
TSXV: DBL

October 19, 2016

Bobby Kofman
Managing Director
KSV Advisory Inc.
150 King Street West, Suite 2308
Toronto, Ontario
M5H 1J9

Pine Point Project

Letter of Intent

Dear Bobby,

Darnley Bay Resources Limited ("**DBL**") is pleased to submit the following letter of intent (the "**LOI**") to KSV Kofman Inc. ("**KSV**"), in its capacity as court-appointed receiver ("**Receiver**") of Tamerlane Ventures Inc. ("**Tamerlane**") and Pine Point Holding Corp. ("**Pine Point**, together with Tamerlane, the "**Company**") to acquire the Pine Point projects in the Northwest Territories (the "**Properties**") subject to the terms and conditions contained herein (collectively, the "**Transaction**").

DBL currently has three significant assets: an option to earn a 100% interest subject to royalty to the Davidson Molybdenum Project near Smithers, B.C., which has an in situ resource of approximately 300 million pounds of molybdenum; an option to purchase the Clear Lake Project in the Yukon which has an in situ resource of approximately 1.28 billion pounds zinc and the Darnley Bay project in the Northwest Territories, which hosts a significant gravity anomaly as well as a number of diamondiferous kimberlite pipes. DBL's business strategy is to acquire additional mineral deposits of various base and precious metals. At the time of this proposal, DBL has one class of shares outstanding (Common Shares) and has 52,853,483 common shares issued and outstanding, which are listed on the TSX Venture Exchange (the "**TSXV**").

Pursuant to an Order of the Court dated January 30, 2014, Duff & Phelps Canada Restructuring Inc. was appointed as the receiver of all of the assets, properties and undertakings of the Company, including the Properties, which are more particularly described in Schedule A attached hereto.

On June 30, 2015, Duff & Phelps Canada Restructuring Inc. was acquired by KSV. Pursuant to an Order of the Court made on July 10, 2015, the ongoing mandates of Duff & Phelps Canada Restructuring Inc. were transferred to KSV, including acting as Receiver of the Company.

Renvest Mercantile Bancorp Inc. ("**Renvest**"), an Ontario corporation, is the manager of Global Resource Fund ("**GRF**"), a Cayman corporation. GRF is the most significant secured creditor of the Company.

DBL seeks to purchase the Receiver's right, title and interest in the Properties from the Receiver,

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substantially under the terms outlined in this LOI.

All dollar amounts referenced herein shall be in Canadian Dollars, unless stated otherwise.

The definitive agreement and transaction contemplated herein and specifically any provisions in respect of consideration paid in the form of common shares of DBL shall be subject to the approval of the TSXV and any other relevant regulatory agencies, to the extent applicable, and the Ontario Superior Court of Justice (the "**Court**").

1. PURCHASE TERMS:

In order to satisfy the cash portion of the Purchase Terms described below in this Section 1, DBL intends to raise the requisite funds by way of an equity financing of at least $5,000,000 within 90 days of signing this LOI (the "Equity Financing").

By executing this LOI, the parties agree to proceed to the good faith negotiation and delivery of a definitive agreement, which agreement shall contain the terms summarized below, and such other terms as are customary for transactions of the nature contemplated herein (the "**Definitive Agreement**"). All documentation shall be in form and content satisfactory to each of the parties. It is intended that the Definitive Agreement would not be subject to any due diligence, financing or other conditions, except for Court approval and TSXV approval as required to ensure the DBL Shares (defined below) are unrestricted and freely tradeable and issued in accordance with TSXV policies ("**TSXV Approval**"). The terms of the Transaction are as follows:

(a) A payment to the Receiver of $3,000,000 payable on closing of the Transaction (the "**Closing Date**"), which will take place no later than five (5) business days following the later of: (i) Court approval of the Definitive Agreement and the Transaction; and (ii) TSXV Approval; and

(b) The issuance of 25,000,000 common shares in the capital of DBL ("**DBL Shares**") to the Receiver on the Closing Date. In the event that the Financing is completed at a price per DBL Share that is below $0.20, DBL will issue to the Receiver an additional 1.25 million DBL Shares for each $0.01 (or part thereof) below $0.20, up to a maximum of an additional 2.5 million DBL Shares. For clarity, the net maximum number of DBL shares payable to the Receiver under this Section shall be 27,500,000. It shall be a condition of this Transaction that the DBL Shares shall be unrestricted except as required by the TSXV and/or applicable securities laws.

It shall also be a condition of GRF's consent to this Transaction that the Receiver will re-distribute the DBL Shares to GRF (the "Re-Distribution"). It is hereby agreed that following the Re-Distribution, GRF's shareholding in DBL shall not exceed 19.9% of the total amount of

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outstanding shares of DBL, following the issuance of: (1) the DBL Shares to the Receiver and (2) the issuance of all shares from the Equity Financing.

To the extent that the Re-Distribution, as contemplated by this Section 1(b), creates a shareholding for GRF that is greater that 19.9% following the Equity Financing, that amount of DBL Shares that takes the shareholding for GRF over 19.9% will instead be paid, by DBL, in cash and on the Closing Date. In such instance, the price used to determine the amount of cash payable shall be the share price used for the Equity Financing.

DBL acknowledges that the Definitive Agreement will include standard provisions for an insolvency transaction, including that the properties, assets and undertakings will be conveyed to the buyer on an "as is, where is" basis and the Receiver will only provide limited representations and warranties, i.e. those consistent with an insolvency transaction.

2. LOI FEE:

Subject to DBL providing the Receiver with an LOI fee comprised of both (a) a cash payment of $50,000 (the "**Cash LOI Fee**") on the date of execution of this LOI, and (b) the issuance of 1,150,000 DBL Shares at a deemed price per share of $0.179 (the "**Shares LOI Fee**", together with the Cash LOI Fee, the "**LOI Fee**"), the Receiver shall provide DBL with a 90-day exclusive period of time following execution of this LOI to perform due diligence and raise sufficient funds to close this Transaction as follows:

(i) on the date of execution of this LOI, DBL shall pay the Cash LOI Fee to the Receiver and in consideration therefor, the Receiver shall grant DBL a 30-day exclusivity period (the "**First Exclusivity Period**"); and ~~[this portion of the deposit is not in trust]~~

(ii) upon receiving TSXV conditional approval of the LOI and contemplated transactions ("**TSXV Conditional Approval**"), DBL shall provide the Receiver with the Shares LOI Fee, ~~in trust~~, and in consideration therefor, the Receiver shall grant DBL an additional 60-day exclusivity period following expiry of the First Exclusivity Period provided that the Shares LOI Fee is received by the Receiver before the expiry of the First Exclusivity Period or other arrangements satisfactory to the Receiver have been agreed to in writing by such date.

DBL undertakes to use best efforts to obtain TSXV Conditional Approval and issue the Shares LOI Fee as soon as possible following the date of this LOI.

The LOI Fee shall be payable to the Receiver in all circumstances, including if DBL is unable to complete this Transaction for any reason, subject to both being refunded and returned for cancellation, in the case of the DBL Shares, if the Receiver is unable to obtain Court approval of the Definitive Agreement.

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In the case that this Transaction closes substantially in accordance with the terms in the Definitive Agreement, the LOI Fee shall be deducted from the total purchase price paid by DBL to the Receiver on the Closing Date, which includes the DBL Shares issued pursuant to this section at their deemed value.

3. BOARD REPRESENTATION:

Prior to the execution of definitive documents, and as a condition of GRF's consent to this transaction, GRF and DBL shall have agreed to governance issues, including that GRF shall have the right (but not the obligation) to two seats on the board of directors of DBL (the "**GRF Nominees**"), the first of which is to be appointed on closing of the Transaction, and the second of which is to be nominated and presented for shareholder approval at the next annual meeting of the shareholders of DBL, all subject to TSXV approval. .

4. TIMELINES:

(a) Upon execution of this LOI, DBL shall pay the Receiver the LOI Fee, including the $50,000 cash amount. For greater certainty the DBL Shares to be issued pursuant to the LOI Fee will be issued following TSXV Conditional Approval;

(b) Upon execution of the Definitive Agreement, the Receiver shall seek Court approval of the Definitive Agreement and the Transaction.

(c) The Transaction will close no later than five (5) business days following the later of: (i) Court approval of the Definitive Agreement and the Transaction; and (ii) TSXV Approval.

5. DUE DILIGENCE, CONFIDENTIALITY AND OTHER TERMS

(a) Until the Closing of the Transaction, the Receiver shall do all such things as may be necessary to maintain the Properties in good standing, such as the payment of taxes, applying for licenses, renewals of claims or concessions, permits and other rights to and interests in the Properties, subject in each case to the extent that funding for same is provided by GRF to the Receiver.

(b) DBL acknowledges that they are aware that all minerals extracted from the Properties are subject to a 3.0% net smelter royalty owned by the Karst Investments LLC. Accordingly, DBL agrees that the existence of such royalty shall not be used to later argue for an amendment to the purchase terms or to terminate this Transaction.

(c) From the period from the date hereof to execution of the Definitive Agreement (the "**Due Diligence Period**"), DBL and its auditors, legal counsel and other advisors may conduct such investigations of financial conditions, contractual

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obligations, business affairs and corporate affairs as it may deem reasonably necessary or advisable in respect of Tamerlane and the Properties. The Receiver will not be required to fund any costs associated with DBL's diligence.

(d) During the Due Diligence Period, the Receiver will make available to DBL information in its possession and/or control, including information which may be in the possession of advisors to the Receiver, regarding Tamerlane's and the Properties' financial condition, business, assets, title and affairs (including any material contracts), including information delivered in oral, electronic or written format (collectively, the "**Confidential Information**"), as may reasonably be requested by the other party, and DBL shall hold such information strictly confidential. "Confidential Information" shall include all notes, analyses, compilations, forecasts, studies or other documents prepared by DBL or any of DBL's Representatives (defined below) that contain or reflect information provided by the Receiver. "Confidential Information" shall not include information: (i) that is or becomes generally available to the public other than as a result of an act or omission by DBL or any of DBL's Representatives in breach hereof, or (ii) that DBL receives or has received on a non-confidential basis from a source other than the Receiver, provided that such source is not known to DBL to be subject to an obligation of confidentiality to the Receiver or the Company with respect to such information or otherwise prohibited from transmitting the information to DBL or its Representatives. Without the prior written consent of the Receiver, DBL shall not disclose Confidential Information to any person, other than its directors officers, employees, auditors or advisors (collectively, "**Representatives**") who need to know such information to evaluate the Transaction on DBL's behalf and who have been informed by DBL of the confidential nature of the Confidential Information and instructed by DBL to keep such information confidential. DBL shall be responsible for any actions taken by its Representatives that would be deemed a breach of these confidentiality provisions if DBL had taken such actions. The Receiver agrees that it will not unreasonably withhold such consent to the extent that such Confidential Information is compelled to be released by legal process or must be released to regulatory bodies; provided that in such event release of such information will be only to the minimum extent required by law.

6. CONDITIONS PRECEDENT

(a) In addition to the matters described elsewhere in this LOI, the execution of the Definitive Agreement will be subject to the following conditions to the satisfaction of DBL, the Receiver and GRF, as applicable:

(i) customary due diligence to be completed to DBL's satisfaction prior to execution of the Definitive Agreement;

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(ii) customary due diligence to be completed to GRF's satisfaction prior to execution of the Definitive Agreement;

(iii) DBL obtaining shareholder approval, if required, for the Transaction (including satisfactory arrangements with respect to governance issues in accordance with Section 3) from the requisite number of DBL shareholders by way of written consent, or a meeting of the shareholders, as applicable;

(iv) no material adverse change with respect to the Properties from the date of execution of this LOI until the execution of the Definitive Agreement; and

(v) DBL obtaining all necessary board approvals for the Transaction contemplated herein, including the issuance of the DBL Shares contemplated therein.

7. TERMINATION

This LOI may be terminated:

(a) by DBL upon written notice to the Receiver that, on having completed its due diligence review, DBL is not satisfied with the results of such due diligence;

(b) by the Receiver upon written notice to DBL that GRF is not satisfied with the results of its due diligence;

(c) by either party upon written notice to the other if a Definitive Agreement has not been entered into by 5:00 p.m. (Toronto time) on the date that is ninety (90) calendar days after the date of this LOI or such later date as may be agreed to by the parties in writing; or

(d) by either party in the event that the other applicable party fails to satisfy any of the conditions set forth in Section 6 above.

This LOI will terminate automatically upon execution of the Definitive Agreement.

In the event of the termination of this LOI in the circumstances set out above, this LOI shall forthwith become void and neither party shall have any liability or further obligation to the other party hereunder except with respect to the obligations set forth in Section 2 and Section 5(d).

8. MISCELLANEOUS

(a) This LOI will be governed by the laws of Ontario and the federal laws of Canada applicable therein.

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(b) DBL will have the right to publicly disclose the terms of this LOI as well as provide in such disclosures a description of the Properties, provided that such disclosures are provided to the Receiver for approval prior to any public release of such disclosures and the Receiver has approved such disclosures. It is also acknowledged that the Receiver may make disclosure to the Court in connection with approval of the Agreement.

(c) This LOI constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements among the parties in connection with the subject matter hereof, except as specifically set forth herein. No amendment, supplement, modification, waiver or termination of this LOI shall be binding unless executed in writing by the party to be bound thereby.

(d) This LOI may be executed in one or more counterparts by the parties and delivered by facsimile or other electronic means, each of which will be deemed to be an original copy of this LOI and all of which, when taken together, will be deemed to constitute one and the same agreement.

If the foregoing correctly sets forth the intentions of the Receiver, please indicate your agreement to the proposed terms where indicated below.

Yours truly,

DARNLEY BAY RESOURCES LTD.

Per: _____
Name: Jamie Levy, President, CEO
Title:

KSV KOFMAN INC., solely in its capacity as Court-appointed Receiver of Tamerlane Ventures Inc. and Pine Point Holding Corp. and not in its personal or corporate capacity

Per: _____
Name: Robert Kofman
Title: President and Managing Partner

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Schedule A[1]

LEASE NUMBERS

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CLAIMS

D1

[1] This list was prepared by a consultant, John Key. The Receiver provides no representations or warranties in any respect with regard to this list, including as its the accuracy of the leases, including their completeness. DBL shall perform diligence and will satisfy itself in respect of the Properties in advance of execution of a definitive agreement.

D2
D3
D4
D5

Appendix “E”

KSV KOFMAN INC., in its capacity as
Court-appointed receiver of Tamerlane Ventures Inc. and Pine Point Holding Corp.

as Receiver

and

DARNLEY BAY RESOURCES LIMITED

as Purchaser

ASSET PURCHASE AGREEMENT

December 9, 2016

SCHEDULES

ASSET PURCHASE AGREEMENT

This asset purchase agreement is made as of December 9, 2016, between KSV Kofman Inc., in its capacity as Court-appointed receiver (the "**Receiver**") of Tamerlane Ventures Inc. ("**Tamerlane**") and Pine Point Holding Corp. ("**PPHC**" and, together with Tamerlane, the "**Company**") and Darnley Bay Resources Limited (the "**Purchaser**").

RECITALS:

A. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated January 30, 2014 (the "**Receivership Order**"), as amended pursuant to an order of the Court dated July 10, 2015, the Receiver was appointed as receiver and manager of all of the assets, undertaking and properties of the Company (the "**Property**").

B. Pursuant to the Receivership Order, the Receiver is authorized to, *inter alia*, sell, convey, transfer, lease or assign the Property or any part thereof out of the ordinary course of business, subject to approval of the Court, and to apply for any vesting order or other orders necessary to convey the Property or any part thereof to a purchaser thereof, free and clear of any liens or encumbrances affecting such Property.

C. The Receiver desires to sell, and the Purchaser desires to purchase, the Receiver's right, title and interest in and to the Purchased Assets subject to the terms and conditions set forth in this Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Receiver and the Purchaser agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

In this Agreement and the recitals above, the following terms have the following meanings:

"**Agreement**" means this asset purchase agreement, as amended from time to time.

"**Applicable Law**" means, in respect of any Person, property, transaction or event, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order, in each case, having the force of law that applies in whole or in part to such Person, property, transaction or event and includes, without limitation, any Environmental Law.

"**Approval and Vesting Order**" means an order of the Court, *inter alia*, approving this Agreement, authorizing the Receiver to complete the Transaction, and vesting in the

Purchaser all of the right, title and interest of the Receiver in and to the Purchased Assets free and clear of all Encumbrances other than Permitted Encumbrances, which Approval and Vesting Order shall be in form and substance satisfactory to the Purchaser, acting reasonably.

"**Assumed Obligations**" has the meaning set forth in Section 2.8.

"**Base Cash Payment**" means $3,000,000 (Three Million Dollars).

"**Business Day**" means a day on which banks are open for business in Toronto, Ontario but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario.

"**Cash Consideration**" has the meaning set forth in Section 3.2.

"**Cash Deposit**" has the meaning set forth in Section 3.4(1).

"**Company**" has the meaning set forth in the recitals hereto.

"**Closing**" means the successful completion of the Transaction.

"**Closing Cash Payment**" has the meaning set forth in Section 3.5(b).

"**Closing Date**" means the date on which Closing occurs pursuant to the terms of this Agreement.

"**Closing Share Consideration**" has the meaning set forth in Section 3.5(c).

"**Closing Time**" means 2:00 p.m. (Toronto time) on the Closing Date.

"**Contracts**" means all contracts or agreements forming part of the Purchased Assets and includes the Mining Leases.

"**Contractual Obligations**" has the meaning set forth in Section 2.3(1).

"**Court**" has the meaning set forth in the recitals hereto.

"**DBL Shares**" means the common shares in the capital of the Purchaser.

"**Deposit**" means, collectively, the Cash Deposit and the Share Deposit.

"**Encumbrances**" means any security interest, lien, claim, charge, hypothec, reservation of ownership, pledge, encumbrance, mortgage, adverse claim or right of a third party of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

"**Environmental Law**" means all requirements of Applicable Law pertaining to environmental, health or safety matters, including, but not limited to, those relating to:

(a) noise;

(b) pollution or protection of the air, surface water, ground water or land;

(c) solid, gaseous, or liquid waste generation, handling, treatment, storage, disposal or transportation;

(d) exposure to hazardous or toxic substances; or

(e) the closure, decommissioning, dismantling, or abandonment of any facilities, mines, or workings and the reclamation or restoration of lands.

"**Exchange**" means the TSX Venture Exchange.

"**Exchange Approvals**" means, collectively, the following approvals: (i) the conditional approval of the Exchange, subject to the notice of issuance, to list the DBL Shares issued as Share Consideration, subject only to the Purchaser providing the Exchange such required documentation as is customary in the circumstances; and (ii) the acceptance from the Exchange approving the Transaction.

"**Exchange Approval Date**" means the date on which the Exchange Approvals have been obtained.

"**Exploration Data**" means all commercial, legal, financial and technical information and materials (including geological, geophysical, magnetic, electromagnetic and radiometric survey notes, core samples, drill logs, documents, interpretations, plans, maps, sections, drawings, writings, papers, materials and all other things related thereto) relating to the Purchased Assets within the possession and control of the Receiver.

"**Financing**" means an equity financing to be completed by the Purchaser on or prior to December 31, 2016, or such later date as the Purchaser may determine with the consent of the Receiver, pursuant to which the Purchaser shall issue DBL Shares for aggregate gross proceeds of up to $10,000,000 (Ten Million Dollars).

"**Governmental Authority**" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal, and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

"**GRF**" means Global Resource Fund, a fund owned by Renvest and the principal secured creditor of the Company.

"**Holding Period**" has the meaning set forth in Section 3.6(2).

"**Interim Period**" means the period between the date hereof and the Closing Time.

"**Mining Claims**" means the mining claims listed on Schedule A.

"**Mining Leases**" means the mining leases listed on Schedule B.

"**Outside Date**" means January 31, 2017 or such later date as may be agreed by the Parties.

"**Lease Renewal Payments**" means, collectively, the following payments made by the Receiver to the Government of the Northwest Territories to renew certain of the Mining Leases:

(a) the payment in the aggregate amount of $16,107 for the one-year period commencing May 9, 2016;

(b) the payment in the aggregate amount of $5,405 for the one-year period commencing July 16, 2016; and

(c) the payment in the aggregate amount of $21,936.50 for a one-year period commencing August 26, 2016.

"**Losses**" means, in respect of any matter, all losses, claims, demands, proceedings, damages, debts, liabilities, obligations, deficiencies, costs and expenses (including, without limitation, all legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) arising directly or indirectly as a consequence of such matter.

"**Party**" means the Purchaser or the Receiver and "**Parties**" means both the Purchaser and the Receiver.

"**Permits and Approvals**" means any permit, approval, license, consent, authorization, permission, registration, certificate, waiver, variance or other evidence of authority, permission, benefit or right, whether granted by a Governmental Authority or otherwise, necessary or desirable for the ownership or use of the Purchased Assets by the Purchaser. For greater certainty, the Approval and Vesting Order shall not constitute a Permit and Approval.

"**Permitted Equity Interest**" means not more than 19.99% of the issued and outstanding DBL Shares.

"**Permitted Encumbrances**" means those Encumbrances listed on Schedule C.

"**Person**" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or

without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

"**PPHC**" has the meaning set forth in the recitals hereto.

"**Prepaid Adjustment**" has the meaning set forth in Section 5.1(2).

"**Property**" has the meaning set forth in the recitals hereto.

"**Purchased Assets**" means all of the Receiver's and the Company's right, title and interest in and to:

(a) the Mining Claims;

(b) the Mining Leases; and

(c) the Exploration Data.

"**Purchase Price**" has the meaning set forth in Section 3.1.

"**Purchaser**" has the meaning set forth in the recitals hereto.

"**Receivership Order**" has the meaning set forth in the recitals hereto.

"**Renvest**" means Renvest Mercantile Bancorp Inc., a corporation that owns GRF.

"**Representative**" means, in respect of a Party, each director, officer, employee, agent, manager, advisor (whether legal, financial or otherwise), consultant, contractor and other representative of such Party.

"**Royalty Obligation**" has the meaning set forth in Section 4.1(j).

"**Share Deposit**" has the meaning set forth in Section 3.4(1).

"**Share Consideration**" has the meaning set forth in Section 3.3.

"**Share Recipient**" has the meaning set forth in Section 3.6(1).

"**Tamerlane**" has the meaning set forth in the recitals hereto.

"**Transaction**" means the transaction of purchase and sale contemplated by this Agreement.

"**Transfer Taxes**" means all present and future transfer taxes, sales taxes, harmonized sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer

or registration of the transfer of the Purchased Assets, including all interest, penalties and fines in connection therewith but excluding any taxes imposed or payable under the Income Tax Act and any other applicable income tax legislation.

"**Receiver**" has the meaning set forth in the recitals hereto.

Section 1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

Section 1.3 General Construction

The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof. The expression "Section" or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

Section 1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings.

Section 1.5 Currency

All references in this Agreement to dollars, monetary amounts or to "$" are expressed in currency of Canada unless otherwise specifically indicated.

Section 1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

Section 1.7 Schedules

The following Schedules are incorporated in and form part of this Agreement:

Schedule A – Mining Claims

Schedule B – Mining Leases

Schedule C – Permitted Encumbrances

ARTICLE 2
PURCHASE AND SALE

Section 2.1 Purchase and Sale of Purchased Assets

Subject to the terms and conditions hereof, at the Closing Time the Receiver hereby agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Receiver the Purchased Assets free and clear of all Encumbrances other than Permitted Encumbrances pursuant to the Approval and Vesting Order.

Section 2.2 Excluded Assets

The Purchased Assets shall include only those assets expressly contemplated in the definition of Purchased Assets and the Purchaser shall in no way be construed to acquire any right, title or interest in any other assets of the Receiver or the Company.

Section 2.3 Assignment and Assumption of Contracts

(1) Subject to the terms and conditions hereof, the Receiver shall assign to the Purchaser all of the Receiver's right, title and interest in and to the Contracts and the Purchaser shall assume the obligations and liabilities under the Contracts on the Closing Date (the "**Contractual Obligations**").

(2) This Agreement and any document delivered hereunder shall not constitute an assignment or attempted assignment of any Contract contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third party if such consent has not been obtained, or if such assignment or attempted assignment would constitute a breach of such Contract, and there shall be no reduction to the Purchase Price as a result of the inability to assign such Contract to the Purchaser.

Section 2.4 Consents, Approvals and Waivers

The Purchaser acknowledges that the Receiver shall have no obligation to obtain any consent, approval or waiver that may be required for the assignment to the Purchaser of any Contract or any other Purchased Asset pursuant to this Agreement, and that it shall be the sole responsibility of the Purchaser, at the Purchaser's sole expense, to obtain any necessary consents, approvals or waivers and to make any necessary payments in relation thereto, *provided that* the Receiver shall, if requested by the Purchaser, reasonably cooperate with the Purchaser, at the Purchaser's expense, in obtaining any such consents, approvals or waivers.

Section 2.5 Permits and Approvals

The Purchaser acknowledges that it shall be the sole responsibility of the Purchaser, at the Purchaser's sole expense, to obtain all Permits and Approvals and to make any payments in relation thereto, *provided that* the Receiver shall, if requested by the Purchaser, reasonably cooperate with the Purchaser, at the Purchaser's expense, in obtaining any such Permits and Approvals. The obtaining of any such Permits and Approvals shall not, in any manner, be a

condition to the completion of, or affect or limit the Purchaser's obligation to complete, the Transaction.

Section 2.6 "As is, Where is"

The Purchaser acknowledges that the Receiver is selling the Purchased Assets on an "as is, where is" basis as they shall exist at the Closing Time subject to the benefit of the representations and warranties in this Agreement. No representation, warranty or condition is expressed or can be implied as to fitness for purpose, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets (including, without limitation, the extent or quality of any reserves or mineral deposits) or the right of the Receiver to sell or assign same save and except as expressly represented or warranted herein. The description of the Purchased Assets contained in the Schedules is for purpose of identification only. No representation, warranty or condition has or will be given by the Receiver concerning the completeness or accuracy of such descriptions.

Section 2.7 Environmental Condition

Without limiting Section 2.6 in any way, the Purchaser acknowledges that the Receiver makes no representations or warranties whatsoever with respect to the environmental condition of the Purchased Assets. The Receiver specifically makes no representation regarding the compliance of the Purchased Assets with any Environmental Law or other Applicable Law or with respect to any covenant or agreement whether statutory or non-statutory.

Section 2.8 Assumed Obligations and Indemnification

(1) The Purchaser shall, from and after the Closing Date, assume and perform, discharge and pay when due the following obligations and liabilities (the "**Assumed Obligations**"):

(a) the Contractual Obligations;

(b) all debts, liabilities and obligations arising from the ownership and use of the Purchased Assets for the period from and after the Closing, including, without limitation, all debts, liabilities and obligations pursuant to Environmental Law (including all remediation, reclamation or closure obligations in respect of the Purchased Assets);

(c) all Permitted Encumbrances; and

(d) the Royalty Obligation.

(2) On Closing, the Purchaser shall, and hereby does, indemnify, defend and hold harmless the Receiver and the Company and their respective officers, directors, employees, agents, advisors and shareholders, and each of their respective successors and assigns, from and against all Losses of any kind or character arising out of or in any manner incident, relating or attributable to the Assumed Obligations after Closing.

Section 2.9 Excluded Obligations

Other than the Assumed Obligations, the Purchaser shall not assume, pay, satisfy, discharge, perform or fulfill and shall not be liable, directly or indirectly, or otherwise responsible for any debts, liabilities or other obligations in respect of the Purchased Assets.

ARTICLE 3
PURCHASE PRICE AND DEPOSIT

Section 3.1 Purchase Price

The aggregate consideration (the "**Purchase Price**") payable by the Purchaser to the Receiver for the Purchased Assets is the sum of the Cash Consideration and the Share Consideration.

Section 3.2 Cash Consideration

In partial satisfaction of the Purchase Price and subject to the terms of this Agreement, the Receiver shall receive from the Purchaser cash proceeds equal to the aggregate of (i) the Base Cash Payment and (ii) the Prepaid Adjustment (collectively, the "**Cash Consideration**").

Section 3.3 Share Consideration

(1) In partial satisfaction of the Purchase Price and subject to the terms of this Agreement, DBL shall issue to the Receiver 26,250,000 newly-issued DBL Shares (the "**Share Consideration**"), of which 1,150,000 DBL Shares have already been issued to the Receiver as the Share Deposit and the Receiver hereby acknowledges receipt of such Share Deposit.

(2) The Receiver shall hold the DBL Shares issued as Share Consideration in its capacity as receiver and shall not exercise any voting rights in respect of the DBL Shares. For greater certainty, in the event that the Receiver is issued DBL Shares in connection with the Transaction which as a percentage of all issued and outstanding DBL Shares as of the Closing exceeds the Permitted Equity Interest, the Receiver shall not be entitled to vote the DBL Shares in excess of the Permitted Equity Interest for any reason whatsoever.

Section 3.4 Deposit

(1) In contemplation of the Transaction, the Purchaser has (i) paid to the Receiver a cash payment of $50,000 (together with any interest earned thereon, the "**Cash Deposit**"), and (ii) issued to the Receiver 1,150,000 DBL Shares (the "**Share Deposit**"). Except as set forth in Section 3.4(3), the Deposit shall be non-refundable.

(2) If the Closing takes place, the Cash Deposit shall be credited and set-off against the Cash Consideration and the Share Deposit shall be credited and set-off against the Share Consideration.

(3) The Purchaser shall be entitled to a full refund of the Deposit in the event that the Receiver is unable to obtain Court approval of this Agreement. Where the Deposit is refunded to the Purchaser, the DBL Shares constituting the Share Deposit shall be returned to the Purchaser for cancellation. The Deposit shall be nonrefundable in all other circumstances.

Section 3.5 Satisfaction of Purchase Price

Provided that all conditions precedent to Closing have been satisfied or waived in accordance with Article 6, the Purchase Price shall be paid and satisfied on Closing as follows:

(a) by the crediting and setting-off of the Deposit against the Purchase Price pursuant to Section 3.4(2);

(b) as to the balance of the Cash Consideration after application of the Cash Deposit (the "**Closing Cash Payment**"), the Purchaser shall pay the Closing Cash Payment to the Receiver by wire transfer of immediately available funds to an account designed by the Receiver; and

(c) as to the balance of the Share Consideration after application of the Share Deposit (the "**Closing Share Consideration**"), the Purchaser shall cause the issuance of the Closing Share Consideration to the Receiver on the Closing Date.

Section 3.6 Distribution of Share Consideration

(1) Forthwith after Closing, the Receiver shall distribute to GRF all or a portion of the DBL Shares issued as Share Consideration pursuant to the Transaction, *provided that*, notwithstanding the foregoing, the Receiver shall not make a distribution of incremental DBL Shares to GRF at any time if, immediately following such distribution, GRF would own or control aggregate DBL Shares which, as a percentage of all issued and outstanding DBL Shares at the time of such distribution, exceeds the Permitted Equity Interest.

(2) Throughout the eight (8) month period commencing on the Closing Date (the "**Holding Period**"), the Receiver shall hold, in its capacity as receiver, any DBL Shares that have not been distributed to GRF. During the Holding Period, the Receiver shall distribute to GRF from time to time such number of remaining DBL Shares held by the Receiver as GRF may request after GRF provides evidence to the Receiver that the distribution of such DBL Shares would not result in GRF, immediately following such distribution, owning or controlling, directly or indirectly, aggregate DBL Shares which as a percentage of all issued and outstanding DBL Shares at the time of such distribution would exceed the Permitted Equity Interest.

(3) The Receiver shall be entitled to rely on the request(s) and evidence provided by GRF and shall have no obligation to independently verify or confirm that a distribution of

DBL Shares will not result in GRF owning or controlling, directly or indirectly, DBL Shares in excess of the Permitted Equity Interest.

(4) If upon the expiry of the Holding Period the Receiver remains in possession of any DBL Shares, the Receiver shall promptly sell such remaining DBL Shares in such manner as the Receiver considers appropriate and shall thereafter distribute the net proceeds from the sale of such DBL Shares to GRF. For greater certainty, any DBL Shares remaining in the possession of the Receiver following the expiry of the Holding Period shall not be sold, transferred or distributed to GRF and GRF shall have no control over the sale process or price received in respect of such DBL Shares.

(5) The Receiver shall have no liability in connection with the possession, distribution, or sale of the DBL Shares pursuant to this Agreement, except in the case of gross negligence or willful misconduct on its part.

(6) The terms of this Section 3.6 shall be subject in all respects to the Approval and Vesting Order and any other order of the Court.

Section 3.7 Allocation of Purchase Price

The Purchase Price shall be allocated among the Purchased Assets in a manner mutually agreed between the Parties in writing. Each Party shall report the sale and purchase of the Purchased Assets for all tax purposes in a manner consistent with such allocation, and will complete all tax returns, designations and elections in a manner consistent with such allocation and otherwise follow such allocation for all tax purposes on and subsequent to the Closing Date and may not take any position inconsistent with such allocation.

Section 3.8 Transfer Taxes

(1) The Purchase Price is exclusive of all Transfer Taxes and the Purchaser shall be liable for and shall pay to the Receiver or directly to the applicable Governmental Authority as required by Applicable Law any and all applicable Transfer Taxes pertaining to the Purchaser's acquisition of the Purchased Assets; and

(2) The Purchaser shall, and hereby does, indemnify, defend and hold harmless the Receiver and the Company and their respective officers, directors, employees, agents, advisors and shareholders, and each of their respective successors and assigns, from and against all Losses of any kind or character arising out of any failure by the Purchaser to pay or remit such Transfer Taxes.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

Section 4.1 Purchaser's Representations

The Purchaser represents and warrants to the Receiver as of the date hereof and as of the Closing Time as follows and acknowledges that the Receiver is relying on such representations

and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) the Purchaser is a corporation duly incorporated, organized and subsisting under the laws of Ontario and has the requisite power and authority to enter into this Agreement and to complete the transactions contemplated hereunder;

(b) all necessary corporate action has been taken by the Purchaser to authorize the execution and delivery by it of, and the performance of its obligations under, this Agreement, including the receipt of all necessary approvals from the Purchaser's board of directors and shareholders;

(c) neither the execution and delivery of the Agreement nor the consummation of the Transaction will violate or conflict with any laws of any jurisdiction applicable or pertaining thereto or its constating documents;

(d) the Purchaser has duly executed and delivered this Agreement and this Agreement constitutes a valid and legally binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms;

(e) the Purchaser is a reporting issuer in good standing in the province of Ontario;

(f) the authorized capital of the Purchaser consists of an unlimited number of common shares without par value, of which 54,890,659 common shares without par value were issued and outstanding as of the date hereof. As of the date hereof, the Purchaser has outstanding options and convertible securities providing for the issuance of 25,899,834 common shares of the Purchaser upon the exercise thereof. Other than the DBL Shares issued in connection with this Transaction and the Financing, there are no other shares in the capital of the Purchaser or options or convertible securities providing for the issuance of shares in the capital of the Purchaser outstanding as of the Closing Date;

(g) following the completion of the Financing, the Purchaser will have sufficient funds available to satisfy its obligations to pay the Cash Consideration as set forth in Section 3.5;

(h) all of the DBL Shares issued as Share Consideration will be validly issued as fully paid and non-assessable, will be issued in compliance with all Applicable Laws, including securities laws, will be listed for trading on the Exchange, and will not be subject to any contractual, securities laws or other legal, regulatory or other restrictions on transferability or voting upon issuance to the Receiver or distribution to GRF;

(i) on the Closing Date and following receipt of the Exchange Approvals and any applicable Permits and Approvals, the Purchaser will have obtained all necessary approvals, consents or waivers with respect to the acquisition of the Purchased Assets and will be eligible to acquire and hold the Purchased Assets;

(j) the Purchaser acknowledges that it is aware that all minerals extracted from the Purchased Assets are subject to a 3.0% net smelter royalty owned by Karst Investments LLC (the "**Royalty Obligation**"); and

(k) the Purchaser (i) has had an opportunity to conduct any and all due diligence regarding the Purchased Assets, (ii) has relied solely upon its own independent review, investigation and/or inspection of the Purchased Assets and any document furnished to it by the Receiver or any other Person; and (iii) except as expressly set forth in this Agreement, is not relying on any written or oral statements, representations, warranties or guarantees whatsoever, whether express, implied, statutory or otherwise, with respect to the Purchased Assets or the completeness or accuracy of any information provided in connection therewith.

Section 4.2 Receiver's Representations

The Receiver represents and warrants to the Purchaser as of the date hereof and as of the Closing Time as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) subject to obtaining the Approval and Vesting Order, the Receiver has the requisite power, authority and capacity to enter into this Agreement and to complete the Transaction; and

(b) subject to obtaining the Approval and Vesting Order, the execution and delivery of this Agreement by the Receiver and the observance and performance of the terms of this Agreement to be observed and performed by the Receiver do not constitute a violation or breach of or default under any provision of any agreement, indenture or instrument to which the Receiver is a party or by which it is bound.

Section 4.3 Limitations

With the exception of the Receiver's representations and warranties in Section 4.2 and the Purchaser's representations and warranties in Section 4.1, neither the Receiver nor the Purchaser, nor their respective Representatives make, have made or shall be deemed to have made any other representation or warranty, express or implied, at law or in equity, in respect of the Receiver, the Purchaser, or the Purchased Assets or the sale and purchase of the Purchased Assets pursuant to this Agreement.

ARTICLE 5
COVENANTS

Section 5.1 Maintenance of Purchased Assets

(1) During the Interim Period, the Receiver shall take all commercially reasonable actions as may be necessary to maintain the Purchased Assets in good standing, including paying taxes directly applicable to the Purchased Assets when due and taking other commercially reasonable actions to preserve and renew all licenses, concessions, permits and other applicable rights and interests with respect to the Purchased Assets in existence as at the date of this Agreement, *provided that* the Receiver shall only be required to undertake such actions to the extent that the Receiver has been provided with sufficient funding by GRF to undertake such actions.

(2) The Cash Consideration shall be increased on a dollar-for-dollar basis for all amounts paid by the Receiver prior to Closing to maintain the Purchased Assets in good standing and that relate or are reasonably attributable to the period after Closing (the "**Prepaid Adjustment**"). Without limiting the foregoing, the Prepaid Adjustment shall include the pro rata portion of the Lease Renewal Payments that relates to the period after Closing.

Section 5.2 Actions to Satisfy Closing Conditions

(1) The Receiver agrees to take all such actions as are within its power to control, and shall use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 6.1 and Section 6.3 .

(2) The Purchaser agrees to take all such actions as are within its power to control, and shall use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 6.2 and Section 6.3.

Section 5.3 Exchange Approvals

During the Interim Period, the Purchaser shall take all such steps and actions as are necessary to obtain the Exchange Approvals.

Section 5.4 Approval and Vesting Order

As promptly as practicable after execution of this Agreement, the Receiver shall file a motion for the issuance of the Approval and Vesting Order. The form of Approval and Vesting Order shall be in form and substance acceptable to the Purchaser, acting reasonably, and provided sufficiently in advance to the Purchaser for review and comment.

Section 5.5 Confidentiality

(1) Until Closing, any confidential information made available by the Receiver or its Representatives to the Purchaser or its Representatives (whether before or during the Interim Period) regarding the financial condition, business, assets, title and affairs (including any material contracts) of the Purchased Assets or the Company, including confidential information delivered in oral, electronic or written form (collectively, the "**Confidential Information**") shall be kept strictly confidential by the Purchaser. "Confidential Information" shall include all notes, analyses, compilations, forecasts, studies or other documents prepared by the Purchaser or any of its Representatives that contain or reflect Confidential Information provided by the Receiver or its Representatives. "Confidential Information" shall not include information: (i) that is or becomes generally available to the public other than as a result of an act or omission by the Purchaser or its Representatives in breach of an obligation of confidentiality to the Receiver or the Company; or (ii) that the Purchaser receives or has received on a non-confidential basis from a source other than the Receiver or its Representatives, provided that such source is not known by the Purchaser to be subject to an obligation of confidentiality to the Receiver or the Company with respect to such information or otherwise prohibited from transmitting the information to the Purchaser or its Representatives. Without the prior written consent of the Receiver, the Purchaser shall not disclose Confidential Information, other than to its Representatives who need to know such information in connection with the Transaction and who have been informed by the Purchaser of the confidential nature of the Confidential Information and instructed by the Purchaser to keep such Confidential Information confidential. The Purchaser shall be responsible for any actions taken or not taken by its Representatives that would be deemed a breach of these confidentiality provisions if the Purchaser had taken such actions. The Receiver agrees that it will not unreasonably withhold its consent to the disclosure of Confidential Information to the extent such disclosure is compelled to be released by legal process, by a regulatory body or by Applicable Law.

(2) For greater certainty, nothing in Section 5.5(1) shall prevent:

(a) the disclosure of this Agreement and its material terms to GRF and its Representatives;

(b) the Purchaser from publicly disclosing this Agreement and/or its material terms or a description of the Purchased Assets, provided that any such disclosure shall be provided to the Receiver in advance of the public release of such disclosure and shall be satisfactory to the Receiver, acting reasonably; or

(c) the Receiver from disclosing this Agreement and its material terms to the Court in connection with filing a motion for and obtaining the Approval and Vesting Order.

ARTICLE 6
CONDITIONS PRECEDENT

Section 6.1 Conditions Precedent in favour of the Purchaser

(1) The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed:

(a) all representations and warranties of the Receiver contained in this Agreement shall be true in all material respects as of the Closing Time with the same effect as though made on and as of that date;

(b) the Receiver shall have performed, in all material respects, each of its obligations under this Agreement to the extent required to be performed at or before the Closing Time, including the delivery of each of the items required pursuant to Section 7.3; and

(c) the Purchaser shall have received at or before the Closing Time duly executed copies of the documents listed in Section 7.3.

(2) The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in Section 6.1(1) may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. The Purchaser may elect on written notice to the Receiver to terminate this Agreement at any time after 5:00 p.m. eastern time on the Outside Date if any condition in Section 6.1(1) has not been satisfied as at such time (other than a condition which, by its nature, can only be satisfied at the Closing) and satisfaction of such condition has not been waived by the Purchaser.

Section 6.2 Conditions Precedent in favour of the Receiver

(1) The obligation of the Receiver to complete the Transaction is subject to the following conditions being fulfilled or performed:

(a) all representations and warranties of the Purchaser contained in this Agreement shall be true in all material respects as of the Closing Time with the same effect as though made on and as of that date;

(b) the Purchaser shall have performed in all material respects each of its obligations under this Agreement to the extent required to be performed at or before the Closing Time, including the delivery of each of the items required pursuant to Section 7.2; and

(c) the Receiver shall have received at or before the Closing Time duly executed copies of the documents listed in Section 7.2.

(2) The foregoing conditions are for the exclusive benefit of the Receiver. Any condition in Section 6.2(1) may be waived by the Receiver, in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Receiver only if made in writing. The Receiver may elect on written notice to the Purchaser to terminate this Agreement at any time after 5:00 p.m. eastern time on the Outside Date if any condition in Section 6.2(1) has not been satisfied as at such time (other than a condition which, by its nature, can only be satisfied at the Closing) and satisfaction of such condition has not been waived by the Receiver.

Section 6.3 Conditions Precedent in favour of both the Purchaser and the Receiver

(1) The obligations of the Receiver and the Purchaser to complete the Transaction are subject to the following conditions being fulfilled or performed:

(a) the Court shall have issued the Approval and Vesting Order;

(b) the Exchange Approvals shall have been obtained on terms acceptable to the Receiver, acting reasonably; and

(c) no order shall have been issued by a Governmental Authority which restrains or prohibits the completion of the Transaction and no motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

(2) The Parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Receiver and the Purchaser. Either Party may elect on written notice to the other Parties to terminate this Agreement at any time after 5:00 p.m. eastern time on the Outside Date if any condition in Section 6.3(1) is not satisfied as at such time (other than a condition which, by its nature, can only be satisfied at Closing) and satisfaction of such condition has not been waived by the Parties.

ARTICLE 7
CLOSING

Section 7.1 Closing

Subject to the conditions set out in this Agreement, the completion of the Transaction shall take place at the Closing Time at the offices of Goodmans LLP, Suite 3400, 333 Bay Street, Toronto, Ontario, M5H 2S7, or as otherwise determined by mutual agreement of the Parties in writing. The Parties shall exercise commercially reasonable efforts to cause Closing to occur no later than five (5) Business Days following the later of (i) the date on which the Approval and Vesting Order is issued, and (ii) the Exchange Approval Date.

Section 7.2 Purchaser's Deliveries on Closing

At or before the Closing Time, the Purchaser shall execute and deliver, or arrange for the delivery, as the case may be, to the Receiver the following, each of which shall be in form and substance satisfactory to the Receiver, acting reasonably:

(a) the Closing Cash Payment;

(b) the share certificate in respect of the DBL Shares constituting the Closing Share Consideration;

(c) payment of all Transfer Taxes required by Applicable Law to be paid at or prior to Closing;

(d) a written direction to the Receiver authorizing the crediting of the Deposit against the Cash Consideration and the Share Consideration, as applicable, pursuant to Section 3.4(2);

(e) an assignment and assumption agreement evidencing the assignment by the Receiver and the assumption by the Purchaser of the Contracts and the Assumed Obligations;

(f) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all respects the covenants to be performed by it prior to the Closing Time; and

(g) such further and other documentation as is referred to in this Agreement or as the Receiver may reasonably require to give effect to the Transaction.

Section 7.3 Receiver's Deliveries on Closing

At or before the Closing Time, the Receiver shall execute and deliver, or arrange for the delivery, as the case may be, to the Purchaser the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

(a) the Purchased Assets, which shall be delivered *in situ* wherever located as of the Closing;

(b) an assignment and assumption agreement evidencing the assignment by the Receiver and the assumption by the Purchaser of the Contracts and the Assumed Obligations;

(c) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Receiver contained in this

Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Receiver has performed in all material respects the covenants to be performed by it prior to the Closing Time;

(d) a conveyance of the Mining Claims and the Mining Leases and all ancillary documents related thereto; and

(e) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to the Transaction.

Section 7.4 Possession of Assets

The Purchased Assets shall be and remain until Closing at the risk of the Receiver. On Closing, the Purchaser shall take possession of the Purchased Assets where situate at Closing.

Section 7.5 Dispute Resolution

If any dispute arises with respect to any matter related to the Transaction or the interpretation or enforcement of this Agreement such dispute will be determined by the Court, or by such other Person or in such other manner as the Court may direct.

Section 7.6 Termination

(1) This Agreement shall automatically terminate at any time prior to the Closing Time by mutual written agreement of the Receiver and the Purchaser.

(2) This Agreement may be terminated at any time prior to the Closing Time upon the occurrence of any of the following:

(a) a condition precedent in favour of a Party has not been satisfied or waived by such Party pursuant to and in accordance with Article 6 and such Party otherwise entitled to terminate this Agreement as a result thereof has delivered written notice of termination pursuant to Article 6 (provided that the terminating Party has not failed to satisfy a closing condition under or otherwise breached this Agreement);

(b) Closing shall not have occurred on or prior to the Outside Date in accordance with Section 6.3 and any of the Parties shall have delivered written notice of termination to the other Parties terminating this Agreement as a result thereof (provided that the terminating Party has not failed to satisfy a closing condition under this Agreement);

(c) by the Receiver upon notice to the Purchaser if a material breach by the Purchaser of its obligations under this Agreement has occurred (including without limitation any action or inaction by Purchaser contrary to its

obligations hereunder as reasonably necessary to cause the fulfillment of the conditions to closing in favour of Receiver) and Purchaser has failed to cure such breach within ten days after receipt of written notice thereof; or

(d) by the Purchaser upon notice to the Receiver if a material breach by the Receiver of its obligations under this Agreement has occurred (including without limitation any action or inaction by the Receiver contrary to its obligations hereunder as reasonably necessary to cause the fulfillment of the conditions to closing in favour of Purchaser) and the Receiver has failed to cure such breach within ten days after receipt of written notice thereof.

Section 7.7 Effects of Termination and Closing

(1) If this Agreement is terminated pursuant to Section 7.6, all further obligations of the Parties under or pursuant to this Agreement shall terminate without further liability of any Party to the other except for the provisions of: Section 3.4 (Deposit), Section 5.5 (Confidentiality), and this Section 7.7 (Effects of Termination and Closing), each of which will survive termination.

(2) If this Agreement is terminated for any reason other than by the Purchaser pursuant to Section 7.6(2)(d), the Purchaser shall forthwith pay $35,000 to the Receiver, by wire transfer of immediately available funds to an account designated by the Receiver, which payment shall represent a reasonable reimbursement of the Receiver's costs incurred in connection with the Transaction.

(3) Under no circumstance shall any of the Parties or their Representatives be liable for any special, punitive, exemplary, consequential or indirect damages (including loss of profits) that may be alleged to result, in connection with, arising out of, or relating to this Agreement or the transactions contemplated herein.

ARTICLE 8
GENERAL

Section 8.1 Notice

(1) Any notice or other communication under this Agreement shall be in writing and may be delivered personally, by courier or by email, addressed:

(a) in the case of the Purchaser, as follows:

Darnley Bay Resources Limited
365 Bay Street, Suite 400
Toronto, Ontario M5H 2V1
Attn: Jamie Levy
Email: jlevy@darnleybay.com

with a copy to:

Irwin Lowy LLP
365 Bay Street, Suite 400
Toronto, Ontario M5H 2V1
Attn: Chris Irwin
Email: cirwin@irwinlowy.com

(b) in the case of any Receiver, as follows:

KSV Kofman Inc.
150 King Street West, Suite 2308
Toronto, Ontario M5H 1J9
Attention: Bobby Kofman
Email: bkofman@ksvadvisory.com

with a copy to:

Goodmans LLP
333 Bay Street
Suite 3400
Toronto, Ontario M5H 2S7
Attn: Melaney Wagner
Email: mwagner@goodmans.ca

(2) Any such notice or other communication, if given by personal delivery or by courier, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

(3) Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

Section 8.2 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

Section 8.3 Survival

The representations and warranties of the Parties contained in this Agreement shall merge on Closing and the covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

Section 8.4 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

Section 8.5 Entire Agreement

This Agreement and the Schedules attached hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any respect except by written instrument executed by all of the Parties.

Section 8.6 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency, except insofar as such other agreement, document or instrument expressly states that its provisions shall apply in the event of any conflict or inconsistency with this Agreement.

Section 8.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the non-exclusive jurisdiction of the Court.

Section 8.8 Assignment by Purchaser

This Agreement may not be assigned by the Purchaser without the consent of the Receiver.

Section 8.9 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

Section 8.10 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by electronic means of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

Section 8.11 Severability

If a condition to complete the Transaction, or a covenant or an agreement herein, is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

Section 8.12 Receiver's Capacity

The Receiver and the Purchaser acknowledge and agree that the Receiver, acting in its capacity as Receiver of Tamerlane and PPHC, shall have no liability whatsoever in its personal or corporate capacity in connection with this Agreement or the Transaction.

[*Signature page follows*]

IN WITNESS WHEREOF, the Parties have executed this Agreement.

KSV KOFMAN INC., solely in its capacity as Court-appointed receiver of Tamerlane Ventures Inc. and Pine Point Holding Corp. and not in its personal or corporate capacity

By: _____
Name: ROBERT KOFMAN
Title: PRESIDENT

DARNLEY BAY RESOURCES LIMITED

By: _____
Name: Jamie Levy
Title: President, CEO

Schedule A – Mining Claims

The following claims in the Pine Point District of the Northwest Territories:

D1
D2
D3
D4
D5

Schedule B – Mining Leases

The following leases in the Pine Point District of the Northwest Territories:

4858	4859	4860	4861	4862	4863	4864
4865	4866	4867	4868	4869	4870	4871
4872	4873	5239	5240	5241	5242	4243
5244	5245	5246	5247	5248	5249	5250
5251	5252	5253	5254	5255	5256	5257
5258	5259	5260	5261	5262		
85B/11-15-2	85B/11-16-2	85B/11-18-2	85B/11-19-2			

Schedule C – Permitted Encumbrances

See listing of Permitted Encumbrances in the Approval and Vesting Order.

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