Court File No. CV-14-274

# *ONTARIO*
# SUPERIOR COURT OF JUSTICE

B E T W E E N:

**2403177 ONTARIO INC.**

Applicant

and

**BENDING LAKE IRON GROUP LIMITED**

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3 AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. c. 43 AS AMENDED

## MOTION RECORD OF THE RESPONDENT

December 16, 2015

**O'NEILL DELORENZI MENDES**
Barristers & Solicitors
116 Spring Street
Sault Ste. Marie ON P6A 3A1

Robert MacRae (32966I)
*rmacrae@saultlawyers.com*
Tel: (705) 949-6901
Fax: (705) 949-0618

Lawyers for the Respondent

TO: **DENTONS CANADA LLP**
Barristers and Solicitors
77 King Street West
Suite 400
Toronto-Dominion Centre
Toronto ON M5K 0A1

John Salmas
*john.salmas@dentons.com*

Tel: (416) 863-4511
Fax: (416) 863-4592

Lawyers for the Receiver,
A. Farber & Partners Inc.

AND TO: **A. FARBER & PARTNERS INC.**
150 York Street, Suite 1600
Toronto ON M5H 3S5

Paul J. Denton
*pdenton@farberfinancial.com*
Tel: 1 (416) 496-3773
Fax: 1 (416) 496-3839

Receiver

AND TO: **BUSET & PARTNERS LLP**
Barristers and Solicitors
1121 Barton Street
Thunder Bay ON P7B 5N3

Michael Strickland
*mstrickland@buset-partners.com*

Tel: (807) 623-2500
Fax: (807) 622-7808

Lawyers for the Applicant

AND TO: **MCMILLAN LLP**
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 4400
Toronto ON M5J 2T3

Tushara Weerasooriya
*tushara.weerasooriya@mcmillan.ca*

Tel: (416) 865-7000
Fax: (416) 865-7048

AND TO: **DEPARTMENT OF JUSTICE**
Tax Section, PO Box 36, Exchange Tower
3400-130 King Street West
Toronto ON M5X 1K6

Diane Winters
*diane.winters@justice.gc.ca*

AND TO: **MINISTER OF FINANCE**
Legal Services Branch
33 King St. W., 6th Floor
P.O. Box 627, Stn. A
Oshawa ON L1H 8H5

Kevin O'Hara
*kevin.ohara@ontario.ca*

AND TO: **MINISTRY OF NORTHERN DEVELOPMENT AND MINES**
Trade and Investment Marketing Unit
Northern Development Division
159 Cedar Street
Sudbury ON P3E 6A5

Devon Cranston
*devin.cranston@ontario.ca*

Court File No. CV-14-274

# *ONTARIO*
# SUPERIOR COURT OF JUSTICE

B E T W E E N:

**2403177 ONTARIO INC.**

Applicant

and

**BENDING LAKE IRON GROUP LIMITED**

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3 AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. c. 43 AS AMENDED

## INDEX


**Document** **Tab**

Notice of Motion of the Respondent originally dated December 16, 2015 (Redacted version of December 18, 2015)..... Tab A

Affidavit of Henry Wetelainen dated December 17, 2015..... Tab B

**The History of BLIG's Relationship With LHR ..... Page 2**

Exhibits:

Email exchange dated February 05, 2015 2:44 PM to February 06, 2015 10:31:42 AM (Devon Cranston)..... Tab 1

Email of February 05, 2015 19:32 (Dawn McKay)..... Tab 2

Email of March 10, 2015 12:11 PM (Andrew Malim) ..... Tab 3

Generic Non-Disclosure Agreement/Confidentiality Agreement ..... Tab 4

**Non-Disclosure Agreement/Confidentiality Agreement.....Page 6**
Exhibits:

Email of March 10, 2015 17:49 (Henry Wetelainen)..... Tab 5

Email of March 10, 2015 2:25:47 PM (Andrew Malim) ..... Tab 6

Email of March 11, 2015 7:08:14 AM (Andrew Malim) ..... Tab 7

Email of March 12, 2015 11:26 AM (Saradhi Rajan)
and Confidentiality Agreement (Reciprocal Non-Disclosure)
endorsed by Saradhi Rajan on behalf of NHR..... Tab 8

Email of March 12, 2015 12:13 PM (Dawn McKay)
and Confidentiality Agreement (Reciprocal Non-Disclosure)
endorsed by NHR and Henry Wetelainen on behalf of BLIG..... Tab 9

**Confidential Josephine Cone Mine Project Information Disclosed To LHR For the Purposes of Developing and Continuing a Business Relationship Between LHR and BLIG prior To the Receiver's Involvement.....Page 10**
Exhibits:

Email of March 14, 2015 5:45 AM (Drew Craig joined Dropbox Folder)..... Tab 10

Dropbox Account Information for BLIG Intellectual Property March 2015 ... Tab 11

**Provision of Confidential Information Not Known to the Receiver.....Page 14**

**Financial Incentives for Aboriginal Ownership .....Page 16**
Exhibits:

Josephine Cone Mine Operating Plan (CONFIDENTIAL BLIG) ..... Tab 12

Email of April 14, 2015 5:24:34 PM (Paul J. Denton) ..... Tab 13

Email of April 14, 2015 5:24:34 PM (Paul J. Denton) ..... Tab 14

Email of April 15, 2015 3:13:16 PM (Paul J. Denton) ..... Tab 15

Email of April 27, 2015 11:48 AM (Andrew Malim) ..... Tab 16

Email of April 13, 2015 6:25:27 PM (Paul J. Denton) ..... Tab 17

Email of April 16, 2015 8:51 AM (Saradhi Rajan)..... Tab 18

Email of April 16, 2015 11:14:07 AM (Paul J. Denton) ..... Tab 19

Email exchange of April 20, 2015 4:22 PM to
April 23, 2015 11:55 AM ..... Tab 20

Baffinland versus BLIG November 14, 2010 ..... Tab 21

**The Receiver's Knowledge of LHR .....Page 28**
Exhibits:

Dropbox Information (Denton Dropbox Folder)
(Geology Report, Rationale to Support the Iron Ore Industry
from September 07 Steep Rock Study from March of 2008) ..... Tab 22

Bending Power Corp. A Green Integrated Energy Project..... Tab 23

Email of April 30, 2015 10:08:17 (Andrew Malim)..... Tab 24

**Henry Wetelainen and Dawn McKay's Actions
With Respect to Fiduciary Duty to Other Shareholders.....Page 31**

**Visit to the Josephine Cone Mine Site – June 2015 .....Page 33**
Exhibits:

Email of May 29, 2015 3:19:02 PM (Paul J. Denton)..... Tab 25

Email of May 31, 2015 12:19:10 PM (Paul J. Denton)..... Tab 26

Email exchange of June 01, 2015 8:18 AM
To June 01, 2015 8:33:44 AM ..... Tab 27

**Farber Financial Group Dockets .....Page 36**

**Fiduciary Duty of LHR and Disclosure of Same
During the Tour of the Josephine Cone Mine Site .....Page 38**

**Site Visit – Provision of Confidential Information to LHR by BLIG.....Page 39**
Exhibits:

Confidential Information of BLIG Review and Pellet Production..... Tab 28

**Letter of Intent .....Page 42**

**Secret Agreement Between the Receiver and LHR.....Page 43**

**Grounds to Strike Paragraph From the Receiver's Report.....Page 44**

**Receiver's Action .....Page 47**

**SISP Expiry .....Page 47**
Exhibits:

Email of February 17, 2015 2:34:56 PM (Paul J. Denton) ..... Tab 29

**The Sales and Investment Solicitation Process .....Page 48**

**A Faber &Partners Inc. Dockets.....Page 51**

**BLIG's Request and Confirmation of a Three Year Extension To Complete the Federal Environmental Assessment on the Josephine Cone Mine Project .....Page 56**
Exhibits:

Correspondence of A. Puvananathan, CEAA of May 19, 2015 ..... Tab 30

Correspondence of R. MacRae, BLIG of June 01, 2015
and correspondence of R. MacRae, BLIG of June 04, 2015 ..... Tab 31

Correspondence of P. Denton, Farber Financial Group of June 04, 2015... Tab 32

Correspondence of A. Puvananathan, CEAA of June 26, 2015 ..... Tab 33

**Subsequent Plan for Second Follow Up Visit to Josephine Cone Mine Site .....Page 61**
Exhibits:

Email exchange of July 03, 2015 2:20 PM to July 07, 2015 6:11:15 PM..... Tab 34

Email of August 11, 2015 11:24:27 AM (Paul J. Denton) ..... Tab 35

**My Efforts to Continue With the Josephine Cone Mine Project.....Page 66**

Court File No. CV-14-274

***ONTARIO***
**SUPERIOR COURT OF JUSTICE**

B E T W E E N:

**2403177 ONTARIO INC.**

Applicant

and

**BENDING LAKE IRON GROUP LIMITED**

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3 AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. c. 43 AS AMENDED

# NOTICE OF MOTION

The Respondent will make a Motion to a Judge on Tuesday, December 29, 2015 at 10:00 a.m., or as soon after that time as the Motion can be heard at the court house, 125 Brodie Street North, Thunder Bay, Ontario, P7C 0A3.

**PROPOSED METHOD OF HEARING**: The Motion is to be heard;

[X] orally.

**THE MOTION IS FOR:**

(a) If necessary, abridging the time for service of this Notice of Motion and the Motion Record filed in support of this motion and dispensing with further service thereof;

(b) An Order of this Honourable Court that the Court not approve the sale agreement and ratify the Receiver's execution of the same at this time until further Order of this Court;

(c) An Order of this Honourable Court directing that the sale of the "assets only" of Bending Lake Iron Group Limited to Legacy Hill Resources Limited be postponed until further Order of this Court;

(d) An Order of this Honourable Court that the Receiver be with restrained from dealing further with Legacy Hill Resources Limited regarding the Respondent without further Order of this Honourable Court;

(e) An Order of this Honourable Court directing that the Respondent corporation be permitted the opportunity to provide information to all of the Shareholders of the Respondent corporation with respect to the proposed transaction between the Receiver and Legacy Hill Resources Limited in a manner to be approved by this Court on no less than seven days Notice by the Respondent to all Parties.

(f) An Order that the Respondent corporation be entitled to disclose to the BLIG shareholders the value of the LHR offer" to Purchase Assets Only" that is being reviewed by this Honourable Court;

(g) An Order of this Honourable Court that the Receiver be required to answer the allegations in the Affidavit of Henry Wetelainen by filing with this Court a written report that fairly discloses information regarding the dealings between the Receiver and Legacy Hill Resources.

**Disclosure**

(h) An Order that the Receiver disclose to the Respondent corporation the final amount that the Department of Justice Tax Section and the Minister of Finance, Legal Services Branch, have agreed to accept as final payment for the debts of Bending Lake Iron Group Limited;

(i) An Order of this Honourable Court that the Receiver provide to counsel for the Respondent corporation details and documents that provide the background, any discussions, negotiations or position papers with respect to the special agreement between Legacy Hill Resources Limited and Stuart Livingston by way of;

(j) The value and nature of the shareholdings that Stuart Livingston will receive from LHR and 1053895 B.C. Ltd. As compensation under the proposed: "Asset Only" purchase by LHR of the Respondent BLIG's assets.

(k) The value and nature of the Non-Competition Agreement that will be provided to Stewart Livingston by either LHR or 1053895 B. C. Ltd. As compensation to Stewart Livingston pursuant to the proposed "Asset Only" purchase by LHR of the Respondent BLIG's assets

The value and nature of the Consulting Agreement that will be provided to Stewart Livingston by either LHR or 1053895 B. C. Ltd. as compensation to Stewart Livingston pursuant to the proposed "Asset Only" purchase by LHR of the Respondent BLIG's assets;

[redacted]

**Striking Out Paragraphs of the Applicant's Motion Record**

(m) An Order that the following paragraphs of the Applicant's Motion Record of November 30, 2015 be struck for failing to disclose supporting documentation, factual underpinnings or information to support the following paragraphs:

Paragraph 11

The basis for striking paragraph 11 is that the Receiver fails to make clear that Legacy Hill Resources Limited was not a perspective purchaser known to the Receiver when Legacy Hill Resources Limited entered into an agreement with BLIG in March of 2015, which included a Non-Disclosure Agreement/Confidentiality Agreement between BLIG and Legacy Hill Resources Limited dated March 12, 2015.

Until September of 2015, Legacy Hill Resources Limited was known to the Receiver to be working in conjunction with BLIG to finance a restructuring of BLIG which would provide refinancing to BLIG and an end to the Receivership of BLIG.

It is incorrect for the Receiver to state that Legacy Hill Resources Limited commenced due diligence in respect of the BLIG opportunity in March of 2015 without also providing this Honourable Court with the information that the due diligence referenced in the paragraph was in fact commenced directly between BLIG and LHR on March 10, 2015, and did not involve the Receiver whatsoever until the Receiver was informed of the relationship between BLIG and LHR by Henry Wetelainen on behalf of BLIG. This is evidenced by the Affidavit of Henry Wetelainen dated December 16, 2015, and the exhibits attached to the said Affidavit.

Paragraph 12

An Order that paragraph 12 of the Receiver's Report of November 30, 2015 is struck. Paragraph 12 fails to make clear to the Court that the due diligence was conducted by Legacy Hill Resources Limited in conjunction with BLIG and included Legacy Hill Resources Limited's review of all confidential information that had been provided to Legacy Hill Resources Limited by BLIG pursuant to the Confidentiality Agreement between LHR and BLIG signed by Legacy Hill Resources Limited's founder on March 12, 2015.

Paragraph 12 fails to disclose to the Court that the consultations that occurred prior to September 30, 2015 with the Receiver also involved BLIG's representatives, in that clearly Legacy Hill Resources Limited was working with BLIG and conducting consultations with the Receiver on that basis. The Receiver clearly knew and ought to disclose to this Honourable Court that the Receiver did not attract Legacy Hill Resources Limited to this project, but rather BLIG did so without any assistance, participation or knowledge of the Receiver whatsoever. And further BLIG and LHR worked together in dealing with the Receiver.

Paragraph 12 should also be struck in that it fails to disclose that on September 30, 2015 the Receiver permitted Legacy Hill Resources Limited to enter into a Letter of Intent with the Receiver that specifically excluded any participation by BLIG and that such information was not conveyed to BLIG and was purposely not disclose to BLIG during the month of October 2015 and November 2015 while BLIG continued to rely upon the agreement with Legacy Hill Resources Limited.

Paragraph 12 also fails to disclose that the Letter of Intent dated September 30, 2015 was not negotiated by the Parties but rather negotiated only between the Receiver and Legacy Hill Resources Limited when in fact the Receiver knew or ought to have known that Legacy Hill Resources Limited had been working directly with BLIG in order to jointly provide a proposal to the Receiver on behalf of BLIG and its shareholder, creditors, stakeholder and affected Aboriginal Communities..

Paragraph 15

Paragraph 15 should be amended to reflect that the Receiver and LHR have agreed to a closing date of January 11, 2016 and that prior to November the 26th no other parties received notice of this transaction.

Paragraph 16

An Order that paragraph 16 be struck in that the SISP expired on March 27, 2015 and the Receiver clearly failed to obtain an extension of the Order of Justice Pierce with respect to the SISP; although, the Order makes clear that such extension must be obtained from this honourable Court:.

> **4.** **THIS COURT ORDERS** that the SISP may be altered or amended by the Receiver in a non-substantive manner to give full or better effect to the process hereby approved, which shall include the Receiver's ability to extend the timelines set forth in the SISP for a period of up to 30 days (additional time extensions requiring further Order of this Court). (emphasis added)

**GENERAL**

**5.** **THIS COURT ORDERS** that the Receiver may from time to time apply to this Honourable Court for advice and directions in the discharge of its powers and duties hereunder, including without limitation in connection with any matters relating to the SISP.

**6.** **THIS COURT ORDERS** that any interested party (including the Receiver) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.[1]

Paragraph 16, as in other paragraphs, fails to properly inform the Court that the SISP was terminated pursuant to the Order of the Honourable Justice Pierce dated November 30, 2015 and that the Receiver failed to obtain an extension of the SISP although clearly entitled to do so..

Paragraph 17

An Order that Paragraph 17 be struck on the basis that the Applicant has failed to disclose that the terms of the Purchase of Assets dated November 27, 2015, ensure the continuation of financial benefits to the principle debtor, Stuart Livingston, by way of:

[1] The Order of the Honourable Justice Pierce dated November 27th , 2015

[redacted]

2. an ongoing consultation agreement with LHR and 1053895 B. C. Ltd and/or

3. a Non-Competition Agreement with LHR and 1053895 B. C. Ltd.

Paragraph 18

An Order that paragraph 18 be struck in that the Sale Agreement does not in fact improve any prospects for the future development of the mine site. There is no supporting documentation, factual underpinnings or information disclosed by the Receiver to This Honourable Court to support such a bald and unfounded statement. The Affidavits of Henry Wetelainen make very clear that the agreement between Legacy Hill Resources Limited and Bending Lake Iron Group Limited would have resulted in the continued development of the Josephine Cone Mine Project with ongoing Aboriginal Communities involvement.

The “assets only” purchase clearly impacts members of the local communities by depriving them of their right to obtain payment from BLIG with respect to being creditors and impacted Aboriginal communities. As well it will hurt local suppliers who are un-secured Creditors of BLIG. All affected Aboriginal communities will lose the Royalty Rights set out in 2008. All local shareholders will be very negatively impacted by the sale “of Assets” and will lose all value in the shares of BLIG that they and their local Companies hold.

Paragraph 21

An Order that paragraph 21 be struck in that the Receiver fails to adequately explain its failure to previously proceed with Court approval of the second report. This is especially so given that such an action would have provided clarity to the Respondent.

Paragraph 32

An Order that paragraph 32 be struck in that the Receiver fails to disclose to this Honourable Court that LHR signed a Non-Disclosure Agreement/Confidentiality Agreement with BLIG on March 12, 2015, and further that the Receiver was not involved in any manner in first attracting LHR as a potential investor in BLIG. The Receiver also fails to disclose that further due diligence undertaken in March was due diligence specifically with BLIG and such due diligence did not include the Receiver in any manner. In addition, as a result of the provisions of the Confidentiality Agreement (Non-Disclosure) between LHR and BLIG[2], both Parties without any assistance or knowledge whatsoever of and from the Receiver, participated in a due diligence process throughout the months of March 2015 and early April. It was only when BLIG, on behalf of BLIG and LHR, spoke with the Receiver in April 2015 that the Receiver became involved in the process.

[2] Confidentiality Agreement (Reciprocal Non-Disclosure) between Bending Lake Iron Group Limited and Legacy Hill Resources Limited signed by both Parties March 12, 2015 which provides amongst others that "AND WHEREAS the Parties are together engaged in discussion regarding a management, technical advisory and financial arrangement to be defied ( the Project) during which wither party ("the Discloser")may disclose Confidential Information……

BLIG had unknowingly been purposely excluded for the discussions that resulted in the execution of a non-binding letter of intent on September 30, 2015, between LHR and the Receiver with BLIG.

Paragraph 33

An Order that Paragraph 33 be amended to make clear that "Legacy Hill's due diligence activity with BLIG included exclusive preliminary discussions with representatives of BLIG including Mr. Wetelainen". It is incorrect for the Receiver to suggest to the Court that the due diligence activity involved the Receiver following the PDAC conference in March 2015.

In fact, the Receiver did not become involved until April 2015, after BLIG and LHR agreed to work towards a refinancing of BLIG with the concurrent discontinuation of the Receivership pursuant to the Confidentiality Agreement (Reciprocal Non-Disclosure) signed on March 12, 2015.[3].

Paragraph 35

An Order that Paragraph 35 be struck in that the Receiver improperly states that the discussions that he had with Mr. Wetelainen communicated to the Receiver that Mr. Wetelainen had canvassed various parties including other shareholders and he could not raise sufficient funds nor capital to submit a proposal. This is absolutely not correct, accurate or truthful.

[3] Confidentiality Agreement (Reciprocal Non-Disclosure) between Bending Lake Iron Group Limited and Legacy Hill Resources Limited signed by both Parties March 12, 2015

As evidenced in the Affidavit of Henry Wetelainen sworn December 16, 2015, Mr. Wetelainen worked tirelessly following his March 3, 2015, meeting with representatives of LHR in order to complete a refinancing of BLIG and the termination of the Receivership Order. As well, Mr. Wetelainen makes clear in his Affidavit that he never considered submitting a proposal that was not submitted on behalf of BLIG in its entirety in order to benefit BLIG, its creditors, shareholders, stakeholders and affected Aboriginal communities and further that Mr. Wetelainen denies having any discussion of this nature with the Receiver.

In addition, Mr. Wetelainen makes clear that he was very much involved in putting forward a proposal on behalf of LHR and BLIG jointly as evidenced by all of the documents disclosed in Mr. Wetelainen's Affidavits.

Paragraph 36

An Order that Paragraph 36 be struck or amended to explain to the Court that Mr. Wetelainen was kept appraised of the Receiver's discussions with LHR during the ongoing LHR due diligence process which involved Mr. Wetelainen and LHR. With respect, the Receiver is required to be entirely clear and accurate with this Court and rather than use general terms such as "as its due diligence progressed" the Receiver is required to properly provide a factual recitation to the Court including dates.

As the Affidavits of Mr. Wetelainen makes clear, at all times Mr. Wetelainen understood that he was included in conversation and in agreement with LHR to participate with LHR in financing of the project and the termination of the Receivership.

The Receiver has a duty and an obligation to this Court to accurately provide the date upon which LHR "subsequently indicated to the Receiver" this information is with respect, required by this Honourable Court in order to properly determine the issues raised.

Paragraph 44

An Order that Paragraph 44 be struck in that there is no factual underpinning provided to this Court regarding LHR and further the Receiver is incorrect in stating:

> " as a result LHR engaged in extensive due diligence over the past six to seven months"

While the due diligence is correct, the Receiver fails to provide full and candid information to the Court that in fact the due diligence was commenced by LHR with BLIG and the Receiver was not involved.

An Order that paragraph 44 through 46 be struck from the Receiver's Report in that there is no supporting documentation, factual underpinnings or information to support these three paragraphs;

An Order striking paragraph 44 h) of the Receiver's Report on the basis that there is no information disclosed to support these allegations. There was no factual underpinning and there is no agreement evidenced to suggest that in any way the future of the mine site will be greatly improved as the result of the sale of the assets only to Legacy Hill Resources Limited;

Paragraph 45

Paragraph 45 should be struck in that it fails to make clear to the Court that LHR participated in confidential discussions with BLIG and received confidential documents from BLIG in regard to the innovative technology and focus on a value added product and starting out as a smaller project was in fact disclosed to LHR in the confidential documents that BLIG provided to LHR pursuant to the Confidentiality Agreement (Non-Disclosure) that LHR entered into with BLIG on March 12, 2015.

Paragraph 46

Paragraph 46 should be struck in that there is no factual information provided to the Court to support this statement. There is no indication in the Agreement of Asset Purchase or in any other documentation filed with this Honourable Court to support such a bald allegation.

Paragraph 49

Paragraph 49 should be struck or amended to properly reflect that:

a) The SISP was not continued in that the Receiver failed to return to Court and obtain any extensions to the timelines outlined in the Order as required by such Order.[4]. Without the requisite Court Order the Receiver did not have the Authority of the Court to continue the marketing of the Property without further Order of the Court.

Paragraph 49 (a) should be struck in that the Receiver fails to be candid with the Court in that paragraph 49 (a) omits the fact that the Receiver failed to obtain a subsequent Court Order with respect to the extension of the SISP and that such failure was based upon financial considerations. As well, the Receiver fails to report to the Court that the subject Asset Purchase Agreement is with LHR and the fact that BLIG attracted LHR to assist BLIG, and not to deal directly with the Receiver.

b) The purchase price was arrived at by the Lender following the improper and arbitrary unilateral discussions with LHR when in fact LHR was in a fiduciary relationship with BLIG.

[4] **THIS COURT ORDERS** that the SISP may be altered or amended by the Receiver in a non-substantive manner to give full or better effect to the process hereby approved, which shall include the Receiver's ability to extend the timelines set forth in the SISP for a period of up to 30 days (additional time extensions requiring further Order of this Court).

c) There is an absolute absence of evidence or disclosed documents to support these assertions. As set out in the Affidavit of Mr. Henry Wetelainen this is simply not correct or accurate. It is as statement included by the Receiver without any supporting information documents or affidavits to assist the Court in determining if in fact such assertions of the Receive are accurate. The only evidence before the Court makes clear that such is not the case.

The only party who will benefit from the recommended transaction will be the secured creditor. The unsecured creditors will lose all. The shareholders will lose all. The stakeholders will lose all.

Paragraph 51

An Order that Paragraph 51 be struck in that the transaction clearly does not present the best option for the Debtor's stakeholders in that the secured debtors through Mr. Livingston will continue to receive accruing benefit by way of:

1) [redacted]

2) The one secured creditor, Stuart Livingston, will receive an ongoing consultation agreement with LHR and 1053895 B.C. Ltd.

3) And/or a Non-Competition Agreement with LHR and 1053895 B.C. Ltd. property.

All other creditors, shareholders, stakeholders and affected Aboriginal communities will lose all.

The Receiver has a fiduciary duty to speak on behalf of all stakeholders in the Respondent corporation and clearly as a result of the secret conversations and discussions and meetings and negotiations with LHR alone, in violation of the Receiver's obligation to BLIG and all stakeholders, the only stakeholder that will receive any benefit from this transaction will be Stuart Livingston and James McLean through 2403177 Ontario Inc. as well as personally as set out above.

**Miscellaneous and Administrative**

The request by the Receiver to assign the debtor into bankruptcy is premature given the nature of the relationship between LHR and BLIG, which is for the benefit of BLIG and its creditors, shareholders, stakeholders and affected Aboriginal communities.

**Disclosure**

n) An Order disclosing a copy of the "recap of the call and current status" as set out in the Invoice for Professional Services Rendered by A. Faber & Partners for the period of March 01, 2015 to March 31, 2015.

o) An Order disclosing a copy of the "recap of the call and current status" dated April 30, 2015 as set out in the Invoice for Professional Services Rendered by A. Faber & Partners for the period of April 01, 2015 to June 30, 2015.

p) An Order for a copy of the draft Third Court Report as referenced in the May 01, 2015 and May 06, 2015 entries in the Invoice for Professional Services Rendered by A. Faber & Partners for the period of April 01, 2015 to June 30, 2015.

q) An Order that the Receiver provide the Respondent corporation with a copy of the Report provided by Legacy Hill Resources Limited following the visit to Thunder Bay and the Josephine Cone Mine on June 02 , 2015 and docketed by A. Farber & Partners Inc. on June 10, 2015.

r) An Order that pursuant to the Order of Honourable Madam Justice Pierce of Thursday, the 27th day of November 2014, the Receiver be required to comply with paragraphs 4, 5 and 6 of such order;

**Process to inform the creditors, shareholders, stakeholders and affected Aboriginal communities with respect to the opportunity to participate in the funding of the amount set out in the Asset Purchase Agreement of November 27th within a defined period of time.**

s) An Order that the Receiver provide to the Respondent disclosure of the documents that are referenced by the Receiver in paragraph 36 of the Third Report to the Court of A. Farber & Partners et al., dated November 30, 2015[5] that deal with the suggestion that:

> "LHR subsequently indicated to the Receiver that it would not be involving Mr. Wetelainen in the process going forward and it would not be seeking to offer Mr. Wetelainen a consultancy role or any other position with the purchaser upon the closing of the transaction".

[5] Motion Record of the Applicant, Third Report to the Court of A. Farber & Partners et al., November 30, 2015, Tab 2, para. 36

t) An Order that the Receiver disclose an unredacted copy of paragraph 50 of the Third Report to the Court of A. Farber & Partners et al., of November 30, 2015[6].

u) Notification to the shareholders, and the provision of a shareholder information circular to all existing Shareholders of the Respondent Corporation and the calling of a shareholders meeting as agreed between the parties or as approved by this Honourable Court;

v) An Order that the information contained in the Circular with respect to the meeting of the shareholders meeting for the approval of the same be:

> That the shareholders be notified that a requirement of **********INTENTIONALLY LEFT BLANK********** is required in order to satisfy the principle debtor with respect to the loan outstanding to 2403177 Ontario Inc.

w) The opportunity for shareholders to invest in preferred shares that will have preference over all regularly issued shares shall be provided to all 160+ shareholders on a pro-rata basis based upon shareholdings

x) That a period of 45 days be provided for the receipt of requests for special shares

[6] Motion Record of the Applicant, Third Report to the Court of A. Farber & Partners et al., November 30, 2015, Tab 2, para. 50

y) That following the 45 day period the requests for special shares shall be disclosed to the Receiver and Receiver's counsel and the major secured lenders

z) That the money received from shareholders intending to purchase special shares in Bending Lake Iron Group Limited be held in escrow by a separate Thunder Bay law firm to be agreed upon by the Receiver and BLIG and to be distributed directly to the major creditors as represented by 2403177 Ontario Inc. pursuant to further Order of this Honourable Court.

aa) That in the event that creditors of Bending Lake Iron Group Limited, stakeholders and Aboriginal communities desire to invest in the special shares to be utilized to retire the debt to 2403177 Ontario Inc. they be permitted to tender their interest in the same but that such investment would not be accepted until such time as the shareholders have completed their response to the sale of the special shares;

bb) That the secured creditors represented by 2403177 Ontario Inc., who are in fact shareholders of approximately 1,000,000 shares in Bending Lake Iron Group Limited be permitted to participate in this process in kind, if necessary

cc) An Order that the Respondent re-attend before this Honourable Court following the expiration of the solicitation and to provide this Honourable Court with a report outlining the compliance with the process, or in the alternative;

i) a process to inform the creditors, shareholders, stakeholders and affected Aboriginal communities arrived at in consultation between the Receiver and BLIG's representatives and approved by this Honourable Court within 60 days form the date of this Order.,

ii) An Order that the legal representative of Bending Lake Iron Group Limited and the representative of the Receiver and 2403177 Ontario Inc. be provided with ongoing information with respect to the sale solicitation process.

iii) That counsel for the Respondent be required to provide this Honourable Court either on consent of the Receiver or by way of Motion within 45 days how the Respondent's counsel will be seeking their legal fees that will be required to compensate Receiver's counsel to complete such a transaction.

iv) In the alternative a process as determined by the Court to best provide for a process that best protects the interests of all Parties including its creditors, shareholders, stakeholders and affected Aboriginal communities.

j) Such further and other Relief as to this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE**

a. The proposed purchaser, Legacy Hill Resources Limited, is bound by a Non-Disclosure Agreement/Confidentiality Agreement signed by Legacy Hill Resource Limited's founder on March 12, 2015 as well as the fiduciary duties that flow from the creation of the business relationship between Legacy Hill Resources Limited and Bending Lake Iron Group Limited that commenced no later than March 3, 2015, but were discussed confidentially on March 3, 2015 and subsequently;

b. On March 10, 2015, Legacy Hill Resources Limited confirmed to Bending Lake Iron Group Limited in writing that LHR would participate with BLIG in assisting refinancing the company and obtaining a termination of the Receiver's Order;

c. It is clear that given the nature of the relationship between Bending Lake Iron Group Limited and Legacy Hill Resources Limited as well as the exchange of confidential information that was disclosed by Bending Lake Iron Group Limited specifically to Legacy Hill Resources Limited pursuant to a Non-Disclosure Agreement/Confidentiality Agreement dated March 12, 2015, that a fiduciary relationship and duty exists between Legacy Hill Resources Limited and Bending Lake Iron Group Limited.

d. The Non-Disclosure Agreement/Confidentiality Agreement, signed by Legacy Hill Resources Limited reveals that a Fiduciary Relationship between Bending Lake Iron Group Limited and LHR is in existence with respect to any attempts to acquire lands, property or assets of BLIG by Legacy Hill Resources Limited or any affiliated company from the Receiver to the detriment of BLIG;

e. Legacy Hill Resources Limited has not acted fairly, properly or in good faith with respect to reaching the agreement with the Receiver. This is set out in the Affidavit of Henry Wetelainen and the documentary evidence; and the Respondent seeks Equitable Relief from this Honourable Court with respect to the attempts of LHR to obtain these assets from the Receiver.

f. The Receiver knew or ought to have known that Bending Lake Iron Group Limited had entered into a business relationship with Legacy Hill Resources Limited that preceded any involvement of the Receiver and that as a result there existed a fiduciary relationship between Legacy Hill Resources Limited and Bending Lake Iron Group Limited.

g. The Receiver knew or ought to have known that as a result of the due diligence completed on behalf of Legacy Hill Resources Limited in reviewing all of the confidential material for Legacy Hill Resources Limited provided by Bending Lake Iron Group Limited that there existed a fiduciary relationship between Legacy Hill Resources Limited and Bending Lake Iron Group Limited.

h. The Receiver knew as a result of secret discussions that he conducted with the major lender and representatives of Legacy Hill Resources Limited in September of 2015 in Toronto, ON that representatives of Bending Lake Iron Group Limited were purposely excluded from such discussions and that such actions by LHR were improper and did not reflect good faith processes by both LHR and the Receiver.

**Equitable Relief:**

i. The Respondents relies upon the requirement for full and fair disclosure by the Receiver and LHR with respect to the transaction that is being proposed.

j. In Order for LHR through the Receiver to seek the equitable relief of this Court that would form part of the vesting Order, LHR must come to this Court with clean hands.

k. Clearly, the Affidavit evidence, as well the attached exhibits make clear that LHR has not acted in good faith with BLIG. It also appears that LHR has not acted in good faith with the Receiver.

l. The Receiver was obligated pursuant to failing to renew the SISP, and also as a result of documents and emails forwarded to representatives of BLIG to act in good faith with respect to the transaction that BLIG introduced to the Receiver in April of 2015. The Receiver must be fair, open and have acted in good faith. Accordingly, neither LHR or the Receiver are entitled to equitable relief given the failure to act in good faith either intentional or otherwise..

**SISP**

m. The Receiver knew or ought to have known at all times following March 27th, 2015 that the Receiver had failed to return to the Court to extend the SISP and in doing so had failed to provide notice to representatives of the Respondent corporation that they were commencing confidential discussions with any other parties. The Receiver conducted discussions with LHR without the authority of this Honourable Court and outside of the jurisdiction and latitude granted in the Order of Madame Justice Pierce and in doing so prejudiced all other parties including its creditors, shareholders, stakeholders and affected Aboriginal communities.

n. As a result of the Receiver failing to return to this Honourable Court for the requisite Order although fully entitled to do so the Respondent was entitled to believe that there was no longer any authority for the Receiver to sell the Assets of the Corporation. Such failure to return to this Honourable Court deprived the Respondent and their counsel of notice regarding the Receivers intentions and actions.

**The Order of the Honourable Madam Justice Pierce dated November 27, 2014**

o. The Order of Madam Justice Pierce dated Thursday, November 27, 2014, and in particular paragraphs 4, 5 and 6;

p. Bending Lake Iron Group Limited has carried out an extensive exploration and development program with respect to the Josephine Cone Mine Project and other ancillary developments and disclosed this confidential information in confidence to Legacy Hill Resources Limited;

q. Representatives from Legacy Hill Resources Limited, including Mr. Rajan, the Managing Director and Founder of Legacy Hill Resources Limited as well as Andrew Malim, Executive Director – Project Development and Finance, met with representatives of Bending Lake Iron Group Limited on March 3, 2015, in Toronto for the purpose of discussing the finances of the Josephine Cone Mine Project;

r. The founder of Legacy Hill Resources Limited and Executive Director – Project Development and Finance, Mr. Malim, were advised by Mr. Wetelainen on March 3, 2015, that Bending Lake Iron Group Limited was presently in Receivership;

s. At that time, it may have been appropriate for the representatives of Legacy Hill Resources Limited to cease discussions with Mr. Wetelainen and to deal directly with the Receiver directly [7] this is especially so given that the Receiver had published information on its website at that time. The information was available; however, both these individuals made a conscious decision on behalf of Legacy Hill Resources Limited as evidenced in the Affidavit of Mr. Wetelainen and the included Exhibits to extend an offer to Bending Lake Iron Group Limited and deal with Bending Lake Iron Group Limited rather than to approach the Receiver;

t. The representatives of Legacy Hill Resources Limited did not take any steps to approach the Receiver and instead completed a Non-Disclosure Agreement/Confidentiality Agreement between Legacy Hill Resources Limited and Bending Lake Iron Group Limited. This step was not subject to the approval of the Receiver in that the Receiver clearly knew that Mr. Wetelainen was working incredibly diligently to promote a restructuring and refinancing of Bending Lake Iron Group Limited with the subsequent termination of the Receivership;

[7] This is not to suggest that this is so but only utilized as an example to bring into sharp relief that they did not do so.

u. As a result of the documents provided by Legacy Hill Resources Limited as well as the Non-Disclosure Agreement/Confidentiality Agreement signed between Legacy Hill Resources Limited and Bending Lake Iron Group Limited, without involvement of the Receiver, Legacy Hill Resources Limited was permitted access to confidential information that was the property of Bending Lake Iron Group Limited as well as shareholders, Mr. Wetelainen, Ms. MacKay and Mr. Mackie. Legacy Hill Resources Limited had the opportunity to read the test results and confidential geological findings and also the geological theory of the site and the importance of the Josephine Cone Mine location as well as the other results as outlined in the Affidavit of Henry Wetelainen

v. In the first correspondence provided to Mr. Wetelainen by a representative of LHR Mr. Malim of Legacy Hill Resources Limited clearly turned his mind to the issue of confidentiality. In fact, two Confidentiality Agreements exist – One that was provided by Legacy Hill Resources Limited as a suggested document that reflects what LHR understood and the document that was signed by both parties on March 12, 2015;

w. Following the signing of the Non-Disclosure Agreement/Confidentiality Agreement by Legacy Hill Resources Limited the representatives of Bending Lake Iron Group Limited instructed all parties, being Henry Wetelainen, Dawn MacKay and Jay Mackie to gather information on the Josephine Cone Mine Project.

x. At no time did Legacy Hill Resources Limited inform Bending Lake Iron Group Limited or any of its representatives that at any time in the future there was an intention of improperly and in breach of their Fiduciary duty appropriating the assets of Bending Lake Iron Group Limited for the sole benefit of Legacy Hill Resources Limited. The actions of signing the Asset Sale Agreement on November the 27th, 2015 were in direct violation of the fiduciary duty that Legacy Hill Resources Limited owed to Bending Lake Iron Group Limited that arose as a result of the Non-Disclosure Agreement/Confidentiality Agreement and the provision of volumes of extensive confidential information to Legacy Hill Resources Limited by Bending Lake Iron Group Limited;

y. It is not necessary for the creation of a fiduciary duty between two parties that there be a contract included; however, the Non-Disclosure Agreement/Confidentiality Agreement is clearly a contract and both of the parties - LHR and BLIG - are clearly bound by the terms of the contract including all notice provisions;

z. In addition, it is alleged that Legacy Hill Resources Limited is liable as a result of the breach of confidence with respect to the information contained in the disclosure by Bending Lake Iron Group Limited subsequent to the Non-Disclosure Agreement/Confidentiality Agreement. LHR clearly utilized the confidential information to in a manner that was extremely damaging and harmful to Bending Lake Iron Group Limited. LHR has attempted to deprive Bending Lake Iron Group Limited, its shareholders, stakeholders, creditors and Aboriginal communities in the affected area of all the assets of BLIG;

aa. Legacy Hill Resources Limited violated their fiduciary duty to BLIG its shareholders, stakeholders, creditors and Aboriginal communities in the affected area by surreptitiously, and by deceiving or with the unwitting assistance of the Receiver, attempting to appropriate all of the property of Bending Lake Iron Group Limited to the detriment of Bending Lake Iron Group Limited, its shareholders, stakeholders, creditors and Aboriginal communities in the affected area;

bb. As a result of the fiduciary duty, in the event that the Court permits the proposed sale to be completed on January 11, 2016, it is submitted that Legacy Hill Resources Limited will only hold the assets in a constructive trust for the entire of benefit of Bending Lake Iron Group Limited; and

cc. Rule 1.04(1), 1.04(1) (1.1), 2.01 (1), 2.03 and 3.02 (1) of the Ontario *Rules of Civil Procedure*;

dd. Subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3 as amended;

ee. Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. c. 43 as amended;

ff. Such further and other grounds as the lawyers may advise.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the Motion: (List the affidavits or other documentary evidence to be relied on)

a. The Affidavit of Henry Wetelainen sworn December 16, 2015;

b. Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

December 16, 2015

**O'NEILL DELORENZI MENDES**
Barristers & Solicitors
116 Spring Street
Sault Ste. Marie ON P6A 3A1

Robert MacRae (32966I)
*rmacrae@saultlawyers.com*
Tel: (705) 949-6901
Fax: (705) 949-0618

Lawyers for the Respondent

TO: **BUSET & PARTNERS LLP**
Barristers and Solicitors
1121 Barton Street
Thunder Bay ON P7B 5N3

Michael Strickland

Tel: (807) 623-2500
Fax: (807) 622-7808

Lawyers for the Applicant

AND TO: **DENTONS CANADA LLP**
Barristers and Solicitors
77 King Street West
Suite 400
Toronto-Dominion Centre
Toronto ON M5K 0A1

John Salmas
Kenneth Kraft
Sara-Ann Van Allen

Tel: (416) 863-4511
Fax: (416) 863-4592

Lawyers for
A. Farber & Partners Inc.

AND TO: **A. FARBER & PARTNERS INC.**
150 York Street, Suite 1600
Toronto ON M5H 3S5

Paul J. Denton
*pdenton@farberfinancial.com*
Tel: 1 (416) 496-3773
Fax: 1 (416) 496-3839

Receiver

AND TO: **MCMILLAN LLP**
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 4400
Toronto ON M5J 2T3

Tushara Weerasooriya
Tel: (416) 865-7000
Fax: (416) 865-7048

AND TO: **DEPARTMENT OF JUSTICE**
Tax Section, PO Box 36, Exchange Tower
3400-130 King Street West
Toronto ON M5X 1K6

Diane Winters
*diane.winters@justice.gc.ca*

AND TO: **MINISTER OF FINANCE**
Legal Services Branch
33 King St. W., 6th Floor
P.O. Box 627, Stn. A
Oshawa ON L1H 8H5

Kevin O'Hara
*kevin.ohara@ontario.ca*

AND TO: **MINISTRY OF NORTHERN DEVELOPMENT AND MINES**
Trade and Investment Marketing Unit
Northern Development Division
159 Cedar Street
Sudbury ON P3E 6A5

Devon Cranston
*devin.cranston@ontario.ca*

Court File No. CV-14-274

***ONTARIO***
**SUPERIOR COURT OF JUSTICE**

BETWEEN:

**2403177 ONTARIO INC.**

Applicant

and

**BENDING LAKE IRON GROUP LIMITED**

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3 AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. c. 43 AS AMENDED

# AFFIDAVIT OF HENRY WETELAINEN

**SWORN DECEMBER 17, 2015**

I, Henry Wetelainen, of the City of Thunder Bay, in the District of Thunder Bay, MAKE OATH AND SAY:

1. I am the President & CEO of Bending Lake Iron Group Limited (hereinafter referred to as "BLIG"), the Respondent in this proceeding, and, as such, have knowledge of the matters contained in this affidavit.

2. I confirm that this Affidavit is completed in support of the Notice of Motion of the Respondent dated December 16, 2015 and returnable on December 29, 2015. As well, I confirm that this Affidavit is also in response to the Applicant's Motion dated November 30, 2015 that was originally returnable on December 10, 2015 and adjourned to December 29, 2015.

3. I confirm that I continue to rely upon my Affidavit sworn December 09, 2015[1] and filed with this Honourable Court with respect to this matter, as well as in response to the Applicant's Motion dated November 30, 2015 that was originally returnable on December 10, 2015 and adjourned to December 29, 2015.

**The History of Bending Lake Iron Group Limited's Relationship With Legacy Hill Resources Limited:**

4. At all times, it was my belief that LHR was committed to working with the existing company of BLIG, to refinance the Josephine Cone Mine Project. This belief was based upon the many discussions, Confidentiality Agreement (Reciprocal Non-Disclosure) dated March 12, 2015, and confidential documents provided to Legacy Hill Resources Limited (hereinafter referred to as "LHR") by BLIG. I set out below the basis for my belief.

5. In response to an email sent to Andrew Malim on February 02, 2015, Andrew Malim responded to Dawn McKay with the following words:

> "Hello Dawn
>
> Let me come back to you to confirm.
>
> 2 of my partners are overseas right now but I will confirm asap.
>
> **We are looking forward to looking at ways we can work together.** (emphasis added)

[1] Motion Record of the Responding Party dated December 09, 2015, Affidavit of Henry Wetelainen sworn December 09, 2015, Tab 2

> We are confident, based on our iron ore operation on Chile which we own and manage, we can at least speak the same language."

This clearly evidences that from the initial contact that I made with Andrew Malim, Director, Project Development and Finance that Andrew Malim confirmed that LHR was looking to work with BLIG. The Receiver had no knowledge of the relationship between LHR and BLIG at this time.

6. On February 06, 2015 Mr. Devon Cranston of the Ontario Ministry of Northern Development and Mines (hereinafter referred to as "MNDM") confirmed that he had scheduled a meeting between myself on behalf of BLIG and Andrew Malim on behalf of LHR. Mr. Devon Cranston confirmed that a meeting room at the Ontario Pavilion on Monday March 02, 2015 at 3:00 p.m. was arranged to occur during the Prospectors and Developers Association of Canada (hereinafter referred to as "PDAC") annual convention. I confirmed on Friday February 06, 2015 that I would be available.

7. On February 06, 2015, Devon Cranston wrote by email confirming that:

> "Excellent Henry, Andrew Malim and company have agreed to this time as well ..... out of the office today but will keep you posted.
>
> Regards,
>
> Devin"

I did in fact meet with a representative of LHR on March 02, 2015 at 3:00 p.m.. At this meeting I provided the investor information that was provided to many of the investors in BLIG. I also provided a confidential document to Andrew Malim and I spoke during this meeting about the provision of additional information if there

was sufficient interest by LHR in pursuing a partnership/co-operative development in rescuing BLIG from receivership. I attach a copy of the email exchange dated February 05, 2015 2:44 PM to February 06, 2015 10:31:42 AM as **Exhibit "1"** to this my Affidavit.

8. On February 05, 2015 19:32, Dawn McKay, Chief Administrative Officer of BLIG wrote to Andrew Malim. The email introduces Ms. McKay as the Chief Administrative Officer with Bending Lake group of companies. She indicated that she had been asked by me to send a note to Andrew Malim with respect to discussions. Ms. McKay also offered to set up a conference call with members of BLIG's implementation team. A conference call was suggested to be scheduled on February 11, 12 or 13, 2015. I attach a copy of the email of February 05, 2015 19:32 as **Exhibit "2"** to this my Affidavit.

9. It was I, on behalf of BLIG, who contacted and met with representatives of LHR in March 2015. The Receiver was not involved.

10. I had arranged to travel to the Prospectors & Developers Association of Canada ("PDAC") convention in March of 2015. I met with Andrew Malim, Director, Project Development and Finance for the specific purpose of trying to find a partner to assist in refinancing BLIG and ending the Receivership.

11. I attended at the PDAC annual convention during the week of March 1, 2015 in Toronto.

12. While I was at the PDAC convention working to attract interest in the BLIG Project, I met with Andrew Malim, Director, Project Development and Finance for LHR on March 02, 2015.

13. On March 10, 2015, following my meeting with Andrew Malim of LHR of March 03, 2015, I wrote to Andrew Malim seeking to continue discussions regarding the joint development and restructuring of BLIG.

14. On March 10, 2015 at 12:11 PM, Andrew Malim wrote me by email and stated the following:

> "A pleasure to meet you at PDAC.
>
> We are planning a long term management and financing program in Ontario with the full support of the Ministry of Northern Development and Mines.
>
> **We would be pleased to work with you to fund and develop your family property.** (emphasis added) We understand that the company is in receivership but with goodwill and understanding on all sides, we can come up with a workable solution, I am sure.
>
> We would like to review the historic data.
>
> Do you have a generic NDA?
>
> I attach our NDA if it works for you. I look forward to hearing from you. Kind Regards Andrew"

I attach a copy of the email of March 10, 2015 at 12:11 PM of Andrew Malim as **Exhibit "3"** to this my Affidavit.

15. In the email correspondence of March 10, 2015, Andrew Malim provided a copy of a generic Non-Disclosure Agreement/Confidentiality Agreement ("NDA/CA") in the event that BLIG did not have its own NDA/CA. I attach a copy of the NDA/CA that was provided to BLIG by Andrew Malim, Director of LHR as **Exhibit "4"** to this my Affidavit.

16. At all times, I understood the arrangement between LHR and BLIG going forward to be as confirmed in the emails dated March 10, 2015 and March 11, 2015, was that of LHR, being a partner in the process of refinancing BLIG and ending the Receivership.

17. The Receiver did not have anything to do with LHR becoming aware of, or interested in assisting in the refinancing of BLIG. It was as a result of my continued efforts on behalf of BLIG and its creditors, shareholders, stakeholders and affected Aboriginal communities that I was able to interest LHR in having discussions with me and going further regarding the refinancing of BLIG.

**Non-Disclosure Agreement/Confidentiality Agreement**

18. As a result of meeting with Andrew Malim during the week of March 1 – 4, 2015, in Toronto at the PDAC convention and as confirmed in Andrew Malim's email of March 10, 2015 12:11 PM referenced above, Mr. Malim was clearly of the opinion that a draft NDA/CA was required to be utilized exclusively between BLIG and LHR.

19. As is evidenced by a review of the email from Andrew Malim, Director – Project Development and Finance, dated March 10, 2015 12:11 PM referenced above, this was an accurate understanding.

20. On March 10, 2015 17:49, which is the same day I received the confirmation from Mr. Malim, I wrote Mr. Malim and informed him that I looked forward to working with LHR. I attach a copy of the email dated March 10, 2015 17:49 as **Exhibit "5"** to this my Affidavit.

21. Even later on March 10, 2015 at 2:25:47 PM, Mr. Malim forwarded correspondence to me asking whether they were required to sign a NDA/CA and stated:

> "Do I need to sign NDA? Otherwise, lets start to get into the data. Best Andrew"

Clearly, this was the stated intention of Mr. Malim to receive confidential data from BLIG. All of the confidential information that was requested from BLIG and it was provided to LHR by BLIG, not by the Receiver. I attach a copy of the email of March 10, 2015 2:25:47 PM of Andrew Malim as **Exhibit "6"** to this my Affidavit.

22. The NDA/CA was to be utilized between BLIG and LHR in the event that BLIG did not have its own NDA/CA.

23. The NDA/CA provided to BLIG's representatives on March 10, 2015, sets out very clearly that it was intended to cover the relationship between BLIG and LHR of 5 The Porticos, 374-385 Kings Road, London SWS 5UW United Kingdom.

24. As paragraph 3 of the LHR NDA/CA states:

> "except for the purpose of ***considering or executing a business transaction between the Discloser and the Recipient, the Recipient will not make any use of the Confidential Information for its own use or commercial purposes or in any way to the prejudice of the Discloser or any other party on whose behalf the Confidential Information has been*** **disclosed** (emphasis added) and the Recipient shall not directly or indirectly disclose or make available the Confidential Information to any other person for any use, except as permitted hereunder."

This evidences Andrew Malim's understanding of LHR's involvement in assisting BLIG in refinancing.

25. Clearly, Andrew Malim understood the need for an NDA/CA as a result of the requirement to keep the confidential information that was being provided to LHR by BLIG confidential.

26. On March 11, 2015 AT 7:08:14 AM, Andrew Malim, once again, emailed me and stated the following,

> "Henry. If you can let us have a data set please. Drop box or email is fine. Out (sic) focus will be on historic development work including drilling, bulk sampling, met testing and environmental matters.
>
> Also a copy of your PEA.
>
> The land position is extensive so details of claims and claim ownership. Finally a commentary on the creditor position.
>
> If we come to a positive conclusion, it would be our intention to post a bid with the Administrator.
>
> I understand he has granted a time extension.

If positive, we will discuss with you our proposed program and how we may be able to work together to complete what your family started 2 generations ago.

We are hopeful of a positive outcome for all of us.

Kind regards Andrew".

I attach a copy of the email dated March 11, 2015 7:08:14 AM as **Exhibit "7"** to this my Affidavit.

27. As evidenced in the paragraph above, Andrew Malim, as the Director of Project Development and Finance, required disclosure of all of the confidential information that BLIG had compiled over the years with respect to the historic development work, which included drilling, bulk sampling, met testing and environmental matters. At all times, when working with LHR on the financing of BLIG and ending the Receivership we provided confidential information to LHR in keeping with the process that Andrew Malim agreed to.

28. It is incorrect for the Receiver to suggest that the Receiver in fact provided information to LHR and upon such limited information LHR made a decision to purchase the assets only of the Corporation.

29. As this Affidavit and the attached Exhibits will make clear, it was BLIG through their representatives that provided to LHR all of the confidential data that LHR received pursuant to the Confidentiality Agreement (Reciprocal Non-Disclosure) dated March 12, 2015.

30. On March 12, 2015 11:26 AM Saradhi Rajan, Managing Director and founder of LHR forwarded a copy of the Confidentiality Agreement (Reciprocal Non-Disclosure) "between Bending Lake Iron Group Limited and Legacy Hill Resources Limited" endorsed by Saradhi Rajan on behalf of LHR. I attach a copy of the email of March 12, 2015 11:26 AM and the endorsed Confidentiality Agreement (Reciprocal Non-Disclosure) as **Exhibit "8"** to this my Affidavit.

31. On March 12, 2015 12:13 PM Dawn McKay of BLIG forwarded an email to Saradhi Rajan, Managing Director and founder of LHR and forwarded a copy of the Confidentiality Agreement (Reciprocal Non-Disclosure) endorsed by me on behalf of BLIG. At this time, BLIG's representative, Dawn McKay indicated in the email of March 12, 2015 12:13 PM confirmed to Saradhi Rajan that she would:

> "continue building the Drop Box data room with the requested files from our Intellectual Property. Once populated I'll share the information with yourself and Mr. Malim."

I attach a copy of the email of March 12, 2015 12:13 PM and the endorsed Confidential Agreement (Reciprocal Non-Disclosure) as **Exhibit "9"** to this my Affidavit.

**Confidential Josephine Cone Mine Project Information Disclosed to Legacy Hill Resources For the Purposes of Developing and Continuing a Business Relationship Between Legacy Hill Resources and Bending Lake Iron Group Limited Prior to the Receiver's Involvement:**

32. As a result of this confirmation of the nature of the joint relationship between LHR and BLIG and the Confidentiality Agreement (Reciprocal Non-Disclosure) dated March 12, 2015 between BLIG and LHR, we began to immediately disclose to LHR all of the confidential business records and related information by way of Dropbox.

33. On March 12, 2015 following the completion of the signing of the Confidentiality Agreement (Reciprocal Non-Disclosure) dated March 12, 2015 between LHR and BLIG, Dawn McKay made available all of BLIG's intellectual property, as well as intellectual property of Jay Mackie, Henry Wetelainen and Dawn McKay as of March 2015 by way of a Dropbox invitation to LHR. Dawn McKay received an email confirmation that on Saturday March 14, 2015 at 5:45 AM joined the shared folder on Dropbox entitled "BLIG Intellectual Property June2013". This also included "BLIG Intellectual Property March 2015". I attach a copy of the email dated Saturday March 14, 2015 at 5:45 AM as **Exhibit "10"** to this my Affidavit.

34. I have reviewed the Dropbox Record and provide a copy of the Dropbox account that shows the entirety of the document of the BLIG Intellectual Property March 2015 were disclosed to Saradhi Rajan and Drew Craig of LHR.

35. This confidential disclosure of information and the accessing of the same by Drew Craig, Geology Advisor and Saradhi Rajan, Managing Director and founder of LHR was pursuant to the Confidentiality Agreement (Reciprocal Non-Disclosure) signed by Saradhi Rajan on March 12, 2015. As the Drop Box

account makes clear the only parties who had access to the confidential BLIG Intellectual Property March 2015 were LHR and they did in fact access it on March 14, 2015. I attach a copy of the Drop Box account as **Exhibit "11"** to this my Affidavit.

36. Clearly, the information that I was disclosing to LHR was very important to all stakeholders in BLIG including but without limiting to 2403177 Ontario Inc., all secured creditors, all unsecured creditors, all officers of the corporation, all shareholders of the corporation, the Aboriginal communities identified in the Project Description and the Aboriginal communities for whom a Royalty Agreement was completed in 2008.

37. By providing the confidential information to representatives of LHR I never intended nor was I concerned that it would be misused by LHR. This was a reasonably held belief based on conversations, emails and the Non-Disclosure Agreement (Reciprocal Non-Disclosure) dated March 12, 2015 that are evidenced in this my Affidavit.

38. It was clear at all times that the confidential information with respect to the assets of BLIG was being disclosed to LHR pursuant to the fiduciary duty that LHR had to not misuse the confidential information to the detriment of BLIG.

39. I clearly understood, as a result of relying upon the results and content of discussions with Andrew Malim, the contents of the emails as evidenced above and the Confidentiality Agreement (Reciprocal Non-Disclosure) signed by D. Saradhi Rajan, Managing Director of LHR on March 12, 2015 that I could provide

confidential information to LHR. The confidential information that I provided to Andrew Malim was in fact access to the BLIG confidential virtual data room, which contained confidential information. At this time, the Receiver was not involved and had no knowledge of LHR. As well, the Receiver was never provided with this information in that it was not requested by the Receiver and was not only from BLIG but from our personal files and knowledge.

40. I relied upon all of the information and the March 12, 2015 Confidentiality Agreement (Reciprocal Non-Disclosure) to continue confidential discussions with Andrew Malim about obtaining assistance from LHR in a refinancing of the development of the Josephine Cone Mine in conjunction with LHR.

41. I understand clearly that the discussions between myself, as a representative for BLIG, and LHR, and the Confidentiality Agreement (Reciprocal Non-Disclosure) permitted the confidential exchange of confidential information and assured my co-operation with Andrew Malim and LHR representatives as we were clearly discussing joint venture/restructuring refinancing and the same was confirmed by Andrew Malim. This created a fiduciary duty between LHR and BLIG that required both parties to always act in a manner that was not harmful to the interests of either party.

**Provision of Confidential Information Not Known to the Receiver:**

42. The confidential information contained in the BLIG data room disclosed to LHR for the first time on March 14, 2015 that a combination of four integrated energy sources could be utilized at the Josephine Cone Mine site. These four forms would be wind, pump storage, solar and cast turbine.

43. As well, the confidential information confirmed to LHR that BLIG would also be working to develop an integrated Bending Lake development zone that would include Bending Green Steel Works, Bending Green Cement, Bending Green Houses and Bending Power Corp..

44. It was disclosed in the documentation that there would be wind tests and that currently Bending Lake has small towers testing wind speeds in the area. This information was not known by the Receiver in that I was working very diligently to build additional value into the project and Stuart Livingston dismissed these actions as foolish.

45. Also disclosed in the confidential information that was provided to LHR, was information regarding a vertical shaft furnace to produce Direct Reduced Iron (DRI) feeding into an electric arc furnace producing a range of rolled steel products.

46. The benefits of hot direct reduced iron from the shaft furnace were explained in the material as well as utilization of vertical shaft furnaces and electric arc furnaces. This was a new approach to this process and we developed this after the Receiver's Order was granted.

47. The Bending Green Cement confidential information that was disclosed to LHR included information regarding the utilization of slag, produced from the electric arc furnace to mix with materials to produce green cement. Green cement is carbon neutral and may even sequester CO2.

48. The confidential information disclosed to LHR also included adding precast concrete products as a component of the BLIG operations in conjunction with the Josephine Cone Mine site.

49. The confidential information that was shared with LHR also included information with respect to the nuclear waste management organization. It was pointed out to LHR that the Josephine Cone Mine Project was located extremely close to a potential site that is currently being examined by the Nuclear Waste Management Organization ("NWMO") for its adaptive phased management system for the storage of used nuclear fuel.

50. As was pointed out to LHR in the confidential information disclosed subject to the Confidentiality Agreement that the overall expenditure on the adaptive phased management system is estimated to be in the range between 16 to 24 billion dollars. The project will end following the completion of long-term monitoring which will require a time period currently estimated at 160 years after initiation. Employment opportunities were also discussed.

51. The Bending Greenhouse Program disclosed as well with respect to utilizing heat and CO2 to power of greenhouse technologies for the agri-business. The confidential information also made clear to LHR that these projects could tie into Bending Lake's Environmental Assessment process and further that Bending Power Corp. would continue to meet with Aboriginal communities and other local communities to present the Project, solicit their feedback and seek community support.

**Financial Incentives for Aboriginal Ownership:**

52. While working at putting together potential confidential information for funding, as representatives for BLIG we determined that there would be potential financing incentives for Aboriginal ownership, and I conveyed this information to LHR following the completion of the Confidentiality Agreement. I identified that there was financing under:

- Aboriginal Communities Ontario Financing Authority
- Indian and Northern Affairs

53. The material provided also dealt with the fact that there are nine generations of Aboriginal families that have been involved in these lands. Although this was not confidential information, it provided additional clarification of the confidential information that had been provided to LHR.

54. Additional Information that was provided to LHR includes the BLIG "Josephine Cone Mine Operating Plan" which outlines:

- cost of sales
- cost of production
- Josephine Cone Mine Operating Plan - Mining
- Cobbing
- Concentrating
- Pelletizing
- BLIG – RR
- Administration
- Royalties
- Manning
- Headquarters
- Headquarters Manning
- Production Taxes
- Depreciation

- Labour Rates
- Consumables
- Energy Sensitivity

55. I confirm that the documentation contained in the "Josephine Cone Mine Operating Plan" disclosed to LHR following the signing of the Non-Disclosure Agreement/Confidentiality Agreement were clearly marked "CONFIDENTIAL BLIG". I attach a copy of the "Josephine Cone Mine Operating Plan" as **Exhibit "12"** to this my Affidavit.

56. I clearly understood that Mr. Malim was positively moving ahead in order to work with BLIG to complete what:

> " ... your family started 2 generations ago."

as set out in Mr. Malim's email of March 11, 2015 7:08:14 AM referenced above.

57. I, alone and not the Receiver, dealt exclusively with LHR pursuant to the Confidentiality Agreement (Reciprocal Non-Disclosure) dated March 12, 2015 and the confirmation on both March 10, 2015, and March 11, 2015, that LHR would be working with BLIG in the form of a relationship or partnership that I clearly understood, based upon my conversations with representatives of LHR, as well as reviewing the emails that are referenced in this Affidavit and my Affidavit dated March 09, 2015 that BLIG and LHR were in a relationship working together collectively for the sole purpose of obtaining assistance and refinancing for BLIG and terminating the Receivership.

58. Following my meeting with Andrew Malim and the provision of the signed Confidentiality Agreement (Reciprocal Non-Disclosure) dated March 12, 2015 to BLIG by Saradhi Rajan, I spoke with Paul Denton about the possibility of arranging a meeting with the major creditors, Stuart Livingston and James McLean. I wished to speak to Stuart Livingston and James McLean in order to determine how best to proceed with the new found interest of LHR which, as above, BLIG attracted and BLIG had signed the Confidentiality Agreement (Reciprocal Non-Disclosure) of March 12, 2015. At all times, I acted pursuant to the stated intention of LHR to assist in financing the Josephine Cone Mine Project at this time. I did not disclose LHR's interest to the Receiver because LHR and BLIG were working together.

59. Mr. Denton confirmed my request to meet with Stuart Livingston and James McLean and in his email of March 12, 2015 2:56 PM he attempted to schedule a meeting sometime during the week of March 16, 2015: Paul Denton stated:

> "In follow up to our meeting last week and specifically your request that I coordinate a meeting with Stuart and James, I have had a couple of discussion (sic) over the past few days with Stuart. He is happy to meet here in Toronto and he confirms he has good availability next week on Tuesday March 17, Wednesday March 18 and Friday March 20. He also has good availability the following week. James is actually away the next few weeks, so any meeting would be with Stuart. He has asked that I sit in any meeting also.
>
> I am not sure what your schedule is like. A call maybe (sic) more efficient to discuss that timing and other matters."

I attach a copy of the email of March 12, 2015 2:56 PM as **Exhibit "13"** to this my Affidavit.

60. On April 14, 2015 5:24:34 PM, I received an email from the Receiver confirming for the first time that Paul Denton had been liaising with LHR over the past week. This clearly indicates and confirms that BLIG made the initial contact with LHR as evidenced in the Confidentiality Agreement (Reciprocal Non-Disclosure) dated March 12, 2015.

61. In the email of April 14, 2015 5:24:34 PM, the Receiver disclosed that there was a Letter of Intent provided by Resource Development Partners Ltd. (RDP) which indicated that LHR would be providing technical advice while RDP is sourcing the capital. The Receiver confirmed the ongoing due diligence and further that there was a possibility of the LHR representatives coming to Toronto on April 27, 2015 to meeting Stuart (Livingston) and James (McLean) and then to Thunder Bay and Bending Lake to meet with you to review the current status of the Environmental Assessment, First Nations negotiations and conduct more due diligence on the site. This clearly evidences my relationship with LHR and the fact that further confidential information was being requested by LHR. I attach a copy of the email of April 14, 2015 5:24:34 PM as **Exhibit "14"** to this my Affidavit.

62. On April 15, 2015 3:13:16 PM the Receiver provided a copy of the expression of interest provided by RDP dated April 09, 2015 who are partners with LHR. The Receiver confirmed once again that LHR was conducting the due diligence process, which as above, XXXXXX agreement and various documents was as a result of a fiduciary relationship with BLIG. I attach a copy of the email of April 15, 2015 3:13:16 PM as **Exhibit "15"** to this my Affidavit.

63. On April 27, 2015 11:48 AM I was provided with a copy of email correspondence authored by Andrew Malim addressed to the Receiver. Andrew Malim indicated that he had dealt with the Ministry of Northern Development and Mines on that date and further, this information was received prior to the first site visit and the Receiver was informed that LHR was proceeding discussing the requirement for consents for bulk sampling, drilling, etc.

64. Andrew Malim made very clear to the Receiver that the involvement of BLIG was necessary. He also dealt with the issue of my son being on the tribal Council of the Wabigoon First Nation.

65. Andrew Malim pointed out in the email of April 27, 2015 11:48 AM that there were elections in September and states the following:

> "An area of concern
>
> It appears that Ojibwe (sic) attitudes to anything that may constitute a disturbance to their tradtional (sic) way of life can meet resistance unless we mount a very thorough consultative process.
>
> This we would intend to do
>
> Henry's son is on the tribal Council

BUT there are elections in September, then who knows?

**So we need to discover via Henry or whomsoever if any proposal to restore to life what Henry's grandmother started 80 years ago will be welcomed or resisted.**

**This is pretty vital as you will appreciate.**

**Do you have a view?** (emphasis added)

Only 3 years ago, this almost became a mine – at least a financial offer was made to this effect. What changed apart from the obvious (financial)

Best Andrew"

I attach a copy of the email of April 27, 2015 11:48 AM as **Exhibit "16"** to this my Affidavit.

66. I, alone and not the Receiver, dealt exclusively with LHR throughout the month of March 2015. During the second week of April, Paul Denton, the Receiver's representative, forwarded an email to me dated April 13, 2015, following up on my telephone call with Paul Denton during which I informed him of the interest of LHR in working with BLIG to provide financing for the Josephine Cone Mine Project and ending the Receivership.

67. Mr. Denton confirmed in his email to me of April 13, 2015 6:25:27 PM the following:

"Further to my call on Friday I was going to call you today, but need to first have a call with Legacy Hill which we are trying to convene tomorrow. Once I have had that call will get in touch.

Regards

Paul J. Denton"

I enclose a copy of the email of April 13, 2015 6:25:27 PM as **Exhibit "17"** to this my Affidavit.

68. On April 16, 2015 8:51 AM, Saradhi Rajan of LHR requested the results of the underlying pilot plant work and lab test results from the Receiver, Paul Denton:

> "Paul
>
> There are numerous references in the data room documents to pilot plant work aimed at evaluating the production of pellets and also financial models based on the production of these pellets. However I can't find the results of the underlying pilot plan work – lab test results showing the metallurgical composition of inputs and outputs. This is very critical to our evaluation.
>
> Apologies if I have missed it but if it is not in the documents we have please could we have these test results.
>
> Saradhi"

I knew at that time that the material being requested was in reference to the "data room" confidential documents that BLIG had supplied pursuant to the Confidentiality Agreement (Reciprocal Non-Disclosure) of March 12, 2015. I enclose a copy of the email dated April 16, 2015 8:51 AM as **Exhibit "18"** to this my Affidavit.

69. Accordingly, Mr. Denton on April 16, 2015 11:14:07 AM forwarded an email to me and asked that I respond directly to LHR with respect to the information requested.

> "The query below is regarding analysis completed on pilot plan operation for pellet production. This information is not in our data room but I believe from our prior discussions such analysis was completed by the company. I am also copying Jay Mackie.
>
> Please respond directly to Legacy with the information request. That may require a conference or direct call which Legacy can arrange."

I had no difficulty doing this given that LHR and BLIG had entered into a Confidentiality Agreement on March 12, 2015. BLIG. The Receiver clearly acknowledged that they did not have this information, it was not in the Receiver's "data room" and they were unable to provide it to LHR. I note that the Receiver did not request that they become a conduit for this information. I was required to provide the requested information directly to LHR. This information was also included in the confidential information disclosed to LHR. I attach a copy of the email dated April 16, 2015 11:14:07 AM as **Exhibit "19"** to this my Affidavit.

70. I understood this to be the case because the Receiver knew at that time that LHR and BLIG were working together collectively and jointly to refinance BLIG and the Receivership. I ask the Court to note that there would be no other incentive for me to work on an unpaid basis to assist the Receiver, especially if it was under threat of the sale of the "assets only" of BLIG.

71. This reference to the "data room" is a reference to the confidential data that BLIG provided to LHR pursuant to the Non-Disclosure Agreement (Reciprocal Non-Disclosure) signed by Mr. D. Saradhi Rajan, Managing Director and founder of LHR, on March 12, 2015.

72. Very clearly, we understood that LHR was acting in concert with BLIG in dealing with the Receiver as a party with BLIG and not directly with the Receiver. This is so, given all of our confidential discussions and the provision of the confidential information by BLIG to LHR.

73. On April 20, 2015 4:22 PM, Mr. Saradhi Rajan, the Managing Director of LHR wrote to Paul Denton, as a result of our liaising with the Receiver, and requested additional information.

> "Do you have BLIG's own spreadsheets for their projections and calculation of cost of production etc?"

On April 22, 2015 8:00 AM, Paul Denton responded as follows:

> "For expedience I am also copying Jay Mackie on this request below
>
> We only have high level information on what would have been the full blown production with a $900 million capital budget. I would have to follow up with the company. But to clarify are you referring the full blown production or to some smaller scale pilot analysis that you have seen reference to. Please confirm what you are after and where it is referred to in the materials you are completing due diligence on."

Mr. Jay Mackie, on behalf of BLIG, on April 22, 2015 10:58 AM provided the requested information.

> "All – Attached are some files which do address estimates of production costs and their related assumptions. I don't know if you have these files but due to the question posed to Paul I don't think that you do."

Paul Denton was attempting to schedule a conference call with LHR, BLIG and the Receiver on April 22, 2015 and April 23, 2015. On April 23, 2015 11:52:57 AM Paul Denton forwarded an email to Jay Mackie and I indicating that:

> "I had a brief call with Andrew Malim just now.
>
> From a timing perspective they are undertaking further **due diligence** (emphasis added) including discussions with the MNDM, with a call scheduled for tomorrow am with a number of MNDM individuals (Devon Cranston mentioned as well as Mark Smyk, Drew Redden). They want to get a better feel for time to permit etc. Bottom line they will **not** be travelling here next week. It could be the week after, however they will provide more definitive time line once they complete the call and further review tomorrow."

It is clear from the email dated April 23, 2015 11:52:57 that the "due diligence" being undertaken by LHR on April 23, 2015 was in conjunction with BLIG and **NOT** in conjunction with the Receiver. I attach a copy of the email exchange of April 20, 2015 4:22 PM to April 23, 2015 11:55 AM as **Exhibit "20"** to this my Affidavit.

74. As a further example of the provision of confidential information directly by Jay Mackie in confidence to LHR, I attach a copy of the "Baffinland versus Bending Lake Iron Group November 14, 2010". Within this document there are very confidential disclosures with respect to basic assumptions regarding:

- "Proven reserves
- Additional potential reserves
- Anticipated yearly production rate
- Today's market price
- Estimated cash production costs
- Estimated CAPEX requirement
- Life of mine

Therefore:

- CAPEX/proven ton reserve
- CAPEX/total est. reserve
- CAPEX/margin/year
- CAPEX/life of mine margin"

I attach a copy of the "Baffinland versus Bending Lake Iron Group November 14, 2010" as **Exhibit "21"** to this my Affidavit.

75. The Confidentiality Agreement (Reciprocal Non-Disclosure) for the benefit of LHR and BLIG dated March 12, 2015 still remained in place, and in fact still remains in place as of today's date given that it has not been rescinded pursuant to the notification provisions contained within the said Confidentiality Agreement (Reciprocal Non-Disclosure) dated March 12, 2015.

**The Receiver's Knowledge of Legacy Hill Resources Limited:**

76. In March of 2015, the Receiver did not know anything whatsoever about the results of my efforts with LHR in attempting to attract a financial partner to assist in the refinancing of BLIG in order to terminate the Receivership and move on with the development of the Josephine Cone Mine. This contact and the consequent discussions were completed by representatives of BLIG and LHR in confidence pursuant to NCA/CA and also the confirmed intentions of LHR.

77. At this time, on March 11, 2015, the Receiver had not met with a representative of LHR nor had they received any information about LHR's interest in assisting BLIG. Nor had the Receiver marketed LHR because LHR was not known to the Receiver.

78. During the months of March 2015 and April 2015 I ensured that all of the information that was necessary for LHR to commence and continue the due diligence process regarding investing financially in BLIG in order to terminate the Receivership was provided to representatives of LHR. We had various telephone conversations and as above, BLIG provided the information to LHR as requested.

79. It is impossible for the Receiver to suggest that they previously provided information to LHR and that such information was all that LHR received.

80. I provide a copy of the Dropbox information that was forward to the Receiver. The documents were modified on January 16, 2015, January 20, 2015, and March 5, 2008. These documents being a Geology Report, Rationale to Support the Iron Ore Industry from September 07 and the Steep Rock Study from March of 2008 were all that were provided to the Receiver outside of the documents that they obtained during meetings at BLIG's office. I attach a copy of the Dropbox information as **Exhibit "22"** to this my Affidavit.

81. The above is all of the information that we provided to the Receiver, the Receiver was not in a position to share confidential information with LHR prior to the initial contact that I made with LHR and subsequent discussions with LHR.

82. On March 12, 2015, following the completion of the Confidentiality Agreement between LHR and BLIG, Dawn McKay made available all of the BLIG intellectual property as of March 2015 by way of a Dropbox invitation.

83. It is my understanding that subsequent to the disclosure of all confidential documents to LHR pursuant to the Confidentiality Agreement (Reciprocal Non-Disclosure) signed on March 12, 2015, that LHR was to undertake an initial review of this confidential information.

84. On March 14, 2015, the screen shot of Dropbox shows very clearly that DC, being Drew Craig, LHR's geologist and also D. Saradhi Rajan, the Managing Director and founder of LHR did in fact access all of this confidential information following the signing by D. Saradhi Rajan of LHR of the Confidentiality Agreement (Reciprocal Non-Disclosure).

85. We had not been requested to provide the BLIG intellectual property and confidential information to the Receiver. In that it was not requested, the only recipient of this confidential information was LHR pursuant to the LHR/BLIG Confidentiality Agreement (Reciprocal Non-Disclosure) and our business agreement going forward.

86. Contained in the information that was provided to LHR, once the NDA/CA was signed, was information that disclosed the confidential plan of BLIG to also become a major producer of power in Northwestern Ontario, being referred to as Bending Power Corp. I attach a copy of the PowerPoint presentation of Bending Power Corp. A Green Integrated Energy Project as **Exhibit "23"** to this my Affidavit.

87. On April 30, 2015 10:08:17, Mr. Malim once again wrote me and indicated the following:

> "Good call Henry.
>
> We appreciated your open approach. We were encouraged.
>
> We look forward to working with you to try and take the project forward again.
>
> Best Andrew"

I attach a copy of the email of April 30, 2015 10:08:17 as **Exhibit "24"** to this my Affidavit.

88. I properly understood very clearly that this was a continued commitment from LHR to assist BLIG as it existed in Receivership in order to refinance and terminate the Receivership. I relied upon this information to continue with my fiduciary duties on behalf of BLIG's creditors, shareholders, stakeholders and affected Aboriginal communities.

**Henry Wetelainen and Dawn McKay's Actions With Respect to Fiduciary Duty to Other Shareholders**

89. The Receiver, in the Third Report to the Court of A. Farber & Partners et al., of November 30, 2015[2] at paragraph 35 suggests that they could not provide information to myself and Dawn McKay because they considered that we may be making a bid to the Receiver with respect to the assets of the corporation.

[2] Motion Record of the applicant, Third Report to the Court of A. Faber & Partners et al., November 30, 2015, Tab 2, para. 35

90. At no time have I ever considered demolishing the trusting relationship I have with the majority of BLIG creditors, their shareholders and the Aboriginal communities that have supported us in this development, as well as the Aboriginal communities' referenced benefit from the Royalty Agreement in place since 2008. I have not had discussions with any party to promote the purchase of the assets. All of my discussions and efforts on behalf of BLIG, as evidenced throughout this Affidavit, were for the purpose of obtaining a restructuring/refinancing and the termination of the Receivership with the concurrent benefit to BLIG, its creditors, shareholders, stakeholders and affected Aboriginal communities.

91. I quite properly understood and was led to believe that LHR was working with BLIG in a fiduciary relationship as evidenced in the emails, discussions and participation in the due diligence process for BLIG.

92. We continued to work with representatives of LHR and we awaited further information and/or discussions once they completed their due diligence with respect to investing in BLIG and providing refinancing.

93. As above, and stated throughout my Affidavit, I was the party who introduced LHR to the Receiver on behalf of BLIG. I did so fully believing I could rely upon the conversations, statements, emails, the signed Non-Disclosure

94. Agreement/Confidentiality Agreement and written words of Mr. Malim with respect to LHR working together with BLIG to develop BLIG. I understood that LHR would assist BLIG in order to refinance the company and successfully terminate the Receivership.

**Visit to the Josephine Cone Mine Site – June 2015:**

95. On May 29, 2015 3:19:02 PM, Mr. Denton wrote and confirmed that Mr. Rajan and Mr. Malim would be arriving in Toronto on Tuesday, June 2, 2015. Very clearly, the purpose of the correspondence was to coordinate a site visit to the Josephine Cone Mine development:

> "Henry and Jay,
>
> Set out below is further information the planned visit next week by Legacy Hill.
>
> Saradhi Rajan and Andrew Malim will all arrive on Tuesday at 1500 in Toronto. Through late Tuesday and Wednesday they wish to meet ourselves, the secured creditors Stuart and James and Dentons LLP.
>
> Coincident with this they plan for their geologist Drew Craig (Henry you may have met him at PDAC along with Andrew) will travel up to Thunder Bay on Tuesday night or Wednesday am to commence meetings and review with you. Andrew Malim will travel up on Wednesday night to join Drew and continue review and meetings with you They plan to attend until Friday afternoon. I appreciate Jay will be just back from his trip on Tuesday June 2 but is available for the rest of the week.
>
> At this time Peter Crawley will travel up at the same time as Drew Craig and be in attendance while the Legacy Hill guys are attending."

My information is that this is the first time that LHR representatives met with the Receivers. Given the relationship between BLIG and LHR, it made a great deal

of sense to me that LHR representatives would meet with these parties in order to move the proposed business transaction between BLIG and LRH forward with respect to the continued development of the Josephine Cone Mine Project. I attach a copy of the email dated May 29, 2015 3:19:02 PM as **Exhibit "25"** to this my Affidavit.

96. Again, this was a reasonable process given that I was already sharing confidential information with Andrew Malim, Saradhi Rajan and others from LHR and further that LHR presented it very clearly to myself as a representative for BLIG that they would be continuing to work with BLIG in order to complete a restructuring.

97. On May 03, 2015, Mr. Denton wrote Jay Mackie and I, as well as Andrew Malim, Saradhi Rajam and others with the subject line Re: Bending Lake Iron Group Limited. Mr. Denton made clear that this was in preparation for the planned attendance of the LHR to the Josephine Cone Mine site.

98. During the month of June 2015, I arranged to personally meet with the representatives of LHR, both in Thunder Bay as well as to take them to the Josephine Cone Mine site.

99. Paul Denton forwarded an email to me on May 31, 2015 12:19:10 PM and confirmed our "recent exchanges on the planned attendance of Legacy Hill team this coming week". As the Receiver stated:

> "I am reaching out and copying the group to facilitate free exchange should further particulars need to be clarified between the parties."

The Receiver also referenced that representatives of Legacy Hill wish to meet with Jay Mackie, as well as Fladgate Exploration and Consulting team. I arranged for these meetings to occur. I attach a copy of the email dated May 31, 2015 12:19:10 PM as **Exhibit "26"** to this my Affidavit.

100. Following the receipt of the email of May 31, 2015 from the Receiver, I wrote to the Receiver by email on June 01, 2015 8:18 AM and requested any information with respect to the funding for the trip. The Receiver responded by email on June 01, 2015 8:33:44 AM indicating that Stuart (Livingston):

> "is not funding any more costs".

101. As well, the following information makes very clear that LHR was conducting due diligence with BLIG and further that the Receiver was aware on June 01, 2015 that LHR was speaking with myself as a representative of BLIG with respect to our continued involvement in the relationship with LHR that had been formed between BLIG and LHR specifically. In the response of the Receiver in the email of June 01, 2015 8:33:44 AM, the Receiver responded:

"It is Legacy Hill that is conducting the due diligence and it will be up to them to pick up costs of the visit. **Additionally they wish to speak to you about the go forward and what stake you and the team would have going forward so I think it in your interest to work with them.** (emphasis added) You know how tough the market and they appear to have an innovative approach."

I attach the email exchange of June 01, 2015 8:18 AM to June 01, 2015 8:33:44 AM as **Exhibit "27"** to this my Affidavit.

102. I continued to work with LHR pursuant to our commitment and fiduciary duties to each other, as well pursuant to the Confidentiality Agreement (Reciprocal Non-Disclosure) signed March 12, 2015.

**Farber Financial Group Dockets:**

103. In the Farber Financial Group, Invoice No. 11890 dated July 15, 2015[3] Paul Denton, the Receiver's docket entry for June 03, 2015 makes clear that I attended a meeting with Fladgate Exploration Consulting Corporation ("Fladgate") and participated in the ongoing due diligence process that LHR was completing specifically for the purpose of assisting BLIG in refinancing as evidenced in all the previous documents.

[3] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B

104. In the Farber Financial Group, Invoice No. 11890 dated July 15, 2015[4], the Receiver's docket entry of June 04, 2015 makes clear that Peter Crawley accompanied, Andrew Malim and D. Craig of LHR to the Wabigoon core sheds and mine site with me for a total of 12 hours, including travel time from the core shed to the mine site.

105. In the Farber Financial Group, Invoice No. 11890 dated July 15, 2015[5] on June 05, 2015, the Receiver's docket entries of both Paul Denton and Peter Crawley show very clearly that Henry Wetelainen and BLIG management continued as part of this process of due diligence which BLIG understood to be a continuation of the business arrangement entered into previously by LHR and BLIG.

> "06/05/2015 Consulting fees – Corporate Denton
>
> Liaise with P Crawley throughout day; review of recap of events on Friday in Thunder Bay and meetings with BLIG management, Fladgate and MNDM; provide e-mail to Legacy Hill re: next week and need for conference call.
>
> 06/05/2015 Consulting fees – Corporate Crawley
>
> Attend meetings with H Wetelainen, D MacKay, MNDM, Neil Pettigrew with A. Malim; total hours including travel were 11.5, actually charged 8 hours."

[4] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B
[5] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B

The entry of Peter Crawley for June 06, 2015 confirms again that the Receiver attended meetings with Dawn McKay and myself, both are representatives of BLIG.

106. At the time I took the representatives to the Josephine Cone Mine Site in June of 2015, there was a relationship between LHR and BLIG that created a fiduciary duty for both parties to act in the best interest of each party to the Non-Disclosure Agreement/Confidentiality Agreement and that at all times I understood that my participation and truthfulness in dealing with LHR representatives was to further benefit the already established business relationship between LHR and BLIG.

107. I hosted and guided a tour of the mine site with individuals from LHR who were in fact geologists and experts in mining development. As above, at all times, I understood that the agreement in place since March 10, 2015, continued.

**Fiduciary Duty of Legacy Hill Resources Limited and Disclosure of Same During the Tour of the Josephine Cone Mine Site:**

108. During our discussions at the mine site, while I was touring all the individuals, I revealed to the representatives of LHR the following confidential information:

i) the open pit sample area
ii) the old drill holes
iii) some of the new drill holes
iv) the location of the actual deposit
v) the location of the power and service corridor

vi) the location of the transportation link to the Trans Canada highway
vii) the area that would be utilized for development
viii) explained the very close relationship between BLIG and the Aboriginal communities impacted by the development as well as my personal history as a member of the Wabigoon Aboriginal community both as a Metis individual and also as a formal member of the Wabigoon First Nation
ix) provided further information with respect to the development of alternative energy sources
x) provided information and conducted a tour of the area of the adjacent land that were held by other companies that are controlled by various shareholders of BLIG
xi) discussed the ability of BLIG to work with any objector to the development of the Josephine Cone Mine as evidenced in the Federal Project Description

**Site Visit – Provision of Confidential Information to LHR by BLIG:**

109. As well, confidential information with respect to a BLIG review of other mining developments, as well as pellet production was disclosed on a confidential basis during the Josephine Cone Mine site visit. I attach a copy of the documentation provided with respect to the pellet production as **Exhibit "28"** to this my Affidavit.

110. As a component of working with LHR, pursuant to the fiduciary duty that LHR and BLIG had, I introduced all representatives of LHR and the Receiver to members of the Wabigoon First Nation. I did this in that it was my clear understanding that LHR entered into an agreement to assist BLIG in refinancing the Josephine Cone Mine Project in that I was working in the interests of BLIG and its creditors, shareholders, stakeholders and affected Aboriginal communities to ensure BLIG not only recovered from the Receivership Order but flourished as an economic force in North Western Ontario.

111. The Receiver was also present; however, as stated above, I provided the confidential information to LHR before and after the Receiver had any dealings whatsoever with LHR . Based upon the actions of LHR and the information that they provided me, it is my opinion that there was a fiduciary relationship between LHR and BLIG that developed with respect to the information that BLIG provided to LHR commencing on March 03, 2015. I acted upon this belief.

112. Given that there had been such an exchange of information and confirmation of the relationship between LHR and BLIG in the signing of the Confidentiality Agreement (Reciprocal Non-Disclosure) on March 12, 2015 the following occurred. I provided all of the confidential information that BLIG had in its possession to LHR for the purpose of assisting LHR in continuing due diligence with respect to continuing to develop a working, financial relationship with BLIG.

113. The confidential information that was provided by BLIG to LHR both in March and April of 2015 and during the visit to the mine site in June 2015 was provided to LHR based upon my clear understanding that LHR was working to assist BLIG in refinancing the Josephine Cone Mine Project. As evidenced by conversations and emails from Mr. Malim I provided the confidential information to LHR for the purpose of promoting the ongoing discussions that were occurring between LHR representatives and representatives of BLIG. The purpose of

these discussions was to ensure financial assistance to BLIG and the consequent termination of the Receivership. It was at all times clear that confidential information with respect to the assets of BLIG included our working relationship with all affected Aboriginal communities.

114. Representatives of LHR made very clear to us that they understood the requirement to cooperate fully with indigenous people with respect to resource development, and we were encouraged with this approach and it was at all times clear that the information with respect to BLIG included our relationship with the Aboriginal communities and our membership in the same.

115. Contrary to paragraph 32 of the Third Report to the Court of A. Farber & Partners et al., of November 30, 2015,[6], LHR did not undertake initial due diligence in March and April of 2015 with the Receiver. The emails of Mr. Malim dated March 10, 2015, March 11, 2015, and April 30, 2015, make this clear. Mr. Malim specifically requested access to BLIG's confidential virtual data room directly from BLIG prior to LHR having any contact with the Receiver. This was LHR's choice. I made clear to LHR that BLIG was in Receivership when we me on March 02, 2015.

[6] Motion Record of the Applicant, Third Report to the Court of A. Farber & Partners et al., November 30, 2015, Tab 2, para. 32

**Letter of Intent:**

116. Contrary to what is set out in the Third Report to the Court of A. Farber & Partners et al., of November 30, 2015 at paragraph 33[7], the preliminary discussions with representatives of BLIG, including myself, were directly between myself as a representative of BLIG and Mr. Malim, prior to Mr. Malim making any contact whatsoever with a representative of the Receiver.

117. As a result of my informing the Receiver that I had formed a relationship with an interested party, the Receiver indicated to me that I should involve the Receiver in these discussions.

118. It is indeed correct that from June 2, 2015 to June 6, 2015[8], a team consisting of two senior management and geologists travelled to Toronto, Thunder Bay and the mine site for the purpose of further reviewing mining data and information, gathering iron ore samples for testing in the UK and holding discussions with the Receiver, secured lenders, representatives of BLIG, which included attendance at the mine site with Mr. Wetelainen with respect of the same. And representatives of Fladgate Exploration and Consulting Corporation.

[7] Motion Record of the Applicant, Third Report to the Court of A. Farber & Partners et al., November 30, 2015, Tab 2, para. 33
[8] Motion Record of the Applicant, Third Report to the Court of A. Farber & Partners et al., November 30, 2015, Tab 2, para. 33

119. At no time prior to November 26, 2015 have I had a discussion with any representatives of LHR about any possibility of LHR terminating the Confidentiality Agreement (Reciprocal Non-Disclosure) of March 12, 2015 or its agreement with BLIG to work with BLIG in a refinancing/restructuring of the company. At the time of the swearing of the Affidavit I have still not had any of these referenced discussions with any representative of LHR.

**Secret Agreement Between the Receiver and Legacy Hill Resources Limited:**

120. Unknown to me, but evidenced in paragraph 32 of the Third Report to the Court of A. Farber & Partners et al., of November 30, 2015[9], that LHR executed a non-binding Letter of Intent on September 30, 2015.

121. The Receiver did not provide BLIG any information with respect to the Letter of Intent, nor did they advise BLIG's representatives, shareholders, stakeholders or any of the affected Aboriginal communities that the Letter of Intent was specific to a purchase of the "assets only".

122. The meetings between representatives of LHR on September 29, 2015 and September 30, 2015 with the Receiver and the secured lenders were not made known to me as a representative of BLIG. At that time of these meetings on September 29, 2015 and September 30, 2015, I continued to clearly understand that any ongoing negotiations were with respect to BLIG and LHR going forward

[9] Motion Record of the Applicant, Third Report to the Court of A. Farber & Partners et al., November 30, 2015, Tab 2, para. 32

together. These meetings were not disclosed to me and I had no way of knowing that the contract was secretly negotiated by LHR. LHR was still bound by the Confidentiality Agreement (Reciprocal Non-Disclosure) signed March 12, 2015.

123. Unbeknownst to me at the time, however, I now have had the opportunity to read, as set out in paragraph 36 of the Third Report to the Court of A. Farber & Partners et al., of November 30, 2015[10], the Receiver states that LHR indicated to the Receiver that LHR would no longer be involving me in the process going forward.

I was not notified of this by the Receiver. No representatives of BLIG were notified by the Receiver. This being despite the fact that the Receiver knew or ought to have known that LHR was in a fiduciary relationship with BLIG. I continued to work towards the goals of refinancing BLIG while this was going on without my knowledge.

**Grounds to Strike Paragraph From the Receiver's Report:**

124. Paragraph 35 of the Third Report to the Court of A. Farber & Partners et al., of November 30, 2015[11] is incorrect in that I communicated to the Receiver that I had in fact found LHR, a party that was interested in assisting BLIG with refinancing of the Josephine Cone Mine Project. I worked diligently to assist LHR given the nature of our relationship as a result of the confirmed intentions of LHR dating back to March 10, 2015.

[10] Motion Record of the Applicant, Third Report to the Court of A. Farber & Partners et al., November 30, 2015, Tab 2, para. 36
[11] Motion Record of the Applicant, Third Report to the Court of A. Farber & Partners et al., November 30, 2015, Tab 2, para. 35

125. What paragraph 35 of the Third Report to the Court of A. Farber & Partners et al., of November 30, 2015[12] does not state is the fact that until the meeting of September 29, 2015, I attended all meetings, facilitated a site visit and was involved in the Receiver's discussions with LHR and the developments as part of a due diligence process, which I clearly understood and had been articulated by the representative of LHR as a step required in the process of assisting in the refinancing, revitalization and development of the Josephine Cone Mine Project with BLIG and all of the stakeholders and shareholders.

126. Paragraphs 44 through 46 of the Third Report to the Court of A. Farber & Partners et al., of November 30, 2015[13] should be struck from the Receiver's report in that there is no supporting documentation, actual underpinning or information to support these three paragraphs.

127. I have provided by way of my own information as well as copies of documents that clearly evidences that LHR was committed to a business relationship with BLIG and articulated the same. There is no evidence whatsoever that LHR is acting in good faith when it suggests that it will continue the development phases and ultimately operate the mine. This is especially so given the fact that as an "assets only" purchase by LHR there is a very substantial risk of LHR alienating all of the affected Aboriginal communities as

[12] Motion Record of the Applicant, Third Report to the Court of A. Farber & Partners et al., November 30, 2015, Tab 2, para. 35
[13] Motion Record of the Applicant, Third Report to the Court of A. Farber & Partners et al., November 30, 2015, Tab 2, para. 44 - 46

well as the members of the communities where a workforce would have been drawn from and whose cooperation would have been received. The Aboriginal Employment Preferences Policy identifies these clearly articulated goals.

128. I was not told that any of the processes had changed. I was not informed by either LHR, nor by the Receiver, that I was being excluded from discussions. I understood at all times that the discussions would be ongoing and that I would be involved as had been agreed to since March 10, 2015.

129. Seven weeks after the undisclosed decision was made to exclude myself as a representative of BLIG from any further discussions and /or negotiations, without any notice to BLIG, LHR entered into an agreement to purchase only the assets of BLIG on November 27, 2015. I am firm in my belief that this is a breach of LHR's fiduciary duty to BLIG.

130. This activity by LHR is a violation of the fiduciary duty that was created and as a result of the actions of LHR representatives in March and April 2015 and further that at no time did LHR provide notice to BLIG or its representatives that it was abandoning BLIG in developing the Josephine Cone Mine as an ongoing project to benefit all stakeholders, shareholders, creditors and Aboriginal communities and a violation of LHR's fiduciary duty.

131. It was not open for LHR to unilaterally and arbitrarily and in violation of the fiduciary duty that formed between BLIG and LHR to secretly work with the Receiver to purchase only the assets of BLIG.

132. Clearly the Receiving Order does not prohibit me in acting on behalf of the management from entering into a joint agreement and discussions to create a fiduciary duty between LHR and BLIG and the management and major shareholder of BLIG. I always understood that all activity with the Receiver was with both LHR and BLIG sitting on one side of the table and jointly negotiating with the Receiver on the other side.

**Receiver's Actions:**

**SISP Expiry:**

133. As well, given that the Receiver had not reattended to extend the time for the Sales and Investor Solicitation Process (hereinafter referred to as "SISP") before the court, I understood that the process was essentially stopped until such time as we completed our negotiations between BLIG, the shareholders of BLIG and LHR.

134. On February 17, 2015 2:34:56 PM Paul Denton, the Receiver forwarded an email to advise that the Receiver was exercising its discretion under the SISP Order to extend the deadline until 4:00 p.m. EST on Friday March 27, 2015 to submit a binding offer or proposal. This was the only extension that was available to the Receiver without further Court Order. As above, the Receiver failed to take any steps whatsoever in order to obtain the permission of the Court to continue with the SISP and it was terminated on March 27, 2015 as a result of this extension expiring. I attach a copy of the email dated February 17, 2015 2:34:56 PM as **Exhibit "29"** to this my Affidavit.

135. The disclosure of the "assets only" purchase as evidenced above was a complete surprise and shock.

136. I spoke with my legal counsel, Robert MacRae with respect to the terms of the SISP. As a result of this discussion I understood that the Receiver had failed to return to the Court for an Order extending the SISP and as such, the Receiver was not in a position to continue to deal with the SISP. I was told that the Receiver would have to go back to Court, and for further authority from the Court and that when the Receiver did so, BLIG would get 7 days notice.

**The Sales and Investment Solicitation Process:**

137. The SISP Order filed by Dentons Canada LLP on behalf of the Applicant, that was granted by this Honourable Court on November 27, 2014, provided that the SISP may be altered or amended by the Receiver in a non-substantive manner to give full or better effect to the process hereby approved, which shall include the Receiver's ability to extend the timelines set forth in the SISP for a period of up to 30 days (additional time extensions requiring further Order of this Court).

138. Although the Court ordered that the Receiver could, from time to time apply to this Honourable Court for advice and direction, the Receiver failed to do so. Accordingly, I had no knowledge whatsoever that any transaction was being considered by the Receiver pursuant to the SISP Order. Rather, I clearly understood based upon the confirmation received from LHR representatives in April 2015 and May 2015, my attendance at various discussions, my touring of

the LHR representatives at the Josephine Cone Mine site and my continued discussions with various parties regarding this matter that LHR and BLIG were going ahead as a restructuring/refinancing. I did not receive any notice that the SISP was still being acted upon. The actions of the Receiver in failing to extend the SISP severely prejudiced BLIG because I had no way of knowing that the Receiver would attempt to resurrect the SISP in November of 2015 without further order of this Court.

139. The Receiver's failure to reattend at Court that they simply justified as an unwarranted expense, either intentionally or inadvertently, confirmed to me that there was no extension being sought and accordingly the SISP was over. It was not extended.

140. The Order of the Honourable Madam Justice Pierce dated November 27, 2014[14] provided:

> 4. **THIS COURT ORDERS** that the SISP may be altered or amended by the Receiver in a non-substantive manner to give full or better effect to the process hereby approved, which shall include the Receiver's ability to extend the timelines set forth in the SISP for a period of up to 30 days (additional time extensions requiring further Order of this Court).

[14] Motion Record of the Applicant dated November 30, 2015, Order of the Honourable Madame Justice Pierce, November 27, 2014, Tab 2B

**GENERAL**

5. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Honourable Court for advice and directions in the discharge of its powers and duties hereunder, including without limitation in connection with any matters relating to the SISP.

6. **THIS COURT ORDERS** that any interested party (including the Receiver) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

141. It is clear, from paragraphs 8 through 14 of the Factum of the Receiver dated December 04, 2015[15] that in fact the Receiver did not have authority to continue to market the property pursuant to the SISP Order of the Honourable Madame Justice Pierce dated November 27, 2014[16], in that the SISP did not continue past the extended bid deadline of March 27, 2015.

142. In that an application to extend the SISP was not made by the Receiver and accordingly the representatives of BLIG were entitled to rely upon this fact and reality in continuing to deal with LHR.

[15] Factum of the Receiver dated December 04, 2015, para. 8 - 14
[16] Motion Record of the Applicant dated November 30, 2015, Order of the Honourable Madame Justice Pierce, November 27, 2014, Tab 2B

143. It was open for the Respondent's representatives to properly believe that the Receivership and the SISP was either terminated or not proceeding.

144. The Respondent disagrees completely with the suggestion of the Receiver that:

> "At the time of execution of the Sale Agreement, the offer from Legacy Hill was the only concrete proposal and expression of interest received by the Receiver since the commencement of the SISP."

To the contrary, BLIG was still completely involved in the agreement and relationship with LHR and as such were entitled to be included in discussions as a result of the fiduciary duty that LHR owed to BLIG.

145. Paragraph 31 of the Applicant's Factum suggests that the debtor's Directors, Officers and Shareholders were given ample opportunity to conduct due diligence and make an offer. At all times, as stated above, once the relationship was formed between LHR and BLIG, BLIG acted in good faith in continuing with discussions with LHR for restructuring and refinancing of BLIG that would protect all of the debtor's Directors, Officers and Shareholders, all Stakeholders and creditors.

**A. Faber & Partners Inc. Dockets:**

146. I have reviewed the dockets of Paul Denton of A. Faber & Partners Inc., the Receiver. I confirm that the first reference to LHR in the A. Faber & Partners Inc. invoices is dated March 31, 2015. A review of all other noted follow ups prior to March 31, 2015 confirms that Mr. Denton did not speak with LHR prior to

my meeting with Andrew Malim or prior to the signing of the Confidentiality Agreement of March 12, 2015 between LHR and BLIG or prior to the provision of the extensive and voluminous confidential information to LHR by BLIG pursuant to the March 12, 2015 ND/Confidentiality Agreement or prior to the provision of the material to LHR representatives by BLIG which LHR accessed on March 14, 2015.

147. The first noted dealings of the Receiver with Andrew Malim were more than a month after I met with Andrew Malim of LHR. Paul Denton's first reference to following up with interested parties, including LHR is April 01, 2015. Mr. Denton docketed in the Invoice no. 11890 dated July 15, 2015 of Farber Financial Group[17]:

> "04/01/2015 ... follow up contact with interested parties including Legacy Hill."

Clearly this contact was not initiated by Paul Denton solely as a Receiver but rather in response to my contacting the Receiver and disclosing BLIG's entering into a business relationship between BLIG and LHR as evidenced by the Confidentiality Agreement of March 12, 2015.

[17] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B

148. As well, I note in Mr. Denton's docket that:

> "co-ordinate access to the limited data room for Legacy Hill Resources Limited"

was not completed until BLIG had provided all of the confidential information to LHR in response to LHR's request to BLIG and the NDA/CA.

149. As well, I note that the actual provision of information to LHR by the Receiver was not completed until April 14, 2015.

150. The docket of Farber Financial Group, Invoice No. 11890 dated July 15, 2015[18], the Receiver makes clear that on April 15, 2015 he completed the following notation:

> "04/15/2015 Liaise with Legacy Hill; draft and provide update e-mail to SL and legal counsel; call with H Wetelainen to review Legacy Hill interest and status; update P Crawley."

151. The docket of Farber Financial Group, Invoice No. 11890 dated July 15, 2015[19], the Receiver on April 16, 2015 reflects the following entry of Paul Denton:

> "04/16/2015 Call with H Wetelainen re: Legacy Hill due diligence and planned attendance; e-mail information to Legacy Hill."

[18] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B

[19] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B

152. Further on April 20, 2015, Mr. Crowley of the Receiver's office, in the Farber Financial Group, Invoice No. 11890 dated July 15, 2015[20] references a conference call with LHR and Jay Mackie (of BLIG) to observe due diligence process. Jay Mackie was acting on behalf of BLIG and LHR at all times.

153. The above noted docket entries, as well as the docket entries of July 23, 24 and 27, 2015 of the Receiver, contained in the Farber Financial Group, Invoice No. 11890 dated July 15, 2015[21] clearly indicate that the Receiver was liaising with both LHR on due diligence information requests and Jay Mackie of BLIG.

> "04/23/2015 Liaison with JM; liaison with HW; call with legal counsel J Salmas to update on developments; liaise with Legacy Hill; call with Devin Cranston at the MNDM; draft and provide confirmatory e-mail; update SM.
>
> 04/24/2015 Liaise with Legacy; update P Crawley; review and prepare for the third report.
>
> 04/27/2015 Liaise with Legacy on due diligence information requests; liaise with J Mackie; review of matters with P Crawley."

154. The dockets of the Receiver contained in the Farber Financial Group, Invoice No. 11890 dated July 15, 2015[22] make clear that from April 10, 2015 that the Receiver continually liaised with Jay Mackie and myself, both representatives of the Respondent, BLIG.

---

[20] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B

[21] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B

[22] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B

155. The dockets of the Receiver contained in the Farber Financial Group, Invoice No. 11890 dated July 15, 2015[23] provide further examples of the Receiver's role, such as the docket entries of April 30, 2015 where the Receiver's representative attended a conference call with LHR and myself.

> "04/30/2015 "... conference call with HW and Legacy."

156. Further, the docket entry of the Receiver contained in the Farber Financial Group, Invoice No. 11890 dated July 15, 2015[24] also evidences on May 22, 2015 the Receiver docketed:

> "05/22/2015 Preparation for and participate on call with Legacy Hill; review of matters after call with legal counsel J Salmas; liaise further with A Malim of Legacy Hill; liaise with and update SL; liaise with H Wetelainen and J Mackie on scheduled visit.".

157. The docket entry of the Receiver contained in the Farber Financial Group, Invoice No. 11890 dated July 15, 2015[25] on May 26, 2015 references updating Henry Wetelainen and Jay Mackie.

---

[23] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B
[24] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B
[25] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B

158. The docket entries of Paul Denton, the Receiver contained in the Farber Financial Group, Invoice No. 11890 dated July 15, 2015[26] makes very clear that from May 26, 2015 until May 27, 2015, the Receiver worked with LHR in order to determine a draft Term Sheet, as well as Letter of Intent (LOI). At this time the Receiver continued to work with me as representative for BLIG in conjunction with LHR.

159. HEAD OF TERMS DOCUMENT -- This was completed at the same time that the Receiver continued to update Jay Mackie and myself, of the Respondent BLIG. This was not disclosed to me by the Receiver.

**Bending Lake Iron Group Limited's Request and Confirmation of a Three Year Extension to Complete the Federal Environmental Assessment on the Josephine Cone Mine Project:**

160. The docket entries of Paul Denton, the Receiver contained in the Farber Financial Group, Invoice No. 11890 dated July 15, 2015[27] set outs that on June 01, 2015, Paul Denton docketed a review of correspondence from R. MacRae regarding CEAA Environmental Assessment extension.

161. I confirm that on May 19, 2015, Robert MacRae as Vice President Sustainable Development, BLIG received correspondence authored by Anjala Puvananathan, Regional Director, Ontario Region, Canadian Environmental

[26] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B
[27] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B

Assessment Agency notifying BLIG that the agency would terminate the Environmental Assessment for the Josephine Cone Mine Project if a response was not received by June 05, 2015. I attach a copy of the correspondence dated May 19, 2015 as **Exhibit "30"** to this my Affidavit.

162. On June 01, 2015 Robert MacRae wrote the Receiver confirming that he continued to be the Vice President of Sustainable Development and as such he continued to provide his services to BLIG. Robert MacRae provided the Receiver with a draft copy of correspondence from BLIG dated June 04, 2015 to Anjala Puvananathan, Canadian Environmental Assessment Agency, to approve the letter as to form and content so that it may be forwarded immediately. I attach a copy of the correspondences of June 01, 2015 and June 04, 2015 as **Exhibit "31"** to this my Affidavit.

163. Clearly, Robert MacRae was informing the Receiver of the continued efforts of BLIG.

164. On June 04, 2015, the Receiver wrote to the Canadian Environmental Assessment Agency confirming that they had received the letter of May 19, 2015 and confirming that the Receiver is in agreement with BLIG's request for an extension of the Environmental Impact Statement Guidelines for the Josephine Cone Mine Project for a period of three years. Clearly, this evidences that the Receiver was attempting to continue the involvement of BLIG and BLIG management in going forward with the due diligence. At the same time, it appears that the Receiver was having discussions with LHR that were not being

properly disclosed to counsel for BLIG or to the BLIG team members. The Receiver failed to disclose their actions when they had the opportunity to do so, in that continued Environmental Assessment in the face of an "assets only" purchase would terminate the Environmental Assessment given that the Federal Environmental Assessment was filed by BLIG. I enclose a copy of the correspondence of Paul Denton dated June 04, 2015 as **Exhibit "32"** to this my Affidavit.

165. As confirmed in the above noted letter of June 04, 2015 from BLIG which was forwarded to Anjala Puvananathan, Canadian Environmental Assessment, Agency, there continued to be ongoing interaction with various First Nation communities with respect to the continuation of the development of the Josephine Cone Mine Project with the correlated Environmental Assessment requirements. This clearly evidences my effort on behalf of BLIG in conjunction with LHR. The Receiver received a copy of this correspondence, and I note that on page 2, it confirmed to the Receiver once again that:

> "The management of Bending Lake Iron Group has been working comprehensively with the receiver with a review of restructuring the financial aspects of the project. As of this date, the Environmental Impact Statement Guidelines remain very current and applicable to the development."

The Receiver was also made aware that:

> "With respect to the "*Establishing Timelines for Comprehensive Studies Regulations*" it is the intent of Bending Lake Iron Group Limited to continue the Environmental Assessment of the Josephine Cone Mine Project which at this point in time includes ongoing consultations with Wabigoon First Nation. You will note from the Josephine Cone Mine Project description that the site of the mine is located in an area that the Wabigoon First Nation claims as traditional territory. Accordingly, the paramount interactions and discussion continue with the Wabigoon First Nation, its members and council."

The Receiver was also made aware of:

> "I also anticipate that the Bending Lake Iron Group Limited will emerge from the present receivership with renewed finances that will permit an expansion of the continuation of the overall involvement in the Environmental Assessment presently underway with respect to the Josephine Cone Mine Project."

166. On June 26, 2015 the Canadian Environmental Assessment Agency representative, Anjala Puvananathan, confirmed that the Environmental Impact Statement Guidelines were extended for a period of three years until June 28, 2018. I attach a copy of the correspondence dated June 26, 2015 as **Exhibit "33"** to this my Affidavit.

167. The above noted documentation makes very clear that the Receiver was very much aware of BLIG's efforts to continue with the Environmental Assessment on the Josephine Cone Mine site. At no time did the Receiver disclose to me that the Receiver was now holding secret discussions with LHR when in fact LHR was working with BLIG as disclosed in the documents referenced throughout this Affidavit and in particular the Confidentiality Agreement (Reciprocal Non-Disclosure) of March 12, 2015.

168. This action by counsel for BLIG was entirely self serving for the benefit of BLIG and subsequently LHR. The Receiver's Order did not require such action but I instructed Robert MacRae to work at obtaining the 3 year extension because we were working with LHR and we needed to keep the Environmental Assessment process continuing and current to continue, both before and after the refinancing.

169. The Federal Environmental Assessment was the property of BLIG and a continuation of the Environmental Assessment would require the ongoing involvement of the Josephine Cone Mine Project as set out by the Application for the Environmental Assessment that being BLIG. I understood as a result of the permission from the Receiver to continue with this process that LHR and BLIG were continuing to work towards an agreement with the Receiver with respect to the refinancing of the Josephine Cone Mine Project.

170. I note on reviewing the Farber Financial Group, Invoice No. 12000 dated September 29, 2015[28] with respect to BLIG for the time period of July 03, 2015 through to and including August 21, 2015 that beginning on July 03, 2015 and continuing throughout this time period, the docket entries clearly evidence the Receiver's involvement with LHR, Jay Mackie and I. This is the time period that BLIG was working diligently with LHR pursuant to our commitment to LHR and also liaising with the Receiver.

**Subsequent Plan for Second Follow Up Visit to Josephine Cone Mine Site:**

171. Paul Denton, the Receiver wrote to me by email on July 03, 2015 2:20 PM indicating that the Receiver had been liaising with LHR in terms of next steps through late June 2015 and that "earlier this week June 30" that LHR indicated they:

> "wished to undertake a second trip of which the general outline is set out below":
>
> Would
>
> - travel to Canada around July 30
> - be more of a technical trip
> - be a team of 4 to 5
> - like to meet with you and have access to the mine"

[28] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B

The Receiver also confirmed the following:

> "They believe once they have completed this round of due diligence they can formulate a firm proposal/offer."

This clearly indicates that the Receiver understood that LHR was working in conjunction with BLIG.

172. On July 07, 2015 6:11:15 PM the Receiver responded by email to myself and Andrew Malim, as co-recipient, which reflected the Receiver's understanding of the relationship between BLIG and LHR. The Receiver referenced the conversations that he had had with both Andrew Malim and myself about LHR proposed 2nd due diligence trip scheduled for around July 30, 2015. Very clearly the Receiver understood that I was working with Andrew Malim on the logistics and in fact, specifically stated in the email:

> " ... the Receiver is fine with the parties liaising directly for itinerary and planning purposes. Happy also that you copy us but do not wish to impede matters either."

I enclose a copy of the email exchange dated July 03, 2015 2:20 PM to July 07, 2015 6:11:15 PM as **Exhibit "34"** to this my Affidavit.

173. It is apparent that the docket entries of July 03, 2015, July 07, 2015, July 13, 2015 and July 15, 2015, the Farber Financial Group, Invoice No. 12000 dated September 29, 2015[29] evidence that the Receiver continued to deal with both myself and Jay Mackie.

> "07/03/2015 Review of matters with P Crawley; review current status of Legacy Hill negotiations and due diligence; call HW; provide update to SL.
>
> 07/07/2015 Liaise with Andrew Malim of Legacy Hill; draft and provide email to HW and Legacy Hill regarding the 2nd trip; call Jay Mackie.
>
> 07/13/2015 Follow up J Mackie, Andrew Malim; call from interested party in BC.
>
> 07/15/2015 Call with Jay Mackie; draft and provide e-mail to Andrew Malim of Legacy Hill and Jay Mackie."

174. At this time I understood clearly that the relationship between LHR and BLIG continued as pursuant to the Confidentiality Agreement (Reciprocal Non-Disclosure) dated March 12, 2015, as well as various correspondences and emails that had been exchanged between the parties was continuing. As well, we had continued on behalf of BLIG to provide confidential information directly to LHR and permitted LHR to continue the review of the confidential information that had been provided to LHR on March 14, 2015 by way of Dropbox.

[29] Motion Record of the Applicant dated November 30, 2015, Affidavit of Paul Denton sworn November 30, 2015, Tab 3B

175. Of note, the material that we provided on March 14, 2015 to LHR by way of Dropbox was able to be accessed only by LHR. I am told by Dawn McKay that pursuant to the Confidentiality Agreement (Reciprocal Non-Disclosure) dated March 12, 2015 BLIG did not seek to restrict the ability of LHR to copy or access all of the confidential information contained in Dropbox.

176. On August 11, 2015 11:24:27 AM the Receiver forwarded an update with respect to this matter. The Receiver wrote to Jay Mackie and I and stated the following:

> "By way of update, Legacy Hill still appear to be deliberating at some length with its investor group and at this time, a stage II due diligence trip to attend the mine and undertake other due diligence up at Thunder Bay has been pushed off. At this time they have provided no indication of when that follow up trip might occur. When there is something definitive we will advise."

This is clearly intended to keep Jay Mackie and I in the "loop". As my Affidavit makes clear all representatives of BLIG participated in all levels of discussions and evidenced great co-operation with the Receiver. The docket entries of Faber Financial Group; however, tell a very different story. I enclose a copy of the email of August 11, 2015 11:24:27 AM as **Exhibit "35"** to this my Affidavit.

177. When the Receiver was speaking with representatives of LHR in July, August and September of 2015, LHR had access to all of the confidential information that the Receiver had not requested and was not in possession of.

178. As previously stated in this Affidavit at no time did a representative of the Receiver indicate that they were having secret discussions with LHR regarding an assets only purchase.

179. The Receiver knew or ought to have known that BLIG should have received notice of this change in that the Receiver has a fiduciary duty to all stakeholders, not just the secured lender.

180. This Affidavit is to support a motion seeking various Orders from the Court. The Orders being sought from the Court will ensure that all of the creditors, shareholders, stakeholders and affected Aboriginal communities be given an appropriate period of time pursuant to Court Order to permit BLIG to complete the Corporate requirement for the purpose of providing the creditors, shareholders, stakeholders and affected Aboriginal communities to invest in Special Shares in BLIG in order to retire the debt that Stuart Livingston has agreed to reduce to the amount as reflected in the Assets Purchase Agreement.

181. There are many steps that need to be taken; however, they can be taken effectively and expeditiously by our counsel, Robert MacRae and he has indicated that he will do so as part of the Special Share issuance process.

182. None of the funds obtained by BLIG with respect to the Special Shares will be delivered to BLIG but rather if this Court sees fits will be delivered to a solicitor of choice determined between BLIG and the Receiver. These funds will be held in escrow and will only be released once the Corporate documentation is permitted.

183. Once the monies are obtained by BLIG by way of the issuance of special shares shall be paid to the Receiver in an amount identical to the amount that LHR has improperly and in violation of its fiduciary duty put forward to the Receiver.

184. The net result of the successful refinancing of BLIG will be that all of the shareholders will have their share value protected and BLIG will be required to deal with unsecured creditors in a fair fashion. At all times during the financing proceedings with LHR, I anticipated that there would be a compromise with respect to the amount of debt owed to the Applicant. I alone was unable to obtain any reduction in the amount of the debt owed to the Applicant given my relationship with Stuart Livingston. I was; however, confident as disclosed throughout this Affidavit by way of my relationship with LHR that funds would be advanced to retire a compromised value owed to the Applicant.

**My Efforts to Continue With the Josephine Cone Mine Project:**

185. The following allegations contained in paragraph 35 of the Third Report of the Receiver dated November 30, 2015 are categorically false:

> "Those discussions included discussions with Mr. Wetelainen. Mr. Wetelainen communicated to the Receiver that he had canvassed various parties, including other shareholders, and he could not raise sufficient funds nor capital to submit a proposal."

186. On the contrary, I worked diligently and tirelessly from March 03, 2015 to ensure that all necessary confidential information was provided to LHR. I indicated to the Receiver when I informed the Receiver of my work with LHR in April of 2015 that LHR and BLIG were working together to determine if a proposal for refinancing could be made to the Receiver on behalf of BLIG and LHR. I attach a copy of an email authored by the Receiver that clearly indicates that I was working with LHR and that the Receiver clearly knew this as well.

187. At all times I have acted in good faith with both LHR and the Receiver. I have in utmost good faith in transactions with both LHR and the Receiver. I acted in good faith on behalf of BLIG, as well as on behalf of its creditors, shareholders, stakeholders and affected Aboriginal communities.

188. Evidence of my good faith is my complete participation in working with LHR and the disclosure of all confidential information to LHR that belonged to BLIG, as well as to myself, Dawn McKay and Jay Mackie.

189. At all times, I acted in good faith negotiations with both LHR and the Receiver.

190. My Affidavit evidences my continuous acts of good faith including attending at meetings when I was requested to do so, providing confidential information to LHR, and meeting with the Receiver.

191. It is my belief based upon a review of the dockets of Farber Financial Group that show the various meetings between the Receiver and LHR that both LHR and the Receiver have not acted in good faith with a view to providing BLIG any notice of the change in circumstances that have led to the disastrous agreement that will wipe out millions of dollars of shareholder value, creditor obligation, obligations to stakeholders and various Aboriginal communities.

192. At no time did I indicate to the Receiver that I could not raise sufficient funds or capital to submit a proposal. As I have stated in this Affidavit, I never considered submitting a proposal that did not ensure the continuation of BLIG for the benefit of its creditors, shareholders, stakeholders and affected Aboriginal communities.

193. It is my evidenced and stated intention to continue to work towards the development of the Josephine Cone Mine Project on behalf of BLIG and its creditors, shareholders, stakeholders and affected Aboriginal communities. All of my activities to date have been for this purpose and I will not participate in an "assets only" purchase. It is unfair to all of the parties who have worked so hard to make the Josephine Cone Mine Project a reality.

194. BLIG has approximately 160 shareholders and approximately 33,500,000 shares issued and outstanding.

195. The directors, officers, management and prior directors and officers of BLIG hold approximately 19,000.000 shares of BLIG, representing approximately 50 percent of the issued and outstanding shares of BLIG.

196. I categorically state that I have only worked on behalf of BLIG in this process to ensure that all affected parties are benefitted by the refinancing of BLIG. If permitted to continue to work on behalf of BLIG, I will dedicate my continued efforts to working with our counsel, Robert MacRae and the Court to fashion a process whereby all of the creditors, shareholders, stakeholders and affected Aboriginal communities will be afforded the opportunity to make the Josephine Cone Mine Project a project that we can all hold out as an example of a co-operative success.

197. I make this Affidavit in support of a Motion and for no improper purpose.

**SWORN BEFORE ME** at the City of Thunder Bay, in the District of Thunder Bay on December 17, 2015

Commissioner for Taking Affidavits
*(or as may be)*

**HENRY WETELAINEN**

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

This is Exhibit "1" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Dawn McKay <dmckay@bendinglakeiron.com>
**Sent:** Monday, December 14, 2015 1:36 PM
**To:** Rob MacRae
**Subject:** FW: Conference Call Invitation

another email from Andrew saying,...."we can speak the same language"
D

**From:** Andrew Malim [mailto:amalim@legacyhillresources.com]
**Sent:** Thursday, February 05, 2015 4:45 PM
**To:** Dawn McKay
**Subject:** Re: Conference Call Invitation

Hello Dawn
Let me come back to you to confirm.
2 of my partners are overseas right now but I will confirm asap.
We are looking forward to looking at ways we can work together.
We are confident, based on our iron ore operation on Chile which we own and manage, we can at least speak the same language.
**Kind regards**
**Andrew**

**Andrew Malim**
Director – Project Development and Finance

Legacy Hill Resources

**Legacy Hill Resources Ltd.**
12 Melcombe Place
London, NW1 6JJ
**Direct Tel:** +44 207 148 1293
**Reception:** +44 203 367 1228
**Mob:** +44 7768 004 809
**Email:** amalim@legacyhillresources.com;
www.legacyhillresources.com

**CONFIDENTIALITY AND DISCLAIMER STATEMENTS**

This email transmission (including any attachments to it) is strictly confidential and may be legally privileged. This email is intended solely to be received by the person(s) or organisation(s) to whom it is addressed. If you are not the intended recipient of this email, retaining, using, disseminating, distributing, copying or taking any actions in reliance upon any information or documents contained in it is strictly prohibited and will constitute a breach of confidentiality. If you have received this email in error, please reply to the sender immediately to inform us and delete it.

Any statements, views or opinions contained in this email are personal to the sender except where the sender expressly states these are attributable to Legacy Hill Resources Limited (LHR) or any company in Legacy Hill Resource's group.

Please note that internet email is not a 100% secure communications medium. Further, any material originated by LHR and transmitted to you via a third party should be verified by reference to material obtained directly from LHR. Although we have taken steps to ensure that this e-mail and attachments are virus-free at the point of departure, the recipient should check that they are virus-free upon receipt and we do not accept liability for any damage so caused.

This is Exhibit "2" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

On 5 Feb 2015, at 19:32, Dawn McKay <dmckay@bendinglakeiron.com> wrote:

Good Morning Andrew,

My name is Dawn MacKay. I am the Chief Administrative Officer with the Bending Lake group of companies. I've been asked by our President & Chief Executive Officer, Henry Wetelainen to send you a note saying, "he was pleased to make your acquaintance and looks forward to having further discussions on our iron project". We are excited you've offered to meet with members of our project team during the Prospectors and Developers Conference coming up in March of 2015 and would like to know if there are specifics you would like to discuss in preparation for the meeting.

If you would like to join us for a conference call with a few members of our project implementation team, namely Henry, me, Jay Mackie our Chief Operating Officer, Rob MacRae VP Sustainable Development and Jack Falkins Executive Coordination Manager, we could provide you with information on our work-to-date, learn more about your interest and ideas going forward and identify agenda items for the March meeting.

I'd like to suggest having the conference call at 9:30 am on February 11th, 12th or 13th. If you are amenable to having the conference call and would like to confirm your availability, I will forward on our Accutel dial-in conference call numbers.

Respectfully,

Dawn MacKay
Chief Administrative Officer
Bending Lake Iron Group Ltd.
201 Hardisty Street
Thunder Bay, ON P7C 3G8
Phone: (807) 622-4707
Fax: (807) 285-5365
Cel: (807) 252-4707

*CONFIDENTIAL & PRIVILEGED E-MAIL MESSAGE. The information contained in this email is a confidential message to be read only by the recipient or recipients named above. Information in this message may be subject to legal privilege. If you are not a named recipient, you must not read, copy or otherwise use the contents of this message. Any unauthorized use may be the subject of legal proceedings against you. If you have received this message in error, please delete the e-mail and notify us immediately by replying to the message or by telephoning 807 622-4707.*

This is Exhibit "3" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Saturday, December 12, 2015 2:29 PM
**To:** Rob MacRae
**Subject:** Fwd: Our Meeting

Sent from my iPhone

Begin forwarded message:

> **From:** Andrew Malim <amalim@legacyhillresources.com>
> **Date:** March 10, 2015 2:25:47 PM EDT
> **To:** Henry Wetelainen <henry@bendinglakeiron.com>
> **Subject: Re: Our Meeting**
>
> Do I need to sign NDA? Otherwise lets start to get into the data. Best Andrew
>
> Sent from my iPhone
>
> On 10 Mar 2015, at 17:49, Henry Wetelainen <henry@bendinglakeiron.com> wrote:
>
> > Hello Andrew Good hear you a plan for development in Ontario I look forward to working with you Henry
> >
> > Sent from my iPhone
> >
> > On Mar 10, 2015, at 12:11 PM, "Andrew Malim" <amalim@legacyhillresources.com> wrote:
> >
> > > Dear Henry
> > > A pleasure to meet you at PDAC.
> > > We are planning a long term management and financing program in Ontario with the full support of the Ministry of Northern Development and Mines.
> > > We would be pleased to work with you to fund and develop your family property.
> > > We understand that the company is in receivership but with goodwill and understanding on all sides, we can come up with a workable solution, I am sure.
> > > We would like to review the historic data.
> > >
> > > Do you have a generic NDA?
> > >
> > > I attach our NDA if
> > > <LHR NDA_.docx>
> > > it works for you.

I look forward to hearing from you.

Kind regards Andrew

**Andrew Malim**
Director – Project Development and Finance

<PastedGraphic-1.tiff>

**Legacy Hill Resources Ltd.**
12 Melcombe Place
London, NW1 6JJ
**Direct Tel:** +44 207 148 1293
**Reception:** +44 203 367 1228
**Mob:** +44 7768 004 809
**Email:** amalim@legacyhillresources.com;
www.legacyhillresources.com

**CONFIDENTIALITY AND DISCLAIMER STATEMENTS**

This email transmission (including any attachments to it) is strictly confidential and may be legally privileged. This email is intended solely to be received by the person(s) or organisation(s) to whom it is addressed. If you are not the intended recipient of this email, retaining, using, disseminating, distributing, copying or taking any actions in reliance upon any information or documents contained in it is strictly prohibited and will constitute a breach of confidentiality. If you have received this email in error, please reply to the sender immediately to inform us and delete it.

Any statements, views or opinions contained in this email are personal to the sender except where the sender expressly states these are attributable to Legacy Hill Resources Limited (LHR) or any company in Legacy Hill Resource's group.

Please note that internet email is not a 100% secure communications medium. Further, any material originated by LHR and transmitted to you via a third party should be verified by reference to material obtained directly from LHR. Although we have taken steps to ensure that this e-mail and attachments are virus-free at the point of departure, the recipient should check that they are virus-free upon receipt and we do not accept liability for any damage so caused.

This is Exhibit "4" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**STRICTLY PRIVATE & CONFIDENTIAL**

# CONFIDENTIALITY AGREEMENT

**Agreement Reference:**

# STRICTLY PRIVATE & CONFIDENTIAL

## CONFIDENTIALITY AGREEMENT

between

and

**Legacy Hill Resources Limited** of 5 The Porticos, 374-385 Kings Road, London SW3 5UW United Kingdom

**WHEREAS**

The parties are together engaged in discussions regarding a management, technical advisory, and financial arrangement to be defined (the "Project") during which either party ("the Discloser") may disclose Confidential Information (as defined below) to the other party ("the Recipient"). In order to adequately protect each party's Confidential Information, the parties wish to conclude a written agreement between them setting out their obligations of confidentiality.

**AGREEMENT**

This Confidentiality Agreement (the "Agreement") is entered into with respect to maintaining the confidentiality of certain information and material (in any form whether physical or electronic), including but not restricted to geological and exploration data, pre-feasibility and feasibility studies, strategic planning, acquisitions, production forecasts, sales, costs and capital expenditure, profits/losses and any financial, technical or other information which is not in the public domain or is confidential or propriety in nature to the Discloser and which may be disclosed to the Recipient by the Discloser including the fact that discussions and negotiations are taking place concerning the Project and the status of those discussions and negotiations ("Confidential Information").

In consideration of the benefits to be mutually conferred upon the parties by the disclosure of the Confidential Information (each of which acknowledges is of valuable and sufficient consideration), the parties hereby agree as follows:

1. the Recipient will maintain a secret and confidential status for any and all Confidential Information and all information subsequently developed from the Confidential Information and from discussions with officers and employees of the Discloser or its affiliated companies as well as its advisors or any third party who has disclosed the Confidential Information to the Recipient on behalf of the Discloser.
2. the Recipient will keep the Confidential Information physically and electronically secured with the same degree of care as it keeps its own proprietary and confidential information and shall procure that only authorised persons who are themselves subject to obligations of confidentiality to the Recipient and are required on a "need to know" basis have access to the Confidential Information.
3. except for the purpose of considering or executing a business transaction between the Discloser and the Recipient, the Recipient will not make any use of the Confidential Information for its own use or commercial purposes or in any way to the prejudice of the Discloser or any other party on whose behalf the Confidential Information has been disclosed and the Recipient shall not directly or indirectly disclose or make available the Confidential Information to any other person for any use, except as permitted hereunder.
4. the Recipient shall keep all Confidential Information confidential and not release the same to any third party, except upon the prior written consent of the Discloser. The following information, however, shall not be considered Confidential Information:

4.1 Information which, at the time it is obtained by the Recipient under this Agreement, is part of the public domain by publication or otherwise (excepting when such information is in the public domain as a result of a breach of this Agreement);

4.2 Information which the Recipient can show was already in its possession without a binder of secrecy at the time it was obtained under this Agreement;

4.3 Information which, subsequent to being obtained under this Agreement, and without fault of the Recipient becomes part of the public domain by publication or otherwise;

4.4 Information which is required to be disclosed under applicable law or other regulatory authority or by a governmental order, decree, regulation or rule, including to meet the obligations of any Stock Exchange or Listing Authority in which case, save where the Recipient may not give advanced notice of disclosure under any anti "tipping-off" provision, the Recipient shall consult with the Discloser in advance of such disclosure and the Recipient shall take due account of all reasonable requirements and requests of the Discloser in respect of the Confidential Information to be disclosed;

4.5 Information which is received independently from a third party that has the right to disseminate such information otherwise than pursuant to a duty of confidentiality at the time it is received by the Recipient; and/or

4.6 Information that the parties agree in writing is not confidential or may be disclosed.

5. The Recipient may, provided that the Recipient has reasonable grounds to believe that the Discloser is involved in activity which may constitute a criminal offence under the Bribery Act 2010, disclose Confidential Information to the Serious Fraud Office without first notifying the Discloser of such disclosure.

6. At the request of the Discloser, the Recipient will promptly return all Confidential Information provided to it by the Discloser (including all copies thereof and all documents incorporating the Confidential Information) or verifiably confirm the Confidential Information as having been deleted or destroyed. Notwithstanding the foregoing, the Discloser specifically acknowledges and agrees that the Recipient shall be entitled to retain, provided it continues to hold as confidential and not make any unauthorised use of, any documents (draft and final) produced by it which may contain the Confidential Information or a part of it to meet any mandatory legal or regulatory requirement, for audit and/or compliance purposes and as required by its insurers for the proper defence of any potential legal proceedings; Confidential Information that is contained within board or board committee minutes and papers, legal advice or other papers subject to legal professional privilege; and that portion of Confidential Information contained in computer records or files containing Confidential Information which have been created pursuant to automatic archiving and back-up procedures and which cannot be reasonably deleted.

7. The Discloser warrants that it has the right to disclose the Confidential Information to the Recipient and to authorise the Recipient to use the Confidential Information for the purposes of this Agreement.

8 Neither party shall be liable for loss of profits; loss of business; depletion of goodwill; loss of anticipated savings; loss of goods; loss of contract; loss of use; or loss or corruption of data or information or any indirect, special, consequential, punitive or exemplary losses or damages.

9. This Agreement shall take effect from the date that both parties sign this Agreement unless another date is otherwise specified.

10. The obligations of this Agreement shall continue for 2 (two) years from the date of the last disclosure of Confidential Information under this Agreement unless the Discloser expressly releases the Recipient earlier or until these confidentiality obligations are superseded in a further agreement between the parties.

11. Each party reserves all rights in its Confidential Information. No rights, including but not limited to intellectual property rights, in respect of a party's Confidential Information are granted to the other party and no obligations are imposed on the Discloser other than those expressly stated in this Agreement.

12. This Agreement sets forth the entire understanding and agreement of the parties with regard to the subject matter covered herein and supersedes all prior agreements, arrangements and understanding related thereto. None of the agreements set forth herein may be amended,

modified, superseded, added to or cancelled except by written instrument which specifically states that it amends such specified agreement, executed by an authorised officer of each entity to be bound by such amendment.

13. The parties agree that entering into this Agreement and disclosing and receiving Confidential Information will not commit either party to enter into any further contract in connection with the Project.

14. Neither party shall make, or allow any person to make any public announcement about this Agreement without the other party's prior written consent except as required to be disclosed under applicable law or other regulatory authority or by a governmental order, decree, regulation or rule, including to meet the obligations of any Stock Exchange or Listing Authority. In the event that the Recipient is required to make an announcement concerning this Agreement or make a disclosure of the Confidential Information as required by law or any governmental or regulatory authority, the Recipient, shall to the maximum extent permitted by law, notify the Discloser immediately of the required announcement or disclosure. The Recipient shall use all reasonable endeavours to ensure that only the portion of this Agreement or Confidential Information to be disclosed is that which is legally required to be disclosed and shall take into account all reasonable requests and requirements of the Discloser in respect of the Confidential Information to be disclosed.

15. Nothing in this Agreement is intended to, or shall be deemed to, establish any partnership or joint venture between any of the parties, constitute any party to be the agent of another party, or authorise any party to make or enter into any commitments for, or on behalf of, any other party.

16. The parties to this Agreement do not intend that any of its terms will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person not a party to it.

17. In the event that any of the terms of this Agreement are found to be invalid, unlawful or unenforceable, such terms will be severable provided that the remaining provisions shall remain of full force and effect. If any invalid term is capable of amendment to render it valid, the parties agree to negotiate an amendment to remove the invalidity.

18. This Agreement shall be governed and construed in accordance with the laws of England and Wales and the parties irrevocably submit to the exclusive jurisdiction of the courts of England and Wales for the purpose of hearing and determining any action or proceedings or settling any disputes related to it.

# EXECUTION PAGE

**AGREEMENT NUMBER:** [Title]

**EXECUTED** as an Agreement by the following authorised officers of each the parties on the dates stated below.

| | |
|---|---|
| **Andrew Malim Director** | **[Name], [Title]** |
| For and on behalf of:<br>**Legacy Hill Resources Limited**<br>by an authorised signatory | For and on behalf of<br>**[Full legal name of other party]**<br>by an authorised signatory |
| **Date:** | **Date:** |

INTENTIONALLY BLANK

This is Exhibit "5" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners,
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Saturday, December 12, 2015 2:29 PM
**To:** Rob MacRae
**Subject:** Fwd: Our Meeting

Sent from my iPhone

Begin forwarded message:

> **From:** Andrew Malim <amalim@legacyhillresources.com>
> **Date:** March 10, 2015 2:25:47 PM EDT
> **To:** Henry Wetelainen <henry@bendinglakeiron.com>
> **Subject: Re: Our Meeting**
>
> Do I need to sign NDA? Otherwise lets start to get into the data. Best Andrew
>
> Sent from my iPhone
>
> On 10 Mar 2015, at 17:49, Henry Wetelainen <henry@bendinglakeiron.com> wrote:
>
> > Hello Andrew Good hear you a plan for development in Ontario I look forward to working with you Henry
> >
> > Sent from my iPhone
> >
> > On Mar 10, 2015, at 12:11 PM, "Andrew Malim" <amalim@legacyhillresources.com> wrote:
> >
> > > Dear Henry
> > > A pleasure to meet you at PDAC.
> > > We are planning a long term management and financing program in Ontario with the full support of the Ministry of Northern Development and Mines.
> > > We would be pleased to work with you to fund and develop your family property.
> > > We understand that the company is in receivership but with goodwill and understanding on all sides, we can come up with a workable solution, I am sure.
> > > We would like to review the historic data.
> > >
> > > Do you have a generic NDA?
> > >
> > > I attach our NDA if
> > > <LHR NDA_.docx>
> > > it works for you.

I look forward to hearing from you.

Kind regards Andrew

**Andrew Malim**
Director – Project Development and Finance

<PastedGraphic-1.tiff>

**Legacy Hill Resources Ltd.**
12 Melcombe Place
London, NW1 6JJ
**Direct Tel:** +44 207 148 1293
**Reception:** +44 203 367 1228
**Mob:** +44 7768 004 809
**Email:** amalim@legacyhillresources.com;
www.legacyhillresources.com

**CONFIDENTIALITY AND DISCLAIMER STATEMENTS**

This email transmission (including any attachments to it) is strictly confidential and may be legally privileged. This email is intended solely to be received by the person(s) or organisation(s) to whom it is addressed. If you are not the intended recipient of this email, retaining, using, disseminating, distributing, copying or taking any actions in reliance upon any information or documents contained in it is strictly prohibited and will constitute a breach of confidentiality. If you have received this email in error, please reply to the sender immediately to inform us and delete it.

Any statements, views or opinions contained in this email are personal to the sender except where the sender expressly states these are attributable to Legacy Hill Resources Limited (LHR) or any company in Legacy Hill Resource's group.

Please note that internet email is not a 100% secure communications medium. Further, any material originated by LHR and transmitted to you via a third party should be verified by reference to material obtained directly from LHR. Although we have taken steps to ensure that this e-mail and attachments are virus-free at the point of departure, the recipient should check that they are virus-free upon receipt and we do not accept liability for any damage so caused.

This is Exhibit "6" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Saturday, December 12, 2015 2:29 PM
**To:** Rob MacRae
**Subject:** Fwd: Our Meeting

Sent from my iPhone

Begin forwarded message:

**From:** Andrew Malim <amalim@legacyhillresources.com>
**Date:** March 10, 2015 2:25:47 PM EDT
**To:** Henry Wetelainen <henry@bendinglakeiron.com>
**Subject: Re: Our Meeting**

Do I need to sign NDA? Otherwise lets start to get into the data. Best Andrew

Sent from my iPhone

On 10 Mar 2015, at 17:49, Henry Wetelainen <henry@bendinglakeiron.com> wrote:

> Hello Andrew Good hear you a plan for development in Ontario I look forward to working with you Henry
>
> Sent from my iPhone
>
> On Mar 10, 2015, at 12:11 PM, "Andrew Malim" <amalim@legacyhillresources.com> wrote:
>
> > Dear Henry
> > A pleasure to meet you at PDAC.
> > We are planning a long term management and financing program in Ontario with the full support of the Ministry of Northern Development and Mines.
> > We would be pleased to work with you to fund and develop your family property.
> > We understand that the company is in receivership but with goodwill and understanding on all sides, we can come up with a workable solution, I am sure.
> > We would like to review the historic data.
> >
> > Do you have a generic NDA?
> >
> > I attach our NDA if
> > <LHR NDA_.docx>
> > it works for you.

I look forward to hearing from you.

Kind regards Andrew

**Andrew Malim**
Director – Project Development and Finance

<PastedGraphic-1.tiff>

**Legacy Hill Resources Ltd.**
12 Melcombe Place
London, NW1 6JJ
**Direct Tel:** +44 207 148 1293
**Reception:** +44 203 367 1228
**Mob:** +44 7768 004 809
**Email:** amalim@legacyhillresources.com;
www.legacyhillresources.com

**CONFIDENTIALITY AND DISCLAIMER STATEMENTS**

This email transmission (including any attachments to it) is strictly confidential and may be legally privileged. This email is intended solely to be received by the person(s) or organisation(s) to whom it is addressed. If you are not the intended recipient of this email, retaining, using, disseminating, distributing, copying or taking any actions in reliance upon any information or documents contained in it is strictly prohibited and will constitute a breach of confidentiality. If you have received this email in error, please reply to the sender immediately to inform us and delete it.

Any statements, views or opinions contained in this email are personal to the sender except where the sender expressly states these are attributable to Legacy Hill Resources Limited (LHR) or any company in Legacy Hill Resource's group.

Please note that internet email is not a 100% secure communications medium. Further, any material originated by LHR and transmitted to you via a third party should be verified by reference to material obtained directly from LHR. Although we have taken steps to ensure that this e-mail and attachments are virus-free at the point of departure, the recipient should check that they are virus-free upon receipt and we do not accept liability for any damage so caused.

This is Exhibit "7" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Saturday, December 12, 2015 2:29 PM
**To:** Rob MacRae
**Subject:** Fwd: Our Meeting

Sent from my iPhone

Begin forwarded message:

**From:** Andrew Malim <amalim@legacyhillresources.com>
**Date:** March 11, 2015 7:08:14 AM EDT
**To:** Henry Wetelainen <henry@bendinglakeiron.com>
**Cc:** Rajan Saradhi <dsrajan@legacyhillresources.com>, Nigel Pickett <npickett@legacyhillresources.com>
**Subject: Re: Our Meeting**

Henry. If you can let us have a data set please. Drop box or email is fine.
Out focus will be on historic development work including drilling, bulk sampling, met testing and environmental matters.
Also a copy of your PEA.
The land position is extensive so details of claims and claim ownership.
Finally a commentary on the creditor position.
If we come to a positive conclusion, it would be our intention to post a bid with the Administrator.
I understand he has granted a time extension.
If positive, we will discuss with you our proposed program and how we may be able to work together to complete what your family started 2 generations ago.
We are hopeful of a positive outcome for all of us.
Kind regards Andrew

**Andrew Malim**
Director – Project Development and Finance

Legacy Hill Resources

**Legacy Hill Resources Ltd.**
12 Melcombe Place
London, NW1 6JJ
**Direct Tel:** +44 207 148 1293
**Reception:** +44 203 367 1228
**Mob:** +44 7768 004 809
**Email:** amalim@legacyhillresources.com;
www.legacyhillresources.com

CONFIDENTIALITY AND DISCLAIMER STATEMENTS

This is Exhibit "8" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Dawn McKay <dmckay@bendinglakeiron.com>
**Sent:** Monday, December 14, 2015 1:35 PM
**To:** Rob MacRae
**Subject:** FW: NDA
**Attachments:** Bending Lake NDA.doc.pdf; ATT00001.htm

Here is the signed doc
D

**From:** Saradhi Rajan [mailto:dsrajan@legacyhillresources.com]
**Sent:** Thursday, March 12, 2015 11:26 AM
**To:** Dawn McKay
**Subject:** Re: NDA

# CONFIDENTIALITY AGREEMENT (RECIPROCAL NON-DISCLOSURE)

This ***CONFIDENTIALITY AGREEMENT / RECIPROCAL NON-DISCLOSURE*** **(the "Agreement")** is made and entered into as of this day of , 2015.

***BETWEEN***

**BENDING LAKE IRON GROUP LIMITED** Whose mailing address is 201 Hardisty Street, Thunder Bay, Ontario, Canada P7C3G8
(Hereinafter referred to as 'Bending Iron')

***AND***

**LEGACY HILL RESOURCES LIMITED** Whose mailing address is 5 The Porticos, 374-385 Kings Road, London SW3 5UW United Kingdom

(Hereinafter referred to as 'Legacy Hill')

Both Bending and Legacy Hill are individually referred to as 'Party' and collectively as 'Parties'.

**WITNESSES THAT:**

**WHEREAS** Bending Iron is an iron ore exploration company in Canada and Legacy Hill is an operator of mines, a creator of solutions for commodity sales and a provider of technical services, resident in the City of London England.

**AND WHEREAS** the Parties are are together engaged in discussions regarding a management, technical advisory, and financial arrangement to be defined (the "Project") during which either party ("the Discloser") may disclose Confidential Information (as defined below) to the other party ("the Recipient"). In order to adequately protect each party's Confidential Information, the parties wish to conclude a written agreement between them setting out their obligations of confidentiality. The Party disclosing the information shall be referred to as 'Disclosing Party' and the Party receiving the information shall be referred to as 'Receiving Party';

**AND WHEREAS** each party to this Agreement wishes the Disclosing Party to disclose its information and the Disclosing Party is willing to disclose its information to the Receiving Party provided that the confidentiality of all such information so disclosed is maintained as hereinafter provided;

**NOW THEREFORE** in consideration of the premises and of the mutual covenants herein set forth, the parties hereto have covenanted and agreed as follows:

**1. Definition of Confidential Information:** For purposes of this Agreement, "Confidential Information" means any and all information, including compilations of information, , relating to the Disclosing Party or the business of the Disclosing Party, which the Disclosing Party provides to the Receiving Party. Without limiting the generality of the foregoing, the Confidential Information includes, inter alia, all trade secrets, technical information, designs, processes, systems , procedures, formulae, test data, know-how, financial plans, programs , algorithms , designs , specifications , methods, biometric or ideogram developments, information regarding patents, trade-marks, copyright and other intellectual property, price lists, research, data, specifications, plans , drawings (architectural , engineering or otherwise), computer systems, software and computer code prototypes, models, documents, records, instructions, manuals, papers, other materials of any nature whatsoever, and any other compilation of information, , relating to same, as well as the existence of this Agreement and its terms and conditions. Notwithstanding the above, Confidential Information shall not include any information which:

1) At the time of disclosure, or thereafter, is generally available to and known by the public;
2) Was, is, or becomes lawfully available to the Receiving Party from a source other than the Disclosing Party without breach of obligation of confidentiality;
3) Is independently developed by the Receiving Party without reference to the Confidential Information; or
4) Is disclosed under operation of law or government regulation, provided that the Receiving Party delivers a copy of such order or action to the Disclosing Party.

**2. Disclosure of Confidential Information:** The Disclosing Party may, from time to time, disclose and provide to the Receiving Party certain Confidential Information pertaining to the Disclosing Party and the Transactions. The Receiving Party shall be entitled to review the Disclosing Party's Confidential Information solely in connection with the Receiving Party's evaluation, negotiation and/ or consummation of a possible investment (the "Purpose") in or together with the Disclosing Party concerning the Transactions. For purposes of disclosure under this Agreement , the term " Receiving Party" shall include its directors, officers, partners, employees, agents, potential sources of financing and capital , professional advisors and affiliated companies ( collectively , the " Representatives").

**3. Non Disclosure Covenants** The Receiving Party agrees and covenants to the Disclosing Party with respect to all Confidential Information that:

1. Except as provided in subparagraph 3(c) below, the Confidential Information shall be kept confidential and shall not, without the Disclosing Party's prior written consent, be disclosed, copied, reproduced, or modified by the Receiving Party in any manner whatsoever in whole or in part to any other than the Receiving Party (or its Representatives ( as hereinafter defined)) and shall not be used by the Receiving Party other than in connection with the Purpose and as permitted under this Agreement;

2. The Confidential Information, and all copies thereof, shall be:

    1. Held and kept confidential subject to the terms of this Agreement,
    2. Disclosed only to those Representatives to whom disclosure is deemed necessary by the Receiving Party in order to accomplish the Purpose, and
    3. The Receiving Party agrees that it shall be responsible for ensuring the continued confidentiality of all Confidential Information disclosed to such Representatives and shall instruct and shall obtain covenants and undertakings from such Representatives to maintain the confidentiality of the Confidential Information, in accordance with the terms hereof.

3. In the event that the Receiving Party becomes legally compelled to disclose any of the Confidential Information, the Receiving Party shall, to the extent permitted by law, provide the Disclosing Party with prompt notice thereof so that the Disclosing Party may seek a protective order or other appropriate remedy prior to such disclosure if the Disclosing Party chooses to do so.

4. The Receiving Party shall keep and use all of the Disclosing Party's Confidential Information in confidence and shall not, without the Disclosing Party's prior written consent , disclose any part of the Disclosing Party's Confidential Information to any person, firm, corporation, or other entity, unless and until that part of the Disclosing Party's Confidential Information:

    1. Is made subject to an order by judicial or administrative process requiring the Receiving Party to disclose any or all of the Disclosing Party's Confidential Information , provided however that the Receiving Party shall promptly notify the Disclosing Party and allow the Disclosing Party reasonable time to oppose such process before disclosing any of the Disclosing Party's Confidential Information;

2. Is published or becomes available to the general public other than through a breach of this Agreement;

3. Is obtained by the Receiving Party from a third party with a valid right to disclose it, provided that said third party is not under a confidentiality obligation to the Disclosing Party;

4. Is independently developed by employees, agents or consultants of the Receiving Party who had no knowledge of or access to the Disclosing Party's Confidential Information as evidenced by the Receiving Party's business records; or

5. Was possessed by the Receiving Party prior to receipt from the Disclosing Party, other than through prior disclosure by the Disclosing Party, as evidenced by the Receiving Party's business records.

5. The Receiving Party shall not record, make notes of, copy or reproduce the Confidential Information provided by the Disclosing Party without the prior written approval of the Disclosing Party. Any such records, notes, copies or reproductions shall be used solely for purposes contemplated by this Agreement. The Receiving Party shall not reverse engineer, decompile or disassemble any software or other Confidential Information provided by the Disclosing Party.

6. The Receiving Party shall not deal with, use or exploit the Confidential Information for any purpose other than use of the Confidential Information solely for Purpose of evaluating the feasibility of entering into the Transactions referenced herein.

7. Neither party shall make, or allow any person to make any public announcement about this Agreement without the other party's prior written consent except as required to be disclosed under applicable law or other regulatory authority or by a governmental order, decree, regulation or rule, including to meet the obligations of any Stock Exchange or Listing Authority. In the event that the Recipient is required to make an announcement concerning this Agreement or make a disclosure of the Confidential Information as required by law or any governmental or regulatory authority, the Recipient, shall to the maximum extent permitted by law, notify the Discloser immediately of the required announcement or disclosure. The Recipient shall use all reasonable endeavours to ensure that only the portion of this Agreement or Confidential Information to be disclosed is that which is legally required to be disclosed and shall take into account all reasonable requests and requirements of the Discloser in respect of the Confidential Information to be disclosed.

**4. Confidentiality of Review** Except as required by law or in connection with the Purpose, the review contemplated herein shall be kept confidential by the Receiving Party and shall not be disclosed to third parties (other than its Representatives) without the prior written consent of the Disclosing Party.

**5. Termination of Review:** Either party hereto shall have the right to terminate the review contemplated hereunder upon written notice at any time for any reason. In such event, the Receiving Party shall, to the extent permitted by law:

1. Upon receipt of written request from the Disclosing Party, promptly return to the Disclosing Party or destroy the originals and all copies of the Confidential Information furnished to the Receiving Party and destroy any analyses, compilations, forecasts and studies prepared by the Receiving Party in connection with the contemplated Transactions based on information provided by the Disclosing Party. Such destruction will be certified in writing to the Disclosing Party by one of the Receiving Party's authorized officers, and

2. Not use any of the Confidential Information for the Receiving Party's own benefit or for the benefit of any third parties, provided however, that notwithstanding anything herein to the contrary, each of the Receiving Party and the Disclosing Party acknowledges and agrees that neither party has any obligation to engage in a transaction with the other.

Notwithstanding the foregoing, the Receiving Party's obligation not to disclose or use the Confidential Information shall survive the termination of this Agreement until the earlier of:

1. Such time as all of the Confidential Information is generally available to the public through publication or public use, or
2. Twenty-four (24) months after the date of termination of this Agreement.

6. **Injunctive Relief**: The parties acknowledges that damages for any violation of this Agreement may not be satisfactory or adequate remedy and may be difficult to ascertain; accordingly, the parties further agree that injunctive relief and specific performance may be sought in relief for any alleged violation of this Agreement and the parties agree and consent thereto. The parties hereby acknowledges that the Disclosing Party may be irreparably damaged in the event that any of the terms of this Agreement are violated and that such terms shall be enforceable through issuance of an injunction restraining the unauthorized copying, duplication, use or disclosure of any Confidential Information furnished to or acquired by the Receiving Party or its Representatives, or through any other equitable remedies which shall be cumulative with and not exclusive of any other remedy available to the parties.

7. **Agreement does not create a licence or contract**: The Receiving Party acknowledges and agrees that any and all disclosures of the Disclosing Party's Confidential Information pursuant to this Agreement are on a non-exclusive basis and that the Disclosing Party is free to make similar or other disclosures to third parties. Nothing in this Agreement shall create, or be construed to create, any licence to the Receiving Party or any obligation on either party to enter into a licence or other agreement with respect to the Confidential Information. Furthermore, nothing contained herein shall be deemed or construed to create between the parties hereto an agency relationship, partnership or joint venture. Neither party shall be liable for any act, omission, representation, obligation or debt of the other party, even if informed of such act, omission, representation, obligation or debt.

8. **No warranty given by the Disclosing Party:** The Disclosing Party makes no representations or warranties, either express or implied, with respect to the completeness, accuracy, merchantability or fitness for a particular purpose of its Confidential Information. The Disclosing Party shall in no event be liable for any loss of profits, be they direct, consequential, incidental, or special or other similar or like damages arising from any defect, error or failure to perform with respect to its Confidential Information, even if the Disclosing Party has been advised of the possibility of such damages.

10. **No transfer of rights and duties under this Agreement:** Neither party shall assign, transfer, mortgage, charge or otherwise dispose of any or all of its rights, duties or obligations granted to it under this Agreement without the prior written consent of the other.

11. **Miscellaneous Provisions**: If any term of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining terms shall remain in full force and effect. This agreement represents the entire understanding between the parties and all prior discussions and negotiations are merged herein. This Agreement supersedes any and all prior arrangements, whether oral or written, with respect to the subject matter hereof. This Agreement may be amended only by written agreement between the parties. Any waiver of any provision of this Agreement by a party shall not be deemed to waive the same or any other provision thereafter. This Agreement may not be assigned or transferred in whole or in part by either party without the written consent of the other party. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and permitted assigns. No condoning, excusing or overlooking by either party of any default, breach or non-observance by the other party at any time or times in respect of any covenants, provisos or conditions of this Agreement shall operate as a waiver of such party's rights under this Agreement in respect of any continuing or subsequent default, breach or non–observance so as to defeat in any way the rights of such party in respect of any such continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by such party, save only an express waiver in writing.

12. **Applicable laws**: This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

13. **Notices**: All notices or other documents that either of the parties hereto are required or may desire to deliver to the other party hereto may be delivered only by personal delivery, by courier, by telecopy, or by

registered or certified mail, all postage and other charges prepaid, at the address for such party set forth above or at such other address as the party may hereinafter designate in writing to the other.

14. **Trademarks and Logos:** Each party agrees that it will not, without the prior written approval of the other party, at any time use the name, trade-mark, trade name or logo of the other party in any advertising, press release or other written promotional material provided to third parties.

15. **Termination:** The obligations of this Agreement shall continue for 2 (two) years from the date of the last disclosure of Confidential Information under this Agreement unless the Discloser expressly releases the Recipient earlier or until these confidentiality obligations are superseded in a further agreement between the parties. This Agreement shall be effective for a term of one (1) year from the date of execution, unless otherwise terminated, amended or otherwise replaced earlier.

16. **Execution:** This Agreement may be executed in counterparts, each such counterpart, when taken as a whole with the other executed counterparts, constituting an original Agreement. The undersigned officers represent that they have the authority to execute this document to bind themselves, the corporation, others in the corporation and the corporation's Representatives who may have access to the Confidential Information.

**IN WITNESS WHEREOF**, the parties have caused this agreement to be executed by their duly authorised, respective agents as of the day and year first above written.

**BENDING LAKE IRON GROUP LIMITED**

**Signed** : _____
**(I have authority to bind the corporation)**

**Name :** Mr. Henry Wetelainen, President and CEO
**Date** : _____ 2015.

**LEGACY HILL RESOURCES LIMITED**

**Signed :** _____

**Name** : Andrew Malim Director
**Date** : D. S. RAJAN 2015
12/5/15

This is Exhibit "9" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Dawn McKay
**Sent:** Thursday, March 12, 2015 12:13 PM
**To:** 'Saradhi Rajan'
**Subject:** RE: NDA

Dear Mr. Rajan,

The signed NDA is attached for your files. I will continue building the Drop Box data room with the requested files from our Intellectual Property. Once populated I'll share the information with yourself and Mr. Malim.

Best Regards,

Dawn

# CONFIDENTIALITY AGREEMENT (RECIPROCAL NON-DISCLOSURE)

This ***CONFIDENTIALITY AGREEMENT / RECIPROCAL NON-DISCLOSURE*** **(the "Agreement")** is made and entered into as of this day of , 2015.

***BETWEEN***

**BENDING LAKE IRON GROUP LIMITED** Whose mailing address is 201 Hardisty Street, Thunder Bay, Ontario, Canada P7C3G8
(Hereinafter referred to as 'Bending Iron')

***AND***

**LEGACY HILL RESOURCES LIMITED** Whose mailing address is 5 The Porticos, 374-385 Kings Road, London SW3 5UW United Kingdom

(Hereinafter referred to as 'Legacy Hill')

Both Bending and Legacy Hill are individually referred to as 'Party' and collectively as 'Parties'.

**WITNESSES THAT:**

**WHEREAS** Bending Iron is an iron ore exploration company in Canada and Legacy Hill is an operator of mines, a creator of solutions for commodity sales and a provider of technical services, resident in the City of London England.

**AND WHEREAS** the Parties are are together engaged in discussions regarding a management, technical advisory, and financial arrangement to be defined (the "Project") during which either party ("the Discloser") may disclose Confidential Information (as defined below) to the other party ("the Recipient"). In order to adequately protect each party's Confidential Information, the parties wish to conclude a written agreement between them setting out their obligations of confidentiality. The Party disclosing the information shall be referred to as 'Disclosing Party' and the Party receiving the information shall be referred to as 'Receiving Party';

**AND WHEREAS** each party to this Agreement wishes the Disclosing Party to disclose its information and the Disclosing Party is willing to disclose its information to the Receiving Party provided that the confidentiality of all such information so disclosed is maintained as hereinafter provided;

**NOW THEREFORE** in consideration of the premises and of the mutual covenants herein set forth, the parties hereto have covenanted and agreed as follows:

**1. Definition of Confidential Information:** For purposes of this Agreement, "Confidential Information" means any and all information, including compilations of information, , relating to the Disclosing Party or the business of the Disclosing Party, which the Disclosing Party provides to the Receiving Party. Without limiting the generality of the foregoing, the Confidential Information includes, inter alia, all trade secrets, technical information, designs, processes, systems , procedures, formulae, test data, know-how, financial plans, programs , algorithms , designs , specifications , methods, biometric or ideogram developments, information regarding patents, trade-marks, copyright and other intellectual property, price lists, research, data, specifications, plans , drawings (architectural , engineering or otherwise), computer systems, software and computer code prototypes, models, documents, records, instructions, manuals, papers, other materials of any nature whatsoever, and any other compilation of information, , relating to same, as well as the existence of this Agreement and its terms and conditions. Notwithstanding the above, Confidential Information shall not include any information which:

1) At the time of disclosure, or thereafter, is generally available to and known by the public;
2) Was, is, or becomes lawfully available to the Receiving Party from a source other than the Disclosing Party without breach of obligation of confidentiality;
3) Is independently developed by the Receiving Party without reference to the Confidential Information; or
4) Is disclosed under operation of law or government regulation, provided that the Receiving Party delivers a copy of such order or action to the Disclosing Party.

**2. Disclosure of Confidential Information:** The Disclosing Party may, from time to time, disclose and provide to the Receiving Party certain Confidential Information pertaining to the Disclosing Party and the Transactions. The Receiving Party shall be entitled to review the Disclosing Party's Confidential Information solely in connection with the Receiving Party's evaluation, negotiation and/ or consummation of a possible investment (the "Purpose") in or together with the Disclosing Party concerning the Transactions. For purposes of disclosure under this Agreement , the term " Receiving Party" shall include its directors, officers, partners, employees, agents, potential sources of financing and capital , professional advisors and affiliated companies ( collectively , the " Representatives").

**3. Non Disclosure Covenants** The Receiving Party agrees and covenants to the Disclosing Party with respect to all Confidential Information that:

a. Except as provided in subparagraph 3(c) below, the Confidential Information shall be kept confidential and shall not, without the Disclosing Party's prior written consent, be disclosed, copied, reproduced, or modified by the Receiving Party in any manner whatsoever in whole or in part to any other than the Receiving Party (or its Representatives ( as hereinafter defined)) and shall not be used by the Receiving Party other than in connection with the Purpose and as permitted under this Agreement;

b. The Confidential Information, and all copies thereof, shall be:

   i. Held and kept confidential subject to the terms of this Agreement,
   ii. Disclosed only to those Representatives to whom disclosure is deemed necessary by the Receiving Party in order to accomplish the Purpose, and
   iii. The Receiving Party agrees that it shall be responsible for ensuring the continued confidentiality of all Confidential Information disclosed to such Representatives and shall instruct and shall obtain covenants and undertakings from such Representatives to maintain the confidentiality of the Confidential Information, in accordance with the terms hereof.

c. In the event that the Receiving Party becomes legally compelled to disclose any of the Confidential Information, the Receiving Party shall, to the extent permitted by law, provide the Disclosing Party with prompt notice thereof so that the Disclosing Party may seek a protective order or other appropriate remedy prior to such disclosure if the Disclosing Party chooses to do so.

d. The Receiving Party shall keep and use all of the Disclosing Party's Confidential Information in confidence and shall not, without the Disclosing Party's prior written consent , disclose any part of the Disclosing Party's Confidential Information to any person, firm, corporation, or other entity, unless and until that part of the Disclosing Party's Confidential Information:

   i. Is made subject to an order by judicial or administrative process requiring the Receiving Party to disclose any or all of the Disclosing Party's Confidential Information , provided however that the Receiving Party shall promptly notify the Disclosing Party and allow the Disclosing Party reasonable time to oppose such process before disclosing any of the Disclosing Party's Confidential Information;

2. Is published or becomes available to the general public other than through a breach of this Agreement;

3. Is obtained by the Receiving Party from a third party with a valid right to disclose it, provided that said third party is not under a confidentiality obligation to the Disclosing Party;

4. Is independently developed by employees, agents or consultants of the Receiving Party who had no knowledge of or access to the Disclosing Party's Confidential Information as evidenced by the Receiving Party's business records; or

5. Was possessed by the Receiving Party prior to receipt from the Disclosing Party, other than through prior disclosure by the Disclosing Party, as evidenced by the Receiving Party's business records.

5. The Receiving Party shall not record, make notes of, copy or reproduce the Confidential Information provided by the Disclosing Party without the prior written approval of the Disclosing Party. Any such records, notes, copies or reproductions shall be used solely for purposes contemplated by this Agreement. The Receiving Party shall not reverse engineer, decompile or disassemble any software or other Confidential Information provided by the Disclosing Party.

6. The Receiving Party shall not deal with, use or exploit the Confidential Information for any purpose other than use of the Confidential Information solely for Purpose of evaluating the feasibility of entering into the Transactions referenced herein.

7. Neither party shall make, or allow any person to make any public announcement about this Agreement without the other party's prior written consent except as required to be disclosed under applicable law or other regulatory authority or by a governmental order, decree, regulation or rule, including to meet the obligations of any Stock Exchange or Listing Authority. In the event that the Recipient is required to make an announcement concerning this Agreement or make a disclosure of the Confidential Information as required by law or any governmental or regulatory authority, the Recipient, shall to the maximum extent permitted by law, notify the Discloser immediately of the required announcement or disclosure. The Recipient shall use all reasonable endeavours to ensure that only the portion of this Agreement or Confidential Information to be disclosed is that which is legally required to be disclosed and shall take into account all reasonable requests and requirements of the Discloser in respect of the Confidential Information to be disclosed.

**4. Confidentiality of Review** Except as required by law or in connection with the Purpose, the review contemplated herein shall be kept confidential by the Receiving Party and shall not be disclosed to third parties (other than its Representatives) without the prior written consent of the Disclosing Party.

**5. Termination of Review:** Either party hereto shall have the right to terminate the review contemplated hereunder upon written notice at any time for any reason. In such event, the Receiving Party shall, to the extent permitted by law:

1. Upon receipt of written request from the Disclosing Party, promptly return to the Disclosing Party or destroy the originals and all copies of the Confidential Information furnished to the Receiving Party and destroy any analyses, compilations, forecasts and studies prepared by the Receiving Party in connection with the contemplated Transactions based on information provided by the Disclosing Party. Such destruction will be certified in writing to the Disclosing Party by one of the Receiving Party's authorized officers, and

2. Not use any of the Confidential Information for the Receiving Party's own benefit or for the benefit of any third parties, provided however, that notwithstanding anything herein to the contrary, each of the Receiving Party and the Disclosing Party acknowledges and agrees that neither party has any obligation to engage in a transaction with the other.

Notwithstanding the foregoing, the Receiving Party's obligation not to disclose or use the Confidential Information shall survive the termination of this Agreement until the earlier of:

1. Such time as all of the Confidential Information is generally available to the public through publication or public use, or
2. Twenty-four (24) months after the date of termination of this Agreement.

6. **Injunctive Relief**: The parties acknowledges that damages for any violation of this Agreement may not be satisfactory or adequate remedy and may be difficult to ascertain; accordingly, the parties further agree that injunctive relief and specific performance may be sought in relief for any alleged violation of this Agreement and the parties agree and consent thereto. The parties hereby acknowledges that the Disclosing Party may be irreparably damaged in the event that any of the terms of this Agreement are violated and that such terms shall be enforceable through issuance of an injunction restraining the unauthorized copying, duplication, use or disclosure of any Confidential Information furnished to or acquired by the Receiving Party or its Representatives, or through any other equitable remedies which shall be cumulative with and not exclusive of any other remedy available to the parties.

7. **Agreement does not create a licence or contract**: The Receiving Party acknowledges and agrees that any and all disclosures of the Disclosing Party's Confidential Information pursuant to this Agreement are on a non-exclusive basis and that the Disclosing Party is free to make similar or other disclosures to third parties. Nothing in this Agreement shall create, or be construed to create, any licence to the Receiving Party or any obligation on either party to enter into a licence or other agreement with respect to the Confidential Information. Furthermore, nothing contained herein shall be deemed or construed to create between the parties hereto an agency relationship, partnership or joint venture. Neither party shall be liable for any act, omission, representation, obligation or debt of the other party, even if informed of such act, omission, representation, obligation or debt.

8. **No warranty given by the Disclosing Party:** The Disclosing Party makes no representations or warranties, either express or implied, with respect to the completeness, accuracy, merchantability or fitness for a particular purpose of its Confidential Information. The Disclosing Party shall in no event be liable for any loss of profits, be they direct, consequential, incidental, or special or other similar or like damages arising from any defect, error or failure to perform with respect to its Confidential Information, even if the Disclosing Party has been advised of the possibility of such damages.

10. **No transfer of rights and duties under this Agreement**: Neither party shall assign, transfer, mortgage, charge or otherwise dispose of any or all of its rights, duties or obligations granted to it under this Agreement without the prior written consent of the other.

11. **Miscellaneous Provisions**: If any term of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining terms shall remain in full force and effect. This agreement represents the entire understanding between the parties and all prior discussions and negotiations are merged herein. This Agreement supersedes any and all prior arrangements, whether oral or written, with respect to the subject matter hereof. This Agreement may be amended only by written agreement between the parties. Any waiver of any provision of this Agreement by a party shall not be deemed to waive the same or any other provision thereafter. This Agreement may not be assigned or transferred in whole or in part by either party without the written consent of the other party. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and permitted assigns. No condoning, excusing or overlooking by either party of any default, breach or non-observance by the other party at any time or times in respect of any covenants, provisos or conditions of this Agreement shall operate as a waiver of such party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance so as to defeat in any way the rights of such party in respect of any such continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by such party, save only an express waiver in writing.

12. **Applicable laws**: This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

13. **Notices**: All notices or other documents that either of the parties hereto are required or may desire to deliver to the other party hereto may be delivered only by personal delivery, by courier, by telecopy, or by

registered or certified mail, all postage and other charges prepaid, at the address for such party set forth above or at such other address as the party may hereinafter designate in writing to the other.

14. **Trademarks and Logos:** Each party agrees that it will not, without the prior written approval of the other party, at any time use the name, trade-mark, trade name or logo of the other party in any advertising, press release or other written promotional material provided to third parties.

15. **Termination:** The obligations of this Agreement shall continue for 2 (two) years from the date of the last disclosure of Confidential Information under this Agreement unless the Discloser expressly releases the Recipient earlier or until these confidentiality obligations are superseded in a further agreement between the parties. This Agreement shall be effective for a term of one (1) year from the date of execution, unless otherwise terminated, amended or otherwise replaced earlier.

16. **Execution:** This Agreement may be executed in counterparts, each such counterpart, when taken as a whole with the other executed counterparts, constituting an original Agreement. The undersigned officers represent that they have the authority to execute this document to bind themselves, the corporation, others in the corporation and the corporation's Representatives who may have access to the Confidential Information.

**IN WITNESS WHEREOF**, the parties have caused this agreement to be executed by their duly authorised, respective agents as of the day and year first above written.

**BENDING LAKE IRON GROUP LIMITED**

**Signed** :

***(I have authority to bind the corporation)***

**Name** : Mr. Henry Wetelainen, President and CEO
**Date** : 12/3 2015.

**LEGACY HILL RESOURCES LIMITED**

**Signed :**

**Name** : Andrew Malim Director
**Date** : D.S. RASAND 2015
12/3/15

This is Exhibit "10" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Dawn McKay <dmckay@bendinglakeiron.com>
**Sent:** Monday, December 14, 2015 4:02 PM
**To:** Rob MacRae
**Subject:** FW: Drew Craig joined your shared folder

this is the one I have email is dated 14March2015

**From:** Dropbox [mailto:no-reply@dropbox.com]
**Sent:** Saturday, March 14, 2015 5:45 AM
**To:** Dawn McKay
**Subject:** Drew Craig joined your shared folder

Hi Dawn,

Drew Craig joined your shared folder "BLIG Intellectual Property Jun2013"!

You can also share "BLIG Intellectual Property Jun2013" with others.

Happy sharing!
- The Dropbox Team

This is Exhibit "11" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

Dropbox
BLG Intellectual Property Jun2013
BLG Intellectual Property March 2015
Camera Uploads
Denton

This is Exhibit "12" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

O'Neill DeLorenzi Mendes

# Bending Lake Iron Group

*Josephine Cone Mine Operating Plan*

## Cost of Sales (FOB Mine Site)

5-Sep-12
9:03

| | Post Commisioning Year | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| **Production: (000) tonnes** | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | 2,143 | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | 714 | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,377 | 1,429 | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 999 | 893 | 987 | 956 | 495 | 964 | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | 625 | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 351 | 314 | 347 | 336 | 174 | 339 | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | 180 | 351 | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| **Cost Centers ($/tonne of Pellets)** | | | | | | | | | | | | | | |
| Mining | 10.57 | 10.87 | 10.49 | 10.73 | 10.17 | 10.55 | 10.46 | 10.48 | 10.65 | 11.31 | 10.70 | 10.60 | 10.82 | |
| Crushing &Cobbing | 2.48 | 2.64 | 2.49 | 2.53 | 3.[illegible] | 2.50 | 2.46 | 2.47 | 2.53 | 2.79 | 2.52 | 2.48 | 2.59 | |
| Concentrating | 9.70 | 10.04 | 9.73 | 9.81 | 1.[illegible] | 9.75 | 9.67 | 9.69 | 9.79 | 10.38 | 9.79 | 9.70 | 9.94 | |
| Pelletizing | 6.75 | 6.94 | 6.71 | 6.78 | 8.[illegible] | 6.[illegible] | 6.68 | 6.71 | 6.78 | 7.20 | 6.76 | 6.68 | 6.89 | |
| BLIG RR | 0.90 | 0.99 | 0.91 | 0.93 | [illegible] | 0.[illegible] | 0.89 | 0.90 | 0.92 | 1.06 | 0.92 | 0.90 | 0.96 | |
| Administration | 1.42 | 1.59 | 1.44 | 1.48 | 2.86 | [illegible] | 1.42 | 1.44 | 1.48 | 1.75 | 1.47 | 1.42 | 1.54 | |
| Headquarters | 0.91 | 1.02 | 0.92 | 0.95 | 1.83 | 0.[illegible] | 0.91 | 0.92 | 0.95 | 1.12 | 0.94 | 0.91 | 0.99 | |
| Royalties | 3.29 | 3.28 | 3.29 | 3.28 | 3.29 | [illegible] | 3.29 | 3.29 | 3.28 | 3.28 | 3.28 | 3.29 | 3.29 | |
| Cash Cost | 36.02 | 37.37 | 35.98 | 36.49 | 45.32 | 36.16 | 35.78 | 35.90 | 36.38 | 38.89 | 36.38 | 35.98 | 37.02 | |
| Production Taxes | 3.78 | 3.66 | 3.78 | 3.74 | 2.[illegible] | 3.77 | 3.80 | 3.79 | 3.75 | 3.52 | 3.75 | 3.78 | 3.69 | |
| Depreciation | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | |
| Cat World Trade services (1.5%) | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | |
| Offsite Sampling and Analysis | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | |
| Offsite Inventory Storage Costs | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | |
| Inventory Change | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | |
| Lease costs not otherwise covered | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | |
| Insurance | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | |
| Interest expense ($1200mil@6%) | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | |
| Miscellaneous | 0.99 | 0.99 | 0.99 | 0.99 | 0.99 | 0.99 | 0.99 | 0.99 | 0.99 | 0.99 | 0.99 | 0.99 | 0.99 | |
| Total | 72.22 | 73.45 | 72.19 | 72.[illegible] | [illegible] | 72.[illegible] | 72.01 | 72.[illegible] | 72.55 | 74.[illegible] | 72.55 | 72.19 | 73.13 | |
| **Key Stats:** | | | | | | | | | | | | | | |
| Stripping Ratio | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | 50% | |
| Overall Weight Recovery | 28% | 28% | 28% | 28% | 28% | 28% | 28% | 28% | 28% | 28% | 28% | 28% | 28% | |
| Cobber Product % | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | |
| Concentrator Weight Recovery | 37% | 37% | 37% | 37% | 37% | 37% | 37% | 37% | 37% | 37% | 37% | 37% | 37% | |
| % Mag Iron Recovery | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | |
| Total Josephine Cone Mine Employees | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | |

CONFIDENTIAL

2015-12-16

# Bending Lake Iron Group

*Josephine Cone Mine Operating Plan*

## Cost of Production

5-Sep-12
9:03

Post Commisioning Year

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Furnace Availability (except Scheduled Outages) | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| **Production: (000) tonnes** | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | [illegible] | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | [illegible] | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,37[illegible] | [illegible]27 | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 999 | 893 | 987 | 956 | 495 | [illegible] | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | [illegible] | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 351 | 314 | 347 | 336 | 17[illegible] | [illegible] | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | [illegible] | [illegible]51 | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| **Cost Centers ($/tonne of Pellets)** | | | | | | | | | | | | | | |
| Mining | 10.57 | 10.87 | 10.49 | 10.7[illegible] | 14.17 | 10.55 | 10.46 | 10.48 | 10.65 | 11.31 | 10.70 | 10.60 | 10.82 | |
| Crushing &Cobbing | 2.48 | 2.64 | 2.49 | [illegible].53 | [illegible].86 | [illegible].50 | 2.46 | 2.47 | 2.53 | 2.79 | 2.52 | 2.48 | 2.59 | |
| Concentrating | 9.70 | 10.04 | 9.73 | [illegible].81 | 12.74 | [illegible]75 | 9.67 | 9.69 | 9.79 | 10.38 | 9.79 | 9.70 | 9.94 | |
| Pelletizing | 6.75 | 6.94 | 6.71 | 6.[illegible]8 | [illegible].05 | [illegible].76 | 6.68 | 6.71 | 6.78 | 7.20 | 6.76 | 6.68 | 6.89 | |
| BLIG RR | 0.90 | 0.99 | 0.9[illegible] | [illegible].93 | [illegible].6[illegible] | 0.91 | 0.89 | 0.90 | 0.92 | 1.06 | 0.92 | 0.90 | 0.96 | |
| Administration | 1.42 | 1.59 | 1.[illegible] | 1.48 | [illegible].96 | 1.47 | 1.42 | 1.44 | 1.48 | 1.75 | 1.47 | 1.42 | 1.54 | |
| Headquarters | 0.91 | 1.02 | 0.92 | 0.95 | 1.83 | 0.94 | 0.91 | 0.92 | 0.95 | 1.12 | 0.94 | 0.91 | 0.99 | |
| Royalties | 3.29 | 3.[illegible]8 | 3.29 | 3.28 | 3.29 | 3.28 | 3.29 | 3.29 | 3.28 | 3.28 | 3.28 | 3.29 | 3.29 | |
| Cash Cost | 36.02 | 37.3[illegible] | [illegible].98 | 36.49 | 49.32 | 36.16 | 35.78 | 35.90 | 36.38 | 38.89 | 36.38 | 35.98 | 37.02 | |
| **Key Stats:** | | | | | | | | | | | | | | |
| Stripping Ratio | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | |
| Overall Weight Recovery | 28% | 28% | 28% | 28% | 28% | 28% | 28% | 28% | 28% | 28% | 28% | 28% | 28% | |
| Cobber Product % | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | |
| Concentrator Weight Recovery | 37% | 37% | 37% | 37% | 37% | 37% | 37% | 37% | 37% | 37% | 37% | 37% | 37% | |
| % Mag Iron Recovery | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | |
| Total Josephine Cone Mine Employees | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | |
| Total Manhours | 46,638 | 42,124 | 46,638 | 45,133 | 46,638 | 45,133 | 46,638 | 46,638 | 45,133 | 46,638 | 45,133 | 46,638 | 549,120 | |
| Pellet Tons/man-hr | 7.78 | 7.72 | 7.70 | 7.71 | 3.86 | 7.78 | 7.78 | 7.70 | 7.71 | 6.33 | 7.78 | 7.78 | 7.29 | |

CONFIDENTIAL FILED

## Josephine Cone Mine Operating Plan

5-Sep-12
9:03

### Mining

Post Commissioning Year

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 18 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 82.6% |
| **Production: (000) tonnes** | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | 2,141 | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | 714 | 705 | 683 | 580 | 688 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,377 | 1,427 | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 999 | 893 | 987 | 956 | 495 | 964 | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | 625 | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 351 | 314 | 347 | 336 | 174 | 339 | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | 180 | 351 | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| **FIXED** | | | | | | | | | | | | | | |
| **Employees** | | | | | | | | | | | | | | |
| Management | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Salaried | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | |
| Hourly | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | |
| Total | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | |
| Management Wages | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 174,996 | |
| Salaried Wages | 128,338 | 128,338 | 128,338 | 128,338 | 128,338 | 128,338 | 128,338 | 128,338 | 128,338 | 128,338 | 128,338 | 128,338 | 1,540,056 | |
| Hourly Wages | 490,854 | 490,854 | 490,854 | 490,854 | 490,854 | 490,854 | 490,854 | 490,854 | 490,854 | 490,854 | 490,854 | 490,854 | 5,890,248 | |
| Total Wages | 633,775 | 619,192 | 619,192 | 619,192 | 619,192 | 619,192 | 619,192 | 619,192 | 619,192 | 619,192 | 619,192 | 619,192 | 7,444,887 | |
| Benefit Rate | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | |
| Benefits | 443,643 | 433,434 | 433,434 | 433,434 | 433,434 | 433,434 | 433,434 | 433,434 | 433,434 | 433,434 | 433,434 | 433,434 | 5,211,421 | |
| Departmental OT Rate | 7% | 7% | 7% | 7% | 7% | 7% | 7% | 7% | 7% | 7% | 7% | 7% | 7% | |
| Total Wages and Benefits | 1,128,957 | 1,095,970 | 1,095,970 | 1,095,970 | 1,095,970 | 1,095,970 | 1,095,970 | 1,095,970 | 1,095,970 | 1,095,970 | 1,095,970 | 1,095,970 | 13,184,625 | |
| Claim Management | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| **Total Fixed Cost per Tonne** | | | | | | | | | | | | | | |
| Grand Total | 1,133,957 | 1,100,970 | 1,100,970 | 1,100,970 | 1,100,970 | 1,100,970 | 1,100,970 | 1,100,970 | 1,100,970 | 1,100,970 | 1,100,970 | 1,100,970 | 13,244,625 | |
| Cost per tonne of All Material | 0.53 | 0.58 | 0.52 | 0.54 | 1.04 | 0.53 | 0.51 | 0.52 | 0.54 | 0.63 | 0.53 | 0.51 | 0.56 | |
| Cost per tonne of Crude | 0.79 | 0.86 | 0.78 | 0.81 | 1.56 | 0.80 | 0.77 | 0.78 | 0.81 | 0.95 | 0.80 | 0.77 | 0.84 | |
| Cost per tonne of Pellets | 3.12 | 3.39 | 3.07 | 3.16 | 6.12 | 3.14 | 3.08 | 3.07 | 3.16 | 3.73 | 3.14 | 3.03 | 3.31 | |
| **VARIABLE** | | | | | | | | | | | | | | |
| **Operating Supplies: Usage** | | | | | | | | | | | | | | |
| Diesel (L/tonne of all material) | 0.53 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0.53 | |
| Gasoline (L/tonne of all material) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Heating Fuel ($m^3$) | 1,500 | 1,500 | 1,500 | 1,000 | 500 | - | - | - | - | 500 | 1,000 | 1,500 | 9,000 | |
| **Operating Supplies: Cost per unit** | | | | | | | | | | | | | | |
| Drill Bits | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 90,000 | |
| Tires | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 300,000 | |
| Diesel ($/L) | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | |
| Gasoline ($/L) | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | |
| Heating Fuel ($/$m^3$) | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | |
| Electricity ($/kwH) | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | |
| **Operating Supplies:** | | | | | | | | | | | | | | |
| Drill Bits | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 450,000 | |
| Tires | - | - | - | 50,000 | 50,000 | - | - | - | 25,000 | 25,000 | 50,000 | 50,000 | 250,000 | |
| Lubricants | 85,640 | 76,560 | 84,600 | 81,960 | 42,440 | 82,640 | 85,640 | 84,600 | 81,960 | 69,560 | 82,640 | 85,640 | 943,880 | |
| Balast | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Glycol | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Pipelines | 5,000 | 5,000 | - | - | - | - | 5,000 | - | - | - | - | - | 15,000 | |
| Explosives | 570,800 | 510,400 | 564,000 | 546,400 | 282,800 | 550,800 | 570,800 | 564,000 | 546,400 | 463,600 | 550,800 | 570,800 | 6,291,600 | |
| Health and Safety | 3,850 | 3,850 | 3,850 | 3,850 | 3,850 | 3,850 | 3,850 | 3,850 | 3,850 | 3,850 | 3,850 | 3,850 | 46,200 | |
| Other | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 90,000 | |
| **Repair and Maintenance** | | | | | | | | | | | | | | |
| Repair Materials | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 600,000 | |
| Repair Labor | 256,920 | 229,680 | 253,800 | 245,880 | 127,320 | 247,920 | 256,920 | 253,800 | 245,880 | 208,680 | 247,920 | 256,920 | 2,831,640 | |
| Wear Materials | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 300,000 | |
| Pumping Repairs | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| **Energy** | | | | | | | | | | | | | | |
| Diesel | 1,588,622 | 1,420,188 | 1,569,330 | 1,520,358 | 787,262 | 1,532,972 | 1,588,622 | 1,569,330 | 1,520,358 | 1,290,338 | 1,532,972 | 1,588,622 | 17,508,974 | |
| Gasoline | 2,783 | 2,488 | 2,750 | 2,664 | 1,379 | 2,686 | 2,783 | 2,750 | 2,664 | 2,261 | 2,686 | 2,783 | 30,676 | |
| Heating Fuel | 6,000 | 6,000 | 6,000 | 4,000 | 2,000 | - | - | - | - | 2,000 | 4,000 | 6,000 | 36,000 | |
| Electricity | 57,080 | 51,040 | 56,400 | 54,640 | 28,280 | 55,080 | 57,080 | 56,400 | 54,640 | 46,360 | 55,080 | 57,080 | 629,160 | |
| **Equipment** | | | | | | | | | | | | | | |
| Equipment Leasing | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| **Total Variable Cost per Tonne** | | | | | | | | | | | | | | |
| Grand Total | 2,701,695 | 2,430,206 | 2,665,730 | 2,634,752 | 1,450,331 | 2,600,948 | 2,695,695 | 2,659,730 | 2,605,752 | 2,236,649 | 2,654,948 | 2,745,695 | 30,083,130 | |
| Cost per tonne of All Material | 1.26 | 1.27 | 1.26 | 1.29 | 1.37 | 1.26 | 1.26 | 1.26 | 1.27 | 1.29 | 1.29 | 1.28 | 1.27 | |
| Cost Per tonne of Crude | 1.89 | 1.90 | 1.89 | 1.93 | 2.05 | 1.89 | 1.89 | 1.89 | 1.91 | 1.93 | 1.93 | 1.92 | 1.91 | |
| Cost per tonne of Pellets | 7.44 | 7.48 | 7.43 | 7.57 | 8.06 | 7.41 | 7.43 | 7.41 | 7.49 | 7.58 | 7.56 | 7.57 | 7.51 | |
| **Cost of Production** | | | | | | | | | | | | | | |
| Grand Total | 3,835,652 | 3,531,176 | 3,766,699 | 3,735,722 | 2,551,301 | 3,701,918 | 3,796,665 | 3,760,699 | 3,706,722 | 3,337,619 | 3,755,918 | 3,847,665 | 43,327,756 | |
| Cost per tonne of All Material | 1.79 | 1.84 | 1.78 | 1.82 | 2.40 | 1.79 | 1.77 | 1.78 | 1.81 | 1.92 | 1.82 | 1.80 | 1.84 | |
| Cost per tonne of Crude | 2.69 | 2.77 | 2.67 | 2.73 | 3.61 | 2.69 | 2.66 | 2.67 | 2.71 | 2.88 | 2.73 | 2.70 | 2.75 | |
| Cost per tonne of Pellets | 10.57 | 10.87 | 10.49 | 10.73 | 14.17 | 10.55 | 10.65 | 10.48 | 10.65 | 11.31 | 10.70 | 10.60 | 10.82 | |

CONFIDENTIAL

## Crushing &Cobbing

Post Commisioning Year

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| **Production: (000) tonnes** | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | 2,141 | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | 714 | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,377 | 1,427 | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 989 | 893 | 987 | 956 | 495 | 964 | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | 625 | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 351 | 314 | 347 | 336 | 174 | 339 | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | 180 | 351 | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| **FIXED** | | | | | | | | | | | | | | |
| **Employees** | | | | | | | | | | | | | | |
| Salaried | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | |
| Hourly | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | |
| Total | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | |
| Salaried Wages | 36,668 | 36,668 | 36,668 | 36,668 | 36,668 | 36,668 | 36,668 | 36,668 | 36,668 | 36,668 | 36,668 | 36,668 | 440,016 | |
| Hourly Wages | 221,676 | 221,676 | 221,676 | 221,676 | 221,676 | 221,676 | 221,676 | 221,676 | 221,676 | 221,676 | 221,676 | 221,676 | 2,660,112 | |
| Total Wages | 258,344 | 258,344 | 258,344 | 258,344 | 258,344 | 258,344 | 258,344 | 258,344 | 258,344 | 258,344 | 258,344 | 258,344 | 3,100,128 | |
| Benefit Rate | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | |
| Benefits | 180,841 | 180,841 | 180,841 | 180,841 | 180,841 | 180,841 | 180,841 | 180,841 | 180,841 | 180,841 | 180,841 | 180,841 | 2,170,090 | |
| OT Rate | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | |
| Total Wages and Benefits | 455,811 | 455,811 | 455,811 | 455,811 | 455,811 | 455,811 | 455,811 | 455,811 | 455,811 | 455,811 | 455,811 | 455,811 | 5,469,726 | |
| Other | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| **Total Fixed Cost per Tonne** | | | | | | | | | | | | | | |
| Grand Total | 460,811 | 460,811 | 460,811 | 460,811 | 460,811 | 460,811 | 460,811 | 460,811 | 460,811 | 460,811 | 460,811 | 460,811 | 5,529,726 | |
| Cost per tonne of All Material | 0.22 | 0.24 | 0.22 | 0.22 | 0.43 | 0.22 | 0.22 | 0.22 | 0.22 | 0.26 | 0.22 | 0.22 | 0.23 | |
| Cost per tonne of Crude | 0.32 | 0.36 | 0.33 | 0.34 | 0.65 | 0.33 | 0.32 | 0.33 | 0.34 | 0.40 | 0.33 | 0.32 | 0.35 | |
| Cost per tonne of Pellets | 1.27 | 1.42 | 1.28 | 1.32 | 2.56 | 1.31 | 1.27 | 1.28 | 1.32 | 1.56 | 1.31 | 1.27 | 1.38 | |
| **VARIABLE** | | | | | | | | | | | | | | |
| **Operating Supplies: Usage** | | | | | | | | | | | | | | |
| Electricity (kwH/tonne of crude) | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | |
| Heating Fuel ($m^3$) | 2,000 | 2,000 | 1,500 | 1,500 | 1,000 | - | - | - | 1,000 | 1,500 | 2,000 | 2,000 | 14,500 | |
| **Operating Supplies: Cost per unit** | | | | | | | | | | | | | | |
| Heating Fuel ($/$m^3$) | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | |
| Electricity ($/kwH) | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | |
| **Operating Supplies:** | | | | | | | | | | | | | | |
| Wear Materials (kg/tonne) | 69,930 | 62,510 | 69,090 | 66,920 | 34,650 | 67,480 | 69,930 | 69,090 | 66,920 | 56,770 | 67,480 | 69,930 | 770,700 | |
| Lubricants | 9,990 | 8,930 | 9,870 | 9,560 | 4,950 | 9,640 | 9,990 | 9,870 | 9,560 | 8,110 | 9,640 | 9,990 | 110,100 | |
| Belting | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Health and Safety | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 19,200 | |
| Other | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| **Repair and Maintenance** | | | | | | | | | | | | | | |
| Repair Materials | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 240,000 | |
| **Energy** | | | | | | | | | | | | | | |
| Heating Fuel | 8,000 | 8,000 | 6,000 | 6,000 | 4,000 | - | - | - | 4,000 | 6,000 | 8,000 | 8,000 | 58,000 | |
| Electricity | 319,680 | 285,600 | 315,840 | 305,920 | 158,400 | 308,480 | 319,680 | 315,840 | 305,920 | 259,520 | 308,480 | 319,680 | 3,523,200 | |
| **Total Variable Cost per Tonne** | | | | | | | | | | | | | | |
| Grand Total | 439,200 | 396,800 | 432,400 | 420,000 | 233,600 | 417,200 | 431,200 | 426,400 | 418,000 | 362,000 | 425,200 | 439,200 | 4,841,200 | |
| Cost per tonne of All Material | 0.21 | 0.21 | 0.20 | 0.20 | 0.22 | 0.20 | 0.20 | 0.20 | 0.20 | 0.21 | 0.21 | 0.21 | 0.21 | |
| Cost per tonne of Crude | 0.31 | 0.31 | 0.31 | 0.31 | 0.33 | 0.30 | 0.30 | 0.30 | 0.31 | 0.31 | 0.31 | 0.31 | 0.31 | |
| Cost per tonne of Pellets | 1.21 | 1.22 | 1.20 | 1.21 | 1.30 | 1.19 | 1.19 | 1.19 | 1.20 | 1.23 | 1.21 | 1.21 | 1.21 | |
| **Cost of Production** | | | | | | | | | | | | | | |
| Grand Total | 900,011 | 857,611 | 893,211 | 880,811 | 694,411 | 878,011 | 892,011 | 887,211 | 878,811 | 822,811 | 886,011 | 900,011 | 10,370,926 | |
| Cost per tonne of All Material | 0.42 | 0.45 | 0.42 | 0.43 | 0.65 | 0.42 | 0.42 | 0.42 | 0.43 | 0.47 | 0.43 | 0.42 | 0.44 | |
| Cost per tonne of Crude | 0.63 | 0.67 | 0.63 | 0.64 | 0.98 | 0.64 | 0.63 | 0.63 | 0.64 | 0.71 | 0.64 | 0.63 | 0.66 | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 2.50 | 2.48 | 2.47 | 2.53 | 2.78 | 2.52 | 2.48 | 2.59 | |

CONFIDENTIAL

## Josephine Cone Mine Operating Plan

5-Sep-12
9:03

### Concentrating

Post Commisioning Year

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| **Production: (000) Tonnes** | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | 2,141 | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | 714 | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,377 | 1,427 | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 999 | 893 | 987 | 956 | 495 | 964 | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | 625 | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 351 | 314 | 347 | 336 | 174 | 339 | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | 180 | 351 | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| **FIXED** | | | | | | | | | | | | | | |
| **Employees** | | | | | | | | | | | | | | |
| Management | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | |
| Salaried | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 | |
| Hourly | 56.0 | 56.0 | 56.0 | 56.0 | 56.0 | 56.0 | 56.0 | 56.0 | 56.0 | 56.0 | 56.0 | 56.0 | 56.0 | |
| Total | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | 70.0 | |
| Management Wages | 21,875 | 21,875 | 21,875 | 21,875 | 21,875 | 21,875 | 21,875 | 21,875 | 21,875 | 21,875 | 21,875 | 21,875 | 262,494 | |
| Salaried Wages | 114,588 | 114,588 | 114,588 | 114,588 | 114,588 | 114,588 | 114,588 | 114,588 | 114,588 | 114,588 | 114,588 | 114,588 | 1,375,050 | |
| Hourly Wages | 443,352 | 443,352 | 443,352 | 443,352 | 443,352 | 443,352 | 443,352 | 443,352 | 443,352 | 443,352 | 443,352 | 443,352 | 5,320,224 | |
| Total Wages | 557,940 | 557,940 | 557,940 | 557,940 | 557,940 | 557,940 | 557,940 | 557,940 | 557,940 | 557,940 | 557,940 | 557,940 | 6,695,274 | |
| Benefit Rate | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | |
| Benefits | 390,558 | 390,558 | 390,558 | 390,558 | 390,558 | 390,558 | 390,558 | 390,558 | 390,558 | 390,558 | 390,558 | 390,558 | 4,686,692 | |
| OT Rate | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | |
| Total Wages and Benefits | 1,003,623 | 1,003,623 | 1,003,623 | 1,003,623 | 1,003,623 | 1,003,623 | 1,003,623 | 1,003,623 | 1,003,623 | 1,003,623 | 1,003,623 | 1,003,623 | 12,043,477 | |
| Other | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| **Total Fixed Cost per Tonne** | | | | | | | | | | | | | | |
| Grand Total | 1,008,623 | 1,008,623 | 1,008,623 | 1,008,623 | 1,008,623 | 1,008,623 | 1,008,623 | 1,008,623 | 1,008,623 | 1,008,623 | 1,008,623 | 1,008,623 | 12,103,477 | |
| Cost per tonne of All Material | 0.47 | 0.53 | 0.48 | 0.49 | 0.95 | 0.49 | 0.47 | 0.48 | 0.49 | 0.58 | 0.49 | 0.47 | 0.51 | |
| Cost per tonne of Crude | 0.71 | 0.79 | 0.72 | 0.74 | 1.43 | 0.73 | 0.71 | 0.72 | 0.74 | 0.87 | 0.73 | 0.71 | 0.77 | |
| Cost per tonne of Pellets | 2.78 | 3.10 | 2.81 | 2.90 | 5.60 | 2.87 | 2.78 | 2.81 | 2.90 | 3.42 | 2.87 | 2.78 | 3.02 | |
| **VARIABLE** | | | | | | | | | | | | | | |
| **Operating Supplies: Usage** | | | | | | | | | | | | | | |
| Mill Wear Materials (kg/tonne) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 1.2 | |
| Grinding Electricity (kwH/tonne of crude) | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | |
| Heating Fuel ($m^3$) | 3,000 | 3,000 | 3,000 | 2,000 | 1,000 | - | - | - | 1,000 | 2,000 | 3,000 | 3,000 | 21,000 | |
| **Operating Supplies: Cost per unit** | | | | | | | | | | | | | | |
| Wear Materials ($/kg) | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | |
| Heating Fuel ($/$m^3$) | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | |
| Electricity ($/kwH) | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | |
| **Operating Supplies:** | | | | | | | | | | | | | | |
| Mill Wear Materials | 149,850 | 134,550 | 148,050 | 143,400 | 74,250 | 144,600 | 149,850 | 148,050 | 143,400 | 121,650 | 144,600 | 149,850 | 1,651,500 | |
| Grinding Media | 30,000 | 27,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 360,000 | |
| Lubricants | 19,980 | 17,860 | 19,740 | 19,120 | 9,900 | 19,280 | 19,980 | 19,740 | 19,120 | 16,220 | 19,280 | 19,980 | 220,200 | |
| Screens | 9,990 | 8,930 | 9,870 | 9,560 | 4,950 | 9,640 | 9,990 | 9,870 | 9,560 | 8,110 | 9,640 | 9,990 | 110,100 | |
| Flotation Chemicals | 239,760 | 214,320 | 236,880 | 229,440 | 118,800 | 231,360 | 239,760 | 236,880 | 229,440 | 194,640 | 231,360 | 239,760 | 2,642,400 | |
| Belting | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Health and Safety | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 42,000 | |
| Other | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Water Plant | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Wastewater Treatment Plant | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 48,000 | |
| **Repair and Maintenance** | | | | | | | | | | | | | | |
| Repair Materials | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 360,000 | |
| **Energy** | | | | | | | | | | | | | | |
| Heating Fuel | 12,000 | 12,000 | 12,000 | 8,000 | 4,000 | - | - | - | 4,000 | 8,000 | 12,000 | 12,000 | 84,000 | |
| Electricity | 1,998,000 | 1,786,000 | 1,974,000 | 1,912,000 | 990,000 | 1,928,000 | 1,998,000 | 1,974,000 | 1,912,000 | 1,622,000 | 1,928,000 | 1,998,000 | 22,020,000 | |
| **Total Variable Cost per Tonne** | | | | | | | | | | | | | | |
| Grand Total | 2,512,080 | 2,255,560 | 2,483,040 | 2,404,020 | 1,284,400 | 2,415,380 | 2,500,080 | 2,471,040 | 2,400,020 | 2,053,120 | 2,427,380 | 2,512,080 | 27,718,200 | |
| Cost per tonne of All Material | 1.17 | 1.18 | 1.17 | 1.17 | 1.21 | 1.17 | 1.17 | 1.17 | 1.17 | 1.18 | 1.17 | 1.17 | 1.17 | |
| Cost per tonne of Crude | 1.76 | 1.77 | 1.76 | 1.76 | 1.82 | 1.75 | 1.75 | 1.75 | 1.76 | 1.77 | 1.76 | 1.76 | 1.76 | |
| Cost per tonne of Pellets | 6.92 | 6.94 | 6.92 | 6.91 | 7.14 | 6.88 | 6.89 | 6.88 | 6.90 | 6.96 | 6.92 | 6.92 | 6.92 | |
| **Cost of Production** | | | | | | | | | | | | | | |
| Grand Total | 3,520,703 | 3,264,183 | 3,491,663 | 3,412,643 | 2,293,023 | 3,424,003 | 3,508,703 | 3,479,663 | 3,408,643 | 3,061,743 | 3,436,003 | 3,520,703 | 39,821,677 | |
| Cost per tonne of All Material | 1.64 | 1.71 | 1.65 | 1.67 | 2.16 | 1.66 | 1.64 | 1.65 | 1.66 | 1.76 | 1.66 | 1.64 | 1.69 | |
| Cost per tonne of Crude | 2.47 | 2.56 | 2.48 | 2.50 | 3.24 | 2.49 | 2.46 | 2.47 | 2.50 | 2.64 | 2.50 | 2.47 | 2.53 | |
| Cost per tonne of Pellets | 9.70 | 10.04 | 9.73 | 9.81 | 12.74 | 9.76 | 9.67 | 9.69 | 9.79 | 10.38 | 9.79 | 9.70 | 9.94 | |

CONFIDENTIAL
BLIG

## Josephine Cone Mine Operating Plan

5-Sep-12
9:03

### Pelletizing

Post Commissioning Year

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| **Production: (000) tonnes** | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | 2,141 | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 688 | 714 | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,377 | 1,427 | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 989 | 893 | 987 | 956 | 495 | 964 | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | 625 | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 851 | 814 | 847 | 806 | 174 | 839 | 851 | 847 | 836 | 285 | 839 | 851 | 8,870 | |
| Pellets | 363 | 325 | 359 | 348 | 180 | 351 | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| **FIXED** | | | | | | | | | | | | | | |
| **Employees** | | | | | | | | | | | | | | |
| Management | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | |
| Salaried | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | |
| Hourly | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | 40.0 | |
| Total | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | |
| Management Wages | 21,875 | | | | | | | | | | | | | |
| Salaried Wages | 96,254 | 96,254 | 96,254 | 96,254 | 96,254 | 96,254 | 96,254 | 96,254 | 96,254 | 96,254 | 96,254 | 96,254 | 1,155,042 | |
| Hourly Wages | 316,680 | 316,680 | 316,680 | 316,680 | 316,680 | 316,680 | 316,680 | 316,680 | 316,680 | 316,680 | 316,680 | 316,680 | 3,800,160 | |
| Total Wages | 412,934 | 412,934 | 412,934 | 412,934 | 412,934 | 412,934 | 412,934 | 412,934 | 412,934 | 412,934 | 412,934 | 412,934 | 4,955,202 | |
| Benefit Rate | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | |
| Benefits | 289,053 | 289,053 | 289,053 | 289,053 | 289,053 | 289,053 | 289,053 | 289,053 | 289,053 | 289,053 | 289,053 | 289,053 | 3,468,641 | |
| OT Rate | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | |
| Total Wages and Benefits | 747,612 | 722,634 | 722,634 | 722,634 | 722,634 | 722,634 | 722,634 | 722,634 | 722,634 | 722,634 | 722,634 | 722,634 | 8,696,582 | |
| Other | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 60 | |
| **Total Fixed Cost per Tonne** | | | | | | | | | | | | | | |
| Grand Total | 747,617 | 722,639 | 722,639 | 722,639 | 722,639 | 722,639 | 722,639 | 722,639 | 722,639 | 722,639 | 722,639 | 722,639 | 8,696,642 | |
| Cost per tonne of All Material | 0.35 | 0.38 | 0.34 | 0.35 | 0.68 | 0.35 | 0.34 | 0.34 | 0.35 | 0.42 | 0.35 | 0.34 | 0.37 | |
| Cost per tonne of Crude | 0.52 | 0.57 | 0.51 | 0.53 | 1.02 | 0.52 | 0.51 | 0.51 | 0.53 | 0.62 | 0.52 | 0.51 | 0.55 | |
| Cost per tonne of Pellets | 2.06 | 2.22 | 2.01 | 2.08 | 4.01 | 2.06 | 1.99 | 2.01 | 2.08 | 2.45 | 2.06 | 1.99 | 2.17 | |
| **VARIABLE** | | | | | | | | | | | | | | |
| **Operating Supplies: Usage** | | | | | | | | | | | | | | |
| Electricity (kwH/tonne of pellets) | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | |
| Furnace Fuel (Natural Gas MMBTU/tonne) | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 4,200 | |
| **Operating Supplies: Cost per unit** | | | | | | | | | | | | | | |
| Natural Gas ($/MMBTU) | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | |
| Electricity ($/kwH) | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | |
| **Operating Supplies:** | | | | | | | | | | | | | | |
| Furnace Wear Materials (kg/tonne) | 54,450 | 47,950 | 53,850 | 52,200 | 27,000 | 52,650 | 54,450 | 53,850 | 52,200 | 44,250 | 52,650 | 54,450 | 600,750 | |
| Lubricants | 32,670 | 29,250 | 32,310 | 31,320 | 16,200 | 31,590 | 32,670 | 32,310 | 31,320 | 26,550 | 31,590 | 32,670 | 360,450 | |
| Screens | 3,630 | 3,250 | 3,590 | 3,480 | 1,800 | 3,510 | 3,630 | 3,590 | 3,480 | 2,950 | 3,510 | 3,630 | 40,050 | |
| Belting | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 | |
| Health and Safety | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 31,200 | |
| Other | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 420,000 | |
| **Repair and Maintenance** | | | | | | | | | | | | | | |
| Repair Materials | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 600,000 | |
| **Energy** | | | | | | | | | | | | | | |
| Natural Gas | 508,200 | 455,000 | 502,600 | 487,200 | 252,000 | 491,400 | 508,200 | 502,600 | 487,200 | 413,000 | 491,400 | 508,200 | 5,607,000 | |
| Electricity | 1,016,400 | 910,000 | 1,005,200 | 974,400 | 504,000 | 982,800 | 1,016,400 | 1,005,200 | 974,400 | 826,000 | 982,800 | 1,016,400 | 11,214,000 | |
| **Total Variable Cost per Tonne** | | | | | | | | | | | | | | |
| Grand Total | 1,703,450 | 1,534,350 | 1,685,650 | 1,636,700 | 889,100 | 1,650,050 | 1,703,450 | 1,685,650 | 1,636,700 | 1,400,850 | 1,650,050 | 1,703,450 | 18,879,450 | |
| Cost per tonne of All Material | 0.80 | 0.80 | 0.80 | 0.80 | 0.84 | 0.80 | 0.80 | 0.80 | 0.80 | 0.81 | 0.80 | 0.80 | 0.80 | |
| Cost per tonne of Crude | 1.19 | 1.20 | 1.20 | 1.20 | 1.26 | 1.20 | 1.19 | 1.20 | 1.20 | 1.21 | 1.20 | 1.19 | 1.20 | |
| Cost per tonne of Pellets | 4.69 | 4.72 | 4.70 | 4.70 | 4.94 | 4.70 | 4.69 | 4.70 | 4.70 | 4.75 | 4.70 | 4.69 | 4.71 | |
| **Cost of Production** | | | | | | | | | | | | | | |
| Grand Total | 2,451,067 | 2,256,989 | 2,408,289 | 2,359,339 | 1,611,739 | 2,372,689 | 2,426,089 | 2,408,289 | 2,359,339 | 2,123,489 | 2,372,689 | 2,426,089 | 27,576,092 | |
| Cost per tonne of All Material | 1.14 | 1.18 | 1.14 | 1.15 | 1.52 | 1.15 | 1.13 | 1.14 | 1.15 | 1.22 | 1.15 | 1.13 | 1.17 | |
| Cost per tonne of Crude | 1.72 | 1.77 | 1.71 | 1.73 | 2.28 | 1.72 | 1.70 | 1.71 | 1.73 | 1.83 | 1.72 | 1.70 | 1.75 | |
| Cost per tonne of Pellets | 6.75 | 6.94 | 6.71 | 6.78 | 8.95 | 6.76 | 6.55 | 6.71 | 6.78 | 7.20 | 6.78 | 6.55 | 6.87 | |

CONFIDENTIAL
BLG

# Josephine Cone Mine Operating Plan

5-Sep-12
9:03

## BLIG RR

| | Post Commisioning Year | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| **Production: (000)** | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | 2,141 | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | 714 | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,377 | 1,427 | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 999 | 893 | 987 | 956 | 495 | 964 | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | 625 | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 351 | 314 | 347 | 336 | 174 | 339 | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | 180 | 351 | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| **FIXED** | | | | | | | | | | | | | | |
| **Employees** | | | | | | | | | | | | | | |
| Salaried | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | |
| Hourly | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | |
| Total | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | |
| Salaried Wages | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 220,008 | |
| Hourly Wages | 118,755 | 118,755 | 118,755 | 118,755 | 118,755 | 118,755 | 118,755 | 118,755 | 118,755 | 118,755 | 118,755 | 118,755 | 1,425,060 | |
| Total Wages | 137,089 | 137,089 | 137,089 | 137,089 | 137,089 | 137,089 | 137,089 | 137,089 | 137,089 | 137,089 | 137,089 | 137,089 | 1,645,068 | |
| Benefit Rate | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | |
| Benefits | 95,962 | 95,962 | 95,962 | 95,962 | 95,962 | 95,962 | 95,962 | 95,962 | 95,962 | 95,962 | 95,962 | 95,962 | 1,151,548 | |
| Departmental OT Rate | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | |
| Total Wages and Benefits | 239,906 | 239,906 | 239,906 | 239,906 | 239,906 | 239,906 | 239,906 | 239,906 | 239,906 | 239,906 | 239,906 | 239,906 | 2,878,869 | |
| Other | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| **Total Fixed Cost per Tonne** | | | | | | | | | | | | | | |
| Grand Total | 244,906 | 244,906 | 244,906 | 244,906 | 244,906 | 244,906 | 244,906 | 244,906 | 244,906 | 244,906 | 244,906 | 244,906 | 2,938,869 | |
| Cost per tonne of All Material | 0.11 | 0.13 | 0.12 | 0.12 | 0.23 | 0.12 | 0.11 | 0.12 | 0.12 | 0.14 | 0.12 | 0.11 | 0.12 | |
| Cost per tonne of Crude | 0.17 | 0.19 | 0.17 | 0.18 | 0.35 | 0.18 | 0.17 | 0.17 | 0.18 | 0.21 | 0.18 | 0.17 | 0.19 | |
| Cost per tonne of Pellets | 0.67 | 0.75 | 0.68 | 0.70 | 1.36 | 0.70 | 0.67 | 0.68 | 0.70 | 0.83 | 0.70 | 0.67 | 0.73 | |
| **VARIABLE** | | | | | | | | | | | | | | |
| **Operating Supplies: Usage** | | | | | | | | | | | | | | |
| Diesel (L/tonne mile of pellets) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | |
| Gasoline (L/tonne of pellets) | 0.003 | 0.003 | 0.003 | 0.003 | 0.003 | 0.003 | 0.003 | 0.003 | 0.003 | 0.003 | 0.003 | 0.003 | 0.003 | |
| Electricity (kwH/tonne of pellets) | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | |
| Heating Fuel ($m^3$) | 1,500 | 1,500 | 1,500 | 1,000 | 500 | - | - | - | - | 500 | 1,000 | 1,500 | 9,000 | |
| **Operating Supplies: Cost per unit** | | | | | | | | | | | | | | |
| Diesel ($/L) | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | |
| Gasoline ($/L) | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | 1.30 | |
| Natural Gas ($/$m^3$) | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | |
| Electricity ($/kwH) | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | |
| **Operating Supplies:** | | | | | | | | | | | | | | |
| Health and Safety | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 10,200 | |
| Other | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| **Repair and Maintenance** | | | | | | | | | | | | | | |
| Repair Materials | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| **Energy** | | | | | | | | | | | | | | |
| Diesel | 50,820 | 45,500 | 50,260 | 48,720 | 25,200 | 49,140 | 50,820 | 50,260 | 48,720 | 41,300 | 49,140 | 50,820 | 560,700 | |
| Gasoline | 1,416 | 1,268 | 1,400 | 1,357 | 702 | 1,369 | 1,416 | 1,400 | 1,357 | 1,151 | 1,369 | 1,416 | 15,620 | |
| Natural Gas | 6,000 | 6,000 | 6,000 | 4,000 | 2,000 | - | - | - | - | 2,000 | 4,000 | 6,000 | 36,000 | |
| Electricity | 14,520 | 13,000 | 14,360 | 13,920 | 7,200 | 14,040 | 14,520 | 14,360 | 13,920 | 11,800 | 14,040 | 14,520 | 160,200 | |
| **Total Variable Cost per Tonne** | | | | | | | | | | | | | | |
| Grand Total | 83,606 | 76,618 | 82,870 | 78,847 | 45,952 | 75,399 | 77,606 | 76,870 | 74,847 | 67,101 | 79,399 | 83,606 | 902,720 | |
| Cost per tonne of All Material | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | |
| Cost per tonne of Crude | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.05 | 0.05 | 0.05 | 0.05 | 0.06 | 0.06 | 0.06 | 0.06 | |
| Cost per tonne of Pellets | 0.23 | 0.24 | 0.23 | 0.23 | 0.26 | 0.21 | 0.21 | 0.21 | 0.22 | 0.23 | 0.23 | 0.23 | 0.23 | |
| **Cost of Production** | | | | | | | | | | | | | | |
| Grand Total | 328,511 | 321,523 | 327,776 | 323,753 | 290,858 | 320,305 | 322,511 | 321,776 | 319,753 | 312,006 | 324,305 | 328,511 | 3,841,589 | |
| Cost per tonne of All Material | 0.15 | 0.17 | 0.15 | 0.16 | 0.27 | 0.16 | 0.15 | 0.15 | 0.16 | 0.18 | 0.16 | 0.15 | 0.16 | |
| Cost per tonne of Crude | 0.23 | 0.25 | 0.23 | 0.24 | 0.41 | 0.23 | 0.23 | 0.23 | 0.23 | 0.27 | 0.24 | 0.23 | 0.24 | |
| Cost per tonne of Pellets | 0.90 | 0.99 | 0.91 | 0.93 | 1.62 | 0.91 | 0.90 | 0.90 | 0.92 | 1.06 | 0.93 | 0.90 | 0.96 | |

CONFIDENTIAL BLIG

## Administration

Post Commissioning Year

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Day In Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| Production: (000) | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | 2,141 | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | 714 | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,377 | 1,427 | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 999 | 893 | 987 | 956 | 495 | 964 | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | 625 | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 351 | 314 | 347 | 336 | 174 | 339 | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | 180 | 351 | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| FIXED | | | | | | | | | | | | | | |
| Employees | | | | | | | | | | | | | | |
| Management | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Salaried | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | |
| Total | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | |
| Management Wages | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 174,996 | |
| Salaried Wages | 137,505 | 137,505 | 137,505 | 137,505 | 137,505 | 137,505 | 137,505 | 137,505 | 137,505 | 137,505 | 137,505 | 137,505 | 1,650,060 | |
| Total Wages | 152,088 | 152,088 | 152,088 | 152,088 | 152,088 | 152,088 | 152,088 | 152,088 | 152,088 | 152,088 | 152,088 | 152,088 | 1,825,056 | |
| Benefit Rate | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | 70% | |
| Benefits | 106,462 | 106,462 | 106,462 | 106,462 | 106,462 | 106,462 | 106,462 | 106,462 | 106,462 | 106,462 | 106,462 | 106,462 | 1,277,539 | |
| Total Wages and Benefits | 258,550 | 258,550 | 258,550 | 258,550 | 258,550 | 258,550 | 258,550 | 258,550 | 258,550 | 258,550 | 258,550 | 258,550 | 3,102,595 | |
| Other | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 | 156,000 | |
| Sales Tax HST | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 | |
| Licenses | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 72,000 | |
| Long Term Rentals | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 24,000 | |
| Company Car Expenses | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 24,000 | |
| Phone Service | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 18,000 | |
| Cell Phones | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 | |
| Legal | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 24,000 | |
| Auditors | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 | |
| Water Testing | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Ind Hygiene Services | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 24,000 | |
| Waste Removal | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Emer Preparedness | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 | |
| Noise Testing | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 | |
| Compliance Issues | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 | |
| R&D Costs | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 24,000 | |
| Maint Agreements | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Employee Education | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Employment Expenses | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Employee Relations | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Memberships | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Contibutions | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 180,000 | |
| Grievance Settlement | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Publications | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| | | | | | | | | | | | | | | |
| Grand Total | 358,550 | 358,550 | 358,550 | 358,550 | 358,550 | 358,550 | 358,550 | 358,550 | 358,550 | 358,550 | 358,550 | 358,550 | 4,302,595 | |
| Fixed Cost per tonne of All Material | 0.17 | 0.19 | 0.17 | 0.17 | 0.34 | 0.17 | 0.17 | 0.17 | 0.17 | 0.21 | 0.17 | 0.17 | 0.18 | |
| Fixed Cost per tonne of Crude | 0.25 | 0.28 | 0.25 | 0.26 | 0.51 | 0.26 | 0.25 | 0.25 | 0.26 | 0.31 | 0.26 | 0.25 | 0.27 | |
| Fixed Cost per tonne of Pellets | 0.99 | 1.10 | 1.00 | 1.03 | 1.99 | 1.02 | 0.99 | 1.00 | 1.03 | 1.22 | 1.02 | 0.99 | 1.07 | |

CONFIDENTIAL

# Josephine Cone Mine Operating Plan

5-Sep-12
9:03

## Administration

Post Commisioning Year

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| Production: (000) | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | 2,141 | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | 714 | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,377 | 1,427 | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 999 | 893 | 987 | 956 | 495 | 964 | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | 625 | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 351 | 314 | 347 | 336 | 174 | 339 | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | 180 | 351 | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| **VARIABLE** | | | | | | | | | | | | | | |
| Operating Supplies: Supplies | | | | | | | | | | | | | | |
| Training | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 300,000 | |
| Accounting | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Warehousing | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 | |
| Purchasing | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Human Resources | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Engineering | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Safety | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 | |
| Quality Control | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 | |
| T&E | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 180,000 | |
| Security | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 480,000 | |
| Outside Services(IT, Janiorial, etc) | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 108,000 | |
| Inventory Verification | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 | |
| Inbound Freight | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 24,000 | |
| Dummurage/Switching | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 | |
| Outbound Freight | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 | |
| Contract Screening | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Sales Expenses | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 | |
| Metallurgical testing | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 | |
| Public Relations | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 | |
| Outside Lab | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 | |
| Arbitrations Services | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Negotiation Expenses | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 | |
| Rental - Short Term | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 | |
| Govt Training | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 | |
| Gift Certificates | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 | |
| Safety Violations | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Other | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 48,000 | |
| Energy | | | | | | | | | | | | | | |
| Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Gasoline | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 | |
| Heating Fuel | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 | |
| Electricity | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 | |
| Total Variable Cost per Tonne | | | | | | | | | | | | | | |
| Grand Total | 157,000 | 157,000 | 157,000 | 157,000 | 157,000 | 157,000 | 157,000 | 157,000 | 157,000 | 157,000 | 157,000 | 157,000 | 1,884,000 | |
| Cost per tonne of All Material | 0.07 | 0.08 | 0.07 | 0.08 | 0.15 | 0.08 | 0.07 | 0.07 | 0.08 | 0.09 | 0.08 | 0.07 | 0.08 | |
| Cost per tonne of Crude | 0.11 | 0.12 | 0.11 | 0.11 | 0.22 | 0.11 | 0.11 | 0.11 | 0.11 | 0.14 | 0.11 | 0.11 | 0.12 | |
| Cost per tonne of Pellets | 0.43 | 0.48 | 0.44 | 0.45 | 0.87 | 0.45 | 0.43 | 0.44 | 0.45 | 0.53 | 0.45 | 0.43 | 0.47 | |
| Cost of Production | | | | | | | | | | | | | | |
| Grand Total | 515,550 | 515,550 | 515,550 | 515,550 | 515,550 | 515,550 | 515,550 | 515,550 | 515,550 | 515,550 | 515,550 | 515,550 | 6,186,595 | |
| Cost per tonne of All Material | 0.24 | 0.27 | 0.24 | 0.25 | 0.49 | 0.25 | 0.24 | 0.24 | 0.25 | 0.30 | 0.25 | 0.24 | 0.26 | |
| Cost per tonne of Crude | 0.36 | 0.40 | 0.37 | 0.38 | 0.73 | 0.37 | 0.36 | 0.37 | 0.38 | 0.44 | 0.37 | 0.36 | 0.39 | |
| Cost per tonne of Pellets | 1.42 | 1.59 | 1.44 | 1.48 | 2.86 | 1.47 | 1.42 | 1.44 | 1.48 | 1.75 | 1.47 | 1.42 | 1.54 | |

CONFIDENTIAL
BLIO

# Josephine Cone Mine Operating Plan

5-Sep-12
9:03

## Royalties

| | Post Commisioning Year | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| **Production: (000)** | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | 2,14 | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,377 | 1,427 | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 999 | 893 | 987 | 956 | 495 | | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | 62 | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 351 | 314 | 347 | 336 | 174 | 339 | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | 180 | | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| Royalty Rate ($/dmtu/tonne of Concentrate) | $ 0.05 | $ 0.05 | $ | $ 0.05 | $ | $ 0.05 | $ 0.05 | $ 0.05 | $ 0.05 | $ 0.05 | $ 0.05 | $ 0.05 | $ 0.05 | $ 0.68 |
| Concentrate Iron Percentage | 68% | 68% | 68% | 68% | 68% | 68% | 68% | 68% | 68% | 68% | 68% | 68% | 68% | |
| **Total Variable Cost per Tonne** | | | | | | | | | | | | | | |
| Royalties | 1,193,400 | 1,067,600 | 1,179,800 | 1,142,000 | 591,600 | 1,152,600 | 1,193,400 | 1,179,800 | 1,142,400 | 969,000 | 1,152,600 | 1,193,400 | 13,158,000 | |
| Cost per tonne of All Material | 0.56 | 0.56 | 0.56 | 0.56 | 0.56 | 0.56 | 0.56 | 0.56 | 0.56 | 0.56 | 0.56 | 0.56 | 0.56 | |
| Cost per tonne of Crude | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | |
| Cost per tonne of Concentrate | 3.40 | 3.40 | 3.40 | 3.40 | 3.40 | 3.40 | 3.40 | 3.40 | 3.40 | 3.40 | 3.40 | 3.40 | 3.40 | |
| Cost per tonne of Pellets | 3.29 | 3.29 | 3.29 | 3.29 | 3.29 | 3.29 | 3.29 | 3.29 | 3.29 | 3.29 | 3.29 | 3.29 | 3.29 | |

CONFIDENTIAL

# Josephine Cone Mine Operating Plan

5-Sep-12
9:03

## Manning

Post Commisioning Year

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| Production: (000) | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | 2,141 | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | 714 | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,377 | 1,427 | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 999 | 893 | 987 | 956 | 495 | 964 | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | 625 | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 351 | 314 | 347 | 336 | 174 | 339 | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | 180 | 351 | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| **MINING, CRUSHING and RR** | | | | | | | | | | | | | | |
| Mine Manager | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Mine Maintenance Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Mine Superitendent | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Mine Clerk | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| Chief Mine Engineer | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Mine Engineer | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Maintenance Scheduler | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Reliability Engineer | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Geologist | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Engineering Field Crew | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| **Pit Operations (3 Crews)** | | | | | | | | | | | | | | |
| Supervisor | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Dispatch | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Truck Drivers | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | |
| Shovel Operator | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | |
| FEL Operator | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Utility | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Clean-up Dozer Operator | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Grader Operator | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Mechanics | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | |
| Drill Operators | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | |
| **Pit Operations Support** | | | | | | | | | | | | | | |
| Mechanics | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| Electrician | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| Instr | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Dozer Operator | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Mobile Equipment Mechanics | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| [redacted] | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | |
| Mining Total Salaried | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | |
| Mining Total Hourly | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | |
| Mining Total | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | |
| **Cobbing and Crushing** | | | | | | | | | | | | | | |
| Supervisor/Planner | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Mechanics | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | |
| **Cobbing and Crushing (3 Crews)** | | | | | | | | | | | | | | |
| Supervisor | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Primary Crusher Operator | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Secondary Crusher Operator | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Roll Crusher Operator | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Control Room Operator | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Mechanics | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | |
| Electrician | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Crushing and Cobbing Total Salaried | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | |
| Crushing and Cobbing Total Hourly | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | |
| Crushing and Cobbing Total | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | |
| **Railroad** | | | | | | | | | | | | | | |
| RR Superintendent | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Shipping Clerk | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Maintenance | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| **Railroad (3 Crews)** | | | | | | | | | | | | | | |
| Operator | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | |
| Railroad Total Salaried | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| Railroad Total Hourly | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | |
| Railroad Total | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | |

CONFIDENTIAL
BLIG

## Josephine Cone Mine Operating Plan

5-Sep-12
9:03

### Manning

Post Commisioning Year

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| Production: (000) | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | 2,141 | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23.597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | 714 | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1.366 | 707 | 1,377 | 1,427 | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 999 | 893 | 987 | 956 | 495 | 964 | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | 625 | 648 | 640 | 620 | 526 | 625 | 648 | 7.140 | |
| Concentrate | 351 | 314 | 347 | 336 | 174 | 339 | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | 180 | 351 | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| **PLANT (Concentrator & Pelletizing)** | | | | | | | | | | | | | | |
| Plant Manager | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Plant Clerk | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Metallurgist | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| Quality Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Maintenance Scheduler | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Reliability Engineer | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Plant Common Total Salaried | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | |
| Plant Common Total | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | |
| **Concentrating** | | | | | | | | | | | | | | |
| Concentrating Supt | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Clerk | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Trainer | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Maintenance Planner | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Elect/Inst Supv | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Mech Supv | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Instrument | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| Electrical | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | |
| Mechanical | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | |
| Tailings Basin Operation | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | |
| Tailings Basin Maintenance | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | |
| *Concentrating Crew (9)* | | | | | | | | | | | | | | |
| Concentrating Supv | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Mills | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Separators | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Pumping | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Control Room | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Lab | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Electrician/Instrumentation | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Maintenance Tech | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Concentrating Total Salaried | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | |
| Concentrating Total Hourly | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | |
| Concentrating Total | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | |
| **Pelletizing** | | | | | | | | | | | | | | |
| Pelletizing Supt | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Clerk | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Trainer | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Mech Supv | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Instrument | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Electrical | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | |
| Mechanical | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | |
| Pelletizing Crew (3) | | | | | | | | | | | | | | |
| Pelletizing Supv | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Maintence Techs | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Furnace | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Balling | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Matl Handling | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Utility Op | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | |
| Pelletizing Total Salaried | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | |
| Pelletizing Total Hourly | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | |
| Pelleting Total | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | |

CONFIDENTIAL BLIG

## Josephine Cone Mine Operating Plan

5-Sep-12
9:03

### Manning

Post Commisioning Year

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| Production: (000) | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | 2,141 | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | 714 | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,377 | 1,427 | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 999 | 893 | 987 | 956 | 495 | 964 | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | 625 | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 351 | 314 | 347 | 336 | 174 | 339 | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | 180 | 351 | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| **Administration** | | | | | | | | | | | | | | |
| Resident Manager | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Admin | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| HR Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Training Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Warehouse | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Purchasing | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Safety Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Quality Control Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Accounting | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| [redacted] | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Plant Common Total Salaried | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | |
| Plant Common Total | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | |
| [redacted] | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | 264 | |

CONFIDENTIAL
BLIG

# Josephine Cone Mine Operating Plan

5-Sep-12
9:03

## Headquarters

Post Commisioning Year

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| **Production: (000)** | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | [illegible] | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | [illegible]4 | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,3[illegible] | [illegible]27 | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 999 | 893 | 987 | 956 | 495 | [illegible]964 | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | [illegible] | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 351 | 314 | 347 | 336 | 17[illegible] | 339 | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | [illegible]0 | 351 | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| **Variable** | | | | | | | | | | | | | | |
| Wages and Bonus' | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 3,240,012 | |
| T&E | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 60,000 | |
| Computer Systems | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 420,000 | |
| Other Supplies | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 240,000 | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| **Cost of Production** | | | | | | | | | | | | | | |
| Grand Total | 330,001 | 330,001 | 330,001 | 330,001 | 330,001 | 330,001 | 330,001 | 330,001 | 330,001 | 330,001 | 330,001 | 330,001 | 3,960,012 | |
| Cost per tonne of All Material | 0.15 | 0.17 | 0.16 | 0.16 | 0.31 | 0.16 | 0.15 | 0.16 | 0.16 | 0.19 | 0.16 | 0.15 | 0.17 | |
| Cost per tonne of Crude | 0.23 | 0.26 | 0.23 | 0.24 | 0.47 | 0.24 | 0.23 | 0.23 | 0.24 | 0.28 | 0.24 | 0.23 | 0.25 | |
| Cost per tonne of Pellets | 0.91 | 1.02 | 0.92 | 0.95 | 1.83 | 0.94 | 0.91 | 0.92 | 0.95 | 1.12 | 0.94 | 0.91 | 0.99 | |

CONFIDENTIAL

## Josephine Cone Mine Operating Plan

5-Sep-12
9:03

### Headquarters Manning

Post Commissioning Year

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Personnel** | | | | | | | | | | | | | |
| President/CEO | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Admin | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| COO | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| CAO | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Admin | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| CFO | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Controllers | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Mgr of IT services | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| IT support | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Mgr of Sustainable Development/Aboriginal Affairs | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Mgr of Environmental | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Mgr of Sales | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Mgr. Ind Relations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Mgr Investor Relations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Geologist | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| **Time Distribution to Josephine Cone Mine Project** | | | | | | | | | | | | | |
| | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| COO | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CAO | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Admin | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| CFO | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Controllers | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Mgr of IT services | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| IT support | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Mgr of Sustainable Development/Aboriginal Affairs | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Mgr of Environmental | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Mgr of Sales | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Mgr. Ind Relations | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Mgr Investor Relations | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Geologist | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| FEL to J Cone Mine | 19.00 | 19.00 | 19.00 | 19.00 | 19.00 | 19.00 | 19.00 | 19.00 | 19.00 | 19.00 | 19.00 | 19.00 | 19.00 |
| **Cost Distribution to Josephine Cone Mine Project** | | | | | | | | | | | | | |
| President/CEO | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 300,000 |
| Admin | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 110,004 |
| COO | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 300,000 |
| CAO | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 300,000 |
| Admin | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 220,008 |
| CFO | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 300,000 |
| Controllers | 27,501 | 27,501 | 27,501 | 27,501 | 27,501 | 27,501 | 27,501 | 27,501 | 27,501 | 27,501 | 27,501 | 27,501 | 330,012 |
| Mgr of IT services | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 174,996 |
| IT support | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 18,334 | 220,008 |
| Mgr of Sustainable Development/Aboriginal Affairs | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 174,996 |
| Mgr of Environmental | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 174,996 |
| Mgr of Sales | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 174,996 |
| Mgr. Ind Relations | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 174,996 |
| Mgr Investor Relations | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 14,583 | 174,996 |
| Geologist | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 9,167 | 110,004 |
| | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 1,200,000 |
| Corporate Salaried Distribution to J Cone Mine | 87,498 | 87,498 | 87,498 | 87,498 | 87,498 | 87,498 | 87,498 | 87,498 | 87,498 | 87,498 | 87,498 | 87,498 | 1,049,976 |
| Headquarters Wages and Bonus' Distributed to J Cone Mine | 82,503 | 82,503 | 82,503 | 82,503 | 82,503 | 82,503 | 82,503 | 82,503 | 82,503 | 82,503 | 82,503 | 82,503 | 990,036 |
| | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 270,001 | 3,240,012 |

CONFIDENTIAL

# Josephine Cone Mine Operating Plan

5-Sep-12
9:03

## Production Taxes

Post Commisioning Year

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| **Production: (000)** | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | 2,1[illegible] | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | 714 | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,377 | [illegible] | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 999 | 893 | 987 | 956 | 495 | 964 | 999 | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | [illegible] | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 351 | 314 | 347 | 336 | 174 | 339 | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | 180 | 351 | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| Estimated Production Cost | $ 72.23 | $ 73.45 | $ 72.19 | $ 72.65 | $ 84.[illegible] | [illegible] | $ 72.01 | $ 72.12 | $ 72.55 | $ 74.83 | $ 72.55 | $ 72.19 | | |
| Sales Price FOB Mine Site ($/tonne) | $ 110.00 | $ 110.00 | $ 110.00 | $ 110.00 | $ [illegible] | $ [illegible] | $ 110.00 | $ 110.00 | $ 110.00 | $ 110.00 | $ 110.00 | $ 110.00 | $ 110.00 | |
| Federal Corporate Tax Rate | 15% | 15% | 15% | 15% | [illegible] | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | |
| Provincial Corporate Tax Rate | 12% | 12% | 12% | 12% | [illegible] | [illegible] | 12% | 12% | 12% | 12% | 12% | 12% | 12% | |
| Ontario Mining Tax Rate | 10% | 10% | 10% | 10% | [illegible] | [illegible] | 10% | 10% | 10% | 10% | 10% | 10% | 10% | |
| **Variable** | | | | | | | | | | | | | | |
| Federal Taxes | 2,056,577 | 1,781,813 | 2,036,069 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 1,954,890 | 1,556,273 | 1,971,743 | 2,058,755 | 22,149,813 | |
| Ontario Taxes | 1,645,261 | 1,425,450 | 1,628,855 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 1,563,912 | 1,245,018 | 1,577,394 | 1,647,004 | 17,719,850 | |
| Estimated Ontario Mining Tax (starts in month 36 of Prod) | 1,371,051 | 1,187,875 | 1,357,379 | 1,299,780 | 462,240 | 1,321,515 | 1,379,037 | 1,359,892 | 1,303,260 | 1,037,515 | 1,314,495 | 1,372,503 | 14,766,542 | |
| **Cost of Production** | | | | | | | | | | | | | | |
| Grand Total | 1,371,051 | 1,187,875 | 1,357,379 | 1,299,780 | 462,240 | 1,321,515 | 1,379,037 | 1,359,892 | 1,303,260 | 1,037,515 | 1,314,495 | 1,372,503 | 14,766,542 | |
| Cost per tonne of All Material | 0.64 | 0.62 | 0.64 | 0.63 | 0.44 | 0.64 | 0.64 | 0.64 | 0.64 | 0.60 | 0.64 | 0.64 | 0.63 | |
| Cost per tonne of Crude | 0.96 | 0.93 | 0.96 | 0.95 | 0.65 | 0.96 | 0.97 | 0.96 | 0.95 | 0.90 | 0.95 | 0.96 | 0.94 | |
| Cost per tonne of Pellets | 3.78 | 3.66 | 3.78 | 3.74 | 2.57 | 3.77 | 3.80 | 3.79 | 3.75 | 3.52 | 3.75 | 3.78 | 3.69 | |

**Mike Johnson:**
Federal and Ontario Income Taxes not included in totals as it is NOT tied to production but to business profitability

CONFIDENTIAL BLIG

# Josephine Cone Mine Operating Plan

5-Sep-12
9:03

## Depreciation

Post Commisioning Year

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total/Avg | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Day in Month | 31 | 28 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 31 | 365 | |
| Operating Days | 31 | 28 | 31 | 30 | 16 | 30 | 31 | 31 | 30 | 26 | 30 | 31 | 345 | 94.5% |
| Availability | 99.0% | 98.0% | 98.0% | 98.0% | 95.0% | 99.0% | 99.0% | 98.0% | 98.0% | 96.0% | 99.0% | 99.0% | 98.0% | 92.6% |
| **Production: (000)** | | | | | | | | | | | | | | |
| All Material | 2,141 | 1,914 | 2,115 | 2,049 | 1,061 | 2,066 | 2,141 | 2,115 | 2,049 | 1,739 | 2,066 | 2,141 | 23,597 | |
| Overburden | 714 | 638 | 705 | 683 | 354 | 689 | [illegible] | 705 | 683 | 580 | 689 | 714 | 7,868 | |
| Crude Ore | 1,427 | 1,276 | 1,410 | 1,366 | 707 | 1,377 | [illegible] | 1,410 | 1,366 | 1,159 | 1,377 | 1,427 | 15,729 | |
| Cobbed Ore | 999 | 893 | 987 | 956 | 495 | [illegible] | [illegible] | 987 | 956 | 811 | 964 | 999 | 11,010 | |
| Tailings | 648 | 579 | 640 | 620 | 321 | 625 | 648 | 640 | 620 | 526 | 625 | 648 | 7,140 | |
| Concentrate | 351 | 314 | 347 | 336 | 174 | [illegible] | 351 | 347 | 336 | 285 | 339 | 351 | 3,870 | |
| Pellets | 363 | 325 | 359 | 348 | 180 | [illegible] | 363 | 359 | 348 | 295 | 351 | 363 | 4,005 | |
| **Variable** | | | | | | | | | | | | | | |
| Depreciation | 3,625,468 | 3,245,943 | 3,585,518 | 3,475,655 | [illegible] | 3,505,618 | [illegible] | 3,585,518 | 3,475,655 | 2,946,317 | 3,505,618 | 3,625,468 | 40,000,000 | |
| **Cost of Production** | | | | | | | | | | | | | | |
| Grand Total | 3,625,468 | 3,245,943 | 3,585,518 | [illegible] | 1,797,[illegible] | [illegible] | 3,625,468 | 3,585,518 | 3,475,655 | 2,946,317 | 3,505,618 | 3,625,468 | 40,000,000 | |
| Cost per tonne of All Material | 1.69 | 1.70 | [illegible] | 1.70 | [illegible] | 1.70 | 1.69 | 1.70 | 1.70 | 1.69 | 1.70 | 1.69 | 1.70 | |
| Cost per tonne of Crude | 2.54 | 2.54 | 2.54 | 2.54 | 2.54 | 2.55 | 2.54 | 2.54 | 2.54 | 2.54 | 2.55 | 2.54 | 2.54 | |
| Cost per tonne of Pellets | 9.99 | 9.99 | [illegible] | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | 9.99 | |

CONFIDENTIAL

## Labor Rates

5-Sep-12
9:03

| | Annual | Monthly |
|---|---|---|
| Average Annual Wage and Bonus for Company Officers | 300,000 | 25,000 |
| Average Annual Wage and Bonus for Management Employees | 175,000 | 14,583 |
| Average Annual Wage and Bonus for Salaried Employees | 110,000 | 9,167 |
| Average Annual Wage and Bonus for Hourly Employees | 95,000 | 7,917 |
| Benefit Rate for all Employees | 70% | |

CONFIDENTIAL
BLIG

## Consumables

5-Sep-12
9:03

| | |
|---|---|
| Diesel ($/L) | $ 1.40 |
| Gasoline ($/L) | $ 1.30 |
| Natural Gas (Heating Fuel) ($/MMBTU) | $ 4.00 |
| Electricity ($/kwH) | $ 0.08 |
| Health and Safety supplies per Employee per month | $ 50.00 |

CONFIDENTIAL
BLIG

# Josephine Cone Mine Operating Plan

5-Sep-12
9:03

## Energy Sensitivity

| Cost of Natural Gas per MMBTU | 2.50 | 3.00 | 3.50 | 4.00 BASE | 4.50 | 5.00 | 5.50 | 6.00 | 6.50 | 7.00 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total at Mine Cost/tonne of Pellets | 35.43 | 35.59 | 35.73 | 35.88 | 36.03 | 36.18 | 36.32 | 36.48 | 36.63 | 36.80 |
| Each .50 increase | | 0.160 | 0.140 | 0.150 | 0.150 | 0.150 | 0.140 | 0.160 | 0.150 | 0.170 |
| Each 1.00 increase | | | 0.300 | 0.290 | 0.300 | 0.300 | 0.290 | 0.300 | 0.310 | 0.320 |
| Cumulative Increase | | 0.16 | 0.30 | 0.45 | 0.60 | 0.75 | 0.89 | 1.05 | 1.20 | 1.37 |

| Cost Electricity per kWH | 0.065 | 0.070 | 0.075 | 0.080 BASE | 0.085 | 0.090 | 0.095 | 0.100 | 0.105 | 0.110 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total at Mine Cost/tonne of Pellets | 34.11 | 34.71 | 35.29 | 35.88 | 36.46 | 37.05 | 37.63 | 38.23 | 38.80 | 39.39 |
| Each .005 increase | | 0.600 | 0.580 | 0.590 | 0.580 | 0.590 | 0.580 | 0.600 | 0.570 | 0.590 |
| Each .01 increase | | | 1.180 | 1.170 | 1.170 | 1.170 | 1.170 | 1.180 | 1.170 | 1.160 |
| Cumulative Increase | | 0.60 | 1.18 | 1.76 | 2.35 | 2.94 | 3.52 | 4.12 | 4.69 | 5.28 |

| Cost/kWH \ Cost per MMBTU | 2.50 | 3.00 | 3.50 | 4.00 | 4.50 | 5.00 | 5.50 | 6.00 | 6.50 | 7.00 |
|---|---|---|---|---|---|---|---|---|---|---|
| 0.065 | 33.67 | 33.85 | 33.97 | 34.11 | 34.27 | 34.42 | 34.56 | 34.72 | 34.87 | 35.04 |
| 0.070 | 34.26 | 34.42 | 34.56 | 34.71 | 34.86 | 35.01 | 35.15 | 35.31 | 35.46 | 35.63 |
| 0.075 | 34.84 | 35.00 | 35.14 | 35.29 | 35.44 | 35.59 | 35.73 | 35.89 | 36.04 | 36.21 |
| 0.080 | 35.43 | 35.59 | 35.73 | 35.88 | 36.03 | 36.18 | 36.32 | 36.48 | 36.63 | 36.80 |
| 0.085 | 36.02 | 36.18 | 36.32 | 36.46 | 36.62 | 36.77 | 36.91 | 37.07 | 37.22 | 37.39 |
| 0.090 | 36.60 | 36.76 | 36.90 | 37.05 | 37.20 | 37.35 | 37.49 | 37.65 | 37.80 | 37.97 |
| 0.095 | 37.19 | 37.35 | 37.49 | 37.63 | 37.79 | 37.94 | 38.08 | 38.24 | 38.39 | 38.56 |
| 0.100 | 37.78 | 37.94 | 38.08 | 38.23 | 38.38 | 38.53 | 38.67 | 38.83 | 38.98 | 39.15 |
| 0.105 | 38.36 | 38.52 | 38.66 | 38.80 | 38.96 | 39.11 | 39.25 | 39.41 | 39.56 | 39.73 |
| 0.110 | 38.95 | 39.11 | 39.25 | 39.39 | 39.55 | 39.70 | 39.84 | 40.00 | 40.15 | 40.32 |

CONFIDENTIAL BLIG

This is Exhibit "13" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners,
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Monday, December 14, 2015 12:51 PM
**To:** Rob MacRae
**Subject:** Fwd: Bending Lake

Sent from my iPad

Begin forwarded message:

> **From:** "Paul J. Denton" <pdenton@farberfinancial.com>
> **Date:** 16 March, 2015 2:16:02 PM EDT
> **To:** Henry Wetelainen <henry@bendinglakeiron.com>
> **Cc:** "Dawn McKay (dmckay@bendinglakeiron.com)" <dmckay@bendinglakeiron.com>
> **Subject: RE: Re: Bending Lake**
>
> Henry
>
> Any update on the below e-mail.
>
> Please advise.
>
> Regards
>
> Paul
>
> **From:** Paul J. Denton
> **Sent:** Thursday, March 12, 2015 2:56 PM
> **To:** Henry Wetelainen
> **Subject:** Re: Bending Lake
>
> Henry,

In follow up to our meeting last week and specifically your request that I coordinate a meeting with Stuart and James, I have had a couple of discussion over the past few days with Stuart .He is happy to meet here in Toronto and he confirms he has good availability next week on Tuesday March 17, Wednesday March 18 and Friday March 20. He also has good availability the following week. James is actually away the next few weeks, so any meeting would be with Stuart. He has asked that I sit in any meeting also.

I am not sure what your schedule is like. A call maybe more efficient to discuss that timing and other matters.

regards

Paul J. Denton
B Comm, CA(NZ), CIRP
Vice President | Insolvency & Restructuring
Direct: 416.496.3773 | Mobile: 416.846-0069

pdenton@farberfinancial.com

Farber
FINANCIAL GROUP

**Responsive. Practical. Results.**

This message is intended only for the use of the intended recipients, and it may be privileged and confidential. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message is strictly prohibited and may be illegal. If you are not the intended recipient, please notify me immediately by return email and delete this message from your system. Thank you.

This is Exhibit "14" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Monday, December 14, 2015 12:48 PM
**To:** Rob MacRae
**Subject:** Fwd: Bending Lake Iron Group Limited

Sent from my iPad

Begin forwarded message:

**From:** "Paul J. Denton" <pdenton@farberfinancial.com>
**Date:** 14 April, 2015 5:24:34 PM EDT
**To:** Henry Wetelainen <henry@bendinglakeiron.com>
**Cc:** Peter Crawley <pcrawley@farberfinancial.com>
**Subject: Re: Bending Lake Iron Group Limited**

Henry

I have been liaising with Legacy Hill Resources ("Legacy") over the past week including a conference call this morning.

They with partner Resource Development Partners Ltd have provided an LOI but it is general in nature at this time. Legacy is providing technical advice while RDP is sourcing the capital. They are conducting due diligence as we speak and per the call this morning are targeting the week of April 27 coming to Toronto to meet Stuart and James, and then to Thunder Bay and Bending Lake to meet with you to review current status of EA, First Nations negotiations and conduct more due diligence on site. At this time it it appears the Legacy group would include Andrew Malim, Director Porject Development and Finance, Saradhi Rajan Managing Director of Legacy. Andrew also mentioned bringing a geologist and a mining engineer.

I would like to arrange a call with you tomorrow or Thursday to review their interest and ongoing due diligence.

Can you let me know some times.

Regards and thanks

This is Exhibit "15" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Monday, December 14, 2015 12:47 PM
**To:** Rob MacRae
**Subject:** Fwd: Bending Lake Iron Group - Information on Interested Party RDP/Legacy Hill
**Attachments:** RDP Let P Denton Farber Financial.pdf; Creditor List for Notice.xls

Sent from my iPad

Begin forwarded message:

**From:** "Paul J. Denton" <pdenton@farberfinancial.com>
**Date:** 15 April, 2015 3:13:16 PM EDT
**To:** Henry Wetelainen <henry@bendinglakeiron.com>
**Cc:** Peter Crawley <pcrawley@farberfinancial.com>
**Subject: Re: Bending Lake Iron Group - Information on Interested Party RDP/Legacy Hill**

Henry,

I appreciated our discussion earlier this afternoon. As discussed provide some further information.

Attach the expression of interest provided by Resource Development Partners Ltd ("RDP") dated April 9, 2015 who are partners with Legacy Hill.

Legacy who are coordinating the due diligence for RDP are focused on time lines, costs as well as the following:

1. Property site visit to review access and logistics
2. Drill maps, logs and cores
3. Pit wireframes to plan infill drilling required.
4. Overburden matters. Outcrops?
5. Environmental Assessment Status

6. First Nations Negotiations Status

As discussed their model for new iron ore ventures is start small with a technology value add focus (HBI) and "grow as they go".

RDP/Legacy have provided a signed NDA, have access to our data room and have been made fully aware of the Receivership SISP process and our mandate. They are pressing ahead with due diligence with the expectation of travelling to Toronto and Thunder Bay the week of April 27. Although not confirmed yet, the proposal itinerary is that they will meet with the Receiver, our legal counsel and the secured creditors Stuart and James at the start of the week and then budget around 3 days up at Thunder Bay and Bending Lake. You have confirmed that you have blocked some time off for that.

Legacy are also looking to get a better understanding of both the liabilities and assets. In that regard they are aware of the approximate amount of the CRA priority claim for payroll source deductions ($50k) of the secured creditors at around $3.5 million. I advised that unsecured creditors were around $8 million but have not provided a list to them to date as wanted to review a query first with the company. Additionally I have advised we have not completed any claims process on these liabilities.

Per our discussion with respect to the unsecured creditors, I have attached a list and draw your attention to the line item Various Shareholders which has a claim amount of $1,048,337.67. I wanted to make sure there is no overstatement of claims or liabilities as this amount from our review we suspect may also be included in the BLIOC claim amount of $1,482.155.96. However we need to confirm this amount. When you get a chance can you arrange a review and advise. Thanks.

Lets stay in touch. If you have any queries please call or e-mail us,

Paul J. Denton
B Comm, CA(NZ), CIRP
Vice President | Insolvency & Restructuring
Direct: 416.496.3773 | Mobile: 416.846-0069

pdenton@farbertinancial.com

This is Exhibit "16" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

I will follow up for you.

My view is that the current state of affairs we find our self in was almost entirely a financial issue. Aiwan reneged late in the game so no capital or liquidity was provided to continue. The consultation with the various First Nations bands was proceeding well and this comes form the lawyer leading the negotiations.

I do think this a discussion that should be had with Henry but can also get the views of Jay Mackie.

Happy to have a call as well.

Regards

Paul Denton

Sent from my BlackBerry 10 smartphone on the Rogers network.

**From:** Andrew Malim

**Sent:** Monday, April 27, 2015 11:48 AM

**To:** Paul J. Denton

**Subject:** BLIG

Paul

Call with members of the Ministry of Northern Development and Mines today.

Helpful call.

Timelines are what they are being based primarily around the activity we require such consents for: bulk sampling, drilling etc.

Generally these timelines are manageable and can be better refined/defined face to face.

An area of concern:

It appears that Ojibwe attitudes to anything that may constitute a disturbance to their tradtional way of life can meet resistance unless we mount a very thorough consultative process.

This we would intend to do.

Henry's son is on the tribal Council.

BUT there are elections in September, then who knows?

So we need to discover via Henry or whomsoever if any proposal to restore to life what Henry's grandmother started 80 years ago will be welcomed or resisted.

This is pretty vital as you will appreciate.

Do you have a view?

Only 3 years ago, this almost became a mine - at least a financial offer was made to this effect. What changed apart from the obvious (financial?).

Best Andrew

**Andrew Malim**

Director – Project Development and Finance

**Legacy Hill Resources Ltd.**

Hurlingham Studios - Suite 19

Ranelagh Gardens

This is Exhibit "17" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Monday, December 14, 2015 12:52 PM
**To:** Rob MacRae
**Subject:** Fwd: SISP Process

Sent from my iPad

Begin forwarded message:

**From:** "Paul J. Denton" <pdenton@farberfinancial.com>
**Date:** 13 April, 2015 6:25:27 PM EDT
**To:** Henry Wetelainen <henry@bendinglakeiron.com>
**Subject: SISP Process**

Henry,

Further to my call on Friday I was going to call you today, but need to first have a call with Legacy Hill which we are trying to convene tomorrow. Once I have had that call will get in touch.

regards

Paul J. Denton
B Comm, CA(NZ), CIRP
Vice President | Insolvency & Restructuring
Direct: 416.496.3773 | Mobile: 416.846-0069

pdenton@farberfinancial.com

Farber
FINANCIAL GROUP

**Responsive. Practical. Results.**

This message is intended only for the use of the intended recipients, and it may be privileged and confidential. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message is strictly prohibited and may be illegal. If you are not the intended recipient, please notify me immediately

by return email and delete this message from your system. Thank you.

This is Exhibit "18" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Monday, December 14, 2015 12:47 PM
**To:** Rob MacRae
**Subject:** Fwd: BLIG

Sent from my iPad

Begin forwarded message:

**From:** "Paul J. Denton" <pdenton@farberfinancial.com>
**Date:** 16 April, 2015 11:14:07 AM EDT
**To:** Henry Wetelainen <henry@bendinglakeiron.com>
**Cc:** Andrew Malim <amalim@legacyhillresources.com>, Nigel Pickett <npickett@legacyhillresources.com>, Johannes Petersen <jpetersen@legacyhillresources.com>, Saradhi Rajan <dsrajan@legacyhillresources.com>, Peter Crawley <pcrawley@farberfinancial.com>, "mackiejr@frontiernet.net" <mackiejr@frontiernet.net>
**Subject: RE: BLIG**

Henry,

Further to our conversation yesterday, I am forwarding an e-mail and question below from Legacy Hill regarding information on analysis completed on pilot plant production of pallets.

I believe you met among others Andrew Malim at PDAC. Saradhi Rajan, a Managing Director at Legacy, has forwarded the e-mail query.

As we discussed yesterday, travel to Toronto, Thunder Bay and a site visit is being planned for the week of April 27 but still needs to be locked down.

The query below is regarding analysis completed on pilot plant operation for pellet production. This information is not in our data room but I believe from our prior discussions such analysis was completed by the company. I am also copying Jay Mackie.

Please respond directly to Legacy with the information request. That may require a conference or direct call which Legacy can arrange.

Regards

Paul Denton

**From:** Saradhi Rajan [mailto:dsrajan@legacyhillresources.com]
**Sent:** Thursday, April 16, 2015 8:51 AM
**To:** Paul J. Denton; Peter Crawley
**Cc:** Andrew Malim; Nigel Pickett; Johannes Petersen
**Subject:** BLIG

Paul

There are numerous references in the data room documents to pilot plant work aimed at evaluating the production of pellets and also financial models based on the production of these pellets. However I can't find the results of the underlying pilot plant work - lab test results showing the metallurgical composition of inputs and outputs. This is very critical to our evaluation.

Apologies if I have missed it but if it is not in the documents we have please could we have these test results.

Saradhi

**D. Saradhi Rajan**

Managing Director

**Legacy Hill Resources Ltd**

**Direct Tel:** +44 207 993 5261

**Mob:** +44 7432 711 564 / +56 9 5235 5468 / +91 9930 679504

**Email:** dsrajan@legacyhillresources.com;

www.legacyhillresources.com

## CONFIDENTIALITY AND DISCLAIMER STATEMENTS

This email transmission (including any attachments to it) is strictly confidential and may be legally privileged. This email is intended solely to be received by the person(s) or organisation(s) to whom it is addressed. If you are not the intended recipient of this email, retaining, using, disseminating, distributing, copying or taking any actions in reliance upon any information or documents contained in it is strictly prohibited and will constitute a breach of confidentiality. If you have received this email in error, please reply to the sender immediately to inform us and delete it.

Any statements, views or opinions contained in this email are personal to the sender except where the sender expressly states these are attributable to Legacy Hill Resources Limited (LHR) or any company in Legacy Hill Resource's group.

Please note that internet email is not a 100% secure communications medium. Further, any material originated by LHR and transmitted to you via a third party should be verified by reference to material obtained directly from LHR. Although we have taken steps to ensure that this e-mail and attachments are virus-free at the point of departure, the recipient should check that they are virus-free upon receipt and we do not accept liability for any damage so caused.

This is Exhibit "19" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Monday, December 14, 2015 12:47 PM
**To:** Rob MacRae
**Subject:** Fwd: BLIG

Sent from my iPad

Begin forwarded message:

**From:** "Paul J. Denton" <pdenton@farberfinancial.com>
**Date:** 16 April, 2015 11:14:07 AM EDT
**To:** Henry Wetelainen <henry@bendinglakeiron.com>
**Cc:** Andrew Malim <amalim@legacyhillresources.com>, Nigel Pickett <npickett@legacyhillresources.com>, Johannes Petersen <jpetersen@legacyhillresources.com>, Saradhi Rajan <dsrajan@legacyhillresources.com>, Peter Crawley <pcrawley@farberfinancial.com>, "mackiejr@frontiernet.net" <mackiejr@frontiernet.net>
**Subject: RE: BLIG**

Henry,

Further to our conversation yesterday, I am forwarding an e-mail and question below from Legacy Hill regarding information on analysis completed on pilot plant production of pallets.

I believe you met among others Andrew Malim at PDAC. Saradhi Rajan, a Managing Director at Legacy, has forwarded the e-mail query.

As we discussed yesterday, travel to Toronto, Thunder Bay and a site visit is being planned for the week of April 27 but still needs to be locked down.

The query below is regarding analysis completed on pilot plant operation for pellet production. This information is not in our data room but I believe from our prior discussions such analysis was completed by the company. I am also copying Jay Mackie.

Please respond directly to Legacy with the information request. That may require a conference or direct call which Legacy can arrange.

Regards

Paul Denton

**From:** Saradhi Rajan [mailto:dsrajan@legacyhillresources.com]
**Sent:** Thursday, April 16, 2015 8:51 AM
**To:** Paul J. Denton; Peter Crawley
**Cc:** Andrew Malim; Nigel Pickett; Johannes Petersen
**Subject:** BLIG

Paul

There are numerous references in the data room documents to pilot plant work aimed at evaluating the production of pellets and also financial models based on the production of these pellets. However I can't find the results of the underlying pilot plant work - lab test results showing the metallurgical composition of inputs and outputs. This is very critical to our evaluation.

Apologies if I have missed it but if it is not in the documents we have please could we have these test results.

Saradhi

**D. Saradhi Rajan**

Managing Director

**Legacy Hill Resources Ltd**

**Direct Tel:** +44 207 993 5261

**Mob:** +44 7432 711 564 / +56 9 5235 5468 / +91 9930 679504

**Email:** dsrajan@legacyhillresources.com;

www.legacyhillresources.com

## CONFIDENTIALITY AND DISCLAIMER STATEMENTS

This email transmission (including any attachments to it) is strictly confidential and may be legally privileged. This email is intended solely to be received by the person(s) or organisation(s) to whom it is addressed. If you are not the intended recipient of this email, retaining, using, disseminating, distributing, copying or taking any actions in reliance upon any information or documents contained in it is strictly prohibited and will constitute a breach of confidentiality. If you have received this email in error, please reply to the sender immediately to inform us and delete it.

Any statements, views or opinions contained in this email are personal to the sender except where the sender expressly states these are attributable to Legacy Hill Resources Limited (LHR) or any company in Legacy Hill Resource's group.

Please note that internet email is not a 100% secure communications medium. Further, any material originated by LHR and transmitted to you via a third party should be verified by reference to material obtained directly from LHR. Although we have taken steps to ensure that this e-mail and attachments are virus-free at the point of departure, the recipient should check that they are virus-free upon receipt and we do not accept liability for any damage so caused.

This is Exhibit "20" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Thursday, April 23, 2015 11:55 AM
**To:** Dawn McKay
**Subject:** Fwd: Bending Lake Iron Group

Sent from my iPhone

Begin forwarded message:

**From:** "Paul J. Denton" <pdenton@farberfinancial.com>
**Date:** April 23, 2015 11:52:57 AM EDT
**To:** Henry Wetelainen <henry@bendinglakeiron.com>, "mackiejr@frontiernet.net" <mackiejr@frontiernet.net>
**Cc:** Peter Crawley <pcrawley@farberfinancial.com>
**Subject: RE: Bending Lake Iron Group**

Henry and Jay,

I had a brief call with Andrew Malim just now.

From a timing perspective they are undertaking further due diligence including discussions with the MNDM , with a call scheduled for tomorrow am with a number of MNDM individuals (Devon Cranston mentioned as well as Mark Smyk, Drew Redden). They want to get a better feel for time to permit etc. Bottom line they will not be travelling here next week. It could be the week after, however they will provide more definitive time line once they complete the call and further review tomorrow.

Regards

Paul Denton

**From:** Paul J. Denton
**Sent:** Wednesday, April 22, 2015 5:37 PM
**To:** Henry Wetelainen
**Cc:** mackiejr@frontiernet.net; Peter Crawley
**Subject:** FW: Bending Lake Iron Group

**Importance:** High
**Sensitivity:** Confidential

Henry,

Further to my call this morning, to keep you in the loop, attached is what Jay Mackie sent Legacy this morning and they confirmed by return e-mail, this was exactly what they were looking for. I sent an e-mail inviting a conference call tomorrow am with both you and Jay and the Receiver on the line, but they confirmed they will need a few days to digest this and other data and will then revert to us. I was promoting the need for a call in the am because Jay will be on the road Thursday afternoon and less easy to communicate with on his cell.

Once I hear more I will advise both you and Jay.

Regards,

Paul Denton

**From:** Jay Mackie [mailto:mackiejr@frontiernet.net]
**Sent:** Wednesday, April 22, 2015 10:58 AM
**To:** Paul J. Denton; 'Saradhi Rajan'; Peter Crawley
**Cc:** 'Andrew Malim'; 'Nigel Pickett'; 'Johannes Petersen'
**Subject:** RE: Bending Lake Iron Group
**Importance:** High
**Sensitivity:** Confidential

All – Attached are some files which do address estimates of production costs and their related assumptions. I don't know if you have these files but due to the question posed to Paul I don't think that you do.

Jay

**From:** Paul J. Denton [mailto:pdenton@farberfinancial.com]
**Sent:** Wednesday, April 22, 2015 8:00 AM
**To:** Saradhi Rajan; Peter Crawley

**Cc:** Andrew Malim; Nigel Pickett; Johannes Petersen; mackiejr@frontiernet.net
**Subject:** RE: Bending Lake Iron Group

Saradhi

I am back in the office but will be in and out of the office today in meetings.

For expedience I am also copying Jay Mackie on this request below.

We only have high level information on what would have been the full blown production with a $900 million capital budget. I would have to follow up with the company. But to clarify are you referring the full blown production or to some smaller scale pilot analysis that you have seen reference to. Please confirm what you are after and where it is referred to in the materials you are completing due diligence on.

Regards

Paul Denton

**From:** Saradhi Rajan [mailto:dsrajan@legacyhillresources.com]
**Sent:** Monday, April 20, 2015 4:22 PM
**To:** Paul J. Denton; Peter Crawley
**Cc:** Andrew Malim; Nigel Pickett; Johannes Petersen
**Subject:**

Paul/Peter

Do you have BLIG's own spreadsheets for their projections and calculation of cost of production etc?

Regards

Saradhi

**D. Saradhi Rajan**

Managing Director

**Legacy Hill Resources Ltd**

**Direct Tel:** +44 207 993 5261

**Mob:** +44 7432 711 564 / +56 9 5235 5468 / +91 9930 679504

**Email:** dsrajan@legacyhillresources.com;

www.legacyhillresources.com

**CONFIDENTIALITY AND DISCLAIMER STATEMENTS**

This email transmission (including any attachments to it) is strictly confidential and may be legally privileged. This email is intended solely to be received by the person(s) or organisation(s) to whom it is addressed. If you are not the intended recipient of this email, retaining, using, disseminating, distributing, copying or taking any actions in reliance upon any information or documents contained in it is strictly prohibited and will constitute a breach of confidentiality. If you have received this email in error, please reply to the sender immediately to inform us and delete it.

Any statements, views or opinions contained in this email are personal to the sender except where the sender expressly states these are attributable to Legacy Hill Resources Limited (LHR) or any company in Legacy Hill Resource's group.

Please note that internet email is not a 100% secure communications medium. Further, any material originated by LHR and transmitted to you via a third party should be verified by reference to material obtained directly from LHR. Although we have taken steps to ensure that this e-mail and attachments are virus-free at the point of departure, the recipient should check that they are virus-free upon receipt and we do not accept liability for any damage so caused.

This is Exhibit "21" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**Baffinland versus Bending Lake Iron Group**
**November 14, 2010**

Jay R. Mackie – Bending Lake Iron Group – VP Project Manager

In this past week ArcelorMittal has been reported to have made an offer of $431.4 million USD, a share price of C $1.10 for Baffinland. Baffinland, for the past number of years has been in search of a partner to assist with the funding of an estimated CAPEX requirement of $4.1 billion USD(2007 estimate?). Since both companies are in the business of providing iron units to the steel industry I felt that it was of Bending Lake Iron Group's interest to see how the two Canadian projects stack up against each other. This is an interesting question when one project intends to provide Direct Shipping Ore (DSO) while the other intends to provide the highest value added iron product, Merchant Pig Iron(MPI).

One of the most successful businesses in the world, McDonalds, has always stressed the fact that the key to their success is location, location, location. I am of the opinion that when comparing these two potential operations, one of the primary keys to either's success will also be location. Baffinland, located on Baffin Island in the Nunavut Territory, when compared to Bending Lake's location in NW Ontario, provides the case in point for location being a primary key to the degree of eventual success. Operating costs, those involving environmental requirements/costs when operating and eventually closing in a permafrost and polar environment which today is totally pristine, the costs involved in operating 24/7 outdoors with large mobile mining equipment and manpower in an extremely harsh climate, the cost of logistics to provide for the consumable and maintenance support needs of an open pit mining operation where none exists today , and last, but by no means least, are the costs associated with providing the manpower requirements to adequately staff the operation in an ongoing manner. Some of these costs I don't even think are fully quantifiable at this point in time – especially those related to environmental considerations. If I were to make a qualified guess at the overall operational cash costs for Baffinland's project I would have to place them in the magnitude of X8 to X10+ when compared to Bending Lake's. The DSO product of Baffinland, if sold on the seaborne iron ore market, would still only bring in an estimated $130-$150 per ton delivered. This would result in a small profit margin even in times of very high prices such as we see today. If the Baffinland operation were underground, such as Kiruna in Sweden or the Red Dog in Alaska, or had the margins and product transportation requirements of the Diavik diamond mine north of Yellowknife or even had the ability to transport consumables by ice road in the winter, one could possibly envision a potentially realistic operation with a somewhat controllable cost structure. The Baffin Island location however, has every imaginable negative operational aspect associated with it, and in huge amounts which, in my opinion, will severely limit anyone's ability to manage and control operating costs. All mining operations have the majority of the operating costs fixed, therefore, the only way to offset these costs at the bottom line is to maintain a consistent rate of planned production over time. I believe that 'mother nature' is going to offer more than challenges to Baffinland's meeting that requirement. Bending Lake will also have some similar challenges but none in the magnitude facing Baffinland.

The subject of overall sustainability also must be addressed as any operation in a polar region will severely alter the existing way of life for the indigenous population for just a short time – in this case 20-21 years – the question is then what?????????????????????? In my opinion the Bending Lake project has none of these obstacles to come to grips with.

As to the question – why ArcelorMittal would want to acquire Baffinland? - there are probably many reasons which we don't fully understand. However, from the standpoint of global dynamics in the steel raw material supply world, the business model of vertical integration is very much back in vogue as it is almost a requirement if any major steel manufacturer is to control costs, ex. recent articles about AK Steel's woes . With ArcelorMittal being the world's largest steel manufacturer their raw material needs are also the largest in the world and they cannot afford to be held hostage by anyone in the seaborne iron ore business. They have publicly stated that they intend to be 90+% self sufficient within the next

decade. One can see that they are rapidly moving in this direction by their recent past activities in South Africa and Liberia. The challenge of the unknowns about operating in Africa are probably causing more than just a little consternation in the corporate offices so, where do you go next for large amounts of raw material in a stable/predictable political and economic environment --- Brazil, Australia, US, or Canada ----------again its location, location, location.

When initial comparisons between the two projects are examined, the CAPEX requirements jump out at you. As a result I have done some comparisons with surprising results.

**Basic Assumptions**

**Proven reserves** – Baffinland – 417 million tons DSO
Bending Lake – 250 million tons low grade magnetite

**Additional potential reserves** – Baffinland – 448 million tons DSO
Bending Lake – 200 million tons low grade magnetite

**Anticipated yearly production rate** – Baffinland – 18 million tons DSO
Bending Lake – 1.2 million tons Merchant Pig Iron(MPI)

**Today's market price** – DSO FOB shipping point - $120 US/metric ton
MPI FOB shipping point - $450 US/metric ton

**Estimated cash production costs** – Baffinland - $100 US/metric ton = $20/metric ton margin
Bending Lake - $250 US/metric ton = $200/metric ton margin

**Estimated CAPEX requirement** – Baffinland - $4.1 billion (2007 estimate?)
Bending Lake - $925 million (2009 estimate)

**Life of mine** – Baffinland – 21 years
Bending Lake – 38 years

**Therefore:**

CAPEX / proven ton reserve: Baffinland - $4,100,000,000/417,000,000 = $9.83 per ton
Bending Lake - $925,000,000/250,000,000 = $3.70 per ton
**Ratio Bending Lake to Baffinland: 1.000 to 2.656**

CAPEX / total est. reserve: Baffinland - $4,100,000,000/865,000,000 = $4.74 per ton
Bending Lake - $925,000,000/450,000,000 = $2.06 per ton
**Ratio Bending Lake to Baffinland: 1.000 to 2.301**

CAPEX/margin/year: Baffinland – 18,000,000 tons X $20 = $360,000,000 total margin/yr=$11.39 CAPEX per each $1 of margin
Bending Lake – 1,200,000 tons X $200 = $240,000,000 total margin /yr = $3.85 CAPEX per each $1 of margin
**Ratio Bending Lake to Baffinland: 1.000 to 2.956**

CAPEX/life of mine margin: Baffinland – 21 yrs X $360 mil = $7.56 bil / $4.1 bil = $1.84 margin per each $1 of CAPEX
Bending Lake – 38 yrs X $240 mil = $9.12 bil/ $925 mil = $9.86 Margin per each $1 of CAPEX
**Ratio Bending Lake to Baffinland: 5.359 to 1.000**

This comparison and an understanding of the difference in cost drivers I believe begs the question – Which of the two projects would you bet on?????

**Budget For Receiver** **Items Requiring Time, Effort and Money**

| | Cost |
|---|---|
| 1 **list of those parties, with company name, contact particulars and nature of expression of interest.** | 2500 |
| 2 due diligence | |
| - drop box or virtual data room | 5000 |
| 3 leased premises – 201 and 203 Hardisty Street | |
| - 201 Hardisty Street head lease w 1584859 (1Jun2011 to 31May2016) | 500 |
| - Sub lease w Corp 18Jul2008 to 31Jul2013 **(Copy Required)** | 500 |
| - 203 Hardisty - Head Lease w Windigo Ridge Resources 15Oct2008 to 31Jul2013 (DP has copy) | 500 |
| - 208 Hardisty - Head Lease extension | 500 |
| - *need sub-lease between Corp and BLIG (if no lease, confirm or provide executed copy) | 1500 |
| 4 Surface Rights to Property Adjacent to BLIG property | |
| - Windigo Ridge | |
| - Surace rights/options 1st for 2 years | 1000 |
| - 2nd 2008 with a 5 year extension 2010 to 15Dec2015 **(5 yr extension required)** | 1000 |
| **- confirm they are in good standing** | 1000 |
| **Others: 584859** | |
| **- Option Agreements** | 2500 |
| 5 CRA Scientific Research & Expermentation and Development | |
| **- confirm status of such claims & potential amounts** | 50000 |
| 6 Susan's Time | |
| - To Date | 1500 |
| - Ongoing (Nov) | 3700 |
| - Ongoing (Dec) | 3700 |
| - Ongoing (Jan) | 3700 |
| - Contingency | 900 |
| **Total** | **80000** |

This is Exhibit "22" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

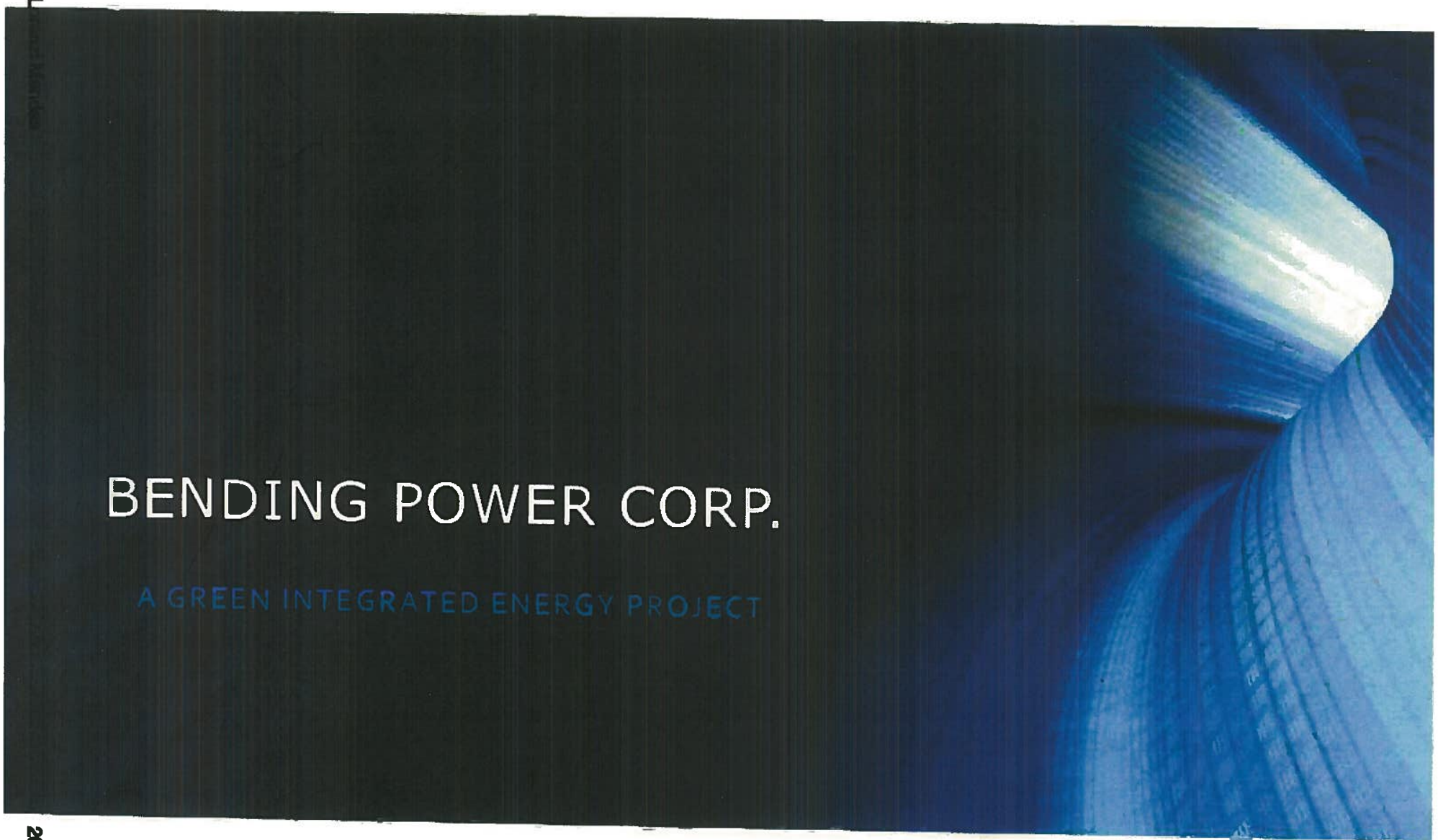
Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners,
Barristers and Solicitors.
Expires November 24, 2018.

Dropbox
Denton
Upgrade account
Settings
Recents
Files
Team
Paper
Photos
Shared
Links
Events
File requests
Deleted files
Denton
Geology Report.pdf
Rationale to Support the Ion Core N... Sept07.doc
SRock Study.pdf
Dropbox Business
Try it free

This is Exhibit "23" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

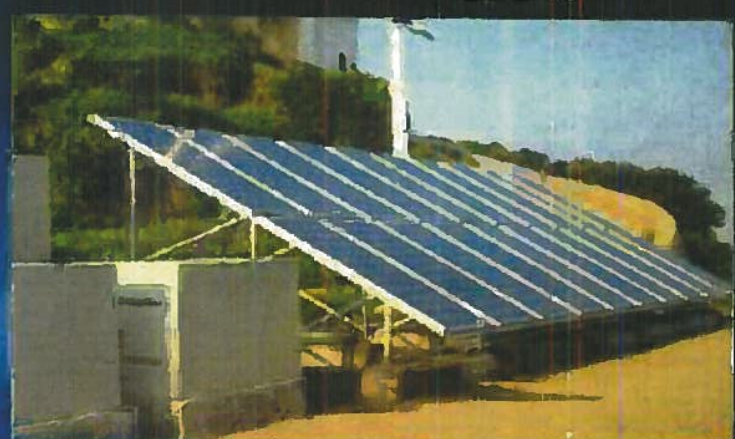

BENDING POWER CORP.
A GREEN INTEGRATED ENERGY PROJECT

# A COMBINATION OF FOUR INTEGRATED ENERGY SOURCES

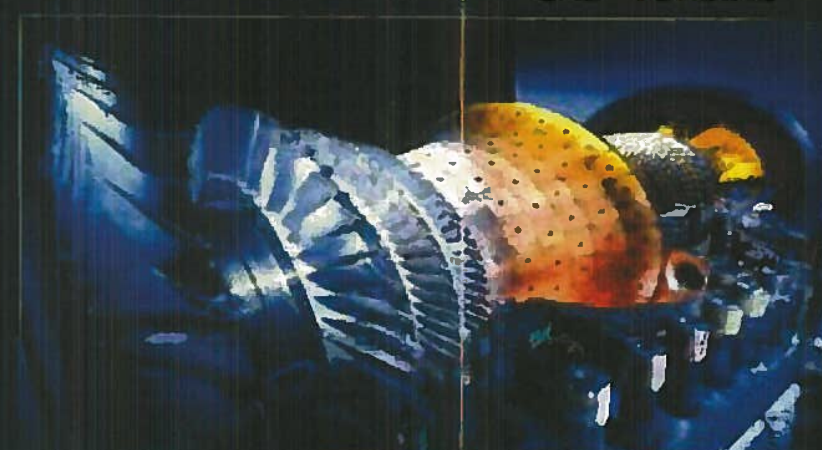
WIND

PUMP STORAGE

SOLAR

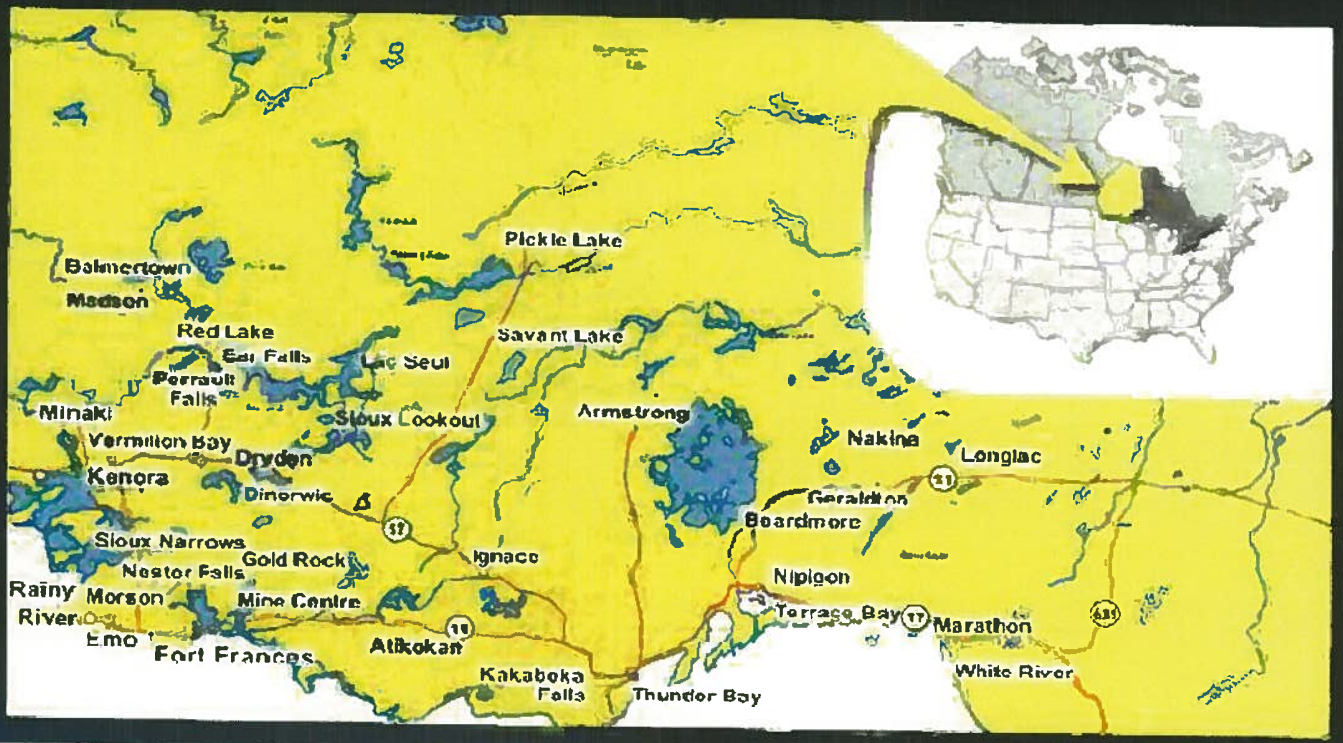


GAS TURBINE

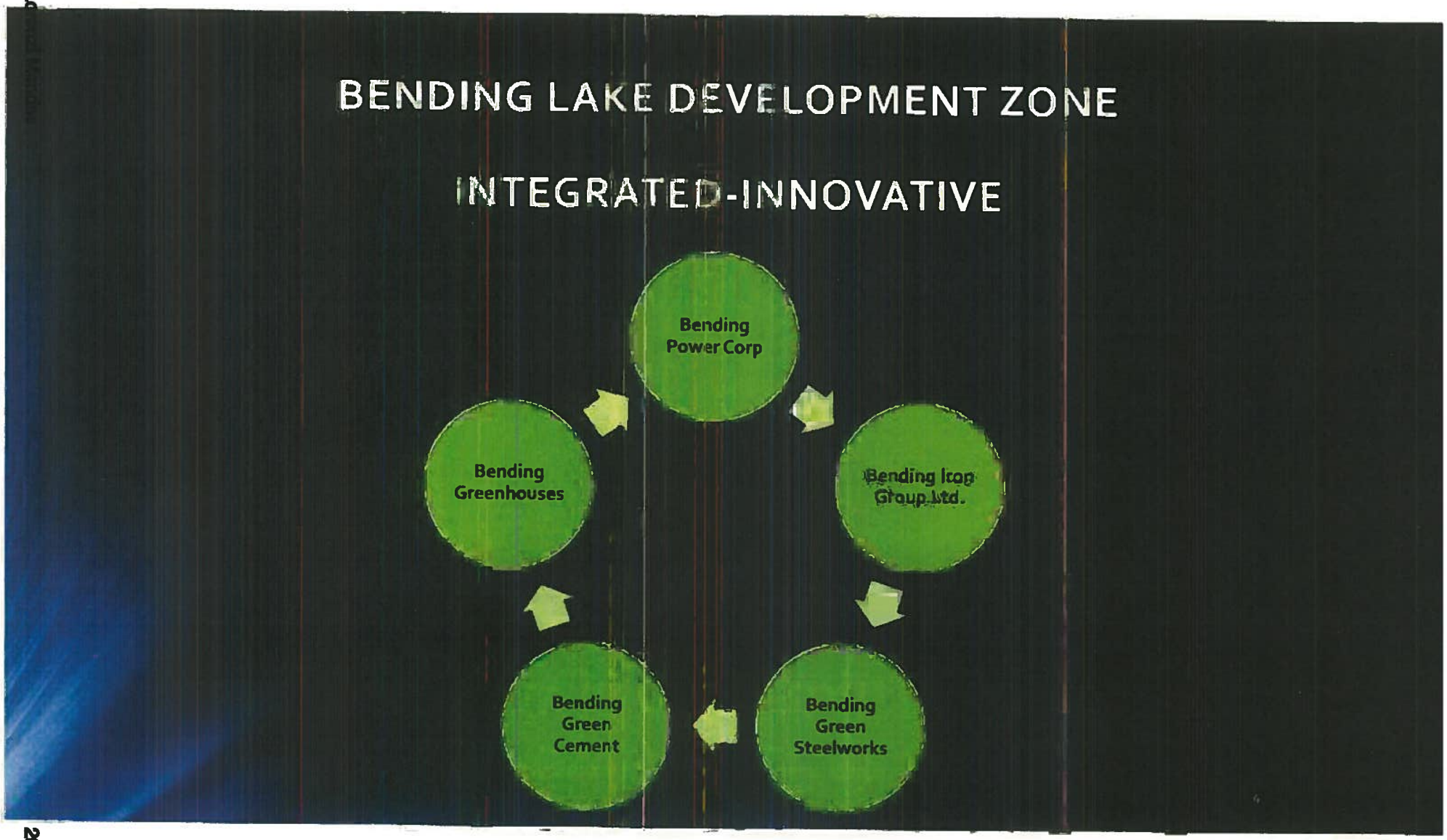


O'Neill Del

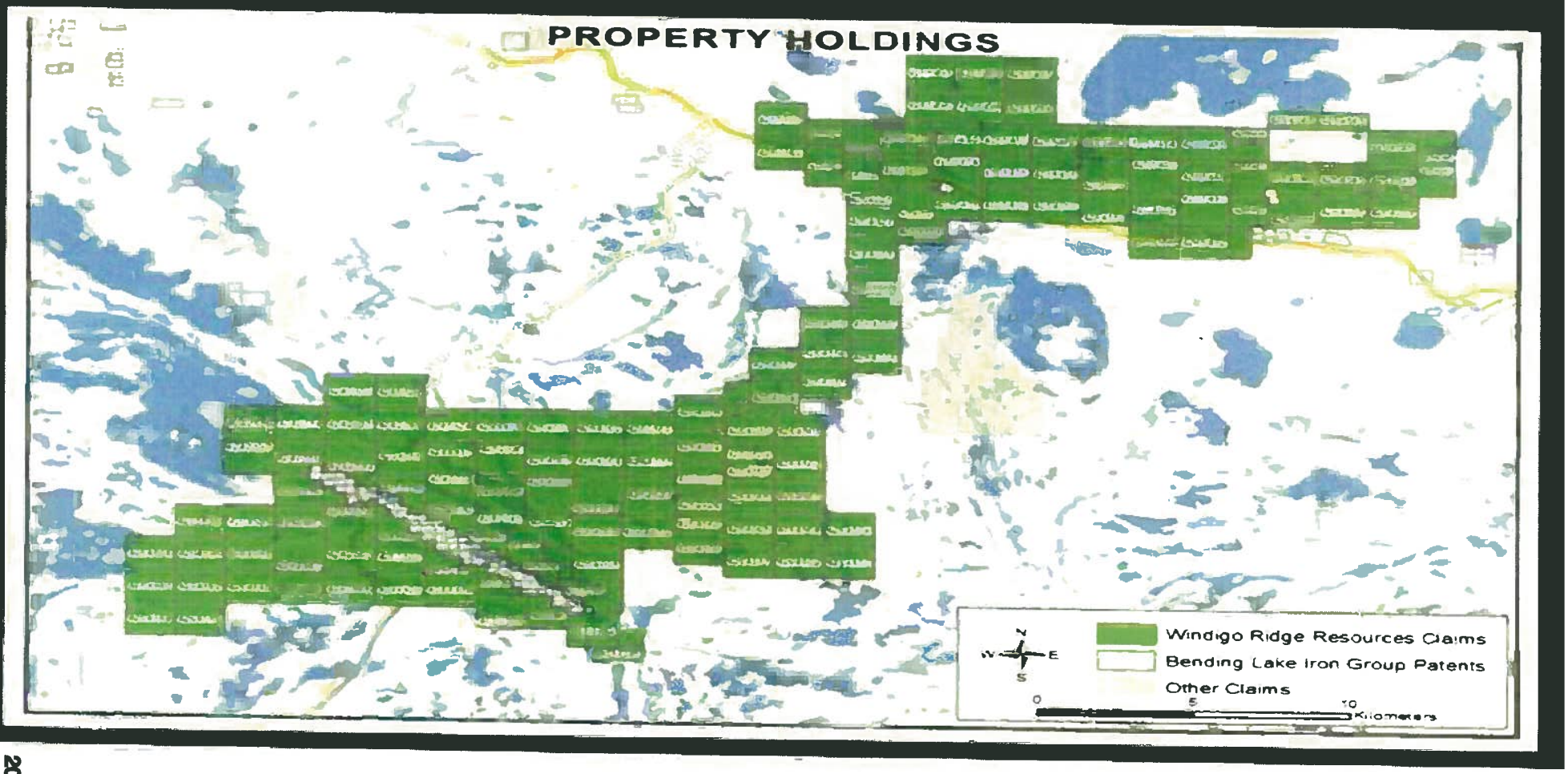
# BENDING POWER WILL BE THE CATALYST FOR ALL NEW INDUSTRIAL DEVELOPMENT IN NORTHWEST ONTARIO



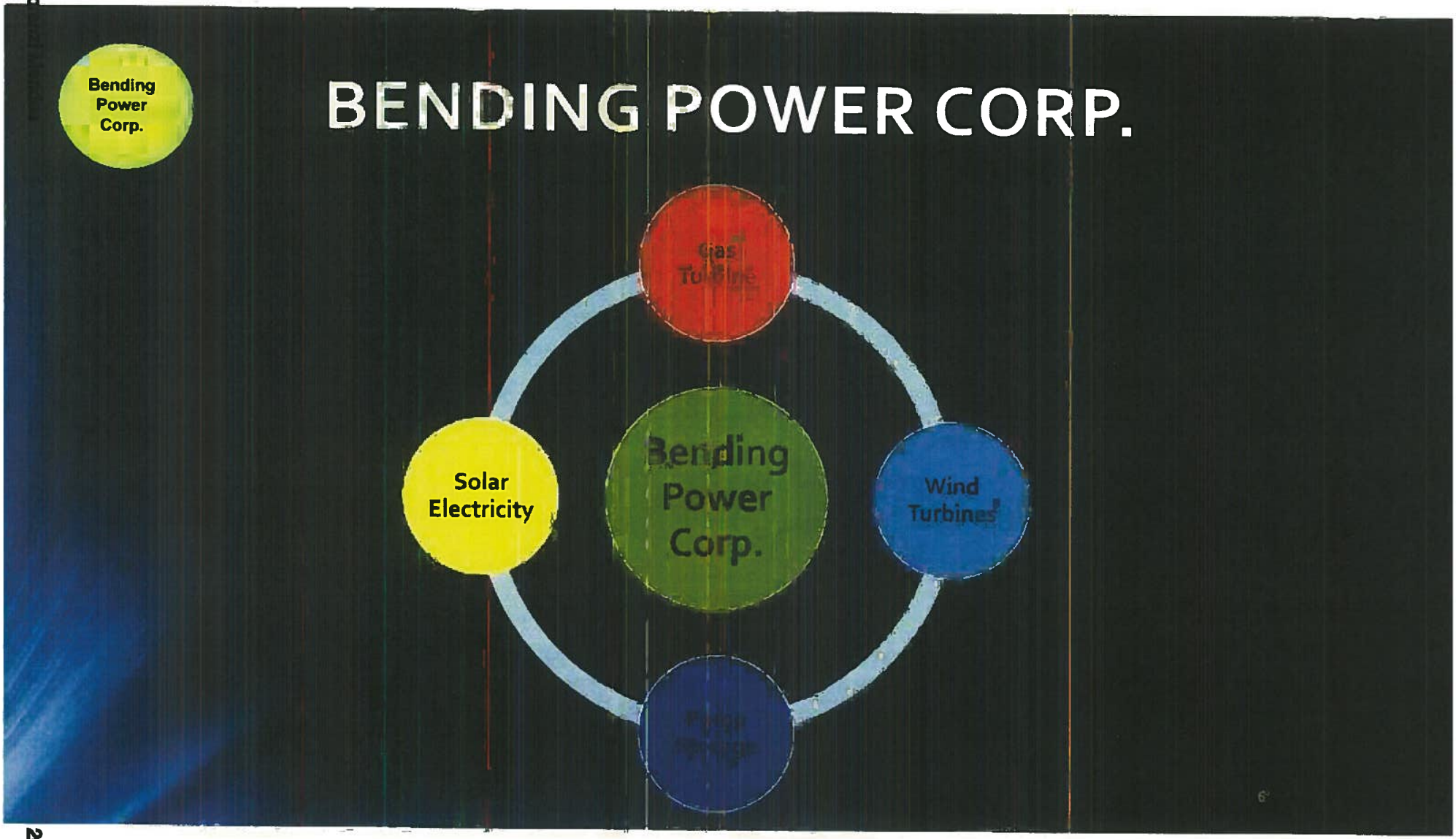

2015-12-16


BENDING LAKE DEVELOPMENT ZONE
INTEGRATED-INNOVATIVE
Bending Power Corp
Bending Iron Group Ltd.
Bending Green Steelworks
Bending Green Cement
Bending Greenhouses

# BENDING LAKE DEVELOPMENT ZONE



O'Neill DeLo




2015-12-16

O'Neill Del

# PRUDENT GREEN ENERGY SOLUTIONS

1. A 500 to 800MW natural gas co-generation facility

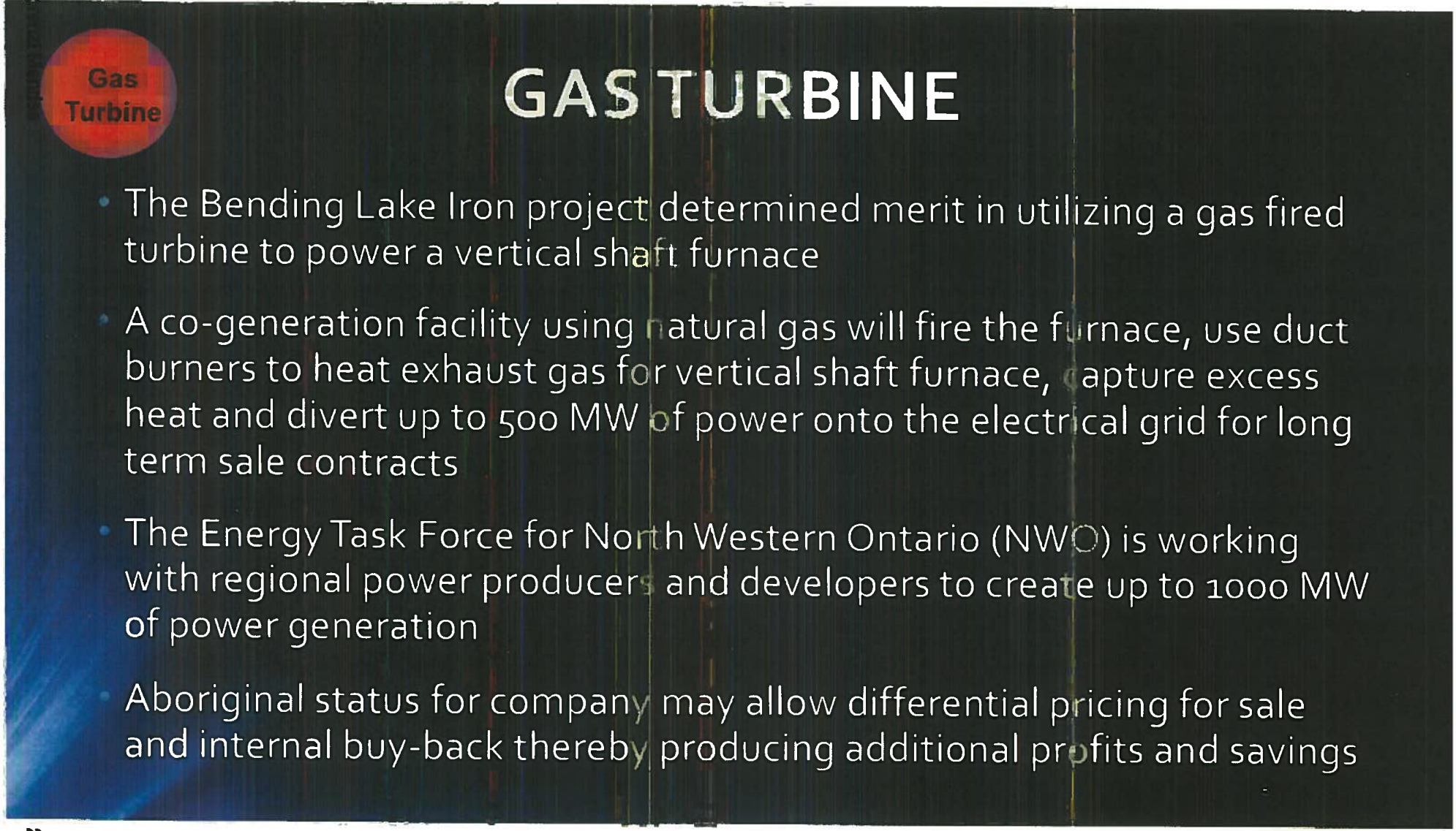
2. A 400MW wind energy facility

3. A high voltage transmission line, from the main transmission line down to the mine site with 230kV capacity

4. A pumped storage facility, incorporating water reserves in Paige Lake (above the mine site) and a portion of the excavated open pit mine as a reservoir, 200 to 1200MW capacity, phased in over mine life

5. Evaluation of potential solar energy uses up to 200MW

2015-12-16




# GAS TURBINE

- The Bending Lake Iron project determined merit in utilizing a gas fired turbine to power a vertical shaft furnace
- A co-generation facility using natural gas will fire the furnace, use duct burners to heat exhaust gas for vertical shaft furnace, capture excess heat and divert up to 500 MW of power onto the electrical grid for long term sale contracts
- The Energy Task Force for North Western Ontario (NWO) is working with regional power producers and developers to create up to 1000 MW of power generation
- Aboriginal status for company may allow differential pricing for sale and internal buy-back thereby producing additional profits and savings

# BENEFITS OF GAS TURBINES

- Gas turbines produce a large amount of power in a small package
- They can be turned on and off on demand
- It costs a lot less money and takes a lot less time to build a turbine than it does to build a coal or natural gas burning power plant
- They are also ideal for situations where high demand exists on a power grid for short periods of time, like hot days in the summer, and a turbine is in place to carry the extra load
- In a cogeneration configuration where the waste heat is recovered and used to for space and water heating, the efficiency can be as high as 90%.

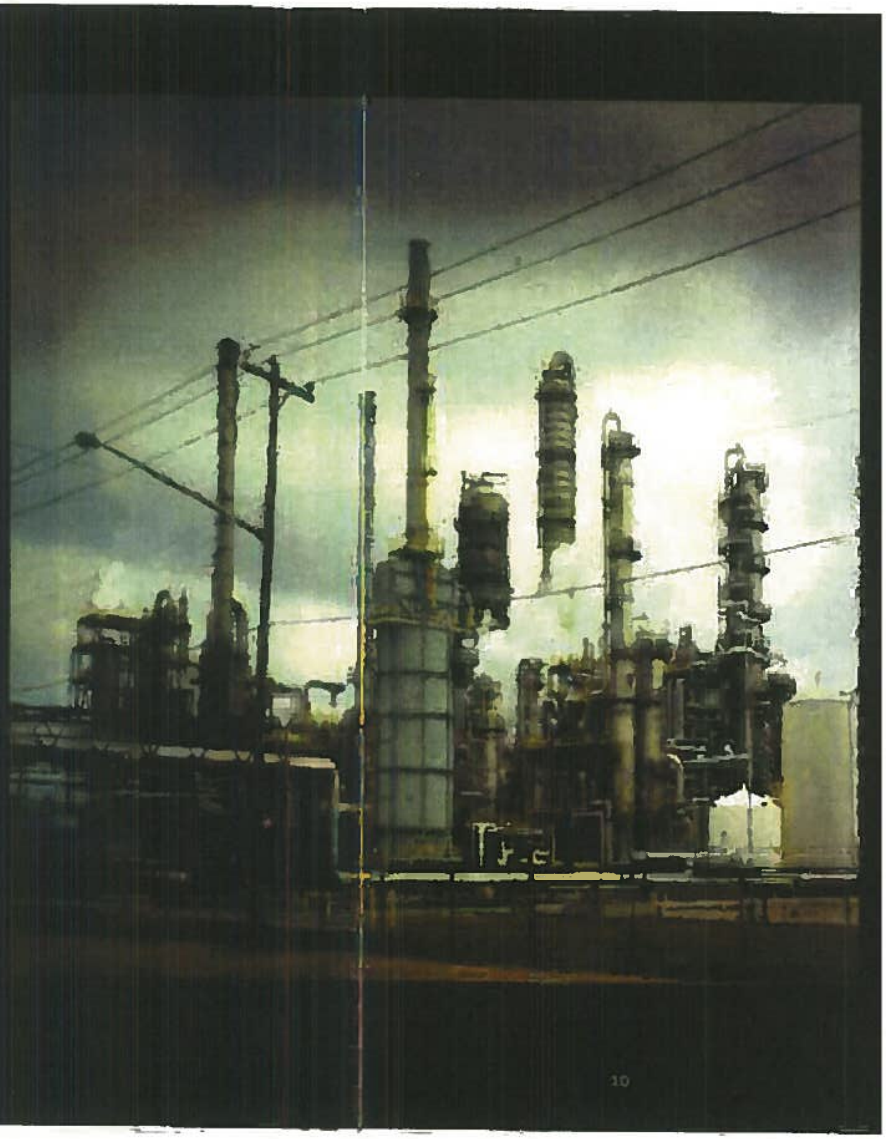
***The simplistic design, versatility, and efficiency of turbines allow for its widespread use in electrical power generation.***

O'Neill DeL

The TransAlta's Sarnia Regional Cogeneration Plant has three Alstom 11N2 gas turbines, each capable of generating between 102 and 118 megawatts, two condensing steam turbines that can produce 120 megawatts, and back-pressure steam turbines capable of generating 56 megawatts. for a total of 506 MW.

The plant has long term contracts to supply steam and electricity to LANXESS. NOVA and Suncor Energy with the remainder of the generation being sold into the Ontario market via the Independent Electricity System Operator (IESO) and the Ontario Power Authority (OPA).

The plant is located on the south part of 268-acre parcel of land owned by TransAlta. The site is being developed as a full service industrial park with access to the St. Clair River and the CSX rail system.



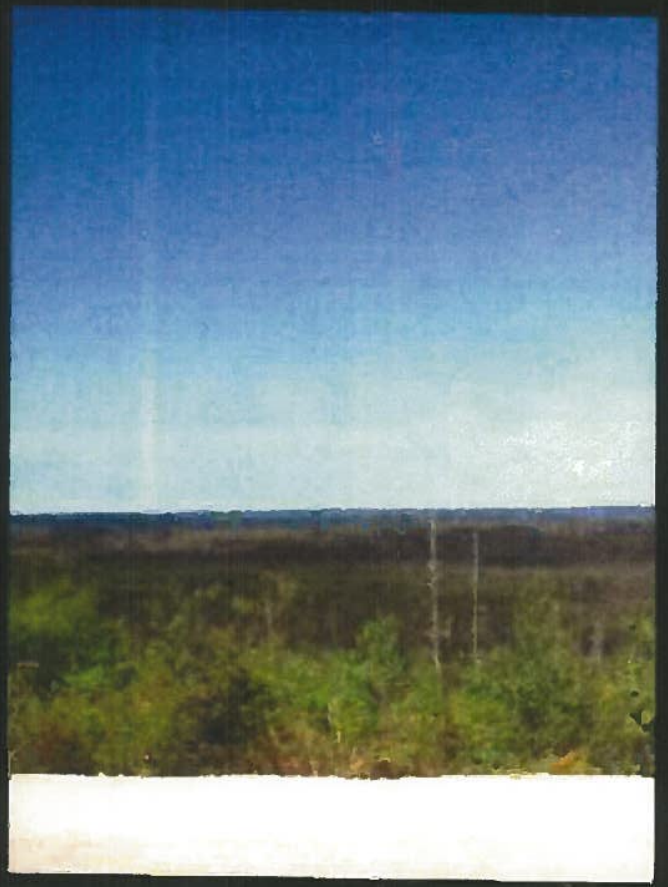


2015-12-16

Wind Turbine

# WIND TURBINE POWER

- At Bending Lake a 17 km ridge behind the mine and to the south sitting above the surrounding landscapes
- Two other 26km ridges, one along the infrastructure corridor and one to the south are additional potential locations
- Highway 622 runs adjacent to the property providing easy access and egress
- Local electrical network and connectivity to the Ontario Power grid is within 25 km of the property
- Access road structures intersect the existing power grid



Bending Lake Data Portal Viewer
Krech Ojamd & Associates
Wind Turbines along Ridge
West Option

O'Neill Del

# WIND TESTS

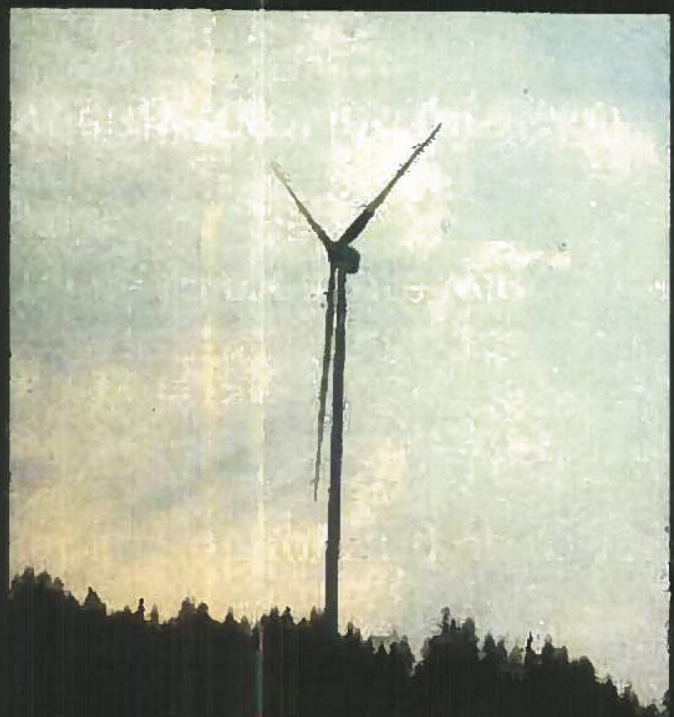
- Bending Lake has small towers testing wind speeds in the area
- MNR data shows there is good wind potential in the area
- Further testing is required to determine the viability of housing up to 135 turbines with up to 400 megawatts of power
- The first critical step is assessing the wind resource
- Scientists and engineers use meteorological masts to measure wind speed and other climatic conditions for at least one year
- This data is then used to estimate how much energy the wind farm will produce
- Data can be utilized to negotiate long term contracts with the Province.



2015-12-16

# WIND FARM DESIGN

- Wind data is combined with topographical information to design the wind farm
- Engineers use this data to model wind flow, turbine performance, sound levels and other parameters to optimize the location of the wind turbines and the type of turbines
- They will utilize the existing access road structure, and design turbine foundations and local electric network, as well as connectivity to the electrical grid.



# PUMP STORAGE

Pump storage production is a longer term development since it will utilize a portion of the mine, once excavated.

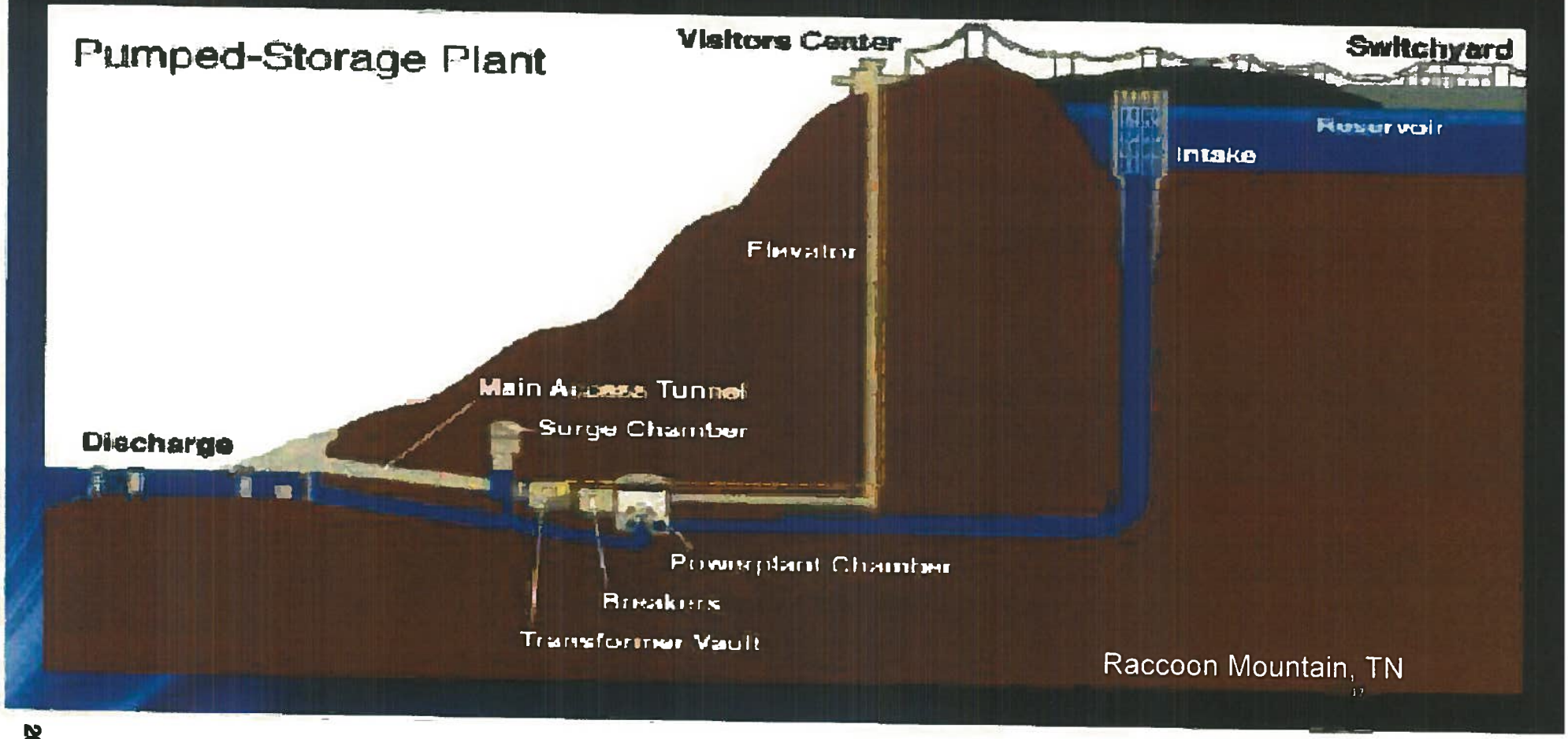
Ludington, Michigan

O'Neill DeLo

- A pumped-storage hydroelectric power plant is a net consumer of energy allowing energy to be stored when electricity is plentiful and released for generation in times of high grid demand.
- Water is pumped uphill to a high reservoir when the demand, and price, for electricity is low. During hours of peak demand, when the price of electricity is high, the stored water is released through turbines to produce electric power
- Unlike most other types of power station hydroelectric power plants can be brought online almost immediately, making them eminently suitable for dealing instantly with quite large fluctuations in grid demand.
- Pumped storage is the largest-capacity form of grid energy storage available, and, as of March 2012, the Electric Power Research Institute (EPRI) reports that Pump Storage Hydroelectricity accounts for more than 99% of bulk storage capacity worldwide, representing around 127,000 MW. PSH reported energy efficiency varies in practice between 70% and 80%, with some claiming up to 87%

2015-12-16

# TYPICAL PUMP STORAGE FACILITY



Marquette, Michigan near decommissioning

Marmora, Ontario ready for pump storage facility

Bending Lake Data Portal Viewer
Potential pump storage head pond area

Solar

# SOLAR

- Concurrently with the investigation into alternative energy sources from gas turbine & wind is ongoing research into solar energy projects at the integrated site
- Solar units could be stand-alone units or utilized in conjunction with other facilities to produce power for internal consumption

O'Neill Del

Bending Lake Iron Group

# BENDING LAKE IRON GROUP LTD.

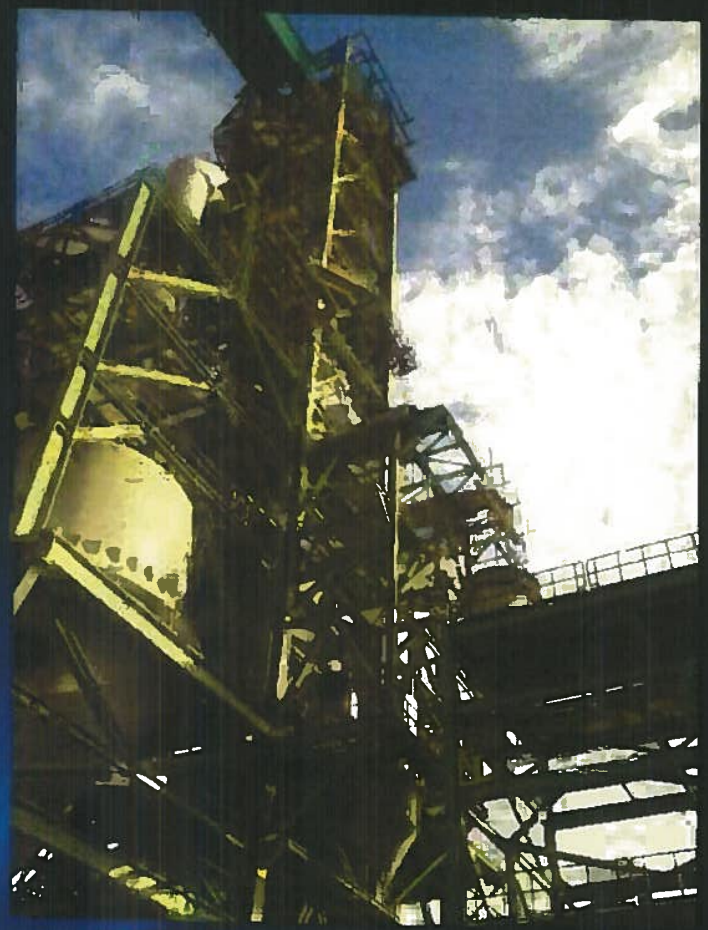
- The aboriginal owned Josephine Cone Mine is an open pit iron ore mine and ancillary activities on patented land claims
- Current estimated resources in excess of 335 million tons of iron ore 43-101 compliant.
- Projected to have a life span greater than 30+ years.
- A processing plant producing approximately 4 million tons+ per year of iron ore pellets, fed directly into a Vertical Shaft furnace to produce Direct Reduced Iron (DRI), feeding into an Electric Arc Furnace (EAF), producing a range of rolled steel products.

2015-12-16

O'Neill DeLo

- An average workforce of 900+ persons during the 24 month construction period and 350+ persons during subsequent operations.
- Additional jobs will be created and/or maintained as the other projects come on line (energy, mining, steel making, cement, prefab, etc)
- Enjoying unprecedented support from local communities (Ignace, Atikokan, Wabigoon Lake Ojibway Nation)
- Robust project economics, even further enhanced by prudent and innovative energy solutions.

2015-12-16



Vertical Shaft Furnace

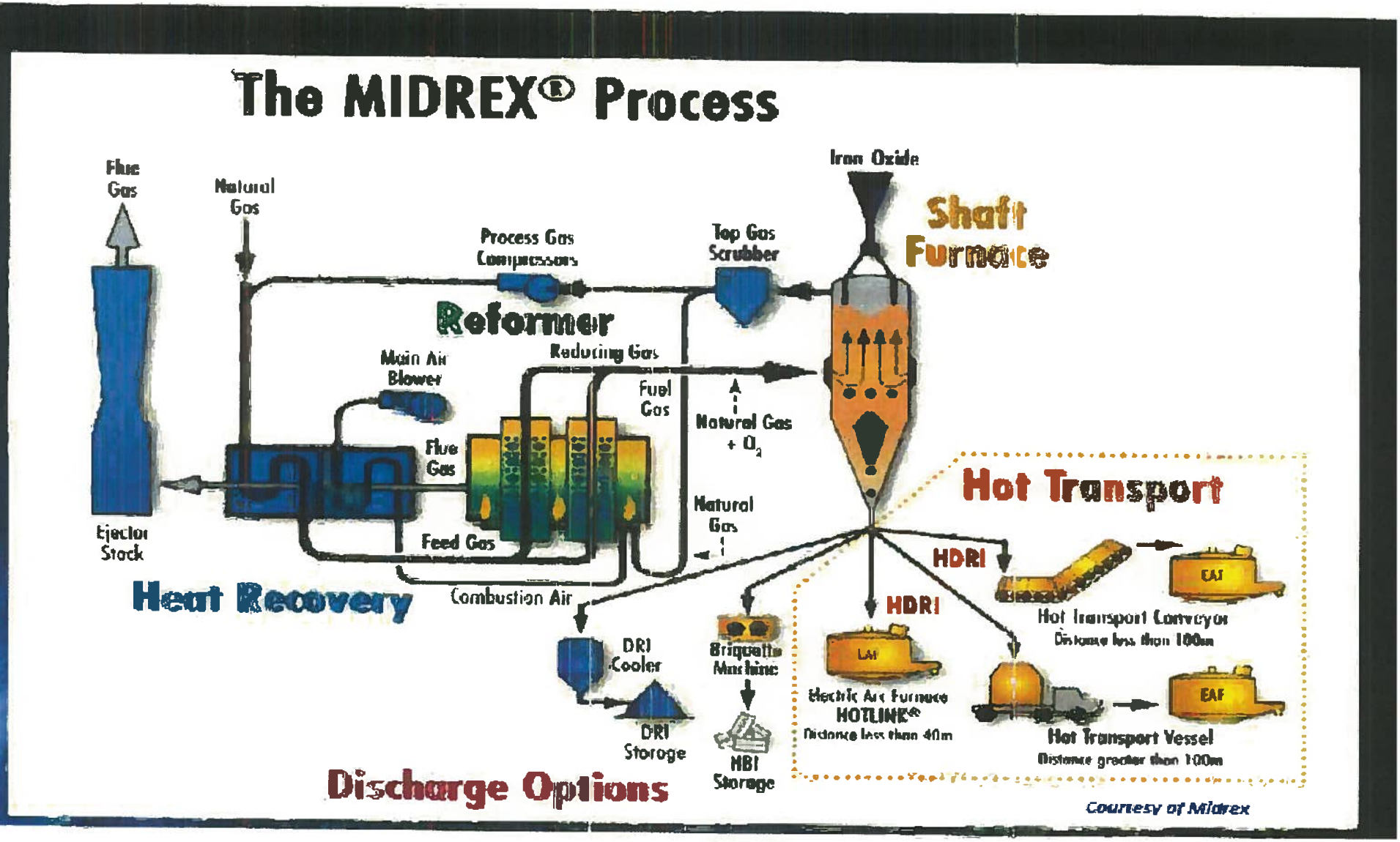
## BENEFITS OF HOT DIRECT REDUCED IRON (HDRI) FROM THE SHAFT FURNACE

### MELTING BENEFITS

- Increases Electric Arc Furnace (EAF) productivity by 15-20%
- Decreases EAF electricity requirements by 12-14-kWH/t liquid steel
- Decreases EAF electrode consumption by 0.5-o.r kg/t liquid steel
- Decreases EAF refractory consumption by 1.8-2 kg/t liquid steel

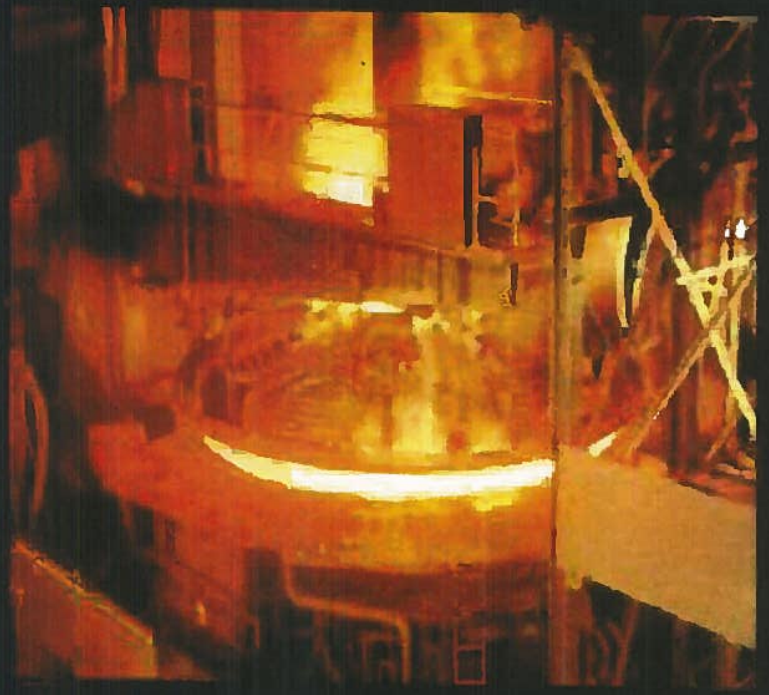
### FLEXIBILITY

- MIDREX Plant can continue operation when EAF is off-line
- EAF can continue operation using stored Cold DRI/Hot Briquetted iron when MIDREX plant off line
- Software enable plant operators to optimize plant availability, efficiency & productivity


The MIDREX® Process
Flue Gas
Natural Gas
Process Gas Compressors
Top Gas Scrubber
Iron Oxide
Shaft Furnace
Reformer
Main Air Blower
Reducing Gas
Fuel Gas
Natural Gas + $O_2$
Flue Gas
Natural Gas
Ejector Stack
Feed Gas
Heat Recovery
Combustion Air
Hot Transport
HDRI
HDRI
EAF
Hot Transport Conveyor
Distance less than 100m
DRI Cooler
Briquette Machine
EAF
Electric Arc Furnace
HOTLINK®
Distance less than 40m
EAF
Hot Transport Vessel
Distance greater than 100m
DRI Storage
HBI Storage
Discharge Options
Courtesy of Midrex

Bending Green Steelworks

# VERTICAL SHAFT FURNACES + ELECTRIC ARC FURNACES



O'Neill DeLo

- The emissions from integrated steel mills, especially sinter plants and coke ovens, are a particular environmental concern
- MIDREX Plants are designed to minimize air, water and noise pollution and they meet applicable World Bank standards
- Increasing emphasis on the environment creates a need for innovative solutions to reduce carbon emissions from iron and steelmaking facilities.
- One approach is to use natural gas as a reductant and fuel source, since it results in far less $CO_2$ emissions than coal.
- A proven method is the natural gas based MIDREX® Process, paired with an electric arc furnace. Use of 80 percent hot charged DRI in the EAF results in only one-half the carbon emissions per ton of steel produced compared to the blast furnace/BOF route.
- The use of $CO_2$ removal allows for higher DRI production without adding additional reformer bays, and lowers natural gas consumption, in addition to the benefits of lower $CO_2$ emissions.



2015-12-16

O'Neill Del

Bending Green Cement

# BENDING GREEN CEMENT

- Utilizing slag produced from the Electric Arc Furnace process, mixed with materials to produce "green" cement

- Green Cement is carbon neutral & may even sequester $CO_2$

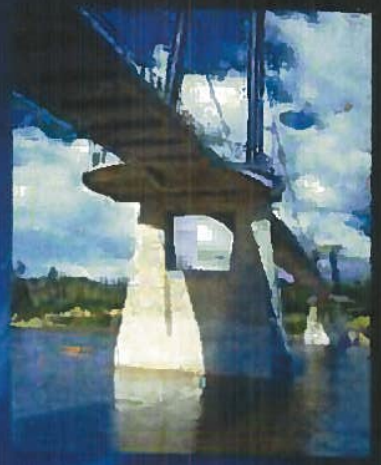
2015-12-16

- Globally the only substance people use more of than concrete, is water
- Over 2 Billion tons produced annually, and increasing yearly
- Every tonne of Ordinary Portland Cement (OPC) that is produced releases on average a similar amount of $CO_2$ into the atmosphere, or in total roughly 6% of all man-made carbon emissions
- Improved production methods and formulations that reduce or eliminate $CO_2$ emissions from the cement manufacturing process are thus high on the agenda
- Bending Green Cement will continue its work with universities to develop green cement at the Bending Green Development Zone to utilize the 400M tons of clean aggregate available from the mining operation

O'Neill Del

# ADDING PRECAST CONCRETE PRODUCTS

- A complete range of precast concrete structural systems fabricated on-site offers tremendous advantages and value for the commercial enterprise.
- The use of precast columns and beams makes an ideal framework for hanging precast panels, creating a design that offers fast construction, structural stability, and enhanced fire resistance.
- Bridge and slab products, box culverts, pipe and septic boxes offer further value.

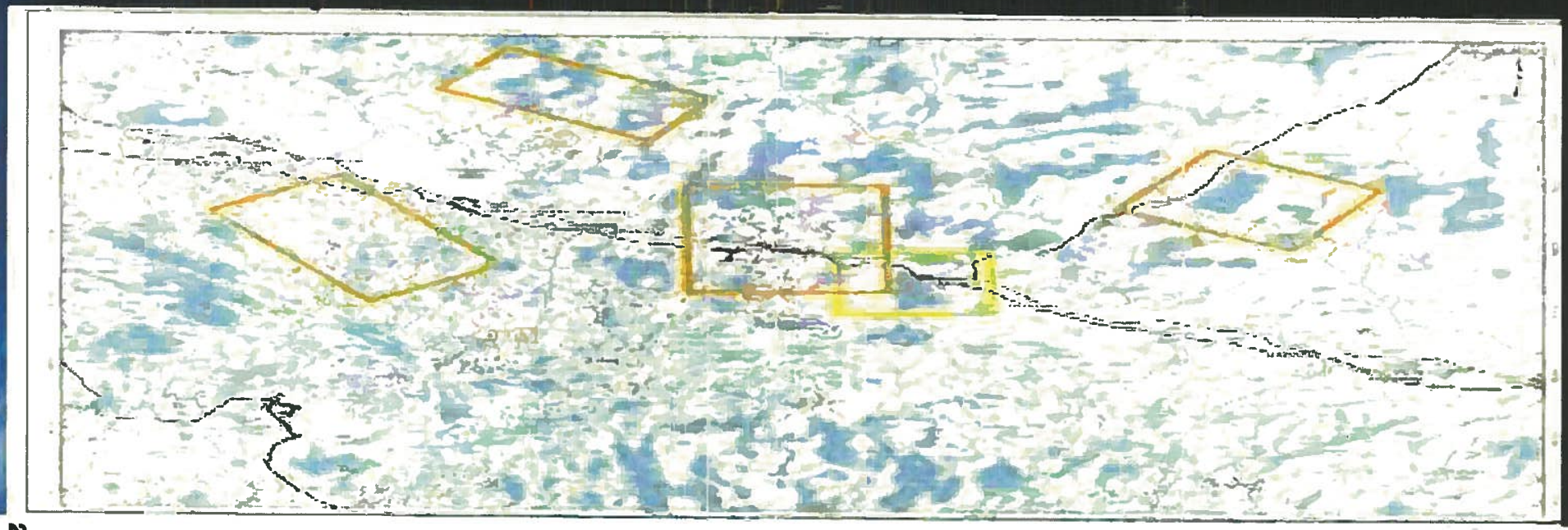


2015-12-16

nwmo

NUCLEAR WASTE MANAGEMENT ORGANIZATION
SOCIÉTÉ DE GESTION DES DÉCHETS NUCLÉAIRES

- Close to the project location are potential sites currently being examined by the Nuclear Waste Management Organization for its Adaptive Phased Management System for the storage of used nuclear fuel.



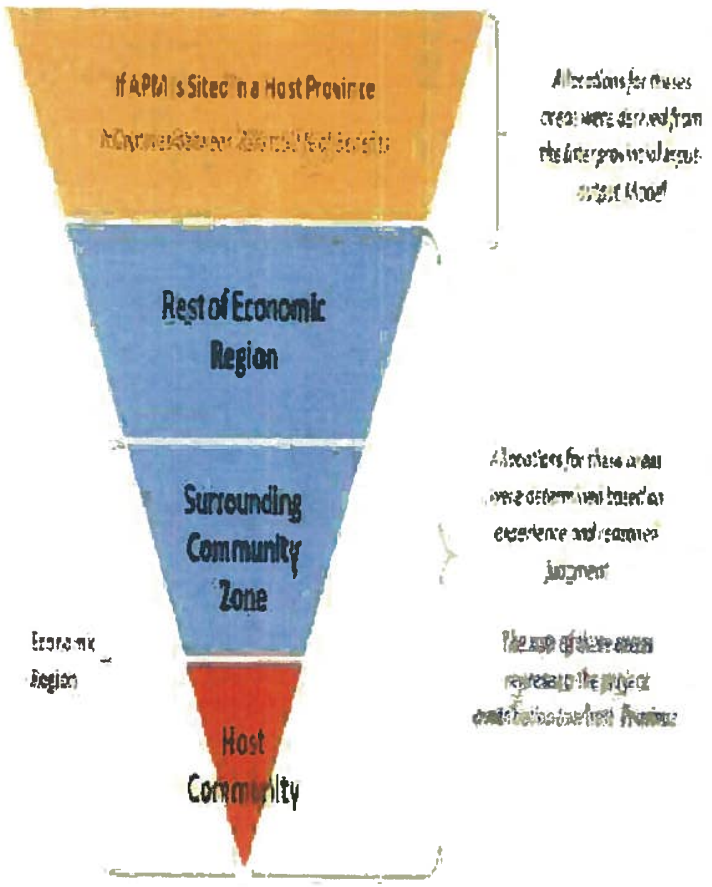
O'Neill DeL

# ECONOMIC BENEFITS OF NWMO PROJECT

- Overall expenditure on the APM project is estimated to be in the range of between $16 to $24 billion.
- • The project will end, following completion of long-term monitoring, currently estimated at about 160 years after initiation.
- • Employment opportunities vary by project phase from 700 to 1,000 people (full-time equivalents) during site preparation, to about 2,800 to 4,000 people during construction, to about 750 to 2,400 people during operations, and ultimately settling into about 100 to 300 people during the long-term monitoring phase. These employment values include direct, indirect and induced effects.



2015-12-16




Should Ignace be selected for the host community the benefits to that community, the surrounding community and the economic region are immense.

The site will require substantial concrete and aggregate needs as well as ongoing power demands during construction and operational phases, which could be supplied by EPC & its Green Cement division

O'Neill Del

Bending Greenhouses

# BENDING GREENHOUSES

Utilizing Heat and $CO_2$ recapture to power greenhouse technologies for agri-businesses

2015-12-16

O'Neill DeLo

# IT IS HAPPENING NOW

Across the road from Greenfield Ethanol-Chatham, Ontario construction on Truly Green greenhouses is ongoing. The innovative project will utilize the waste heat and $CO_2$ from the 195 MMly ethanol plant in Chatham, Ontario, Canada to grow a whopping 22 million kilograms of fresh juicy tomatoes yearly, when completed.

Angelo Ligori, ethanol plant manager described it as a rare opportunity to harness the $CO_2$ released in the ethanol process to grow food. The new technology will condense stack heat through a series of exchanger systems, allowing the ethanol plant to supply hot water to the greenhouse. The water will then be returned to the ethanol plant through an expanded cooling water loop. "Once this project gets done, our energy footprint will be significantly reduced, so it's a win-win,"



2015-12-16

O'Neill DeL

# ENVIRONMENTAL ASSESSMENT

- The project could tie into Bending Lake Iron's current Environmental Assessment process to identify any impacts on landscape, plants and wildlife, soil and water, land use or other activities such as aviation and telecommunications, as an add-on
- If negative impacts are identified, the design will be adjusted to avoid or mitigate issues;
- Apart from Aboriginal peoples, trappers, foresters, camp owners and outfitters, there are few landowners and land users other than BLIG in the area
- Before the project can go ahead, BPC will continue to meet with Aboriginal peoples, Aboriginal communities and other local communities to present the project, solicit their feedback and seek community support

2015-12-16

O'Neill DeLo

# ECONOMIC & FINANCIAL ANALYSIS

- Developers are working on demonstrating economic viability of the project to raise the funds to build the wind farm
- Estimated costs include, turbines and their installation, upgrades to roads, electrical system, operation and maintenance, etc
- Preliminary revenue estimates for income from the energy production of the wind farm over the lifetime of the project show a healthy return on investment.

2015-12-16

# ONTARIO'S LONG-TERM ENERGY PLAN

- The plan encourages conservation and projects that provide the clean, reliable and affordable energy Ontario will need now and into the future
- It balances five principles that will guide future decisions: cost effectiveness, reliability, clean energy, community engagement, and an emphasis on conservation and demand management before building new generation
- Ontario will review targets for wind, solar, bio-energy and hydroelectricity annually as part of the Ontario Energy Report http://www.energy.gov.on.ca/en/ltep/#.UzLn_WePKUk)
- The Ministry of Energy and the OPA are developing a new competitive procurement process for future renewable energy projects larger than 500 kilowatts (kW), which will take into account local needs and considerations. The ministry will seek to launch this procurement process in early 2014 ;
- Ontario will examine the potential for the microFIT program to evolve from a generation purchasing program to a net metering program

# GOVERNMENT INTEREST & SUPPORT

- Aboriginal peoples are being invited and encouraged to work in partnership with electrical transmission projects in hopes of gaining their support and investment in the electrical industry

- Several First Nations in the area are looking to invest in lucrative businesses that will provide a future return on investment

# POTENTIAL FINANCING INCENTIVES FOR ABORIGINAL OWNERSHIP.

- Aboriginal Communities Ontario Financing Authority (OFA) Aboriginal Loan Guarantee Program

(The $250 million Aboriginal Loan Guarantee Program supports Aboriginal participation in new renewable green energy infrastructure in Ontario like wind, solar and hydroelectric)

- Indian and Northern Affairs ecoENERGY for Aboriginal and Northern Communities Program 2011-2016

(The ecoENERGY for Aboriginal and Northern Communities Program 2011-2016 (EANCP) is focused exclusively on providing funding support to Aboriginal and northern communities for clean energy projects It is delivered by Aboriginal Affairs and Northern Development Canada (AANDC) and is one of the suite of clean energy programs funded by the Government of Canada that address action on climate change)

O'Neill DeLo

# NATURAL GAS/COMBINED HEAT & POWER

- Natural gas-fired generation will be used flexibly to respond to changes in provincial supply and demand and to support the operation of the system

- The Ontario Power Authority (OPA) will undertake targeted procurements for Combined Heat and Power (CHP) projects that focus on efficiency or regional capacity needs, including a new program targeting greenhouse operations, agri-food and district energy. Our project will meet all three targets.

2015-12-16

# Aboriginal Engagement

- The government understands the importance of First Nation and Métis participation in the development of energy and conservation projects. The government will continue to review participation programs to ensure they provide opportunities for First Nation and Métis communities
- In 2014, Ontario launched the Aboriginal Transmission Fund to facilitate First Nation and Métis participation in transmission projects
- The government will continue to encourage Aboriginal participation, including through the FIT program and future large renewable energy procurements, in a way that reflects the unique circumstances of the First Nation and Métis communities

O'Neill DeL

# SOCIAL LICENSE

- Social license means the local community and other stakeholders provide informed consent on a project. This dynamic process is subject to change as new information is acquired. While a low level of Social License may be sufficient to allow a project to proceed the higher level is more beneficial for all concerned.
- Industrial developers are keen to understand the needs and desires of the communities, in order to do their part in helping them to find the means to achieve their goals, but these needs and desires are volatile and change with time and circumstances.
- On occasions, the Social License can transcend approval when a substantial portion of the community and other stakeholders incorporate the project into their collective identity. At this level of relationship it is not uncommon for the community to become advocates or defenders of the project since they consider themselves to be co-owners and emotionally vested in the future of the project, such is the strength of self-identification.

2015-12-16

O'Neill Del

# ENHANCED REGIONAL PLANNING

- The Ontario government will implement the Independent Electricity System Operator (IESO) and the OPA recommendations for regional planning and the siting of large energy infrastructure that includes meaningful involvement in energy planning
- Municipalities and Aboriginal communities will be encouraged to develop their own community-level energy plans to identify conservation opportunities and infrastructure priorities
- Regional plans will promote the principle of Conservation First while also considering other cost-effective solutions such as new supply, transmission and distribution investments.

2015-12-16

# NORTH OF DRYDEN PLANNING

## North of Dryden IRRP: Summary of Near-term Recommendations (up to 2017)

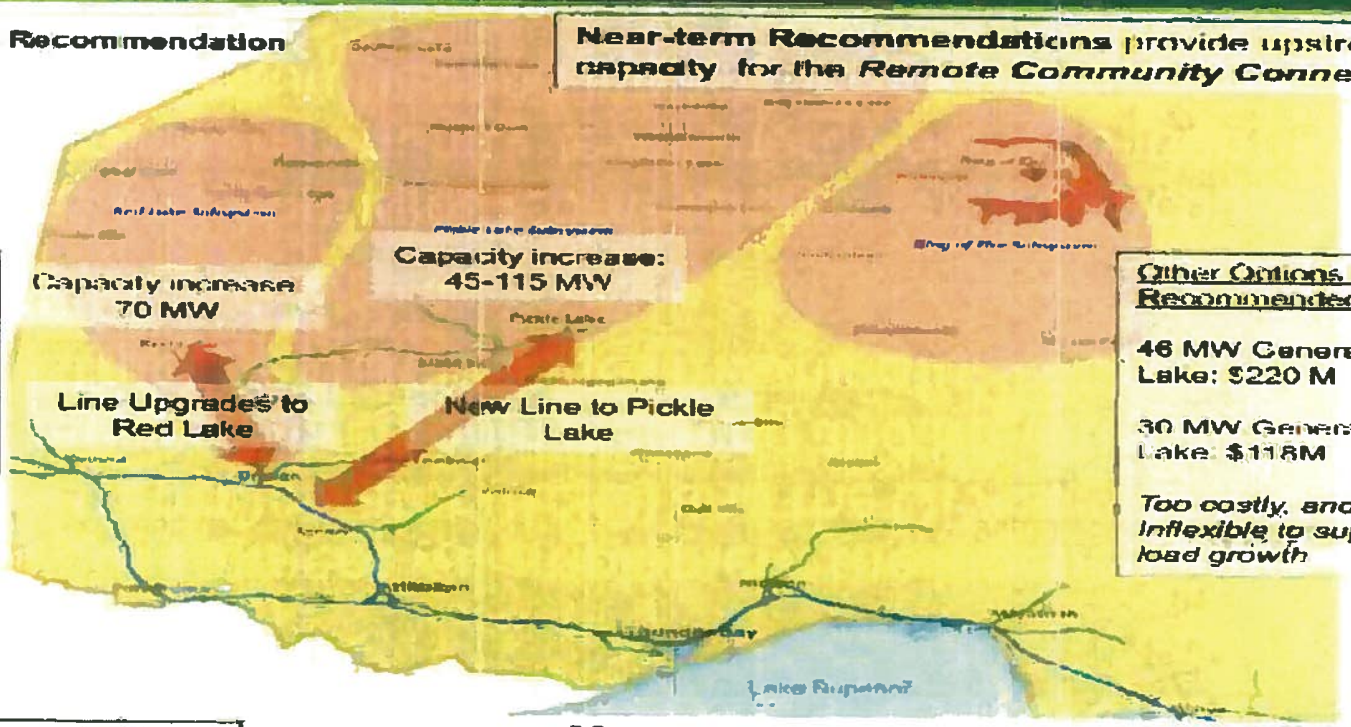
Near-term Recommendation

**Near-term Recommendations** provide upstream capacity for the ***Remote Community Connection Plan***

**Recommendations**

New Line to Pickle Lake: $207-244 M

Line upgrades to existing line to Red Lake: $10 M




**Other Options NOT Recommended**

46 MW Generation @Pickle Lake: $220 M

30 MW Generation @Red Lake: $118M

*Too costly, and/or inflexible to supply additional load growth*

*All costs are in Net Present Value

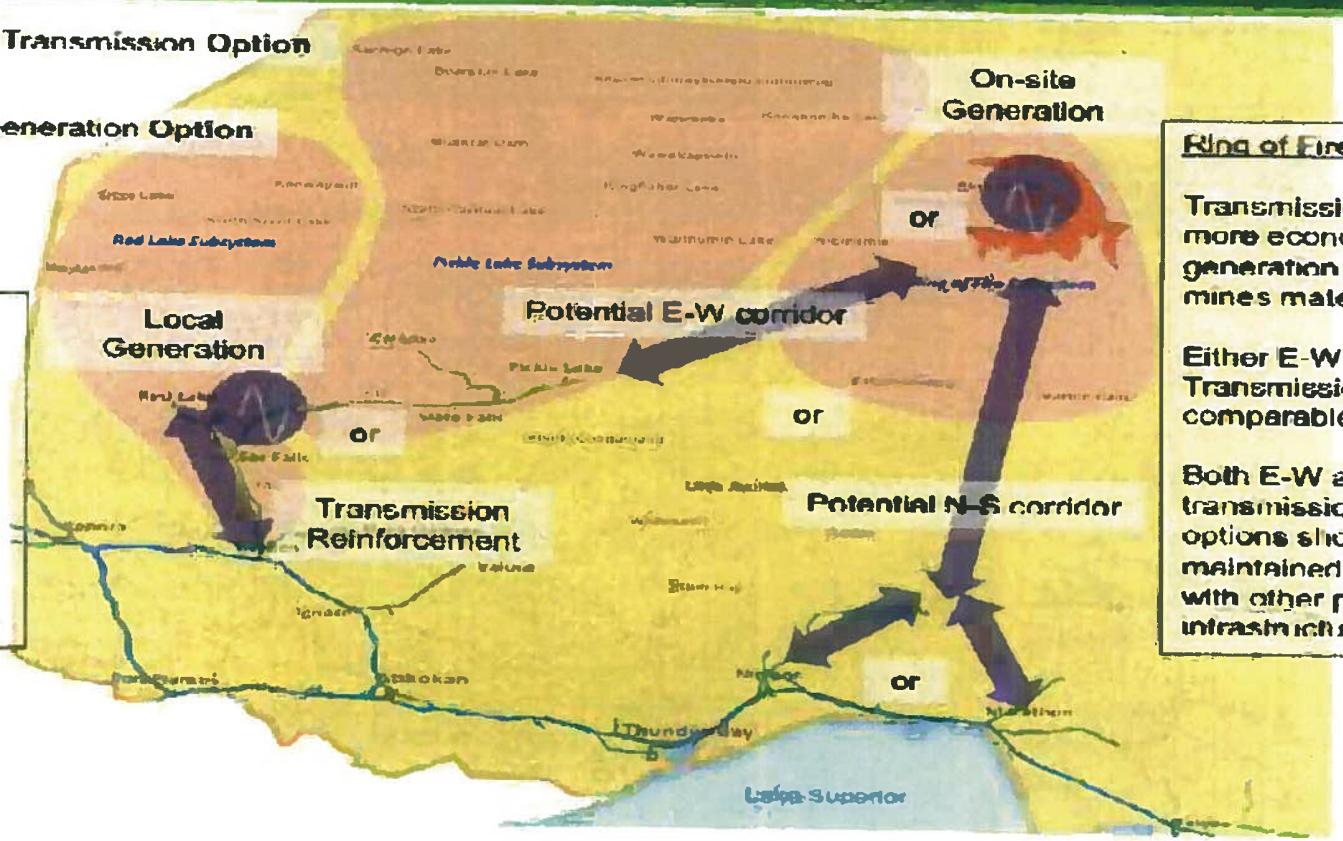


ONTARIO POWER AUTHORITY

# North of Dryden IRRP: Summary of Long-term Options (beyond 2017)

Long-term Transmission Option

Long-term Generation Option




**Red Lake Options**

Economics of generation and transmission depends on future load.

Both options should be maintained and future load should be monitored.

**Ring of Fire Options**

Transmission option is more economic than generation if at least two mines materialize.

Either E-W or N-S Transmission options are comparable in cost.

Both E-W and N-S transmission corridor options should be maintained and planned with other potential infrastructure corridors.

*All costs are in Net Present Value



ONTARIO POWER AUTHORITY

# PROPONENTS

- This project's proponents and family are Aboriginal traditional landholders in the area and members of Wabigoon Lake Ojibway Nation, the closest First Nation to the project

- They all have a lengthy track record of Aboriginal engagement and consultations in various areas (Nuclear Waste Disposal; Aboriginal Rights; Species at Risk; Aboriginal Health Issues; Hunting Consultations; Governance; Alternative Justice; Corrections; Forestry; Global Warming, Great Lakes Water Quality Agreement Review and other projects, in excess of $ 4 million in fees paid to OMAA.

- Such knowledge, expertise and connection to human capital is unique and extremely valuable to the success of the project.

# THANK YOU & MIIGWETCH

BENDING POWER CORP.

A GREEN INTEGRATED ENERGY PROJECT

The purpose of this presentation is to provide general information about Bending Power Corp. (BPC). This presentation contains certain statements which may constitute "forward-looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected. No representation or warranty, express or implied, is made by BLIG that the material contained in this presentation will be achieved.

# CONCLUSION

- Bending Power Corp. provides an opportunity to provide a combination of gas turbine, wind power, solar and pump storage that is a clean, renewable energy solution that is cost-effective, reliable and durable.
- On-going development financing is required to hire experts, complete wind assessments and design a project that feeds into the Ontario East-West Transmission grid and provides electricity to an industrial end-user.
- Project offers a competitive solution to improving flexible, profitable, green and efficient electrical generation and transmission in the Northwest.

# Nine Generations

**Koo Gook**
Came to Canada in the 1870s from Red Lake MN

**Mary Pitchenese**
Born in Red Lake, MN
Born circa 1870

**Bessie Zoccole (nee Gilbert)**
1895-1969

**Josepine Cone (nee Zoccole)**
1913-2011

**Edeline Cone-Wetelainen**
Born in 1932

**Leah Wetelainen-Gardner**
Born 1956

**Crystal Gardner-Shaw**
Born 1973

**Abigail Gardner**
Born 1994

**Lilly Gardner**
Born 2013

This is Exhibit "24" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Saturday, December 12, 2015 2:28 PM
**To:** Rob MacRae
**Subject:** Fwd: Our Call

Sent from my iPhone

Begin forwarded message:

**From:** Andrew Malim <amalim@legacyhillresources.com>
**Date:** April 30, 2015 10:08:17 AM EDT
**To:** Wetelainen Henry <henry@bendinglakeiron.com>
**Subject: Our Call**

Good call Henry.
We appreciated your open approach. We were encouraged.
We look forward to working with you to try to take the project forward again.
Best Andrew

**Andrew Malim**
Director – Project Development and Finance

Legacy Hill Resources

**Legacy Hill Resources Ltd.**
Hurlingham Studios - Suite 19
Ranelagh Gardens
London, SW6 3PA
**Direct Tel:** +44 207 148 1293
**Mob:** +44 7768 004 809
**Email:** amalim@legacyhillresources.com;
www.legacyhillresources.com

**CONFIDENTIALITY AND DISCLAIMER STATEMENTS**

This email transmission (including any attachments to it) is strictly confidential and may be legally privileged. This email is intended solely to be received by the person(s) or organisation(s) to whom it is addressed. If you are not the intended recipient of this email, retaining, using, disseminating, distributing, copying or taking any actions in reliance upon any information or documents contained in it is strictly prohibited and will constitute a breach of confidentiality. If you have received this email in error, please reply to the sender immediately to inform us and delete it.

Any statements, views or opinions contained in this email are personal to the sender except where the sender expressly states these are attributable to Legacy Hill Resources Limited (LHR) or any company in Legacy Hill Resource's group.

Please note that internet email is not a 100% secure communications medium. Further, any material originated by LHR and transmitted to you via a third party should be verified by reference to material obtained directly from LHR. Although we have taken steps to ensure that this e-mail and attachments are virus-free at the point of departure, the recipient should check that they are virus-free upon receipt and we do not accept liability for any damage so caused.

This is Exhibit "25" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Friday, May 29, 2015 3:46 PM
**To:** Dawn McKay
**Subject:** Fwd: Schedule - Legacy Hill
**Attachments:** Description Farber Financial Group.png; Description LinkedIn.png; Description Twitter.png

Sent from my iPhone

Begin forwarded message:

**From:** "Paul J. Denton" <pdenton@farberfinancial.com>
**Date:** May 29, 2015 3:19:02 PM EDT
**To:** Henry Wetelainen <henry@bendinglakeiron.com>, "mackiejr@frontiernet.net" <mackiejr@frontiernet.net>
**Cc:** Peter Crawley <pcrawley@farberfinancial.com>
**Subject: RE: Schedule - Legacy Hill**

Henry and Jay,

Set out below is further information on the planned visit next week by Legacy Hill.

Saradhi Rajan and Andrew Malim will all arrive on Tuesday at 1500 in Toronto. Through late Tuesday and Wednesday they wish to meet ourselves, the secured creditors Stuart and James and Dentons LLP.

Coincident with this they plan for their geologist Drew Craig (Henry you may have met him at PDAC along with Andrew) will travel up to Thunder Bay on Tuesday night or Wednesday am to commence meetings and review with you. Andrew Malim will travel up on Wednesday night to join Drew and continue review and meetings with you They plan to attend until Friday afternoon. I appreciate Jay will be just back from his trip on Tuesday June 2 but is available for the rest of the week.

At this time Peter Crawley will travel up at the same time as Drew Craig and be in attendance while the Legacy Hill guys are attending.

Regards

Paul Denton

**From:** Paul J. Denton
**Sent:** Friday, May 29, 2015 11:45 AM
**To:** Henry Wetelainen
**Cc:** mackiejr@frontiernet.net
**Subject:** Schedule - Legacy Hill
**Importance:** High

Henry,

I am shortly to get details but looks like they will be in Toronto late Tuesday and Wednesday next week and then Thursday, Friday up in Thunder Bay. I have put them on notice about your commitment June 4 and explained distances etc travel time etc

Paul J. Denton
B Comm, CA(NZ), CIRP
Vice President | Insolvency & Restructuring
Direct: 416.496.3773 | Mobile: 416.846-0069

pdenton@farberfinancial.com

**Responsive. Practical. Results.**

This message is intended only for the use of the intended recipients, and it may be privileged and confidential. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message is strictly prohibited and may be illegal. If you are not the intended recipient, please notify me immediately by return email and delete this message from your system. Thank you.

This is Exhibit "26" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Monday, June 01, 2015 8:05 AM
**To:** Dawn McKay
**Subject:** Fwd: Bending Lake Iron Group Limited

Sent from my iPhone

Begin forwarded message:

**From:** "Paul J. Denton" <pdenton@farberfinancial.com>
**Date:** May 31, 2015 12:19:10 PM EDT
**To:** Henry Wetelainen <henry@bendinglakeiron.com>
**Cc:** "mackiejr@frontiernet.net" <mackiejr@frontiernet.net>, "Andrew Malim (amalim@legacyhillresources.com)" <amalim@legacyhillresources.com>, "Rajan Saradhi (dsrajan@legacyhillresources.com)" <dsrajan@legacyhillresources.com>, "Drew Craig (drewcraig@rocklore.co.uk)" <drewcraig@rocklore.co.uk>, "Peter Crawley" <pcrawley@farberfinancial.com>
**Subject: Re: Bending Lake Iron Group Limited**

Henry,

Further to recent exchanges on the planned attendance of the Legacy Hill team this coming week, I am reaching out and copying the group to facilitate free exchange should further particulars need to be clarified between the parties .

As it relates to attendance in Thunder Bay and the mine, the following is confirmed :

- Drew Craig Legacy Hill's geologist will arrive in Thunder Bay on Tuesday night, June 2 with the intention of meeting with your team through Wednesday June 3. Andrew Malim will fly up from Toronto late Wednesday to join Drew. Both Drew and Andrew will depart out of Thunder Bay late Friday afternoon June 5.

- During their visit they also want to meet up with Jay Mackie and as well the Fladgate Exploration and Consulting team who authored the N1-43-101 Report

- On Thursday they would like to travel and attend the mine site, with you/your team but will need your assistance with those logistics.

- It is contemplated that Peter Crawley will accompany the Legacy Hill team during their visit to Thunder Bay and the mine site

regards

Paul J. Denton B Comm CA CIRP

Farber Financial Group

150 York Street, Suite 1600

Toronto, ON M5H 3S5

Tel: 416-496-3773

Fax: 416-496-3839

mailto:pdenton@afarber.com

http://www.afarber.com/

This message is intended only for the use of the intended recipients, and it may be privileged and confidential. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message is strictly prohibited and may be illegal. If you are not the intended recipient, please notify me immediately by return email and delete this message from your system. Thank you

The contents of this message may contain confidential and/or privileged subject matter. If this message has been received in error, please contact the sender and delete all copies. Like other forms of communication, e-mail communications may be vulnerable to interception by unauthorized parties. If you do not wish us to communicate with you by e-mail, please notify us at your earliest convenience. In the absence of such notification, your consent is assumed. Should you choose to allow us to communicate by e-mail, we will not take any additional security measures (such as encryption) unless specifically requested.

This is Exhibit "27" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partner.
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Monday, June 01, 2015 8:48 AM
**To:** Dawn McKay
**Subject:** Fwd: Bending Lake Iron Group Limited

Sent from my iPad

Begin forwarded message:

**From:** "Paul J. Denton" <pdenton@farberfinancial.com>
**Date:** 1 June, 2015 8:33:44 AM EDT
**To:** Henry Wetelainen <henry@bendinglakeiron.com>
**Cc:** Peter Crawley <pcrawley@farberfinancial.com>
**Subject: RE: Bending Lake Iron Group Limited**

Henry,

You will need to be specific as Stuart is not funding any more costs.

It is Legacy Hill that is conducting the due diligence and it will be up to them to pick up costs of the visit. Additionally they wish to speak to you about the go forward and what stake you and the team would have going forward so I think it in your interest to work with them. You know how tough the market and they appear to have an innovative approach.

This will be a phase 1 for them so I believe this visit is to satisfy themselves on certain parameters and then they will make the decision to go the next step which would be further due diligence through the summer.

Regards

Paul Denton

**From:** Henry Wetelainen [mailto:henry@bendinglakeiron.com]
**Sent:** Monday, June 01, 2015 8:18 AM
**To:** Paul J. Denton
**Subject:** Re: Bending Lake Iron Group Limited

Paul I would know if the budget we send in will be funded ? Henry

Sent from my iPhone

On May 31, 2015, at 12:19 PM, "Paul J. Denton" <pdenton@farberfinancial.com> wrote:

Henry,

Further to recent exchanges on the planned attendance of the Legacy Hill team this coming week, I am reaching out and copying the group to facilitate free exchange should further particulars need to be clarified between the parties .

As it relates to attendance in Thunder Bay and the mine, the following is confirmed :

- Drew Craig Legacy Hill's geologist will arrive in Thunder Bay on Tuesday night, June 2 with the intention of meeting with your team through Wednesday June 3. Andrew Malim will fly up from Toronto late Wednesday to join Drew. Both Drew and Andrew will depart out of Thunder Bay late Friday afternoon June 5.

- During their visit they also want to meet up with Jay Mackie and as well the Fladgate Exploration and Consulting team who authored the N1-43-101 Report

- On Thursday they would like to travel and attend the mine site, with you/your team but will need your assistance with those logistics.

- It is contemplated that Peter Crawley will accompany the Legacy Hill team during their visit to Thunder Bay and the mine site

regards

Paul J. Denton B Comm CA CIRP

Farber Financial Group

150 York Street, Suite 1600

Toronto, ON M5H 3S5

Tel: 416-496-3773

Fax: 416-496-3839

mailto:pdenton@afarber.com

http://www.afarber.com/

This message is intended only for the use of the intended recipients, and it may be privileged and confidential. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message is strictly prohibited and may be illegal. If you are not the intended recipient, please notify me immediately by return email and delete this message from your system. Thank you

The contents of this message may contain confidential and/or privileged subject matter. If this message has been received in error, please contact the sender and delete all copies. Like other forms of communication, e-mail communications may be vulnerable to interception by unauthorized parties. If you do not wish us to communicate with you by e-mail, please notify us at your earliest convenience. In the absence of such notification, your consent is assumed. Should you choose to allow us to communicate by e-mail, we will not take any additional security measures (such as encryption) unless specifically requested.

This is Exhibit "28" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

| Project Name | Josephine Cone<br>Bending Lake Iron | Samarco<br>Alegria | Northland<br>Kaunisvara | Consolidated Thompson<br>Bloom Lake | Alderon<br>Kami | Champion<br>Fire Lake North | Shymanivska<br>Black Iron | Zanaga<br>Zanaga | Hopes Advance<br>Oceanic |
|---|---|---|---|---|---|---|---|---|---|
| Owner(s) | Bending Lake Iron | Vale & BHP | Northland Resources | Cleveland Cliffs | Aktus, Hebei, Liberty Metals | | various | Zanaga % Xstrata | Oceanic Iron Ore Corp |
| country location | Ontario, Canada | Brazil | Sweden | Quebec | Newfoundland, Ca | Quebec | Ukraine | Republic of Congo | Quebec |
| Shipping Port | Quebec City | Espritto Santo | Navik, Norway | Sept Iles | Sept Iles | Sept Iles | Black Sea | Port Noire,DRC | Ungava Bay |
| public/private | private | partnership | NAU - TSX | CLF - NYSE | ADV-V | CHM - TSX | BKI | ZIOC - AIM | FEO - TSX |
| Reserves (million tons of ore) | | | | | | | | | |
| measured& indicated | 185 | 2000 | 165 | 827 | 668 | 386 | 645 | 2689 | 1268 |
| inferred | 155 | 700 | 60 | 83 | 29 | 528 | 188 | 1650 | 193 |
| total | 340 | 2700 | 225 | 910 | 697 | 1834 | 833 | 4339 | 1461 |
| Annual production | 4 million | 22-30 million | 3.5 | 8 now, may go to 16 | 8 | 8.7 | 9.2 | 30 | 20 |
| Life of Mine | +30 | 39 | 17 | | 29 | 40 | 16 | 50 | 3 |
| Final Product | | | | | | | | | |
| pellet/con/fines | pellets | pellets | pellet feed | con | con | con | pellet feed | pellet feed | con & pellets |
| Fe content | 67 | 67 & 67.9(DR) | 69 | 66 | 65.2 | 67.8 | 67 | est 67 | 66.5 |
| silica | 5-Apr | 2 & 1.27(DR) | 1 | 4.5 | 4 3 | 2.8 | 4-Mar | est 4 | 4.5 |
| concentrate size | 80% - 45 microns | 75% -44 microns | 80% -32 microns | 50% -260 microns | 80% -45 microns | 80% -395 m crons | 75% - 74 microns | fine | est 45-400 |
| weight recovery % | 31 | | 35.9 | 38.2 w/o mag rec | 35 | 37.8 | 32.7 | ? | 38 |
| other | | | MgO is 2-3% | MgO is 0 8 | MnO is 1.19 MN=0.81 | low contam nents | ? | ? | ? |
| concentrator process | grinding, mag sep | grinding, cyclones, flotation | grinding, mag sep, floatation | currently only grinding and spirals, plan to add a mag recovery circuit | grinding, spirals mag sep | grinding and spirals only | | grind, mag sep,spirals, floatation | grind, spiral,, mag sep, |
| Type of Deposit | magnetite | hematite and martite, with minor magnetite | magnetite | Specular Hematite and little Magnetite | Magnetite and hematite | Specular Hematite and little Magnetite | Magnetite and Hematite | 75% magnetite, hematite | specular hematite and Magnetite |
| Total Fe | 30 | 41 | 33 | 29-30 | 29.5 | 28.5 | 31.4 | 33 | 32.5 |
| Magnetic Fe | 30 | minor | ? | 4-8 | 21.1 | " | 18.5 | ? | 7 |
| Strip Ratio | 0 77 | <1 | 3.3 | 0.97 | 1.66 | 3.6 | 1.63 | 0.3 | 1.12 |
| Distance to port | 200 km | 398 km | 376 km | 425 km | 425 km | 548 km | 140 km | 300 | 21 km |
| transportation mode to port | rail | slurry line | truck then rail | 31 km of rail to tie to QNS&L | 15 km of rail needed to tie to QNS&L | 62 km of rail needed to tie to QNS&L | rail | rail or slurry | slurry |
| Is that infrastructure existing? | all but 37km | yes | yes | yes | partial | partial | yes | no | no |
| difficulty to build | no | " | | | no | | " | " | " |
| $/MT to get to water | $8.00 | low | $26.40 | $20.00 | $16.19 | $20.00 | 18 | low if slurry | -$1.00 |
| Permits granted? | no | yes | yes | yes | no | no | no | no | no |
| Status | Development | 22 operating, 8 under construction | Under construction | operating | Development | Development | Development | Development | Development |
| Key Concerns | no major | opened in 1977 | 100km north of Arctic Circle | 8 operating +8 under construction, infrastructure, weather, competition for labor | potential Mn issue, infrastructure, weather, competition for labor | infrastructure, weather, competition for labor | potential S and P issues, Poltics | cheap gas, xstrata has buyout right, Poltics | port has ice 215 days/yr, high capital cost, infrastructure, competition for labor |
| Project Name | Josephine Cone | Samarco | Northland | Consolidated Thompson | Alderon | Champion | Shymanivska | Zanaga | Hopes Advance |

2015-12-16

O'Neill DeLorenzi Mendes

**Pellet Production**

| | | U.S. Units |
|---|---|---|
| | Annual Pellet Production | 2,000,000 |
| | Average Daily Pellet Production | 5,479 |
| Assumption - Concentrate to Pellet Ratio | 1 to 1 | |
| | Annual Concentrate Production | 2,000,000 |
| | Average Daily Concentrate Production | 5,479 |
| Assumption - Crude to Concentrate | 3.6 to 1 | |
| | Annual Crude Ore Production | 7,200,000 |
| | Average Daily Crude Ore Production | 19,726 |
| Assumption - Process Water Loss | 7 % by weight | |
| | Annual Water Loss | 4,935,897 |
| | Annual Water Loss | 36,974,790 |
| | Average Daily Water Loss | 13,523 |
| | Average Daily Water Loss | 101,301 |
| Tails | Annual Total Tails | 5,200,000 |
| | Daily Total Tails | 14,247 |
| | Annual Cobbed Tails | 1,076,400 |
| | Daily Cobbed Tails | 2,949 |
| | Annual Rougher Tails | 1,374,533 |
| | Daily Rougher Tails | 3,766 |
| | Annual Fine Tails | 2,749,067 |
| | Daily Fine Tails | 7,532 |
| **Additives** | | |
| Assumption - Limestone | 1 % by weight | |
| | Annual | 20,000 |
| | Daily | 55 |
| Assumption - Bentonite (Binder) | 20 pounds per long ton | |
| | Annual | 18,182 |
| | Daily | 50 |

| | Metric Units | |
|---|---|---|
| long tons | 1,995,806 | metric tons |
| long tons | 5,468 | metric tons |
| long tons | 1,995,806 | metric tons |
| long tons | 5,468 | metric tons |
| long tons | 7,184,903 | metric tons |
| long tons | 19,685 | metric tons |
| cubic feet | 139,769 | cubic meter |
| gallons | 139,964,805 | liters |
| cubic feet | 383 | cubic meter |
| gallons | 383,465 | liters |
| long tons | 5,189,097 | metric tons |
| long tons | 14,217 | metric tons |
| long tons | 1,074,143 | metric tons |
| long tons | 2,943 | metric tons |
| long tons | 1,371,651 | metric tons |
| long tons | 3,758 | metric tons |
| long tons | 2,743,302 | metric tons |
| long tons | 7,516 | metric tons |
| long tons | 19,958 | metric tons |
| long tons | 55 | metric tons |
| long tons | 0 | metric tons |
| long tons | 0 | metric tons |

This is Exhibit "29" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Monday, December 14, 2015 12:53 PM
**To:** Rob MacRae
**Subject:** Fwd: Bending Lake Iron Group Limited - SISP Process Deadline Extension to March 27, 2015.

Sent from my iPad

Begin forwarded message:

**From:** "Paul J. Denton" <pdenton@farberfinancial.com>
**Date:** 17 February, 2015 2:34:56 PM EST
**To:** Henry Wetelainen <henry@bendinglakeiron.com>, "Dawn McKay (dmckay@bendinglakeiron.com)" <dmckay@bendinglakeiron.com>, "Jack Falkins (leaglebeagle74@hotmail.com)" <leaglebeagle74@hotmail.com>
**Cc:** Annette Chopowick <achopowick@farberfinancial.com>
**Subject: Re: Bending Lake Iron Group Limited - SISP Process Deadline Extension to March 27, 2015.**

Henry, Dawn and Jack,

This is to advise that pursuant to the Court Order dated November 27, 2014 (the "**SISP Order**"), the Receiver is exercising its discretion under the SISP Order to extend the deadline for submission of offers or proposals for Bending Lake Iron Group Limited. Interested Parties will now have **until 4:00 p.m. EST on Friday March 27, 2015 to submit a binding offer or proposal.** Previously this deadline was until 4:00 p.m. EST Friday February 27, 2015.

Regards,

Paul J. Denton
B Comm, CA(NZ), CIRP
Vice President | Insolvency & Restructuring
Direct: 416.496.3773 | Mobile: 416.846-0069

pdenton@farberfinancial.com

This is Exhibit "30" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

Canadian Environmental Assessment Agency | Agence canadienne d'évaluation environnementale

Ontario Region
55 St. Clair Avenue East
Room 907
Toronto ON M4T 1M2

Région de l'Ontario
55, avenue St. Clair Est,
pièce 907
Toronto ON M4T 1M2

May 19, 2015

Rob MacRae
Vice President Sustainable Development
Bending Lake Iron Group Limited
201 Hardisty Street,
Thunder Bay, ON
P7C 3G8

**Subject: Josephine Cone Mine Project – Environmental Impact Statement Guidelines**

Dear Mr. MacRae,

The Environmental Impact Statement (EIS) Guidelines for the Josephine Cone Mine Project (the Project) will expire effective June 28, 2015. The Canadian Environmental Assessment Agency (the Agency) is seeking clarity on Bending Lake Iron Group Limited's (the proponent) intentions in relation to the environmental assessment of the Project.

The transition provisions in section 125 of the *Canadian Environmental Assessment Act, 2012* (CEAA 2012) apply to the Josephine Cone Mine Project. Subsection 125(2) of CEAA 2012 states: "The *Establishing Timelines for Comprehensive Studies Regulations* are deemed to have come in to force on July 12, 2010 with respect to a comprehensive study to which subsection (1) applies."

The *Establishing Timelines for Comprehensive Studies Regulations* apply to the Josephine Cone Mine Project. The two subsections of note are subsection 4(2): "Environmental impact statement guidelines remain valid for a period of three years beginning on the day on which the Agency provides them to the proponent" and subsection 4(3): "At the request of the proponent, the Agency may renew the guidelines in their original or amended form for another period of three years."

The Agency requests a written response to this correspondence, which includes a description of the proponent's intent to continue with the environmental assessment of the Project by no later than June 5, 2015. Please note that the Agency will terminate the environmental assessment for the Project if a response is not received by June 5, 2015.

If you have any questions, please contact the Agency at JosephineCone@ceaa-acee.gc.ca or by phone at 416-952-1576.

Sincerely,

Anjala Puvananathan
Regional Director, Ontario Region
Canadian Environmental Assessment Agency

Cc: Henry Wetelainen, President, Bending Lake Iron Group Limited
Dawn McKay, Director and Chief Administrative Officer, Bending Lake Iron Group Limited
Clayton Wetelainen, Land Manager and Aboriginal Liaison, Bending Lake Iron Group Limited

Canada

O'Neill DeLorenzi Mendes 2015-06-01

**O'Neill DeLorenzi Mendes** **2015-12-16**

This is Exhibit "31" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**Bending Lake** Iron Group Limited

VIA EMAIL

June 1, 2015

**ATT: Mr. Paul J. Denton**
A. Farber & Partners Inc.
150 York Street, Suite 1600
Toronto ON M5H 3S5

Dear Mr. Denton:

**RE: Bending Lake Iron Group Limited**

I understand that you continue to deal with the Bending Lake Iron Group Receivership.

I provide you with a copy of correspondence dated May 19, 2015 from Ms. Anjala Puvananathan, Regional Director, Ontario Region, Canadian Environmental Assessment Agency and my response to same.

Please note that I have requested an extensive of the timelines for the comprehensive studies and that such request is for the maximum 3 year period ending on June 28, 2018. I am required to provide this correspondence to Ms. Puvananathan no later than June 05, 2015.

I continue to be the Vice President of Sustainable Development and as such I continue to provide my services to the Bending Lake Iron Group Limited and I ask that you approve the letter as to form and content so that I may forward it immediately. I look forward to your response and I remain,

Yours very truly,

RM:lm
Encls.

Robert MacRae
Vice President,
Sustainable Development

Branch Office / Warehouse: 201 Hardisty Street, Thunder Bay, ON P7C 3G9 Phone 807.285.5364 Fax 807.285.5365
Corporate Office: 402 Grand Point Road, Thunder Bay, ON P7J 1J8 Phone 807.622.4707 Fax 807.622.6628

**Bending Lake Iron Group Limited**

VIA EMAIL June 4, 2015

**ATT: Ms. Anjala Puvananathan**
**Regional Director, Ontario Region**
Canadian Environmental Assessment Agency
Ontario Region
55 St. Clair Avenue East
Room 907
Toronto ON M4T 1M2

Dear Ms. Puvananathan:

**RE: Bending Lake Iron Group Limited**
**Our File No.: 20140522**

Thank you for your letter of May 19, 2015.

In specific response to the question contained in your correspondence, it is most definitely the intention of the Bending Lake Iron Group Limited to continue with the environmental assessment of the Project known as the Josephine Cone Mine Project.

The Environmental Impact Statement Guidelines that have been provided to Bending Lake Iron Group Limited were reviewed initially and remain an item of current consideration and directive from the Board of Directors of the Bending Lake Iron Group Limited. To that end, I confirm that there continues to be ongoing interaction with various First Nation communities with respect to the continuation of the development of the Josephine Cone Mine Project with the correlated Environmental Assessment requirements.

Branch Office / Warehouse: 201 Hardisty Street, Thunder Bay, ON P7C 3G9 Phone 807.285.5364 Fax 807.285.5365
Corporate Office: 402 Grand Point Road, Thunder Bay, ON P7J 1J8 Phone 807.622.4707 Fax 807.622.6628

At this point in time as a result of the incredible weakening in the market for iron ore, the Court appointed a receiver with respect to Bending Lake Iron Group Limited in September of 2014. The management of Bending Lake Iron Group Limited has been working comprehensively with the receiver with a view to restructuring the financial aspects of the project. As of this date, the Environmental Impact Statement Guidelines remain very current and applicable to the development.

I enclose herein for your review a copy of correspondence authored by Mr. Denton of Farber Financial Group with respect to the position of the Receiver with respect to our request for an extension of the Environmental Impact Statement Guidelines for Josephine Cone Mine Project for a period of three years.

With respect to the "*Establishing Timelines for Comprehensive Studies Regulations*" it is the intent of Bending Lake Iron Group Limited to continue the Environmental Assessment of the Josephine Cone Mine Project which at this point in time includes ongoing consultations with Wabigoon First Nation. You will note from the Josephine Cone Mine Project description that the site of the mine is located in an area that the Wabigoon First Nation claims as traditional territory. Accordingly, the paramount interactions and discussions continue with the Wabigoon First Nation, its members and council.

By way of this correspondence and in my position as Vice President Sustainable Development, I request pursuant to subsection 4(3) of the establishing timelines for comprehensive studies regulations that the Canadian Environmental Assessment Agency renew the guidelines in their original form for another period of three years.

I am certain that your agency is very much aware of the cyclical nature of commodity development. It is anticipated that the climate respecting the valuation of iron ore will improve substantially in the near future.

I also anticipate that the Bending Lake Iron Group Limited will emerge from the present receivership with renewed finances that will permit an expansion of the continuation of the overall involvement in the Environmental Assessment presently underway with respect to the Josephine Cone Mine Project.

I am frequently in Toronto and I would welcome the opportunity to meet with you in the event that you have any questions that cannot be dealt with by way of a telephone call.

Would you please be kind enough to confirm the extension of the guidelines for a period of three years to June 28, 2018? I look forward to hearing from you and I remain,

Yours very truly,

RM:lm
Encl.

Robert MacRae
Vice President,
Sustainable Development

This is Exhibit "32" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

Farber
FINANCIAL GROUP

150 York Street
Suite 1600
Toronto, ON M5H 3S5
Canada
Office 416 496 0150
Fax 416 496 2839
www.farberfinancial.com

Paul Denton, CA (NZ), CIRP
Direct: (416) 496-3773
Email: [redacted]

June 4, 2015

Canadian Environmental Assessment Agency
Ontario Region
55 St. Clair Avenue East
Room 907
Toronto, Ontario
M4T 1M2

Attention: Anjala Puvananatha

Dear Madam:

**Re: Bending Lake Iron Group Limited ("BLIG")**

We are in receipt of a copy of your letter to BLIG dated May 19, 2015, which was forwarded to us by Mr. Robert MacRae. Pursuant to the Order of the Honourable Justice Shaw dated September 11, 2014, A. Farber and Partners Inc. was appointed as receiver (the "Receiver") of BLIG.

Without commenting on the assertions and representations set out in the letter of Mr. MacRae dated June 1, 2015, we confirm that the Receiver is in agreement with BLIG's request for an extension of the Environmental Impact Statement Guidelines for the Josephine Cone Mine Project for a period of three years.

We trust this is satisfactory. Please contact the undersigned should you require anything further from the Receiver.

Yours truly,

**A. Farber & Partners Inc.**
**In its capacity of Court-Appointed Receiver of Bending Lake Iron Group Limited**

Per: Paul Denton, CA (NZ), CIRP

c. Robert MacRae, BLIG
John Salmas, Dentons LLP

This is Exhibit "33" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

Canadian Environmental Assessment Agency
Agence canadienne d'évaluation environnementale

Ontario Region
55 St. Clair Avenue East
Room 907
Toronto ON M4T 1M2

Région de l'Ontario
55, avenue St. Clair Est,
pièce 907
Toronto ON M4T 1M2

June 26, 2015

Mr. Rob MacRae
Vice President Sustainable Development
Bending Lake Iron Group Limited
201 Hardisty Street,
Thunder Bay, ON
P7C 3G8

**Subject: Josephine Cone Mine Project – Environmental Impact Statement Guidelines**

Dear Mr. MacRae,

I am writing to respond to your June 4, 2015 letter requesting the renewal of the Josephine Cone Mine Project Environmental Impact Statement (EIS) Guidelines. The Canadian Environmental Assessment Agency has taken the administrative step of renewing the EIS Guidelines pursuant to the former *Canadian Environmental Assessment Act* and the *Establishing Timelines for Comprehensive Studies Regulations.*

The EIS Guidelines, as issued on June 28, 2012, are considered to be effective for an additional period of three years, until June 28, 2018.

If you have any questions, please contact the Agency at JosephineCone@ceaa-acee.gc.ca or by phone at 416-952-1576.

Sincerely,

Anjala Puvananathan
Regional Director, Ontario Region
Canadian Environmental Assessment Agency

Cc: Henry Wetelainen, President, Bending Lake Iron Group Limited
Dawn McKay, Director and Chief Administrative Officer, Bending Lake Iron Group Limited
Clayton Wetelainen, Land Manager and Aboriginal Liaison, Bending Lake Iron Group Limited

This is Exhibit "34" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Henry Wetelainen <henry@bendinglakeiron.com>
**Sent:** Monday, December 14, 2015 12:49 PM
**To:** Rob MacRae
**Subject:** Fwd: BLIG - Legacy Hill

Sent from my iPad

Begin forwarded message:

**From:** "Paul J. Denton" <pdenton@farberfinancial.com>
**Date:** 7 July, 2015 6:11:15 PM EDT
**To:** Henry Wetelainen <henry@bendinglakeiron.com>, "Andrew Malim (amalim@legacyhillresources.com)" <amalim@legacyhillresources.com>
**Cc:** Peter Crawley <pcrawley@farberfinancial.com>
**Subject: RE: Re: BLIG - Legacy Hill**

Henry and Andrew,

Over the past two days, I have spoken to both of you gentlemen about Legacy Hill's proposed 2nd due diligence trip scheduled for around July 30 onwards, (as set out briefly below).

From a travel and logistics perspective, consistent with my discussions with both parties over the past few days, the Receiver is fine with the parties liaising directly for itinerary and planning purposes. Happy also that you copy us but do not wish to impede matters either.

I think you should both have each other's phone coordinates. If not you can reconfirm via e-mail.

In the interim if any other queries I am happy to discuss.

Regards

Paul

**From:** Paul J. Denton
**Sent:** Friday, July 03, 2015 2:20 PM
**To:** Henry Wetelainen
**Cc:** Peter Crawley
**Subject:** Re: BLIG - Legacy Hill

Henry,

Peter and you exchanged messages over the last day re: Legacy Hill and I just tried you on your cell just now.

We have been liaising with Legacy Hill in terms of next steps through late June 2015 and earlier this week June 30 they indicated they wished to undertake a 2nd trip of which a general outline is set out below:

Would:

- travel to Canada around July 30
- be more of a technical trip
- be a team of 4 to 5
- like to meet with you and have access to the mine

They believe once they have completed this round of due diligence they can formulate a firm proposal/ offer.

If we do not discuss today would appreciate if we can discuss on Monday.

regards

This is Exhibit "35" referred to in the Affidavit of Henry Wetelainen sworn December 17, 2015

*Commissioner for Taking Affidavits (or as may be)*

Cheryl Kathleen Fox, a Commissioner, etc.,
District of Thunder Bay, for Erickson & Partners
Barristers and Solicitors.
Expires November 24, 2018.

**From:** Dawn McKay <dmckay@bendinglakeiron.com>
**Sent:** Monday, December 14, 2015 1:58 PM
**To:** Rob MacRae
**Subject:** FW: BLIG - Status Update

Update from LHR (on my birthday)

**From:** Henry Wetelainen
**Sent:** Tuesday, August 11, 2015 11:29 AM
**To:** Dawn McKay
**Subject:** Fwd: BLIG - Status Update

Sent from my iPhone

Begin forwarded message:

**From:** "Paul J. Denton" <pdenton@farberfinancial.com>
**Date:** August 11, 2015 11:24:27 AM EDT
**To:** "Mr. Henry Wetelainen" <henry@bendinglakeiron.com>, "mackiejr@frontiernet.net" <mackiejr@frontiernet.net>
**Cc:** Peter Crawley <pcrawley@farberfinancial.com>
**Subject: Re: BLIG - Status Update**

Henry and Jay,

By way of update, Legacy Hill still appear to be deliberating at some length with its investor group and at this time, a stage II due diligence trip to attend the mine and undertake other due diligence up at Thunder Bay has been pushed off. At this time they have provided no indication of when that follow up trip might occur. When there is something definitive we will advise.

regards

Paul J. Denton
B Comm, CA(NZ), CIRP
Vice President | Insolvency & Restructuring
Direct: 416.496.3773 | Mobile: 416.846-0069

pdenton@farberfinancial.com

**2403177 ONTARIO INC.**
Applicant

-and-

**BENDING LAKE IRON GROUP LIMITED**
Respondent

Court File No. CV-14-274

***ONTARIO***
**SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT
THUNDER BAY

**MOTION RECORD OF THE RESPONDENT**

**O'NEILL DELORENZI MENDES**
Barristers & Solicitors
116 Spring Street
Sault Ste. Marie ON P6A 3A1

Robert MacRae (32966I)
*rmacrae@saultlawyers.com*
Tel: (705) 949-6901
Fax: (705) 949-0618

Lawyers for the Respondent