

Court File No.: 35-2193939
Estate No.: 35-2193939

**ONTARIO
SUPERIOR COURT OF JUSTICE
(BANKRUPTCY AND INSOLVENCY)**

IN THE MATTER OF THE PROPOSAL OF
STRIKE MINERALS INC.,
OF THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO

**FIRST REPORT OF PROPOSAL TRUSTEE
A. FARBER & PARTNERS INC.**

December 8, 2016

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*Lawyers for A. Farber & Partners Inc., in its
capacity as Proposal Trustee of Strike Minerals Inc.*

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TAB 1

Court File No. 35-2193939

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ONTARIO
SUPERIOR COURT OF JUSTICE
(BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE PROPOSAL OF STRIKE
MINERALS INC.

A. FARBER & PARTNERS INC.
FIRST REPORT OF THE PROPOSAL TRUSTEE

December 8, 2016

APPENDICES

- APPENDIX A: CERTIFICATE OF FILING NOTICE OF INTENTION TO
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- APPENDIX B: ORDER OF J.VARPIO OCTOBER 21, 2014**
- APPENDIX C: STALKING HORSE ASSET PURCHASE AGREEMENT**
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INTRODUCTION

1. On November 29, 2016, Strike Minerals Inc. ("**Strike**" or the "**Company**") filed a Notice of Intention to Make a Proposal (an "**NOI**") under Section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), and A. Farber & Partners Inc. ("**Farber**") was appointed as proposal trustee in the Company's NOI proceedings (in such capacity, the "**Proposal Trustee**"). A copy of the Certificate of Filing of a Notice of Intention to Make a Proposal is attached hereto as **Appendix "A"**.

PURPOSE OF THIS REPORT

2. The purpose of this first report of the Proposal Trustee (the "**First Report**") is to report on and seek Court approval for the proposed stalking horse sales and marketing process and the terms contemplated in the Stalking Horse APA (as defined below) that has been negotiated by Strike. This First Report also addresses other matters relating to these NOI proceedings including, among other things, (i) the proposed interim financing to be provided by the Company's senior secured creditor for operating expenses; and (ii) the creation of an Administrative Charge (as defined below) for professional fees incurred by the Company, the Proposal Trustee and their respective counsel in connection with these NOI proceedings.

DISCLAIMER

3. The Proposal Trustee has relied upon the financial records and information provided by the Company. The Proposal Trustee has not independently audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information. Accordingly, the Proposal Trustee expresses no opinion or other form of assurance with respect to the information contained in this First Report. The Proposal Trustee assumes no responsibility or liability for any loss or damage incurred by or caused to any person or entity as a result of the circulation, publication, re-production or use of or reliance upon this First Report or for any use which any person or entity makes of this First

Report, or any reliance on or a decision made based upon this First Report, other than for the express purposes as set out in this First Report.

4. Unless otherwise stated herein, all references to dollars are in Canadian currency.
5. Pursuant to the E-Service Protocol of the Commercial List, which the Company will seek to adopt in these NOI proceedings, subject to Court approval, a copy of this First Report and all other Court materials, Orders and Endorsements issued in these proceedings are, and will be, available on the Proposal Trustee's website at: <http://www.farberfinancial.com/insolvency-engagements/strike-minerals-inc> .

BACKGROUND

6. Strike was incorporated on May 21, 1987, and exists under the laws of the Province of Ontario. The Company is a publicly listed company on the TSX Venture Exchange, and its registered head office is located in London, Ontario.
7. On August 28, 2014, the Director of the Central Production and Verification Services Branch of the Ministry of Government Services canceled Strike's certificate of incorporation for non-compliance with certain filing requirements. The Company was revived on July 25, 2016. The Proposal Trustee understands that Strike's head office was located in Toronto prior to the Company's revival.
8. The Company carries on business as a junior mineral exploration company engaged in the acquisition, exploration and development of properties for the mining of precious metals, with an emphasis on gold.
9. Further details relating to the Company and its operations are set out in the Affidavit of Denis Crane, Chairman of the Board of Strike, sworn December 6, 2016 (the "**Crane Affidavit**"), which was filed by the Company in these NOI proceedings.

ASSETS

10. Strike's assets consist of the following mineral properties, all located in the Province of Ontario:

Primary sites:

- i) The Edwards Mine ("**Edwards**") in Jacobsen Township, comprised of three (3) mining claim units;
- ii) The Hemlo West properties ("**Hemlo**") near Schreiber in Piske Township, comprised of seven (7) patented claims and seven (7) staked claims (made up of 22 units); and
- iii) The Ronda property ("**Ronda**") near Shining Tree, in the townships of McMurchy and Churchill, comprised of two (2) claims.

Other interests and properties include:

- iv) A single mining claim in Jacobsen Township located between the Cline property and Prodigy Gold;
- v) The Clement property block consisting of a four-unit claim in western Jacobsen Township; and
- vi) The Funk #2 property, comprised of a one-unit claim in north-central Jacobsen Township.

Edwards

11. Strike acquired Edwards in 2002 from River Gold Mines. From 1996 to 2001 Edwards produced some 144,000 ounces of gold. At the time of the purchase from River Gold Mines, Edwards had onsite infrastructure including ramp access and underground development to 281 meters, work camp, shop, roads and an electrical substation. Following the acquisition of Edwards, Strike conducted further exploration on the site, identifying five new high grade vein structures. Strike has conducted approximately 40,000 feet of drilling on Edwards. Strike intended to resume production at Edwards pending the raising of sufficient working capital.

Hemlo

12. Hemlo covers a number of former producing mines and gold occurrences including the Harkness-Hays, Morley and Afric zone extension. The Company has conducted further exploration on the property to prove depth continuity of gold occurrence.

Ronda

13. Ronda has two shafts and underground development to 650 feet. Mining on the property has not occurred since the 1930s. A drill-hole program was conducted in 1996 but there has been no further significant exploration since then.

CREDITORS

Secured Creditors

14. Strike's primary secured lender is Waterton Global Value, L.P. ("**Waterton**"). Waterton and the Company, as borrower, are parties to a certain loan facility agreement dated February 21, 2012 (the "**Waterton Loan Agreement**"), pursuant to which Waterton Global Value (Luxembourg) S.A.R.L. ("**Waterton Lux**") made available certain credit facilities to the Company subject to the terms and conditions contained therein. Further details regarding the Waterton Loan Agreement are set out in the Crane Affidavit, and copy of same is attached to the Crane Affidavit as Exhibit "G" thereto. The Crane Affidavit also sets out the historical relationship between Strike and Waterton and certain related entities. The initial funding arrangement was between Strike and Waterton Lux. As per an Assignment of Loan and Security Agreement dated March 7, 2014, Waterton Lux assigned all of the indebtedness owed by the Company and the related security to and in favour of Waterton. Waterton is currently owed approximately \$3.9 million by the Company under the Waterton Loan Agreement as of the date hereof. The quantum of the Waterton debt figures will be updated and provided to any potential bidders participating in the Sales Process (as defined below).

15. Waterton Lux filed a Notice of Intention to Enforce Security pursuant to section 244 of the BIA on April 4, 2013. Waterton Lux and Strike subsequently negotiated forbearance terms and entered into a formal forbearance agreement that expired on May 22, 2013.
16. The Proposal Trustee engaged its counsel, Aird & Berlis LLP ("A&B"), to conduct a review of Waterton's security package and related documents delivered in connection with the Waterton Loan Agreement. A&B has advised the Proposal Trustee that based on its review of the aforementioned security, it is of the view that, subject to standard assumptions and qualifications, Waterton has valid, properly perfected security interests in the property and assets of the Company, which has been properly registered under the *Personal Property Security Act* (Ontario) (the "PPSA") and the applicable land registries.
17. Waterton's first ranking security interest is also subject to a court-ordered charge in favour of Whelan (as defined below) pursuant to the terms of the October Order (as defined below). The October Order further entitled Waterton to a secured charge over Edwards.
18. Based on a review of the PPSA search results conducted by A&B there are also two subsequent registrations against the Company in favour of: i) Xerox Canada Ltd., which appears to relate to certain office equipment that is being financed by the Company, and ii) Buck Island Bay Investments Inc. which appears to relate to a leased air compressor.

Unsecured Creditors

19. Strike has informed the Proposal Trustee that it has approximately \$5,465,555 in unsecured liabilities as of the date hereof.
20. 161229 Canada Inc., carrying on business as Whelan Mining Contractors ("Whelan"), registered a lien on March 18, 2013 against Edwards under the *Construction Lien Act* (Ontario) in respect of \$1,451,834 that it was owed for dewatering work at Edwards (the "**Whelan Construction Lien**"). On March 19,

2013, Whelan commenced a construction lien action in the Ontario Superior Court of Justice in respect of the Whelan Construction Lien against, among others, Strike and Waterton Lux (the "**Whelan Lien Action**").

21. On October 21, 2014, Whelan, on consent, obtained a judgment (the "**October Order**") from the Honourable Justice Varpio ("**Justice Varpio**") of the Ontario Superior Court of Justice against Strike in the Whelan Lien Action in the amount of \$1,632,399.18, of which \$160,000 was declared by Justice Varpio to rank in priority to any security interests in favour of Waterton Lux, and the balance was found to rank subsequent in priority. Of the total amount, \$1,472,399.18 is included in the aforementioned total unsecured liabilities. A copy of the October Order is attached hereto as **Appendix "B"**.

CAUSES OF INSOLVENCY

22. The causes of the financial difficulties and current financial position of Strike are more fully set out in the Crane Affidavit. However, based on the Proposal Trustee's preliminary review of the Company's books and records and the Crane Affidavit, Strike was not generating any revenue, and had not done so for many years. The Company relied on debt and equity financing to fund exploration activities and operations. Strike's ability to raise the additional funding necessary to continue its development of its mining properties was further frustrated by a difficult economic climate.
23. As previously mentioned above, Waterton Lux had previously entered into a forbearance agreement with Strike, following the issuance of a Notice of Intention to Enforce, in order to provide the Company with an opportunity to refinance and payout its indebtedness to Waterton. However, with the passage of time and continued liquidity issues, Waterton has indicated that it is unwilling to continue to support the status quo. Those financial difficulties culminated in the need to file the NOI on November 29, 2016, in order to provide Strike with the additional time to conduct a sale process for substantially all of its assets.

PRE-FILING EFFORTS TO RESTRUCTURE AND SELL THE COMPANY'S ASSETS

24. As outlined in the Crane Affidavit, Strike engaged the services of Phoenix Advisors Inc. ("**Phoenix**") in 2015 to canvass and invite interested parties to acquire Strike's assets, including Edwards (the "**2015 Sales Process**"). Edwards was offered for sale in conjunction with an adjacent gold mine owned by Cline Mining Corporation ("**Cline**") in hopes that a larger operation would attract a strategic buyer for this high-grade unique opportunity.
25. The 2015 Sales Process spanned from February to April of 2015. Various parties were contacted by Phoenix, including potential equity investors and other mineral companies. The 2015 Sales Process had an initial bid deadline of April 6, 2015, which was subsequently extended to April 20, 2015.
26. Phoenix prepared an information teaser and published a data room containing detailed information about the mine sites and exploration results at Edwards and Cline. Phoenix has provided the Proposal Trustee with an electronic copy of sales documents and due diligence documents that it made available to prospective purchasers during the 2015 Sales Process. The Proposal Trustee will update the data as it relates to Edwards and intends to share it with qualified bidders who have signed a confidentiality agreement.
27. Phoenix advised the Proposal Trustee that it had contacted thirty-one (31) prospective purchasers during the 2015 Sales Process which resulted in six (6) proposals or expressions of interest being received. However, only one of those proposals became an offer and that offer was unacceptable to both Strike and Waterton, as it offered very little upfront cash.

STALKING HORSE ASSET PURCHASE AGREEMENT

28. As a result of extensive discussions over the period August to November 2016, the Company has been successful in negotiating a form of asset purchase agreement with 2548304 Ontario Inc. ("**254co**" or the "**Purchaser**"), a company incorporated by Waterton. This form of asset purchase agreement is structured as a "Stalking Horse"

asset purchase agreement, which is subject to Court approval. This Stalking Horse APA, as further defined below, will stand as the opening bid in a Court-approved marketing and sales process (the “**Sales Process**”), to be conducted by the Proposal Trustee on behalf of and in consultation with Strike. Both the Stalking Horse APA and Sales Process are more fully described below.

29. By agreement dated as of December 6, 2016, the Purchaser submitted to Strike an offer to purchase substantially all of the right, title and interest in Strike’s assets, properties and undertakings in the form of an asset purchase agreement and assumption of the obligations owing under the Waterton Loan Agreement, defined herein as the “**Stalking Horse APA**”. A copy of the Stalking Horse APA is attached hereto as **Appendix “C”**.
30. The Stalking Horse APA and underlying bid, remains subject to Court approval and a better offer being received through the Sales Process and, if necessary, a potential auction, as further described in the Bidding Procedures (defined below).
31. A summary of the key terms of the transaction contemplated by the Stalking Horse APA includes:
 - The Purchaser will acquire, on an “as is, where is” basis, substantially all of the Company’s business and assets for the sum of (A) an amount equal to the obligations and liabilities of the Company under the Waterton Loan Agreement as at Closing, which is estimated to be \$3.9 million, *plus* (B) the value of all Priority Payables (as defined therein), which is estimated to be \$748,000 *plus* (C) all Cure Costs (as defined therein);
 - 254co’s bid will be satisfied by way of assumption of the liabilities owed under the Waterton Loan Agreement and cash on closing to satisfy Priority Payables and Cure Costs. All competing bidders will be required to pay the Purchase Price in full in cash on the Closing Date; and
 - The transaction contemplated thereunder is subject to the approval of the Court and contemplates a Court Order vesting free and clear title to the

Purchaser, subject only to permitted encumbrances, as identified in the Stalking Horse APA.

32. The Proposal Trustee believes the process leading to the Stalking Horse APA was reasonable given the circumstances, in particular because it establishes a floor value that is substantially higher than the values reflected by the robust sales process conducted by the Company and Phoenix prior to the filing of the NOI.

STALKING HORSE SALES PROCESS

33. As market conditions have improved since the time of the 2015 Sales Process the Company is proposing to now go back to the market with Stalking Horse APA as the base bid for Strike's assets.

34. The Proposal Trustee has reviewed the proposed Sales Process and the Bidding Procedures as outlined in the Crane Affidavit and believes that the Sales Process is appropriate under the circumstances. A copy of the Bidding Procedures is attached hereto as **Appendix "D"**.

35. The definition of a "Qualified Bid" is found in the Bidding Procedures at Section 7 and specifies, *inter alia*, that a qualified bid must:

- i) be accompanied by a Good Faith Deposit (as defined therein) equal to at least 10% of the offered Purchase Price;
- ii) include a minimum purchase price, payable in cash, in an amount to satisfy:
 - the obligations owing under the Waterton Loan Agreement accruing through to the Closing Date;
 - the obligations owing under the DIP Financing Agreement (discussed below) accruing through to the Closing Date;
 - all Priority Payables;
 - all Cure Costs for any assumed contracts;

- the Break Fee (as defined therein); and
- a Minimum Overbid Increment (as defined therein) of at least \$50,000,

and assume at least the same contracts, Permitted Liens and other obligations assumed by the Stalking Horse Bidder in the Stalking Horse APA (other than the Waterton Loan Agreement and the DIP Financing Agreement, and the liens created pursuant to them, all of which may only be assumed by the Stalking Horse Bidder and must be paid and satisfied in full from the proceeds of the Purchase Price for any other Bid).

36. The Break Fee is specified in the Stalking Horse APA as the fixed amount of \$150,000. This fee equates to approximately 3.2% of the Purchase Price (defined as the sum of Priority Payables, Cure Costs and the obligations owing by Strike under the Waterton Loan Agreement) being offered by 254co in the Stalking Horse APA. Waterton and 254co have incurred significant effort and expense in preparing the Stalking Horse APA, and liaising with the Company and Proposal Trustee to develop the Sales Process.
37. The Proposal Trustee believes that the quantum of the Good Faith Deposit, Minimum Overbid Increment and Break Fee are reasonable under the circumstances.
38. A timeline of events in the Sales Process is attached hereto as **Appendix "E"**.
39. This Sales Process is transparent and will be administered by the Proposal Trustee, in consultation with the Company. The Proposal Trustee agrees that the proposed Sales Process is an efficient means to broadly canvass the market once again. The Sales Process provides a forum and deadline to permit and encourage any serious alternative bidders to come forward with improved offers, which may provide the basis for formulation and filing of a Proposal.

INTERIM FINANCING

40. Strike has depleted all of its cash reserves. The Company requires operating funds to pay for the costs of these NOI proceedings and support the Proposal Trustee during the Sales Process.
41. Waterton, as the major secured creditor holding the largest economic interest in the outcome of these NOI proceedings, has entered into a debtor-in-possession term sheet (the “**DIP Financing Agreement**”) with the Company in the amount of \$588,000 (the “**DIP Funds**”) to fund the professional fees and other operating expenses related to the proposed restructuring process.
42. Waterton requires a priority charge against the assets of Strike in order to advance any DIP Funds under the DIP Financing Agreement (the “**DIP Charge**”).
43. The Proposal Trustee is advised that Strike is attempting to open a new bank account at Canadian Imperial Bank of Commerce (“**CIBC**”) to enable it to administer the DIP Funds. However, CIBC is aware of certain outstanding judgements against Strike. As a precautionary measure, should Strike not be able to safely administer the DIP Funds, wording in respect of an alternative cash management solution has been included at paragraph 14 of the draft Order, included at Tab 3 of the Company’s Motion Record, empowering, but not obligating the Proposal Trustee to administer the DIP Funds on behalf of Strike through a separate trust account(s) to be established by the Proposal Trustee.

CASH FLOW PROJECTION

44. Strike has prepared a projected weekly cashflow statement for the period from December 2, 2016 to the week ending March 17, 2017 (the “**15 Week Cashflow**”), attached hereto as **Appendix “F”**. The 15 Week Cashflow indicates that Strike is projected to have sufficient liquidity through to the conclusion of the Sales Process to continue operating, provided it has access to the DIP Funds.

45. The Proposal Trustee has reviewed the underlying assumptions on which the 15 Week Cashflow projection is based and believes them to be reasonable.

EXTENSION OF STAY OF PROCEEDINGS

46. The initial stay of proceedings will expire on December 29, 2016. The Bid Deadline as set out in the Bidding Procedures is February 16, 2017. Extending the stay of proceedings by an additional 45 days to February 10, 2017 will allow Strike and the Proposal Trustee to conduct a substantial portion of the Sales Process before returning to Court to seek an additional extension of the stay of proceedings.
47. The Proposal Trustee notes that Denis Crane has suggested that a 70-day extension be granted at paragraph 56 of the Crane Affidavit. The Proposal Trustee is advised that as a result of discussions between Strike and Waterton that occurred subsequent to the swearing of the Crane Affidavit, the proposed draft Order at Tab 3 of Strike's Motion Record seeks a 45-day extension.
48. Given the amount of time that has transpired during which creditors have remain unpaid and Strike has remained inactive, the Proposal Trustee is not aware of any creditors who would be materially prejudiced by the granting of the requested extension to the stay of proceedings. It would be cost effective for the Court to grant this first extension now concurrent with the approval of the Sales Process so that the parties do not have incur the additional expense of coming back to court in thirty days to obtain approval of an extension.
49. Strike has acted in good faith and with due diligence in these NOI proceeding to date and in its efforts to negotiate the Stalking Horse APA and Sales Process.
50. In the circumstances, the Proposal Trustee believes it is the most appropriate strategy to maximize recovery for the benefit of all stakeholders.

PRIORITY CHARGES

51. Strike is also seeking court approval of two separate priority charges against the property and assets of Strike, as follows:

- i. The DIP Charge in the amount of \$588,000 to provide the funding necessary for Strike's operations and payment of professional fees during these NOI proceedings; and
- ii. The Administration Charge in the amount of \$300,000 in favour of the Proposal Trustee, the Company and their respective counsel as security for the professional fees and disbursements incurred by each in connection with these NOI proceedings.

(together referred to as the "**Priority Charges**")

52. The Company is seeking an Administration Charge in the amount of \$300,000, which would have priority over all claims against the Company (including the DIP Charge). The beneficiaries of the Administration Charge would be the Proposal Trustee (including in its capacity as trustee in bankruptcy, if applicable), the Proposal Trustee's legal counsel (including as counsel to the trustee in bankruptcy, if applicable), A&B and the Company's legal counsel, Thornton Grout Finnegan LLP. For added clarity, the Company also seeks to extend the Administration Charge to secure the fees and disbursements of Farber as Trustee in Bankruptcy, if applicable, of the Company.
53. Each of the Priority Charges are common in restructuring proceedings such as this and is, in the Proposal Trustee's view, appropriate in the present case given the Company's lack of liquidity. The professionals involved in these NOI proceedings require the benefit of a Court-ordered first ranking charge on the Company's business and assets to secure payment of their fees and expenses.
54. In addition, the Administration Charge is supported by Waterton as the existing senior secured lender and the proposed DIP Lender.

OTHER ACTIVITIES OF THE PROPOSAL TRUSTEE

55. On December 5, 2016, the Proposal Trustee mailed notice of the NOI to Strike's creditors. A copy of the notice is attached as **Appendix "G"**.

56. On December 6, 2016, the Proposal Trustee e-filed the statutory cashflow with the Official Receiver in accordance with section 50.4(2) of the BIA. A copy of the cashflow package is attached as **Appendix "H"**.

RECOMMENDATIONS

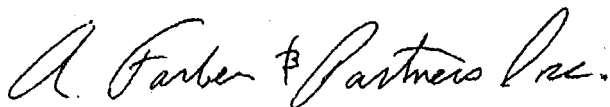
57. The Proposal Trustee respectfully recommends that this Honourable Court approve:

- (i) the Company entering into the Stalking Horse APA for the purpose of the Sales Process, and the terms of the transaction contemplated therein;
- (ii) the terms of the Sales Process;
- (iii) the requested extension to extend the time within which to file a proposal with the Official Receiver by Strike under section 62(1) of the BIA to February 10, 2017; and
- (iv) the approval of the proposed Priority Charges.

All of which is respectfully submitted this 8th day of December, 2016.

A. FARBER & PARTNERS INC. IN ITS CAPACITY AS TRUSTEE

IN RE THE PROPOSAL OF STRIKE MINERALS INC.



Tab A



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 05 - London
Court No. 35-2193939
Estate No. 35-2193939

In the Matter of the Notice of Intention to make a
proposal of:

Strike Minerals Inc.
Insolvent Person

A. FARBER & PARTNERS INC.
Licensed Insolvency Trustee

Date of the Notice of Intention: November 29, 2016

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: November 30, 2016, 08:04

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

Canada

Tab B

**Ministry of the Attorney
General**

Superior Court of Justice
Ontario Court of Justice

**Family
Civil and Estates**

420 Queen Street East, Suite 100
Sault Ste Marie, ON P6A 1Z7
Tel.: (705) 945-8000
Fax: (705) 945-5001

Ministère du Procureur général

Cour supérieure de Justice
Cour de Justice de l'Ontario

**Droit de la famille
Droit civil et successions**

420 est, rue Queen – pièce 100
Sault Ste Marie (Ontario) P6A 1Z7
Tél.: (705) 945-8000
Télééc.: (705) 945-5001



December 19, 2014

161229 CANADA INC.

Carrying on business as Paul Whelan Mining Contractors
Fasken Martineau DuMoulin LLP
Berkley D. Sells (LSUC No 41023P)

333 Bay Street, Suite 2400
Bay Adelaide Centre Box 20
Toronto, ON. M5H 2T6

Re:

Court File # 26123/13

Please find enclosed the court Judgment signed by Justice M. Varpio with respect to the above-named proceeding.

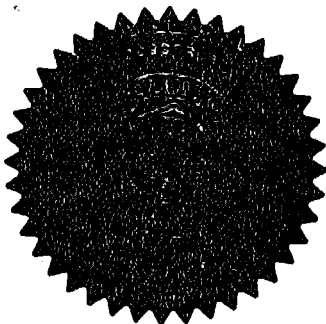
Please note, that he did sign Schedule B in error and indicated that he would not sign the other attached schedules. He indicated they are attached to the Judgment and that is what he was signing.

Yours truly,


C. Corriveau

Customer Service Representative

Encl.



Court File No. 26123/13

ONTARIO
SUPERIOR COURT OF JUSTICE

IN THE MATTER OF the *Construction Lien Act*,
R.S.O. 1990, c. C.30, as amended

THE HONOURABLE MR.

)

Tuesday the 21st day of

JUSTICE VARPIO

)

October 2014

)

BETWEEN:

161229 CANADA INC.
carrying on business as Paul Whelan Mining Contractors

Plaintiff

- and -

STRIKE MINERALS INC. and
WATERTON GLOBAL VALUE (LUXEMBOURG) S.À.R.L.

Defendants

JUDGMENT

ON READING the consents of the plaintiff and of the defendant Waterton Global Value (Luxembourg) S.À.R.L., by their respective lawyers, filed; and the defendant Strike Minerals Inc. having been noted in default,

1. THIS COURT DECLARES AND ADJUDGES that the person named in Column 1 of Schedule A to this judgment is entitled to a lien (the "**Lien**") under the *Construction Lien Act*, R.S.O. 1990, c. C.30, as amended (the "**Act**") upon the interest of the owner, Strike Minerals Inc. ("**Strike**"), in the premises described in Schedule B (the "**Property**") of this judgment for the amounts set opposite the name in Column 5 of Schedule A, and the primary debtor of that person is as set out in Column 6 of Schedule A.

ENTERED AT SAULT STE MARIE INSCRIT À SAULT STE. MARIE	
AS DOCUMENT: À TITRE DE DOCUMENT:	
No.	73-06
ON	Dec 19 2014
LE	
BY	
PAR	

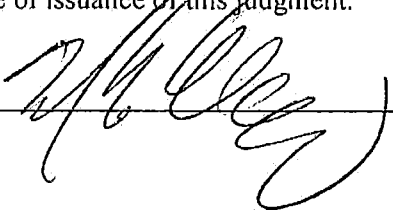
2. AND THIS COURT DECLARES AND ADJUDGES that the person mentioned in Column 1 of Schedule C to this judgment is entitled to a secured charge other than a lien under the Act (the "Charge") on the interest of Strike in the Property for the amount set opposite its name in Column 4 of Schedule C.

3. AND THIS COURT ORDERS AND ADJUDGES that Strike pay to the plaintiff the sum of \$1,632,399.18 (inclusive of prejudgment interest and costs to date) and postjudgment interest thereon; and that upon Strike doing so the Lien mentioned in Schedule A is discharged and the registration of that Lien and the certificate of action in relation to that Lien are vacated.

4. AND THIS COURT ORDERS AND ADJUDGES that: (a) the plaintiff's Lien has priority over the Charge on the Property in favour of the defendant Waterton Global Value (Luxembourg) S.à.r.l. ("Waterton") to the extent of \$160,000.00 (inclusive of any and all interest and costs); and (b) \$160,000 constitutes the full extent of the plaintiff's priority over Waterton and therefore Waterton's Charge has priority over the balance of the Lien.

5. AND THIS COURT ORDERS AND ADJUDGES that if Strike fails to make payment to the plaintiff, in accordance with paragraph 3 above, on or before March 31, 2015 (or such later date as the plaintiff may consent to in writing), thereafter the estate, right, title and interest of Strike in the Property shall be sold, under the supervision of this Honourable Court, and the proceeds applied in and towards payment of this judgment and in accordance with the priorities set out in this judgment.

THIS JUDGMENT BEARS INTEREST at the rate of the Canadian Imperial Bank of
Commerce's prime rate plus 2% commencing on the date of issuance of this judgment.



A handwritten signature in cursive script is written over a horizontal line. The signature appears to be "M. J. O'Leary".

SCHEDULE A

Column 1	Column 2	Column 3		Column 4	Column 5	Column 6
Name of persons entitled to construction lien	Registration numbers of claims for lien and certificates of action	Amount of debt	Interest	Costs	Total	Names of primary debtors
161229 Canada Inc. carrying on business as Paul Whelan Mining Contractors	AL115372 Construction Lien AL115417 Certificate of Action	\$1,451,834.10	Prejudgment interest on \$1,451,834.10 in the amount of \$115,550.08	\$80,000.00	\$1,632,399.18 plus postjudgment interest at the rate of the Canadian Imperial Bank of Commerce's prime rate plus 2% commencing on the date of this judgment	Strike Minerals Inc.

The Honourable Mr. Justice Varpio

SCHEDULE B

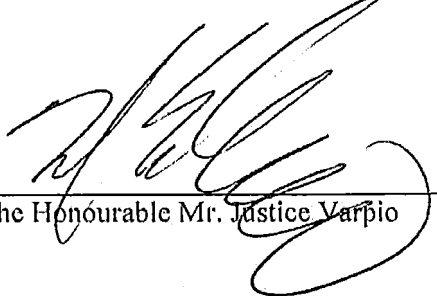
The premises in respect of which this action is brought is as follows:

PIN 31126 - 0037 LT

PCL 1861 SEC AL; PT MINING CLAIM SSM490470 JACOBSON; PT MINING CLAIM SSM490471 JACOBSON PT 1-6 1R8155 EXCEPT SRO PT 5 1R8155; SRO ON & OVER STRIPS OF LAND ALONG THE LIMITS OF PT 2 BEING A TRAVELLED ROAD, & WHICH STRIPS OF LAND ARE BOUNDED BY THE SAID LIMITS & BY A LINE EVERY POINT OF WHICH IS DISTANT 91.440 METRES (300 FT) FROM THE NEAREST POINT IN THE SAID LIMITS; SRO ON & OVER A STRIP OF LAND ALONG THE SHORE OF AN UNNAMED POND & WHICH STRIP OF LAND IS BOUNDED BY THE HIGH WATER MARK OF SAID POND & BY A LINE EVERY POINT OF WHICH IS DISTANT 121.920 METRES (400 FT) FROM THE SAID HIGH WATER MARK; DISTRICT OF ALGOMA

PIN 31126- 0039 LT

PCL 1438 SEC AWS; MINING CLAIM SSM2183 JACOBSON AS IN A3626; SIT LT25876; S/T LT113588; DISTRICT OF ALGOMA



The Honourable Mr. Justice Varpio

SCHEDULE C

Column 1	Column 2		Column 3	Column 4
Name of persons entitled to encumbrances other than construction liens	Amount of debt	Interest	Costs	Total
Waterton Global Value (Luxembourg) S.à.r.l.	\$2,875,000.00	Prejudgment interest on \$2,875,000 in the amount of \$579,915.00	\$60,000.00	\$3,514,915.00 plus postjudgment interest at the rate of the Canadian Imperial Bank of Commerce's prime rate plus 2% commencing on the date of this judgment

The Honourable Mr. Justice Varpio

161229 CANADA INC. carrying on business as Paul Whelan
Mining Contractors

-and-

STRUKE MINERALS INC. et al

Plaintiff

Defendants

Court File No. 26123/13

**ONTARIO
SUPERIOR COURT OF JUSTICE**

*IN THE MATTER OF the Construction Lien Act,
R.S.O. 1990, c. C.30, as amended*

Proceeding commenced at Sault Ste. Marie

JUDGMENT

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Lawyers for the plaintiff

Tab C

2548304 ONTARIO INC.

as Purchaser

and

STRIKE MINERALS INC.

as Vendor

ASSET PURCHASE AGREEMENT

December 6, 2016

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ASSET PURCHASE AGREEMENT

Asset purchase agreement dated December 6, 2016 between Strike Minerals Inc. (the "Vendor" or "Debtor"), and 2548304 Ontario Inc. (the "Purchaser").

RECITALS:

- (1) The Vendor desires to sell certain of its assets by way of a sales process and the Purchaser has agreed to act as a "stalking horse" bidder in connection with such process.
- (2) In the absence of a proposal for the purchase of such assets superior to the transactions contemplated by this Agreement being received by the Vendor in accordance with the Bidding Procedures, the Purchaser has agreed to purchase such assets in accordance with the terms of this Agreement.
- (3) If such a superior proposal is received, the Vendor has agreed to initiate an Auction process in accordance with the Bidding Procedures.
- (4) Approval of the Ontario Superior Court of Justice (Commercial List) (the "Court") will be sought by the Vendor for the transactions contemplated by this Agreement, subject to the Bidding Procedures, through the commencement of a proposal proceeding under the *Bankruptcy and Insolvency Act* by the Debtor filing a notice of intention to make a proposal and the Debtor will appoint A. Farber & Partners Inc. to act as proposal trustee (the "Proposal Trustee") in connection with such proposal and the consummation of the transactions contemplated by this Agreement, subject to this Agreement, the *Bankruptcy and Insolvency Act* and any order of the Ontario Superior Court of Justice (Commercial List).

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the capitalized terms listed below shall have the corresponding meanings.

"Affiliate" of a Person means any other Person that directly or indirectly controls, is controlled by or is under common control with such Person, where "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" means this asset purchase agreement.

"Ancillary Agreements" means all agreements, certificates and other instruments delivered or given pursuant to this Agreement.

"Approval and Vesting Order" means an approval and vesting order of the Ontario Superior Court of Justice (Commercial List) in form and in substance satisfactory to the Vendor and the Purchaser, each acting reasonably, approving this Agreement and vesting in and to the Purchaser the Purchased Assets, free and clear of and from any and all Liens to the extent and as provided for in such approval and vesting order and exempting the purchase and sale of the Purchased Assets pursuant to this Agreement from the provisions of the *Bulk Sales Act* (Ontario).

"Assignment Order" means an order or orders of the Ontario Superior Court of Justice (Commercial List), in form and substance satisfactory to the Purchaser, acting reasonably, authorizing and approving the assignment of one or more Consent Required Contracts for which the consent, approval or waiver of the party or parties thereto (other than the Debtor) required to assign such Consent Required Contracts has not been obtained by Closing.

"Assumed Contracts" means the Contracts listed on Schedule 2.1(e).

"Assumed Liabilities" has the meaning specified in Section 2.3.

"Auction" has the meaning set out in the Bidding Procedures.

"Authorization" means, with respect to any Person, any order, permit, approval, consent, waiver, license or other authorization of any Governmental Entity having jurisdiction over the Person.

"Bidding Procedures" means the bidding procedures attached hereto as Schedule 7.1.

"Books and Records" means all information in any form relating to the Business, including books of account, financial, tax, business, marketing, personnel and research information and records, technical information, drill logs, equipment logs, technical reports, operating guides and manuals and all other documents, files, correspondence and other information, but excluding the minute books and corporate records of the Debtor.

"Break Fee" means \$150,000.

"Business Day" means any day of the year, other than a Saturday, Sunday or any day on which major Canadian chartered banks are closed for business in Toronto, Ontario.

"Business" means the business of Strike Minerals Inc., being mineral exploration and development of mineral properties.

"Closing Date" has the meaning set out in Section 9.2(1).

"Closing" means the completion of the transaction of purchase and sale contemplated in this Agreement.

"Consent Required Contract" means any Assumed Contract which is not assignable in whole or in part without the consent, approval or waiver of the party or parties thereto (other than the Debtor).

"Contract" means any agreement, contract, consent (including any contractual consent or government consent), lease (including the Mining Lease and any lease pertaining to a Leased Property), license, undertaking, engagement or commitment of any nature, whether written or oral.

"Cure Costs" means, in respect of any Consent Required Contract, all amounts owing as at the Closing Date by the Debtor pursuant to such Consent Required Contract and all amounts required to be paid to cure any monetary defaults thereunder, if any, required to effect an assignment thereof from the Vendor to the Purchaser, together with any fee or other monetary concession approved by the Purchaser and granted in connection with obtaining any Assignment Order for such Consent Required Contract, including all administrative fees and counsel fees of the counterparties required to be paid to obtain such Assignment Order.

"Debtor" has the meaning specified in the preamble above.

"DIP Financing" means certain debtor in possession financing arising from a super-priority credit facility provided to the Debtor by the DIP Lender, pursuant to the DIP Financing Agreement.

"DIP Financing Agreement" means a term sheet to be entered into between the Debtor, as borrower, and the DIP Lender and approved by an order of the Ontario Superior Court of Justice (Commercial List) authorizing a super-priority credit facility provided to the Debtor by the DIP Lender.

"DIP Lender" means Waterton Global Value, L.P.

"Excluded Assets" has the meaning specified in Section 2.2.

"Excluded Liabilities" has the meaning specified in Section 2.4.

"Governmental Entity" means: (i) any governmental or public department, central bank, court, minister, governor-in-council, cabinet, commission, tribunal, board, bureau, agency, commissioner or instrumentality, whether international, multinational, national, federal, provincial, state, county, municipal, local, or other; (ii) any subdivision or authority of any of the above; (iii) any stock exchange; and (iv) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

"Intellectual Property" means all intellectual property of the Debtor used by or currently being developed for use in the Business, and all rights of the Debtor therein, including all claims for past infringement, worldwide, whether registered or unregistered, including, without limitation:

- (a) all patents, patent applications and other patent rights, including provisional and continuation patents;
- (b) all registered and unregistered trade-marks, service marks, logos, slogans, corporate names, business names and other indicia of origin, and all applications and registrations therefor;
- (c) registered and unregistered copyrights and mask works, including all copyright in and to computer software programs and applications and registrations of such copyright;
- (d) internet domain names, applications and reservations for internet domain names, uniform resource locators and the corresponding internet sites;
- (e) industrial designs; and
- (f) trade secrets and proprietary information not otherwise listed in (a) through (e) above, including, without limitation, all inventions (whether or not patentable), invention disclosures, moral and economic rights of authors and inventors (however denominated), confidential information, technical data, customer lists, corporate and business names, trade names, trade dress, brand names, know-how, mask works, circuit topography, formulae, methods (whether or not patentable), designs, processes, procedures, technology, business methods, source codes, object codes, computer software programs (in either source code or object code form), databases, data collections and other proprietary information or material of any type, and all derivatives, improvements and refinements thereof, howsoever recorded or unrecorded.

"Laws" means any principle of common law and all applicable (i) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and by-laws, (ii) judgments, orders, writs, injunctions, decisions, awards and directives of any Governmental Entity and (iii) to the extent that they have the force of law, standards, policies, guidelines, notices and protocols of any Governmental Entity.

"Leased Properties" means the lands and premises listed in Schedule 2.1(c).

"Lien" means any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), easement, title retention agreement or arrangement, conditional sale, deemed or statutory trust, restrictive covenant or other encumbrance of any nature which, in substance, secures payment or performance of an obligation.

"Minerals" means all mines, minerals, resources, metals and mineral bearing substances of every kind and description whatsoever and wheresoever situate or located.

"Mining Lease" means Mining Lease No. 109273 (being the renewal of Mining Lease No. 106467) issued under the authority of the *Mining Act* (Ontario) by the Ministry of Natural Resources for and on behalf of the Minister of Northern Development and Mines, which were registered in the land registry office for the Land Titles Division of Algoma (No. 1) on March 12, 1992 as Investment No. LT 180765 and October 10, 2013 as Investment No. AL 124153.

"Mining Properties" means the lands and premises listed and described in Schedule 2.1(b) by reference to their proper legal descriptions and all surface, subsurface, mineral rights, concessions, licenses, claims, permits, rights, titles and interests, if any, thereon or therein or otherwise appointment to or associated therewith or held or used by the Debtor in connection therewith.

"MNDM" means the Ministry of Northern Development and Mines.

"Notice" has the meaning specified in Section 11.1.

"Parties" means the Vendor and the Purchaser and any other Person who may become a party to this Agreement.

"Patented Claims" means patented mining claims located in Ontario and listed in Schedule 2.1(f).

"Permitted Liens" means Liens listed and described in Schedule 2.1 but only to the extent such Liens conform to their description in Schedule 2.1.

"Person" means an individual, partnership, limited partnership, limited liability partnership, corporation, limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning.

"Priority Payable" has the meaning specified in Section 8.2(c)(iv).

"Purchase Price" has the meaning specified in Section 3.1, subject to any change pursuant to Section 3.1.

"Purchased Assets" has the meaning specified in Section 2.1.

"Purchaser" has the meaning specified in the preamble above.

"Stalking Horse Bid" means the Purchaser's bid for the Purchased Assets contemplated by this Agreement.

"Successful Bid" has the meaning set out in the Bidding Procedures.

"Successful Bidder" has the meaning set out in the Bidding Procedures.

"Taxes" means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies, rates, withholdings, dues, contributions and other charges,

collections or assessments of any kind whatsoever, imposed by any Governmental Entity; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); and (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

"Tax Returns" means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and other documents filed or required to be filed in respect of Taxes.

"Unpatented Claims" means unpatented mining claims located in Ontario, as listed in Schedule 2.1(f).

"Vendor" has the meaning specified in the preamble above.

"Waterton Credit Agreement" means the senior secured gold stream credit agreement dated February 21, 2012 between the Debtor, as borrower, the guarantors from time to time party thereto, as guarantors, and Waterton Global Value (Luxembourg) S.A.R.L., as lender, as such agreement was assigned by Waterton Global Value (Luxembourg) S.A.R.L. to Waterton Global Value, L.P. pursuant to an assignment of loan and security dated March 7, 2014, and as part or all of the benefits of such agreement are assigned to the Purchaser at or prior to the Closing.

Section 1.2 References and Usage.

Unless expressly stated otherwise, in this Agreement:

- (a) reference to a gender includes all genders;
- (b) the singular includes the plural and vice versa;
- (c) "or" is used in the inclusive sense of "and/or";
- (d) "any" means "any and all";
- (e) the words "including", "includes" and "include" mean "including (or includes or include) without limitation";
- (f) the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of";
- (g) \$ or dollars refers to the Canadian currency unless otherwise specifically indicated;
- (h) a statute includes all rules and regulations made under it, if and as amended, re-enacted or replaced from time to time;

- (i) a Person includes its predecessors, successors and permitted assigns;
- (j) the term "notice" refers to oral or written notices except as otherwise specified;
- (k) the term "Agreement" and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be amended, restated, replaced, supplemented or novated and all schedules to it, except as otherwise provided in this Agreement; and
- (l) whenever payments are to be made or an action is to be taken on a day which is not a Business Day, such payment will be required to be made or such action will be required to be taken on or not later than the next succeeding Business Day and in the computation of periods of time, unless otherwise stated, the word "from" means "from and excluding" and the words "to" and "until" each mean "to and including".

Section 1.3 Headings, etc.

The use of headings (e.g. Article, Section, etc.) in this Agreement is reference only and is not to affect the interpretation of this Agreement. References in the Agreement to Article, Section etc., unless otherwise specified, shall mean the applicable Article, Section, etc. of this Agreement.

Section 1.4 Schedules.

The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

ARTICLE 2 PURCHASE AND SALE

Section 2.1 Purchased Assets.

Subject to the terms and conditions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor on the Closing Date, on an "as is, where is" basis, all of the Vendor's right, title and interest in the Vendor's property, assets and undertakings of every kind and description and wheresoever situate, of the Business, other than the Excluded Assets (collectively, the "Purchased Assets"), free and clear of all Liens other than Permitted Liens, including:

- (a) **Machinery, Equipment and Supplies.** All machinery, equipment, technology and communications hardware and infrastructure, furniture, furnishings and accessories, parts and supplies of all kinds including office supplies, owned by the Vendor, including any core samples relating to the Mining Properties or the leasehold interests or mining or minerals claims referred to below;

- (b) **Mining Properties.** The Mining Properties;
- (c) **Leased Properties.** The leasehold interest of the Vendor in and to the lands and premises listed and described in Schedule 2.1(c) by reference to their proper legal description and all right, title and interest of the Vendor in and benefits of the Vendor to and under the leases for such lands and premises, including, without limitation, the Mining Lease;
- (d) **Minerals.** All Minerals in, on, under or upon any of the Purchased Assets and/or extracted or removed therefrom;
- (e) **Contracts.** The full benefit of the Assumed Contracts;
- (f) **Mining Claims.** All patented and unpatented mining or mineral claims of the Vendor, including, without limitation, those claims listed in Schedule 2.1(f) and all right, title and interests of the Vendor, if any, in and any benefits of the Vendor to and under such claims, together with any claims held by the Vendor which may have been cancelled and subsequently re-opened any renewals, revivals or other interest therein or benefit which might be derived therefrom;
- (g) **Authorizations.** All Authorizations, owned, held or used by the Vendor in connection with the Business or the Purchased Assets to the extent that they are transferable;
- (h) **Prepaid Expenses.** All prepaid expenses of the Business;
- (i) **Intellectual Property.** All right, title and interest of the Vendor in and to the Intellectual Property owned by or licensed to the Vendor or used by the Vendor in connection with the Business or the Purchased Assets;
- (j) **Books and Records.** The Books and Records of the Vendor for the five year period prior to the Closing Date;
- (k) **Claims.** All claims of the Vendor relating to the Business or the Purchased Assets, whether choate or inchoate, known or unknown, contingent or otherwise;
- (l) **Tax Refunds -** The benefit of any refundable Taxes payable or paid by the Vendor net of any amounts withheld by any taxing authority, and any claim or right of the Vendor to any refund, rebate, or credit of Taxes; and
- (m) **Goodwill.** The goodwill of the Business, including the exclusive right of the Purchaser to represent itself as carrying on the Business in continuation of and in succession to the Vendor.

Section 2.2 Excluded Assets.

The Purchased Assets shall not include any of the following assets (collectively, the **"Excluded Assets"**):

- (a) the minute books and corporate records of the Vendor (other than as specifically listed herein); and
- (b) all Contracts to which the Vendor is a party other than the Assumed Contracts.

Section 2.3 Assumed Liabilities.

Subject to this transaction Closing on the Closing Date, the Purchaser agrees to discharge, perform and fulfil the following obligations and liabilities of the Vendor with respect to the Business and the Purchased Assets as and from the Closing Date (collectively, the **"Assumed Liabilities"**):

- (a) all obligations and liabilities of the Vendor relating to the Purchased Assets (other than the Assumed Contracts) that relate to the period from and after the Closing Date;
- (b) all obligations and liabilities under the Assumed Contracts, to the extent assigned to the Purchaser, arising in respect of the period after the Closing Date and not related to any default existing at, prior to or as a consequence of Closing; and
- (c) all other obligations and liabilities expressly assumed under this Agreement.

Section 2.4 Excluded Liabilities

The Purchaser shall not assume and shall have no obligation to discharge, perform or fulfil any and all Excluded Liabilities. **"Excluded Liabilities"** means any and all liabilities and obligations of the Debtor or with respect to the Business or the Purchased Assets, whether known, unknown, direct, indirect, absolute, contingent or otherwise or arising out of facts, circumstances or events other than the Assumed Liabilities, including the following:

- (a) all liabilities and obligations relating to any current or former employees of the Debtor or the Business;
- (b) all indebtedness of the Vendor outstanding to 161229 Canada Inc. carrying on business as Paul Whelan Mining Contractors, including the indebtedness secured by the construction lien registered as Instrument No. AL115372 against title to the Mining Properties and the Leased Property in the land registry office for Algoma (No. 1), except to the extent paid as a Priority Payable; and

- (c) all Royalty Agreements previously entered into by the Debtor, including the River Gold Mines and Vencan Gold Corporation Net Smelter Return Royalty Agreements dated February 16, 2000.

Section 2.5 Assignment and Assumption of Consent Required Contracts.

- (1) Notwithstanding anything in this Agreement, the Purchaser does not assume and has no obligation to discharge any liability or obligation under or in respect of any Consent Required Contract unless, in each case, (a) the consent, approval or waiver of the party or parties to such Consent Required Contract (other than the Debtor) required to assign such Consent Required Contract has been obtained on terms satisfactory to the Purchaser, acting reasonably and the value of such Consent Required Contract has enured to the Purchaser or (b) such Consent Required Contract is subject to an Assignment Order.
- (2) The Vendor and the Purchaser shall use reasonable commercial efforts to obtain the consent, approval or waiver of the party or parties to each Consent Required Contract (other than the Debtor) to the assignment of such Consent Required Contract prior to the filing of the motion materials for the Approval and Vesting Order. For greater certainty, neither the Vendor nor the Purchaser is under any obligation to pay any money, incur any obligations, commence any legal proceedings (other than as set forth below with respect to Assignment Orders), or offer or grant any accommodation (financial or otherwise) to any third party in order to obtain any such consent, approval or waiver.
- (3) In the event that the consent, approval or waiver required to assign any Consent Required Contract is not obtained before the date the motion materials are filed for the Approval and Vesting Order is filed, the Vendor shall, at the request of the Purchaser but subject to Court approval, prior to Closing seek an Assignment Order for such Consent Required Contract in form and substance satisfactory to the Vendor and the Purchaser, including payment by the Purchaser of the Cure Costs, each acting reasonably.
- (4) Subject to Closing and to either (i) the consent of the other parties thereto to the assignment thereof or (ii) in the absence of consent, the obtaining of an Assignment Order, in addition to its other obligations under this Agreement, the Purchaser shall pay the applicable Cure Costs related to the Consent Required Contracts on Closing.

**ARTICLE 3
PURCHASE PRICE**

Section 3.1 Purchase Price.

The purchase price payable by the Purchaser to the Vendor for the Purchased Assets (the "Purchase Price") is (A) an amount equal to the obligations and liabilities of the Vendor under the Waterton Credit Agreement as at Closing, plus (B) the value of all Priority Payables plus (C) all Cure Costs. The consideration paid for the purchase by the Purchaser of the Purchased Assets includes the Purchaser's assumption of the Assumed Liabilities.

Section 3.2 Payment of the Purchase Price.

At the Closing, pursuant to a written direction by the Proposal Trustee, the Purchaser shall pay and satisfy the Purchase Price as follows:

- (a) to the Proposal Trustee, in trust, an amount equal to the sum of the value of all Priority Payables, by way of wire transfer of immediately available funds to such bank account as is designated by such proposal trustee no later than the Closing Date;
- (b) to the Proposal Trustee, in trust, an amount equal to the sum of the value of all Cure Costs, by way of wire transfer of immediately available funds to such bank account as is designated by such proposal trustee no later than one (1) Business Day prior to the Closing Date; and
- (c) as to the balance, by the Purchaser assuming the Vendor's obligations and liabilities under the Waterton Credit Agreement under this Agreement.

Section 3.3 Purchase Price Allocation

The Vendor and the Purchaser agree to allocate the Purchase Price in accordance with the provisions of Schedule 3.3. The Parties agree to execute and file all of their own Tax Returns and prepare all of their own financial statements and other instruments on the basis of this allocation. Any reasonable cost of the Proposal Trustee or Debtor is payable by the Purchaser under the DIP Financing Agreement.

Section 3.4 No Effect on Other Rights.

The determination of the Purchase Price in accordance with the provisions of this Article will not limit or affect any other rights or causes of action either the Purchaser or the Vendor may have with respect to the representations, warranties or covenants in its favour contained in this Agreement.

**ARTICLE 4
TAX MATTERS**

Section 4.1 Transfer Taxes.

The Purchaser shall be liable for and shall pay all land transfer Taxes, sales Taxes and all other similar Taxes properly payable upon and in connection with the sale, assignment and transfer of the Purchased Assets from the Vendor to the Purchaser, other than any taxes payable on the Vendor's net income, profits or gains.

Section 4.2 Tax Elections.

The Parties shall use their commercially reasonable efforts in good faith to minimize (or eliminate) any taxes payable under the *Excise Tax Act* (Canada) in respect of the Closing by, among other things, making such elections and taking such steps as may be provided for under that Act (including, for greater certainty, making a joint election in a timely manner

under Section 167 of that Act) as may reasonably be requested by the Purchaser in connection with the Closing.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of the Vendor.

The Vendor represents and warrants as follows to the Purchaser and acknowledges and agrees that the Purchaser is relying upon the representations and warranties in connection with its purchase of the Purchased Assets and its assumption of the Assumed Liabilities.

- (a) **Incorporation and Qualification.** The Vendor is a corporation incorporated and existing under the laws of jurisdiction of its formation. The Vendor has the corporate power and authority to own and operate its property, carry on its business and enter into and perform its obligations under this Agreement and each of the Ancillary Agreements to which it is a party.
- (b) **Corporate Authorization.** Subject to the issuance of the Approval and Vesting Order, the execution and delivery of and performance by the Vendor of this Agreement and each of the Ancillary Agreements to which it is a party and the consummation of the transactions contemplated by them have been duly authorized by all necessary and corporate action on the part of each of them.
- (c) **Required Authorizations.** There is no requirement to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Entity as a condition to the lawful completion of the transactions contemplated by this Agreement, except for the filings, notifications and Authorizations described in Schedule 5.1(c) or that relate solely to the identity of the Purchaser or the nature of the business carried on by the Purchaser prior to Closing.
- (d) **Execution and Binding Obligation.** Subject to the issuance of the Approval and Vesting Order, this Agreement and each of the Ancillary Agreements to which the Vendor is a party have been duly executed and delivered by the Vendor and constitute legal, valid and binding agreements of it, enforceable against it in accordance with their respective terms.
- (e) **Residence of the Vendor.** The Vendor is not a non-resident of Canada within the meaning of the *Tax Act*. The Vendor is not a non-Canadian within the meaning of the *Investment Canada Act*.
- (f) **Employees.** The Vendor does not have, and has not within the past three years had, any employees.

- (g) **HST Registrant.** The Vendor is a registrant for the purposes of the tax imposed under Part IX of the *Excise Tax Act* (Canada) and its registration number is 126078633RT0001.

Section 5.2 Representations and Warranties of the Purchaser.

The Purchaser represents and warrants as follows to the Vendor and acknowledges and agrees that each Vendor is relying on such representations and warranties in connection with its sale of the Purchased Assets:

- (a) **Incorporation and Corporate Power.** The Purchaser is an entity that is duly formed and validly existing under the laws of the jurisdiction of its formation. The Purchaser has the power and authority to enter into and perform its obligations under this Agreement and each of the Ancillary Agreements to which it is a party.
- (b) **Corporate Authorization.** The execution and delivery of and performance by the Purchaser of this Agreement and each of the Ancillary Agreements to which it is a party and the consummation of the transactions contemplated by them have been duly authorized by all necessary action on the part of the Purchaser.
- (c) **Execution and Binding Obligation.** This Agreement and each of the Ancillary Agreements to which the Purchaser is a party have been duly executed and delivered by the Purchaser and constitute legal, valid and binding agreements of the Purchaser, enforceable against it in accordance with their respective terms subject only to any limitation under applicable laws relating to (i) bankruptcy, winding-up insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (d) **Investment Canada Act.** The Purchaser is not a non-Canadian within the meaning of the *Investment Canada Act*.
- (e) **HST Registrant.** The Purchaser is a registrant for the purposes of the tax imposed under Part IX of the *Excise Tax Act* (Canada) and its registration number is 74004 6727 RT0001.
- (f) **Client Number.** The Purchaser has been, or will prior to Closing have been, issued a client number by the MNDM.

Section 5.3 No Other Representation or Warranty. The representations and warranties given by the Vendor in Section 5.1 are the only representations and warranties of the Vendor in connection with this Agreement and the transactions contemplated by it. Except for the representations and warranties given by the Vendor in Section 5.1, the Purchaser is purchasing the Purchased Assets on an "as is" basis and does not rely upon any statements,

representations, promises, warranties, conditions or guarantees whatsoever, whether express or implied (by operation of law or otherwise), oral or written, legal, equitable, conventional, collateral or otherwise, regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets.

Section 5.4 As is, Where is.

THE PURCHASER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN, THE PURCHASED ASSETS AND THE BUSINESS ARE PURCHASED AND THE ASSUMED LIABILITIES ARE ASSUMED BY THE PURCHASER "AS IS, WHERE IS" AS THEY SHALL EXIST AT THE CLOSING DATE WITH ALL FAULTS AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, IN FACT OR BY LAW WITH RESPECT TO THE PURCHASED ASSETS, THE BUSINESS AND THE ASSUMED LIABILITIES, AND WITHOUT ANY RECOURSE TO THE VENDOR, THE PROPOSAL TRUSTEE OR ANY OF THEIR DIRECTORS, OFFICERS, SHAREHOLDERS, REPRESENTATIVES OR ADVISORS, OTHER THAN FOR KNOWING AND INTENTIONAL FRAUD. THE PURCHASER AGREES TO ACCEPT THE PURCHASED ASSETS, THE BUSINESS AND THE ASSUMED LIABILITIES IN THE CONDITION, STATE AND LOCATION THEY ARE IN ON THE CLOSING DATE BASED ON THE PURCHASER'S OWN INSPECTION, EXAMINATION AND DETERMINATION WITH RESPECT TO ALL MATTERS AND WITHOUT RELIANCE UPON ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES OF ANY NATURE MADE BY OR ON BEHALF OF OR IMPUTED TO THE VENDOR OR THE PROPOSAL TRUSTEE, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT. Unless specifically stated in this Agreement, the Purchaser acknowledges and agrees that no representation, warranty, term or condition, understanding or collateral agreement, whether statutory, express or implied, oral or written, legal, equitable, conventional, collateral or otherwise, is being given by the Vendor or Proposal Trustee in this Agreement or in any instrument furnished in connection with this Agreement, as to description, fitness for purpose, sufficiency to carry on any business, merchantability, quantity, condition, ownership, quality, value, suitability, durability, environmental condition, assignability or marketability thereof, or in respect of any other matter or thing whatsoever, and all of the same are expressly excluded.

**ARTICLE 6
PRE-CLOSING COVENANTS OF THE PARTIES**

Section 6.1 Access by Purchaser.

Subject to applicable Law, from the date hereof until the Closing, the Vendor and the Proposal Trustee shall (i) upon reasonable notice, permit the Purchaser and its partners and Affiliates, its and their respective employees, agents, counsel, accountants or other representatives, lenders, potential lenders and potential investors to have reasonable access during normal business hours to (A) the premises of the Debtor, (B) the Purchased Assets, including all Books and Records and all minute books and corporate records of the Debtor

that are available to the Proposal Trustee using commercially reasonable efforts and (C) the Assumed Contracts; and (ii) furnish to the Purchaser or its partners, employees, agents, counsel, accountants or other representatives, lenders, potential lenders and potential investors such financial and operating data and other information with respect to the Purchased Assets and the Debtor (to the extent such data or information is in the Vendor's possession or, using commercially reasonable efforts, can be obtained by the Vendor or Proposal Trustee) as the Purchaser from time to time reasonably requests.

Section 6.2 Actions to Satisfy Closing Conditions.

- (1) The Vendor shall use its commercially reasonable efforts to take or cause to be taken all such actions so as to ensure compliance with all of the conditions set forth in Section 8.1.
- (2) The Purchaser shall use its commercially reasonable efforts to take or cause to be taken all such actions so as to ensure compliance with all of the conditions set forth in Section 8.2.

Section 6.3 Transfer of the Purchased Assets.

The Vendor shall take all necessary steps and proceedings to permit good title to the Purchased Assets and good and marketable title to the Mining Properties and the Leased Property to be duly and validly transferred and assigned to the Purchaser at the Closing pursuant to the Approval and Vesting Order and this Agreement, free from all liens other than Permitted Liens.

Section 6.4 Notices and Requests for Consents

- (1) The Debtor and Proposal Trustee shall use its commercially reasonable efforts to obtain or cause to be obtained prior to Closing, at its expense, all consents, approvals and waivers that are required by the terms of the Consent Required Contracts in order to complete the transactions contemplated by this Agreement. Such consents, approvals and waivers will be upon such terms as are acceptable to the Purchaser, acting reasonably.
- (2) The Debtor and Proposal Trustee shall provide notices (in form and substance acceptable to the Purchaser, acting reasonably) that are required by the terms of the Assumed Contracts in connection with the transaction contemplated pursuant to the Approval and Vesting Order and this Agreement.

Section 6.5 Filings and Authorizations.

- (1) Each of the Purchaser and the Vendor, as promptly as practicable after the execution of this Agreement, shall (i) make, or cause to be made, all filings and submissions under all Laws applicable to it, that are required for it to consummate the purchase and sale of the Purchased Assets in accordance with the terms of this Agreement, and (ii) use its reasonable best efforts to obtain, or cause to be obtained, all Authorizations necessary or advisable to be obtained by it in order to consummate

such transfer, and (iii) use its reasonable best efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfil its obligations under this Agreement.

- (2) The Parties will coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with this Section 6.5 including providing each other with advance copies and reasonable opportunity to comment on and participate in all communication with and information supplied to any Governmental Entity, and all information and communication received from any Governmental Entity.

Section 6.6 Court Approval.

- (1) The Vendor shall seek the approval of the Ontario Superior Court of Justice (Commercial List) to the transactions contemplated by this Agreement in accordance with the following:
 - (a) Promptly upon execution of this Agreement, the Vendor shall seek approval of the (i) Bidding Procedures, (ii) filing of this Agreement as a Stalking Horse Bid and (iii) Break Fee, in accordance with this Agreement.
 - (b) As soon as practicable if the Purchaser is selected as, or deemed to be, the Successful Bidder, the Proposal Trustee shall file motion materials seeking the issuance of the Approval and Vesting Order.
 - (c) As soon as practicable upon a Successful Bid being determined, the Purchaser shall advise the Vendor and Proposal Trustee in writing of the Consent Required Contracts for which the Purchaser requires the Vendor to seek an Assignment Order.
 - (d) The Vendor and the Purchaser shall cooperate with filing and prosecuting the motion for issuance and entry of the Approval and Vesting Order and any Assignment Orders required pursuant to Section 2.5(3), and the Vendor shall deliver to the Purchaser prior to filing, and as early in advance as is practicable to permit adequate and reasonable time, for the Purchaser and its counsel to review and comment, copies of all of the Vendor's proposed pleadings, motions and other material papers to be filed by the Vendor in connection with such motions and proposed orders and relief requested therein and any challenges thereto.
 - (e) The Vendor, in consultation with the Purchaser, shall determine all Persons required to receive notice of the motions for the Approval and Vesting Order and any Assignment Order under applicable Laws and the requirements of the *Bankruptcy and Insolvency Act*, the Ontario Superior Court of Justice (Commercial List) and any other Person determined necessary by the Vendor or the Purchaser.

- (2) If the Purchaser is not selected as, or deemed to be, the Successful Bidder, the Vendor shall request that the order of the Ontario Superior Court (Commercial List) approving the sale of the assets of the Vendor to the Successful Bidder to include a provision requiring that the Break Fee be paid to the Purchaser in accordance with the Bidding Procedures and that this Agreement as it relates to payment of the Break Fee be approved as part of such sale and not be voidable as a matter of bankruptcy law or otherwise.

Section 6.7 MNDM Consent.

The Vendor covenants and agrees with the Purchaser that it shall use commercially reasonable efforts to obtain any consent of MNDM or the mining recorder's office required for the consummation of the transactions contemplated hereby, including the execution and delivery in escrow, which delivery may be performed in advance of Closing, of all documents requested by MNDM or the mining recorder's officer, as applicable, for or in connection with the transfer of the Unpatented Claims and Patented Claims to the Purchaser.

ARTICLE 7 BIDDING PROCEDURES

Section 7.1 Bidding Procedures.

The Parties each agree to comply with the Bidding Procedures.

Section 7.2 Break Fee.

- (1) In consideration for the Purchaser's expenditure of time and money in acting as the initial bidder in the Stalking Horse Bid and the preparation of this Agreement, and in performing due diligence with respect to the Vendor and the Purchased Assets, if this Agreement is terminated pursuant to Section 10.1(1)(a) and Section 10.1(2)(b) and the Purchaser is not in material breach of any of its obligations or covenants under this Agreement, then the Vendor shall pay, or cause to be paid, to the Purchaser, as liquidated damages and not as penalty, the Break Fee upon termination of this Agreement, plus any applicable sales Taxes.
- (2) The Vendor acknowledges that it would be extremely difficult and impracticable to determine precisely the amount of actual damages that would be suffered by the Purchaser as a result of it placing the Stalking Horse Bid and not being selected as, or deemed to be, the Successful Bidder, and that the Break Fee is a fair and reasonable approximation of the amount of actual damages that would be suffered by the Purchaser in such circumstances. The Break Fee is not intended to be punitive or to discourage competitive bidding for the Purchased Assets pursuant to the Bidding Procedures.
- (3) The Purchaser agrees that the Break Fee will be the sole and exclusive remedy of the Purchaser against the Vendor in the event that a superior transaction for the purchase and sale of the Purchased Assets between the Vendor and a Person other than the Purchaser is consummated.

ARTICLE 8 CONDITIONS OF CLOSING

Section 8.1 **Conditions for the Benefit of the Purchaser.**

The purchase and sale of the Purchased Assets is subject to the following conditions being satisfied on or prior to the Closing Date, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:

- (a) **Successful Bid.** The Purchaser shall have been selected as, or deemed to be, the Successful Bidder, following the completion of the Bidding Procedures.
- (b) **Truth of Representations and Warranties.** The representations and warranties of the Vendor contained in this Agreement were true and correct as of the date of this Agreement and are true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date and the Vendor shall have executed and delivered a certificate of a senior officer to that effect. Upon the delivery of such certificate, the representations and warranties of the Vendor in Section 5.1 will be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.
- (c) **Performance of Covenants.** The Vendor shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it at or prior to the Closing, and the Vendor shall have executed and delivered a certificate of an authorized representative to that effect.
- (d) **Authorizations.** All Authorizations listed in Schedule 5.1(c) will have been obtained on terms acceptable to the Purchaser, acting reasonably, and such Authorizations will be in force and will not have been modified or rescinded.
- (e) **Consents for Consent Required Contracts.** All consents, approvals or waivers for each Consent Required Contract shall have been obtained on terms acceptable to the Purchaser, acting reasonably, or an Assignment Order will have been obtained in respect thereof. All such consents, approvals, waivers or Assignment Orders will be in force and will not have been modified, rescinded, appealed or stayed.
- (f) **Transfer of Mining Lease.** All consents, approvals and authorizations required to transfer and assign the Mining Lease shall have been obtained. All such consents, approvals and authorizations will be in force and will not have been modified appealed or stayed.
- (g) **Deliveries.** The Vendor shall have delivered or caused to be delivered to the Purchaser the following in form and substance satisfactory to the Purchaser acting reasonably:

- (i) certified copies of (i) the charter documents and bylaws of the Vendor and (ii) all resolutions of the board of directors of the Vendor approving the entering into and completion of the transaction contemplated by this Agreement and the Ancillary Agreements;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to the Vendor issued by appropriate government officials of its jurisdiction of incorporation;
 - (iii) the certificates referred to in Section 8.1(b) and Section 8.1(c);
 - (iv) the originals of the Books and Records, including all Tax Returns pertaining to corporate income Taxes of the Debtor for the previous 5 years from the Closing Date, that are available to the Vendor using commercially reasonable efforts; and
 - (v) such other necessary deeds, conveyances, assurances, transfers and assignments, including any confirmation of assignment of Intellectual Property for filing purposes with the Canadian Intellectual Property Office, and any other instruments necessary or reasonably required to transfer the Purchased Assets to the Purchaser in accordance with this Agreement and the Approval and Vesting Order.
- (h) **Compliance With Planning Act.** The Vendor shall have obtained, to the extent required, all necessary consents under the *Planning Act* (Ontario) for the conveyance of the Mining Properties to the Purchaser prior to Closing.
- (i) **No Legal Action.** No action or proceeding will be pending or threatened by any Person (other than the Purchaser), and there is no order or notice from any Governmental Entity, to (or seeking to) enjoin, restrict or prohibit, on a temporary or permanent basis any of the transactions contemplated by this Agreement or imposing any terms or conditions on the transactions contemplated by this Agreement, the Business or the business of the Purchaser or otherwise limiting the right of the Purchaser to conduct the Business after Closing on substantially the same basis as heretofore operated.

Section 8.2 Conditions for the Benefit of the Vendor.

The purchase and sale of the Purchased Assets is subject to the following conditions being satisfied on or prior to the Closing Date, which conditions are for the exclusive benefit of the Vendor and may be waived, in whole or in part, by the Vendor in its sole discretion.

- (a) **Truth of Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement were true and correct as of the date of this Agreement and are true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect.

Upon delivery of such certificate, the representations and warranties of the Purchaser in Section 5.2 will be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.

- (b) **Performance of Covenants.** The Purchaser shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it at or prior to Closing and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect.
- (c) **Deliveries.** The Purchaser shall have delivered or caused to be delivered to the Vendor the following in form and substance satisfactory to the Vendor, acting reasonably:
 - (i) certified copies of (i) the charter documents and extracts from the by-laws of the Purchaser relating to the execution of documents, (ii) all resolutions of the shareholders and the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement and the Ancillary Agreements, and (iii) a list of its officers and directors authorized to sign agreements together with the specimen signatures for such directors and officers signing this Agreement or any Ancillary Agreement;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by appropriate government official of the jurisdiction of its incorporation;
 - (iii) the certificates referred to in Section 8.2(a) and Section 8.2(b); and
 - (iv) the Purchaser shall have paid to the Proposal Trustee for the Vendor, in trust, (A) an amount equal to all Cure Costs and (B) an amount equal to the sum of any and all other amounts and claims which rank in priority to the interest of Waterton Global Value, L.P. pursuant to the Waterton Credit Agreement listed in Schedule 8.2(c)(iv) (each a "Priority Payable").
- (d) **Proceedings.** All proceedings to be taken in connection with the transactions contemplated in this Agreement and any Ancillary Agreement are reasonably satisfactory in form and substance to the Vendor, acting reasonably, and the Vendor shall have received copies of all the instruments and other evidence as it may reasonably request in order to establish the consummation of such transactions and the taking of all proceedings in connection therewith.
- (e) **No Legal Action.** No action or proceeding will be pending or threatened by any Person (other than the Proposal Trustee, the Vendor or the Purchaser) and there is no order or notice from any Governmental Entity, to (or seeks to) enjoin, restrict or prohibit, on a temporary or permanent basis any of the

transactions contemplated by this Agreement or imposing any terms or conditions on the transactions contemplated by this Agreement.

Section 8.3 Conditions for the Benefit of the Purchaser and the Vendor.

The purchase and sale of the Purchased Assets is subject to the following conditions being satisfied on or prior to the Closing Date, which conditions are for the benefit of both the Vendor and the Purchaser and may be jointly waived, in whole or in part, by the Vendor and the Purchaser.

- (a) **Approval and Vesting Order.** The Approval and Vesting Order shall have been obtained and shall not have been appealed, set aside, varied or stayed or, if appealed or stayed, all appeals shall have been dismissed and all stays shall have been lifted, respectively.
- (b) **Trustee Certificate.** The Proposal Trustee for the Vendor pursuant to the *Bankruptcy and Insolvency Act* shall have delivered its certificate confirming the satisfaction of all conditions under this Agreement, payment of the Purchase Price and the vesting of the Purchased Assets pursuant to the Approval and Vesting Order.

**ARTICLE 9
CLOSING**

Section 9.1 Date, Time and Place of Closing.

Closing will take place on the Closing Date at 11:00 am ET at the offices of A. Farber & Partners Inc., 150 York Street, Suite 1600, Toronto, Ontario, or at such other place, on such other date and at such other time as may be agreed upon in writing between the Vendor and the Purchaser.

Section 9.2 Closing Procedures.

- (1) Upon the satisfaction or waiver of the last of the conditions of closing set out in this Agreement (other than those conditions in Section 8.1(b) (*Trust of Representations and Warranties*), Section 8.1(c) (*Performance of Covenants*), Section 8.1(g) (*Deliveries*), and Section 8.3(b) (*Trustee Certificate*) and all of the conditions in Section 8.2 all of which, by their nature, are to be (and will be) satisfied on Closing), the Purchaser will apply to the Government of Ontario's mining recorder's office for the transfer of all Unpatented Claims to the Purchaser. The "**Closing Date**" shall be the date the transfer of the Unpatented Claims to the Purchaser is registered by the Government of Ontario's mining recorder's office.
- (2) Subject to satisfaction or waiver by the relevant Party of the conditions of closing, on the Closing Date, the Vendor shall deliver actual possession of the Purchased Assets and the instruments of conveyance described in Section 8.1, and upon such deliveries the Purchaser shall pay or satisfy the Purchase Price in accordance with

Section 3.2 and register the transfer of the Patented Claims. The Closing shall be deemed completed upon such delivery and registration by the Purchaser.

ARTICLE 10 TERMINATION

Section 10.1 Termination Rights.

- (1) This Agreement will be terminated automatically, without any action by either Party, if:
 - (a) this Agreement shall not have been selected as the Successful Bid pursuant to the Bidding Procedures; or
 - (b) the Approval and Vesting Order shall not have been granted by March 15, 2016, or such later date as may be agreed to by the Parties.
- (2) This Agreement may, by Notice in writing given on or prior to the Closing Date, be terminated:
 - (a) by mutual consent of the Vendor and the Purchaser;
 - (b) by the Purchaser, if:
 - (i) the Approval and Vesting Order shall fail, once granted, to be in full force and effect or shall have been amended, modified, reversed or dismissed without the prior written consent of the Purchaser;
 - (ii) there has been a material breach of this Agreement by the Vendor and where such breach is capable of being cured, such breach has not been waived by the Purchaser in writing or cured within 15 days following written Notice of such breach by the Purchaser; or
 - (iii) any of the conditions in Section 8.1 have not been satisfied and it becomes reasonably apparent that any of such conditions will never be satisfied (other than as result of the failure of the Purchaser to perform any of its material obligations) and the Purchaser has not waived such condition in writing at or prior to Closing;
 - (c) by the Vendor, if:
 - (i) there has been a material breach of this Agreement by Purchaser and where such breach is capable of being cured, such breach has not been waived by the Vendor in writing or cured within 15 days following written Notice of such breach by the Vendor; or
 - (ii) any of the conditions in Section 8.2 have not been satisfied and it becomes reasonably apparent that any of such conditions will never be satisfied (other than as result of the failure of any of the Vendor to

perform any of its material obligations) and the Vendor has not waived such condition at or prior to Closing.

Section 10.2 Effect of Termination.

The rights of termination under this Article 10 are, subject to Section 7.2(3), in addition to any other rights the respective Party may have under this Agreement or otherwise, and the exercise of a right of termination by a Party will not constitute an election of remedies. If this Agreement is terminated pursuant to Section 10.1, this Agreement will be of no further force or effect; provided, however, that (i) Section 7.2 (*Break Fee*), this Section 10.2 (*Effect of Termination*), and Article 11 (*Miscellaneous*) and provisions that by their nature should survive, will survive the termination of this Agreement, and (ii) the termination of this Agreement will not relieve any Party from any liability for any breach of this Agreement occurring prior to termination.

**ARTICLE 11
MISCELLANEOUS**

Section 11.1 Notices.

Any notice, direction or other communication given regarding the matters contemplated by this Agreement (each a "Notice") must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

(a) to the Purchaser at:

c/o Waterton Global Resources Management
199 Commerce Court West, Suite 5050
Toronto, ON M5L 1E2

Attention: Kamal Toor and Richard Wells
Email: ktoor@watertonglobal.com and
rwwells@watertonglobal.com
Facsimile: (416) 504-3200

(b) to the Vendor at:

Strike Minerals Inc.
c/o Thornton Grout Finnigan LLP
Suite 3200, TD West Tower
100 Wellington St. West
P.O. Box 329
Toronto-Dominion Centre
Toronto ON M5K 1K7

Attention: D.J. Miller
Telephone: (416) 304-0559

Facsimile: (416) 304-1313
Email: djmiller@tgf.ca

(c) to the Proposal Trustee at:

A. Farber & Partners Inc.
150 York Street
Suite 1600
Toronto, ON M5H 3S5
Tel: 416-496-0150
Fax: 415-496-3839

Attn.: Paul J. Denton
Tel: 416-496-3773
Email: pdenton@farberfinancial.com

A Notice is deemed to be given and received (i) if sent by personal delivery or courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, or (ii) if sent by facsimile or email, on the Business Day following the date of confirmation of transmission by the originating facsimile or email. A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party.

Section 11.2 Time of the Essence.

Time shall be of the essence in respect of the obligations of the Parties arising prior to Closing under this Agreement.

Section 11.3 Announcements.

No press release, public statement or announcement or other public disclosure with respect to this Agreement or the transactions contemplated in this Agreement may be made prior to Closing except with the prior written consent and joint approval of both the Vendor and the Purchaser, or if required by Law or a Governmental Entity. Where such disclosure is required by Law or a Governmental Entity, the Party required to make such disclosure will use its commercially reasonable efforts to obtain the approval of the other Party as to its form, nature and extent of the disclosure. After the Closing, any disclosure by the Vendor may be made only with the prior written consent and approval of the Purchaser unless such disclosure is required by Law or a Governmental Entity, in which case the Vendor shall use its commercially reasonable efforts to obtain the approval of the Purchaser as to the form, nature and extent of the disclosure.

Section 11.4 Third Party Beneficiaries.

Except as otherwise provided in this Agreement, (i) the Vendor and the Purchaser intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and (ii) no Person, other than the Parties, is entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. The Parties reserve their right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Agreement to any Person who is not a Party, without notice to or consent of that Person.

Section 11.5 Expenses.

Except as otherwise expressly provided in this Agreement, each Party will pay for its own costs and expenses (including the fees and expenses of legal counsel, accountants and other advisors) incurred in connection with this Agreement or any Ancillary Agreements and the transactions contemplated by them.

Section 11.6 Amendments.

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Vendor and the Purchaser.

Section 11.7 Waiver.

No waiver of any of the provisions of this Agreement or any Ancillary Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's acceptance of any certificate delivered on Closing or failure or delay in exercising any right under this Agreement will not operate as a waiver of that. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Section 11.8 Entire Agreement.

This Agreement together with the Ancillary Agreements, (i) constitutes the entire agreement between the Parties; (ii) supersedes all prior agreements or discussions of the Parties; and (iii) sets forth the complete and exclusive agreement between the Parties, in all cases, with respect to the subject matter herein.

Section 11.9 Successors and Assigns.

- (1) Upon execution of the Agreement by the Parties, it will be binding upon and enure to the benefit of the Vendor, the Purchaser and their respective successors and permitted assigns.
- (2) Except as provided in this Section 11.9, neither this Agreement nor any of the rights or obligations under this Agreement may be assigned or transferred, in whole or in part, by any Party without the prior written consent of the other Party. Upon giving Notice to the Vendor at any time on or prior to the Closing Date, the Purchaser may

assign this Agreement or any of its rights and/or obligations under this Agreement to:

- (a) any of its Affiliates, provided that such Affiliate and the Purchaser shall be jointly and severally liable with respect to all of the obligations of the Purchaser, including the representations, warranties, covenants, indemnities and agreements of the Purchaser;
- (b) a lender or lenders as continuing collateral security for obligations owed to it or them; or
- (c) any Person that acquires all or substantially all of the assets of the Purchaser.

Section 11.10 Severability.

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 11.11 Governing Law.

- (1) This Agreement is governed by and will be interpreted and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (2) Each Party irrevocably attorns and submits to the exclusive jurisdiction of the Ontario courts situated in the City of Toronto (and appellate courts therefrom) and waives objection to the venue of any proceeding in such court or that such court provides an inappropriate forum.

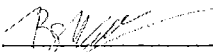
Section 11.12 Counterparts.

This Agreement may be executed (including by electronic means) in any number of counterparts, each of which (including any electronic transmission of an executed signature page), is deemed to be an original, and such counterparts together constitute one and the same instrument.

[Remainder of page intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF the Parties have executed this Asset Purchase Agreement.

2548304 ONTARIO INC.

By: _____
Authorized Signing Officer

STRIKE MINERALS INC.

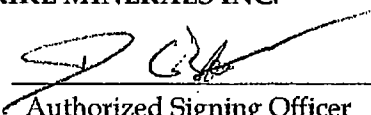
By: _____
Authorized Signing Officer

IN WITNESS WHEREOF the Parties have executed this Asset Purchase Agreement.

2548304 ONTARIO INC.

By: _____
Authorized Signing Officer

STRIKE MINERALS INC.

By:  _____
Authorized Signing Officer

Schedule 2.1

Permitted Liens

1. Liens arising under or related to the DIP Finance Agreement and the Waterton Credit Agreement, including without limitation all Liens existing in connection with the following Security Documents (as defined in the Waterton Credit Agreement):
 - (a) General security agreement dated February 21, 2012 by the Vendor in favour of Waterton Global Value (Luxembourg) S.a.R.L., as assigned by Waterton Global Value (Luxembourg) S.a.R.L. to Waterton Global Value, L.P. pursuant to an assignment of loan and security dated March 7, 2014;
 - (b) Debenture dated February 21, 2012 by the Vendor in favour of Waterton Global Value (Luxembourg) S.a.R.L., as assigned by Waterton Global Value (Luxembourg) S.a.R.L. to Waterton Global Value, L.P. pursuant to an assignment of loan and security dated March 7, 2014; and
 - (c) Mining claims debenture dated February 21, 2012 by the Vendor in favour of Waterton Global Value (Luxembourg) S.a.R.L., as assigned by Waterton Global Value (Luxembourg) S.a.R.L. to Waterton Global Value, L.P. pursuant to an assignment of loan and security dated March 7, 2014.
2. Liens for Taxes which are not delinquent or the validity of which is being contested at the time by the Vendor in good faith by proper legal proceedings if, in the Purchaser's opinion, adequate provision has been made for their payment.
3. Easements or rights-of-way provided that they do not materially adversely affect value, use or exploitation.
4. The reservations, limitations, provisos and conditions, if any, expressed in any original grant from the Crown provided that they do not materially adversely affect value, use or exploitation.

Schedule 2.1(b)
Mining Properties

1. PIN 31126-0039 (LT) (FEE SIMPLE) BEING PCL 1438 SEC AWS; MINING CLAIM SSM2183 JACOBSON AS IN A3626; S/T LT25876; S/T LT113588; DISTRICT OF ALGOMA

Schedule 2.1(c)
Leased Properties

1. PIN 31126-0037 (LT) **(LEASEHOLD)** BEING PCL 1861 SEC AL; PT MINING CLAIM SSM490470 JACOBSON; PT MINING CLAIM SSM490471 JACOBSON PT 1-6 1R8155 EXCEPT SRO PT 5 1R8155; SRO ON & OVER STRIPS OF LAND ALONG THE LIMITS OF PT 2 BEING A TRAVELLED ROAD, & WHICH STRIPS OF LAND ARE BOUNDED BY THE SAID LIMITS & BY A LINE EVERY POINT OF WHICH IS DISTANT 91.440 METRES (300 FT) FROM THE NEAREST POINT IN THE SAID LIMITS; SRO ON & OVER A STRIP OF LAND ALONG THE SHORE OF AN UNNAMED POND & WHICH STRIP OF LAND IS BOUNDED BY THE HIGH WATER MARK OF SAID POND & BY A LINE EVERY POINT OF WHICH IS DISTANT 121.920 METRES (400 FT) FROM THE SAID HIGH WATER MARK; DISTRICT OF ALGOMA

Schedule 2.1(e)
Assumed Contracts

1. The Waterton Credit Agreement and all Security Documents (as defined in the Waterton Credit Agreement, and as such Security Documents were assigned by Waterton Global Value (Luxembourg) S.A.R.L. to Waterton Global Value, L.P. pursuant to an assignment of loan and security dated March 7, 2014)
2. Gold and Silver Supply Agreement dated December 13, 2011 between the Vendor and Waterton Global Value (Luxembourg) S.a.R.L.

Schedule 2.1(f) Mining Claims

Patented Claims:

PIN 31126-0039 (LT) (FEE SIMPLE) BEING PCL 1438 SEC AWS; MINING CLAIM SSM2183 JACOBSON AS IN A3626; S/T LT25876; S/T LT113588; DISTRICT OF ALGOMA

Unpatented Claims:

Township	Claim #	Status	Name of Holder	Due Date
Jacobson	1180740	Active	Strike Minerals Inc.	2017-Jun-02
Jacobson	1192204	Active	Strike Minerals Inc.	2017-May-31
Jacobson	4217468	Active	Strike Minerals Inc.	2020-Jun-11
Churchill	1120323	Active	Strike Minerals Inc.	2017-May-11
MacMurchy	1202863	Active	Strike Minerals Inc.	2017-Apr-11
Priske	4205993	Active	Strike Minerals Inc.	2017-Apr-14
Priske	4242126	Active	Strike Minerals Inc.	2017-Jun-23
Priske	1196889	Active	Strike Minerals Inc.	2017-Nov-07
Priske	4256299	Active	Strike Minerals Inc.	2017-Jan-17
Priske	4272747	Active	Strike Minerals Inc.	2017-Dec-18
Priske	4272748	Active	Strike Minerals Inc.	2017-Dec-18
Priske	4272749	Active	Strike Minerals Inc.	2018-Feb-01
Priske	4246288	Cancelled	Strike Minerals Inc.	2016-Aug-17
Priske	4258604	Cancelled	Strike Minerals Inc.	2016-Aug-09

Schedule 3.3
Purchase Price Allocation

As agreed between the Vendor and the Purchaser, in consultation with the Proposal Trustee, at or before Closing and failing such agreement, as each such Party may determine in its sole discretion.

Schedule 5.1(c)
Required Authorizations

MNDM consent for the assignment of the Patented Claims

Schedule 7.1
Bidding Procedures

See attached.

Schedule 8.2(c)(iv)
Priority Payables

1. All DIP Financing;
2. \$160,000 due by the Vendor to 161229 Canada Inc. carrying on business as Paul Whelan Mining Contractors which amount is secured by a construction lien ranking in priority to the security granted in respect of the Waterton Credit Agreement, as set out in the Judgment of the Honourable Justice Varpio of the Ontario Superior Court of Justice, Court File No. 26123/13, dated October 21, 2014 in the matter of the *Construction Lien Act* between 161229 Canada Inc. carrying on business as Paul Whelan Mining Contractors, as plaintiff, and the Vendor and Waterton Global Value (Luxembourg) S.a.R.L., as defendants; and
3. All reasonable costs incurred by the Vendor reflected in the budget provided to the Purchaser from and after the date of this Agreement reasonably required to be incurred in connection with the consummation of the transactions contemplated by this Agreement and the Bidding Procedures, including costs incurred in obtaining the Approval and Vesting Order and preparing all related court materials.

Tab D

BIDDING PROCEDURES

WHEREAS A. Farber & Partners Inc. ("**Farber**" or the "**Proposal Trustee**"), as proposal trustee to Strike Minerals Inc. ("**Strike**"), in consultation with Strike, has commenced a sales process (the "**Sales Process**") with the goal of selling all or substantially all of the property, assets and undertakings of Strike (collectively, the "**Purchased Assets**" and the consummation of a transaction for the sale of the Purchased Assets, the "**Sale**") in the context of Strike's proposal proceedings under the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c B-3 (the "**BIA**");

AND WHEREAS Strike has filed a Notice of Intention to Make a Proposal pursuant to section 50.4 of the BIA and Farber was appointed as Proposal Trustee;

AND WHEREAS Strike has entered into an asset purchase agreement for the Purchased Assets with Waterton Global Value, L.P. (the "**Stalking Horse Bidder**") dated ●, 2016 (the "**Stalking Horse Agreement**");

AND WHEREAS the parties to the Stalking Horse Agreement have agreed therein to comply with these bidding procedures;

AND WHEREAS Farber together with its advisors, in consultation with Strike and its advisors, have established these bidding procedures for the solicitation of competing offers or proposals (each a "**Bid**") for the acquisition of the Purchased Assets;

AND WHEREAS by order dated ●, 2016, the Honourable ● Justice ● of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued an order, among other things, approving and accepting, (a) these bidding procedures (these "**Bidding Procedures**"); and (b) the Stalking Horse Agreement (the "**Bidding Procedures Order**").

NOW THEREFORE, these Bidding Procedures shall govern the proposed Sale pursuant to a Bid and the Sales Process relating to all Bids for the Purchased Assets, including the Bid contemplated by the Stalking Horse Agreement.

1. Any reference to the actions to be taken by Strike or Farber, shall be permitted to be in consultation with their respective counsel and advisors.

2. Assets for Sale

Farber, with the assistance of Strike, is soliciting competing offers for all of the Purchased Assets.

Any party that wishes to submit a proposal pursuant to the BIA or otherwise structure a sale of assets as a proposal (a "**Proposal**") may do so, provided such Proposal provides for the Minimum Payments provided for in section 7(i) hereof.

3. Bidding Deadlines

All Bids must be submitted in accordance with the terms of these Bidding Procedures so that they are actually received no later than 5:00 p.m. (Toronto time) on ●, 2016 (the "**Bid Deadline**") to the following address:

Strike Minerals Inc.
c/o A. Farber & Partners Inc.
150 York Street
Suite 1600
Toronto, ON M5H 3S5

Tel: 416-496-0150
Fax: 415-496-3839

Attn.: Paul J. Denton
Tel: 416-496-3773
Email: pdenton@farberfinancial.com

Subject to section 19 below, a Bid received after the Bid Deadline shall not constitute a Qualified Bid (as defined below).

4. Defined Terms

As used in these Bidding Procedures, capitalized terms not otherwise defined in these Bidding Procedures have the corresponding meanings given to them in the Stalking Horse Agreement. In addition to the terms defined elsewhere in these Bidding Procedures, as used in these Bidding Procedures, the following terms have the corresponding meanings given to them:

"Break Fee" means \$150,000.

"Cure Costs" means, in respect of any Assumed Contract which is not assignable in whole or in part without the consent, approval or waiver of the party or parties thereto (other than Strike), all amounts owing as at the closing of the Sale by Strike pursuant to such Assumed Contract and all amounts required to be paid to cure any monetary defaults thereunder, if any, required to effect an assignment thereof from Strike to the Successful Bidder (as defined below), together with any fee or other monetary concession approved by the Successful Bidder and granted in connection with obtaining any assignment order of the Ontario Superior Court of Justice (Commercial List) for such Assumed Contract, including all administrative fees and counsel fees of the counterparties required to be paid to obtain such assignment order.

"DIP Financing Agreement" means an agreement to be entered into between Waterton Global Value, L.P., as lender, and Strike, as borrower, and approved by a Court authorizing a super-priority credit facility provided to Strike by Waterton Global Value, L.P.

"Priority Payables" means any and all amounts and claims which rank in priority to the Stalking Horse Bidder's and its affiliates' interest in the Purchased Assets, including pursuant to the Waterton Credit Agreement, each as listed in Schedule 8.2(c)(v) of the Stalking Horse Agreement.

"Waterton Credit Agreement" means the senior secured gold stream credit agreement dated February 21, 2012 between Strike, as borrower, the guarantors from time to time party thereto, as guarantors, and Waterton Global Value (Luxembourg) S.A.R.L., as lender, as such agreement was assigned by Waterton Global Value (Luxembourg) S.A.R.L. to Waterton Global Value, L.P.

5. Confidentiality

Bids may only be made if an interested party has executed a non-disclosure agreement (an "NDA") in form and substance acceptable to Farber. Interested bidders requesting information about the qualification and due diligence process, including a copy of the NDA, should contact Farber, Attn: Paul Denton at telephone (416) 496-3773 or email at pdenton@farberfinancial.com.

6. Access to Due Diligence Materials

Only bidders that have executed an NDA are eligible to receive access to due-diligence materials and additional non-public information. Strike and Farber will establish a virtual data room containing information relevant to the Sales Process and will make representatives available to respond to additional information requests from bidders who have signed an NDA. The data room will contain a copy of the Stalking Horse Agreement. Strike and Farber and their counsel and advisors are not responsible for, and bear no liability with respect to, any information obtained by any bidder in connection with the Sales Process, whether contained in the data room or otherwise.

A bidder's access to the virtual data room and eligibility to receive due diligence materials and other non-public information shall terminate upon the earliest of the following events to occur: (a) such bidder does not submit a Bid by the Bid Deadline; (b) such bidder is determined by Farber, in consultation with Strike, not to be a Qualified Bidder; (c) such bidder does not participate in the Auction (as defined below); or (d) at the conclusion of the Auction. Notwithstanding that a bidder's access to such information may continue until the end of the Auction, neither Strike nor Farber shall be obligated to furnish any further due diligence materials or non-public information after the Bid Deadline. Without limiting any term or condition of the NDA, upon termination of access to the virtual data room and eligibility to receive due diligence materials, each bidder must return to Farber or permanently delete or destroy any and all copies of the due diligence materials and other non-public information and any and all presentations, summaries, documents or other materials that contain or are based upon or derived from such due diligence materials and other non-public information, without retaining any copies thereof.

7. Determination of Qualified Bids

To participate in the Auction a bidder must submit a Bid prior to the Bid Deadline, which Bid must satisfy each of the following conditions (as determined by Farber, in consultation with Strike, a "**Qualified Bid**" and each entity that has submitted a Qualified Bid being, a "**Qualified Bidder**"):

- (a) Identification of Bidder. The bidder and the representatives thereof who are authorized to appear and act on behalf of the bidder for all purposes regarding the Sale have been identified in the Bid.
- (b) Written Submission of Modified APA and Commitment to Close. The Bid must include an executed form of the Stalking Horse Agreement with such changes to the Stalking Horse Agreement as are requested by the bidder (each, a "**Modified APA**") together with a blackline of the Modified APA against the Stalking Horse Agreement and a written and binding commitment to consummate the transaction on the terms and conditions set forth therein. A template including footnotes detailing changes to the form of the Stalking Horse Agreement required to be made by the bidder for purposes of the Modified APA will be made available to each bidder.
- (c) Irrevocable. The Bid must be irrevocable until:
 - (i) if such Bid is not selected as the Successful Bid (as herein defined), the day following the completion of the Auction; and
 - (ii) if such Bid is selected as the Successful Bid, March 15, 2017.
- (d) Contingencies. Neither the Bid nor the Modified APA shall contain any conditions relating to obtaining financing, any board, shareholder or other internal approval, material adverse effects or the outcome of any due diligence investigations.
- (e) Proof of Financial Ability to Perform. The Bid identifies the actual bidder and its owners (including beneficial owners, if any) and ultimate parent company and contains written evidence upon which Farber and Strike may reasonably conclude that the bidder has the necessary financial ability to close the contemplated transaction and provide adequate assurance of performance of all obligations to be assumed in such contemplated transaction. Such information shall include, among other things, financial statements for the most recently completed fiscal period of the bidder and its owners, provided, however, that Farber and Strike may determine, in their reasonable discretion, whether written evidence of such financial wherewithal other than current financial statements is reasonably acceptable, and shall not unreasonably withhold acceptance of such other evidence.
- (f) Proof of Authorization. The Bid provides proof of necessary board, shareholder or other necessary corporate authorizations approving the Bid.

- (g) No Fees Payable to Qualified Bidder. The Bid does not request or require, nor shall it be conditional upon, payment of any break or termination fee, expense reimbursement, or similar type of payment other than the Break Fee due to the Stalking Horse Bidder pursuant to the Stalking Horse Agreement.
- (h) Good Faith Deposit. The Bid is accompanied by a cash deposit (the "**Good Faith Deposit**") in an amount equal to at least 10% of the Purchase Price, which shall be paid to counsel for Farber, at or before the Bid Deadline, which Good Faith Deposit shall be held in trust in accordance with these Bidding Procedures.
- (i) Minimum Bid. The Modified APA shall provide that the bidder would:
 - (a) include a minimum purchase price (the "**Purchase Price**"), payable in cash in an amount necessary to satisfy the following:
 - (i) the obligations owing under the Waterton Credit Agreement accruing through to the Closing Date;
 - (ii) the obligations owing under the DIP Financing Agreement accruing through to the Closing Date;
 - (iii) all Priority Payables;
 - (iv) Cure Costs for any Assumed Contracts;
 - (v) the Break Fee; and
 - (vi) Minimum Overbid Increment of at least \$50,000; and
 - (b) assume at least the same contracts, Permitted Liens and other obligations assumed by the Stalking Horse Bidder in the Stalking Horse Agreement (other than the Waterton Credit Agreement and the DIP Financing Agreement, and the liens created pursuant to them, all of which may only be assumed by the Stalking Horse Bidder and must be paid and satisfied in full from the proceeds of the Purchase Price for any other Bid).

8. Due Diligence from Bidders

Each bidder shall comply with all reasonable requests for additional information by Farber regarding such bidder and its contemplated transaction and to seek clarification in respect of any Bids which are submitted. Failure by a bidder to comply with requests for additional information will be a basis for Farber to determine that the bidder is not a Qualified Bidder.

9. Stalking Horse Bidder

For greater certainty, the Stalking Horse Bidder is and is deemed to be a Qualified Bidder and the Stalking Horse Agreement is and is deemed to be a Qualified Bid for all purposes in connection with these Bidding Procedures, the Auction and the Sale. The Stalking Horse Bidder shall have access to the virtual data room as contemplated in section 6.

10. Determination of Qualified Bidder

Farber shall, in consultation with Strike, review all Bids submitted in accordance with these Bidding Procedures and shall notify all bidders with respect to whether they are a Qualified Bidder as soon as practicable after the Bid Deadline. The identity of all bidders and Qualified Bidders (other than the Stalking Horse Bidder) will be kept confidential by Farber and Strike until two (2) days prior to the commencement of the Auction, at which time the identity of all Qualified Bidders participating in the Auction will be revealed to all other Qualified Bidders. At such time, copies of all Bids determined to be Qualified Bids shall be provided to each of the Qualified Bidders, including for greater certainty, the Stalking Horse Bidder.

11. Bidding Procedures

Farber and Strike shall: (a) coordinate the efforts of bidders in conducting their due-diligence investigations; (b) receive Bids and determine whether a bidder is a Qualified Bidder in accordance with these Bidding Procedures; and (c) seek clarification of and negotiate Bids made in accordance with these Bidding Procedures to purchase the Purchased Assets.

12. Auction

If at least one Bid (other than the Stalking Horse Bid) is received by the Bid Deadline and is determined to be a Qualified Bid, Farber shall conduct an auction (the "**Auction**") to determine the highest and/or best Bid with respect to the Purchased Assets.

If no Bid is received by the Bid Deadline (other than the Stalking Horse Bid), or if no Bid received by the Bid Deadline is determined to be a Qualified Bid, then no Auction shall take place, the Stalking Horse Bidder shall be declared the Successful Bidder (as defined below), and the Proposal Trustee shall promptly seek an order of the Court (the "**Approval and Vesting Order**") approving the Sale transaction and vesting the Purchased Assets in the Stalking Horse Bidder.

If it takes place, the Auction shall be conducted according to the following procedures:

- (a) Commencement. The Auction shall commence on February [15], 2017, at 10:00 a.m. (Toronto Time) at the offices of Farber. Farber shall direct and preside over the Auction.

- (b) Qualified Bidders Only. Only a Qualified Bidder that has submitted a Qualified Bid, its representatives and advisors are eligible to participate at the Auction. For greater certainty, the Stalking Horse Bidder is a Qualified Bidder and eligible to participate at the Auction.
- (c) Negotiating Authority. All representatives of the Qualified Bidders shall represent to Farber that they have authority to submit and negotiate binding Bids at the Auction.
- (d) Opening Bid. During the Auction, the bidding shall begin with the highest and/or best Qualified Bid (the "**Opening Bid**") and each subsequent round of bidding shall continue in minimum increments of at least the Minimum Overbid Increment (as defined below).
- (e) Cash. All Bids (other than the Stalking Horse Bid) and Overbids (as defined below) shall be on a cash basis only.
- (f) Determination of Opening Bid. The determination of which Qualified Bid constitutes the Opening Bid shall be undertaken by Farber, acting reasonably, in its sole capacity.
- (g) Open Bidding. All Overbids shall be fully disclosed to all other Qualified Bidders that are participating in the Auction.
- (h) Record of Auction. Farber shall maintain a record of the Opening Bid and all Overbids made and announced at the Auction.
- (i) Overbids. An "Overbid" is any Bid made at the Auction subsequent to Farber's announcement of the Opening Bid. To submit an Overbid, in any round of the Auction, a Qualified Bidder must comply with the following conditions:
 - i. *Minimum Overbid Increment.* Any Overbid shall be made in cash increments of at least \$50,000 or such lower amount as Farber may determine in order to facilitate the Auction (the "**Minimum Overbid Increment**").
 - ii. *Remaining terms are the same as for Qualified Bids.* Except as modified herein, an Overbid must comply with the conditions for a Qualified Bid set forth above, provided, however, that the Bid Deadline shall not apply. Only the Successful Bidder from the Auction will be required to pay an additional Good Faith Deposit equal to 10% of the difference between the initial Qualified Bid and the increased Purchase Price after the completion of the Auction.
- (j) Break Fee. Farber shall credit the amount of the Break Fee provided in the Stalking Horse Agreement to each and every Overbid submitted by the Stalking Horse Bidder at the Auction, meaning that if the Stalking Horse

Bidder's subsequent Overbid is the then highest and/or best Overbid at the Auction, any subsequent Overbid must exceed the Stalking Horse Bidder's Overbid by the amount of the Break Fee plus the Minimum Overbid Increment.

- (k) Financial Comfort. To the extent not previously provided, a Qualified Bidder submitting an Overbid must, at the request of Farber submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit quality support information or enhancement acceptable to Farber in their reasonable business judgment) demonstrating such Qualified Bidder's ability to close the transaction proposed by such Overbid.
- (l) Announcing Overbids. At the end of each round of bidding, Farber shall announce the identity of the leading Qualified Bidder and provide details of the material terms of the then highest and/or best Overbid.
- (m) Consideration of Overbids. Farber shall have the right, in its reasonable business judgment, to make one or more adjournments in the Auction to, among other things, (i) facilitate discussions with individual Qualified Bidders, (ii) allow individual Qualified Bidders to consider how they wish to proceed, and (iii) consider and determine the current highest and/or best Overbid at any given time during the Auction.
- (n) Failure to Bid. If at the end of any round of bidding a Qualified Bidder fails to submit an Overbid for that round of bidding, then such Qualified Bidder shall not be entitled to continue to participate in the next round of the Auction.
- (o) Additional Procedures. Farber may adopt other procedural rules for the conduct of the Auction at or prior to the Auction that will better promote the goals of the Auction and that are not inconsistent with any of the provisions of these Bidding Procedures, provided that all such other rules are communicated to each Qualified Bidder simultaneously and as soon as practicable and that no such other procedural rules shall (i) change the requirement that all Qualified Bidders (that have not failed to make an Overbid in a prior round of bidding) shall be entitled to be present for all bidding, or (ii) waive the requirement that all Bids and Qualified Bids must comply with the requirements of section 7 in order to become or remain a Qualified Bid.
- (p) Closing the Auction. Upon conclusion of the bidding, Farber, in consultation with Strike, shall (i) immediately review the final Overbid of each Qualified Bidder on the basis of financial and contractual terms and the factors relevant to the Sale Process, including those factors affecting the speed and certainty of consummating the proposed Sale, and (ii) identify the highest and/or best Overbid or Opening Bid (the "**Successful Bid**" and the entity or entities submitting such Successful Bid, the "**Successful Bidder**"), and advise the Qualified Bidders of such determination.

13. Sale/Proposal hearing

A hearing to approve the Sale or a Proposal to the Successful Bidder shall be conducted by the Court within seven business days following the selection of the Successful Bidder, subject to Court availability.

14. Acceptance of Successful Bid

Strike (with the assistance of the Proposal Trustee) shall complete the Sale transaction with the Successful Bidder following the issuance of the Approval and Vesting Order by the Court. Strike and the Proposal Trustee will be deemed to have accepted a Successful Bid only when the Successful Bid has been approved by the Court.

15. Break Fee

In the event the Stalking Horse Bidder is not the Successful Bidder, in accordance with the terms of the Stalking Horse Agreement, the Stalking Horse Agreement shall not be consummated but the Break Fee shall be paid to the Stalking Horse Bidder from the proceeds received upon closing the Successful Bid. No other expense shall be paid to the Stalking Horse Bidder.

16. "As Is, Where Is"

The Sale pursuant to these Bidding Procedures shall be on an "as is, where is" basis and without representations or warranties of any kind, nature, or description by Strike or Farber save and except to the extent set forth in the Stalking Horse Agreement or the purchase agreement of the Successful Bidder. Each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Purchased Assets prior to making its Bid, that it has relied solely on its own independent review, investigation, and/or inspection of any documents and/or the Purchased Assets in making its Bid, and that it did not rely on any written or oral statements, representations, promises, warranties, conditions or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Purchased Assets, or the completeness of any information provided in connection therewith or at the Auction, except as expressly stated in these Bidding Procedures or (a) as to the Stalking Horse Bidder, the terms of the Sale shall be set forth in the Stalking Horse Agreement, or (b) as to the Successful Bidder (if not the Stalking Horse Bidder), the terms of the Sale shall be set forth in the purchase agreement of the Successful Bidder.

17. Free Of Any And All Encumbrances

Except as otherwise provided pursuant to the purchase agreement of the Successful Bidder accepted by Strike, all of Strike's right, title, and interest in and to the Purchased Assets subject thereto shall be sold free and clear of all Liens (as defined in Stalking Horse Agreement), other than any permitted encumbrances set forth in such purchase agreement other than as provided for in the Approval and Vesting Order.

18. Return or Application of Good Faith Deposit

Good Faith Deposits of all bidders shall be held by Farber's counsel in trust in a separate non-interest bearing account or escrow. Good Faith Deposits of all bidders who are determined not to be Qualified Bidders shall be returned to such bidders as soon as practicable following such determination. Good Faith Deposits of all Qualified Bidders, other than the Successful Bidder, shall be returned to such Qualified Bidders as soon as practical after the selection of the Successful Bidder. The Good Faith Deposit of the Successful Bidder shall be held by Farber and applied to the purchase price of such transaction at Closing or otherwise dealt with in accordance with the terms of the purchase agreement with the Successful Bidder.

19. Modifications and Reservations

Other than as provided for in section 12(o), these Bidding Procedures may only be modified or amended with the express written consent of the Proposal Trustee and the Stalking Horse Bidder.

20. Currency

All references to currency in these Bidding Procedures are references to Canadian dollars.

Tab E

December 7, 2016

STRIKE MINERALS INC.

SCHEDULE OF SALE PROCESS

	Event	Timing
1	The Proposal Trustee shall contact potential purchasers and provide an information summary.	Within 2 days of approval of Sales Process
2	Information pertaining to this opportunity will be posted on the Proposal Trustee's website: www.farberfinancialgroup.com , which will include <ul style="list-style-type: none">• Invitation for Offers to purchase the Property;• Confidentiality Agreement.	Initial information to be posted within 2 days of obtaining approval of the Sales Process
3	Advertise the sale of the Property in the Northern Miner and the National Post (National Edition), as considered appropriate by the Proposal Trustee.	Within 5 business days of obtaining approval of the Sales Process
4	Interested parties given access to additional data, data room and be provided with an opportunity to conduct site visits (subject to receipt of a signed confidentiality agreement).	Tuesday, December 13, 2016 to Thursday, February 16, 2017 (9 weeks)
5	Deadline for submission of Qualified Bids	5:00 PM (EST) Thursday, February 16, 2017
6	Proposal Trustee evaluates Qualified Bids received. Invitation sent to qualifying bidders to attend auction at Proposal Trustee's offices, if necessary or desired	February 17, 2017
7	Auction Day, if deemed appropriate or necessary	February 21, 2017
8	Finalize agreement of purchase and sale with winning bidder	February 24, 2017
9	Seek Court approval of agreement of purchase and sale and obtain a vesting order.	Week of March 6, 2017
10	Close sale to successful purchaser(s).	Week of March 13, 2017
11	Unsuccessful bidders to return all confidential materials to the Proposal Trustee, and applicable deposits refunded.	By Friday, March 17, 2017

Tab F

Stelco Minerals Inc.
Projected Weekly Cash Flow Statement
For the 35 Week period ending March 31, 2017

	Week Ending														Forecast Total	
	09-Dec	16-Dec	23-Dec	30-Dec	06-Jan	13-Jan	20-Jan	27-Jan	03-Feb	10-Feb	17-Feb	24-Feb	03-Mar	10-Mar		17-Mar
Operating Disbursements																
Onsite supervision / security / site visits (ii)	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	3,000
Geology / site visits	500	500	500	500	4,294	500	500	500	500	500	500	500	500	500	500	12,088
Other (v)	1,000	500	1,000	500	1,000	500	500	500	500	500	1,000					7,500
DIP Interest, Fees and Legal Costs (vi)																=
Total Operating Disbursements	1,200	1,200	1,700	700	5,494	1,200	4,994	1,200	1,200	1,200	1,200	200	200	200	200	22,588
Professional Fees (incl. N.S.T.) (iii)																
Proposal Trustee	33,900				56,500			56,500		28,250			11,300		28,250	214,700
Proposal Trustee's Legal Counsel	22,600		11,300				11,300					11,300			11,300	67,800
Company Legal Counsel	39,550				16,950			16,950							11,300	84,750
Secured Creditor Legal Counsel	56,500					56,500					28,250				28,250	169,500
Bankruptcy Retainer	28,250															28,250
Total Professional Fees	-	180,800	11,300	-	73,450	56,500	11,300	73,450	-	28,250	28,250	11,300	11,300	-	79,100	565,000
Net Cash Flow Before DIP Funding	1,200	182,000	13,000	700	78,944	57,700	16,294	74,650	1,200	29,450	29,950	11,500	11,500	200	79,300	587,588
Opening Cash																
DIP Loan Interim Financing Advances / (Repayments)	1,200	182,000	13,000	700	78,944	57,700	16,294	74,650	-	29,450	29,950	11,500	11,500	11,500	11,500	587,588
Closing Cash (iv)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Loan Balance																
	1,200	183,200	186,200	186,900	275,844	333,544	349,838	424,488	425,688	455,138	485,088	485,588	506,088	506,288	506,288	587,588

Notes:

(i) NO filled on November 28, 2016.

(ii) Onsite security site visits required; cost estimate of \$200 per visit used.

(iii) Professional fees reflect estimate for pre-filing preparation (not part of DIP). Attending to the filing and post-filing fees are reflected as being funded by the DIP Loan.

(iv) Potential AS7 recovery of around \$65,000, based on expenses and fee estimates, is not reflected in the cashflow due to uncertainty of CRA payment of refunds and timing of collection beyond the forecast period.

(v) Other is a provision for unforeseen expenses and includes weekly snow plough at \$500 ea. until bid deadline; actual quote to be obtained from local contractor.

(vi) DIP Interest and fees to be input.

(vii) Pre filing amounts are not included in the Total column for DIP financing purposes.

Tab G

150 York Street
Suite 1600
Toronto, ON M5H 3S5
Canada

Office 416.497.0150
Fax 416.496.3839
www.farberfinancial.com

December 5, 2016

**TO THE CREDITORS OF
STRIKE MINERALS INC.**

We wish to advise you that Strike Minerals Inc. filed a Notice of Intention to Make a Proposal on November 29th, 2016, pursuant to Section 50 of the *Bankruptcy and Insolvency Act*. A copy of this Notice is enclosed herewith.

Strike Minerals Inc. is not bankrupt, but has availed itself of a procedure whereby an insolvent person, with creditor and Court approval, restructures its financial affairs. Our role as Trustee in this matter is to assist with the development of the Proposal, to liaise with creditors to explain same to them and to aid in the decision that creditors will ultimately make regarding the Proposal. We also monitor the cash flow of Strike Minerals Inc. during this process.

All liabilities of Strike Minerals Inc. as at November 29th, 2016 are frozen by force of the *Act* and will be subject to the Proposal mentioned above. Please note that during this process, Strike Minerals Inc. is not bankrupt but is continuing to proceed under protection from the legislation.

Strike Minerals Inc. has thirty (30) days from the date of filing the Notice of Intention to Make a Proposal to lodge a Proposal with ourselves, subject to Court extension. Once this Proposal is filed with the Official Receiver, the Trustee is required to call a Meeting of Creditors within twenty-one (21) days thereafter.

Please feel free to contact Peter Crawley at (416) 496-3507 or by email at pcrawley@farberfinancial.com should you require any further information with respect to this matter.

Yours very truly,

A. FARBER & PARTNERS INC.

The Trustee acting *in re* the proposal of
Strike Minerals Inc.



Per: Peter Crawley, MBA, CPA, CA, CIRP, LIT

**IN THE MATTER OF THE PROPOSAL OF STRIKE MINERALS INC. A COMPANY DULY
INCORPORATED PURSUANT TO THE LAWS OF THE PROVINCE OF ONTARIO WITH A
HEAD OFFICE IN THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO**

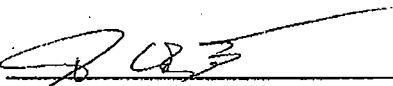
NOTICE OF INTENTION TO MAKE A PROPOSAL

TAKE NOTICE THAT:

1. The undersigned Strike Minerals Inc., an insolvent person, pursuant to Subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, intends to make a Proposal to its creditors.
2. A Farber & Partners Inc., of 150 York Street, Suite 1600, Toronto, Ontario, a licensed Trustee, has consented to act as Trustee under the Proposal and a copy of the Consent is attached hereto.
3. A list of the names of the known creditors with claims amounting to \$250 or more and the amounts of their claims is attached.
4. Pursuant to Section 69 of the *Bankruptcy and Insolvency Act*, all proceedings against the company are stayed as of the date of filing this Notice with the Official Receiver in my locality.

DATED AT LONDON this 21st day of November, 2016.

STRIKE MINERALS INC.



Per: Denis Crane

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Strike Minerals Inc.
of the City of London, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Access Mining Services	780 boulevard de l'Universite Rouyn-Noranda QC J9X 7A5		18,080.00
Accilient Capital Management Inc.	804 - 370 King Street West Toronto ON M5V 1J9		3,390.00
Activation Laboratories Ltd.	1336 Sandhill Drive Ancaster ON L9G 4V5		5,279.08
Adrien Poulin	Box 62 Dubreille ON P0S 1B0		100,000.00
Alain Poisson	Box 95 Hawk Junction ON P0S 1G0		2,825.00
Algoma District School Board	162 Fourth Avenue Hornepayne ON P0M 1Z0		1,815.00
Andy's Machine Shop	115 Rue des Pins, Box 92 Dubreuilville ON P0S 1B0		10,230.62
AON Reed Stenhouse Inc.	20 Bay Street Toronto ON M5J 2N9		63,500.76
Atlas Copco	1025 Tristar Drive Mississauga ON L5T 1W5		11,277.63
Barnes Distribution	202 - 2595 Skymark Avenue Mississauga ON L4W 4L5		1,726.19
Bell Mobility	P.O. Box 5102 Burlington ON L7R 4R7		274.25
Boart Longyear Canada	PO Box 330, 1111 Main St. W. North Bay ON P7B 8H6		3,306.57
Brian Edgar	5782 Highland Avenue Niagara Falls ON L2G 4X4		4,163.26
Broadridge	PO Box 57461, Postal Station A Toronto ON M5W 5M5		1,310.95
Broadridge ICS	P.O. Box 416423 Boston MA 02241-6423		411.81

District of:
 Division No. -
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Strike Minerals Inc.
 of the City of London, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Bruce Edgar	5782 Highland Avenue Niagara Falls ON L2G 4X4		37,685.07
Bull Powertrain	1510 Fairburn Street Sudbury ON P3A 1N7		25,201.18
Business Wire			4,062.35
Capital Technologies	9 - 1100 Dearness Drive London ON N6E 1N9		377.87
Chantal Edgar	5782 Highland Avenue Niagara Falls ON L2G 4X4		1,356.00
Charles Kennedy	Edwards Mine Dubreuilville ON		3,528.78
Chris David North Inc.	129 Midland Avenue Scarborough ON M1N 3Z8		3,980.43
Christie's Camper Sales Limited	RR#2, Trout Lake Road @ 17N Sault Ste Marie ON PEA 5K7		1,356.00
Clifford Miller	311 Brock Avenue Wawa ON P0S 1K0		5,500.00
Country Heritage	1275 Hubrey Road London ON N6N 1E2		3,573.20
Denis Crane	2297 Jack Nash Drive London ON N6K 5R3		1,702.42
DG Excavating	45 Rue Des Pins Dubreuilville ON P0S 1B0		1,988.80
Dixon Electric Ltd.	120 White Oak Drive Sault Ste Marie ON PEB 4J8		13,545.92
Donald Davidson Fuels Ltd.	54 Pinewood Drive, Box 1310 Wawa ON P0S 1K0		3,739.73
DSA Corporate Services Inc.	1000 - 36 Toronto St. Toronto ON M5C 2C5		355.95

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Strike Minerals Inc.
of the City of London, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Duane Roy & Associates	P.O. Box 1683 Wawa ON P0S 1K0		4,954.43
Dubreuil Lumber Inc.	PO Box 100, 21 Pine Street Dubreuilville ON P0S 1B0		14,049.83
Eden Strategy Corp.	264B Third Avenue Timmins ON P4N 1E3		73,450.00
Electrical Safety Authority	1 - 400 Sheldon Drive Cambridge ON N 2T 2H9		6,667.00
Envirometrice Systems Inc	2297 Jack Nash Dr. London ON N6K 5R3		2,263,236.14
First Minerals Exploration Limited	264B Third Avenue Timmins ON P4N 1E3		3,225.00
Fogler, Rubinoff, LLP	77 King Street West, Suite 3000, PO Box 95 Toronto ON M5K 1G8		25,558.19
G Pelletier Services Ltd.	100 Churchill Avenue, PO Box 1867 Wawa ON P0S 1K0		1,401.20
G. Perth Trucking Inc.	11 Rue Lacroix Dubreuilville ON P0S 1B0		13,390.44
GFL Environmental West	3489 Highway 11-17 Rosslyn ON P7K 0S8		3,116.20
Global Crossing Conferencing	PO Box 9330, Station A Toronto ON M5W 3M2		318.47
Guy's Electronics Repair	4 Churchill Avenue, Box 238 Wawa ON P0S 1K0		6,213.74
J.P. Germain	125 Chemin Industriel, Box 224 Dubreuilville ON P0S 1B0		3,985.89
KDS Management Services Inc.	37 Segebrook Crescent Toronto ON M9B 2X2		115,334.85
Kwik Kopy	263 Adelaide Street West, Main Floor Toronto ON M5H 1Y2		3,215.61

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Strike Minerals Inc.
of the City of London, in the Province of Ontario

List of Creditors with claims of \$250 or more.

Creditor	Address	Account#	Claim Amount
Lacroix Ent. Ltd.	275 Chemin Du Lac Dubreuilville ON P0S 1B0		5,676.06
Loudon Hill Inc.	1101 - 80 Richmond Street West Toronto ON M5H 2A4		100,480.00
Lyndrew Management Limited	180 Glen Cedar Road Toronto ON M6C 3H1		45,200.00
MacPherson Leslie & Tyerman LLP	1500 - 1874 Scarth Street Regina SK S4P 4E9		3,557.58
Manitoulin Transport	PO Box 390, 154 Highway 540B Gore Bay ON P0P 1H0		10,589.49
Mansour Mining Technologies Inc.	2502 Elm Street, RR 35, PO Box 640, Station B Sudbury ON P3E 4P8		5,206.47
Marelli Support Services Inc.	1000 - 36 Toronto Street Toronto ON M5C 2C5		6,780.00
Marketwire L.P.	900 - 25 York Street, PO Box 403 Toronto ON M5J 2V5		5,548.30
McIntosh Perry Consulting Engineers Ltd.	115 Walgreen Road, R.R. 3 Carp ON K0A 1L0		59,415.68
Miller Sanitation Inc.	R.R. #1, Site 1, Box 6 Wawa ON P0S 1K0		54,625.79
Murray OK Tire	Box 40 - 96 Government Road Val Rita ON P0L 2G0		18,361.78
North East Regional Security Services Inc	314 Wellington Street West Sault Ste Marie ON PEA 1J1		72,478.73
North Star Fusion	170 Mission Road, Highway 101, PO Box ~8 Wawa ON P0S 1K0		757.10
Northern Allied Supply	352 Railway Street, PO Bo x90 Timmins ON P4N 7C8		5,013.47
Northgate Industries	413 Superior Street White River ON P0M 3G0		3,955.00

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Strike Minerals Inc.
of the City of London, in the Province of Ontario

List of Creditors with claims of \$250 or more.

Creditor	Address	Account#	Claim Amount
Orica Canada Inc.	P.O. Box 11022, Station A Toronto ON M5W 2G5		17,800.15
P.J. Whelan Mining Contractors	P.O. Box 983, 21 Government Rd. E. Kirkland Lake ON P2N 3L1		1,632,399.18
Philip Escher	P.O. Box 10052 Thunder Bay ON P7B 6T6		5,000.00
Porphyry Incorporated	192 Douglas Avenue Toronto ON M5M 1G6		160,076.93
Power System Solutions Ltd.	184A Front Street Thunder Bay ON P7A 4K7		1,498.38
Quetico Exploration & Developments Co. Lt	81A Long Beach Road Wawa ON P0S 1K0		73,088.46
Red Star Electric Ltd.	309 Fifth Line East Sault Ste. Marie ON P6A 5K8		41,363.15
RES Equipment Sales	PO Box 220, 339 Kennedy Road Dryden ON P8N 2Y8		155,862.78
Robert Young	451 The West Mall 1606 Toronto ON M9C 1G1		12,150.00
Royal Tire Service Ltd.	70 Pinewood Drive Wawa ON P0S 1K0		11,159.09
RPA Inc.	501 - 55 University Avenue Toronto ON M5J 2H7		1,596.01
S.E.R. Hydraulics	40 Mumford Drive Lively ON P3Y 1L2		1,373.33
SGS Canada Inc.	PO Box 4300, 185 Concession St. Lakefield ON K0L 2H0		30,845.61
Sling Choker Mfg (Sault) Ltd.	56 Industrial Park Crescent Sault Ste. Marie ON P6B 5P2		16,923.46
SMS Rents	c/o TX4009C, PO Box 4590, Station A Toronto ON M5W 7B1		42,080.61

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Strike Minerals Inc.
of the City of London, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
SPI Health and Safety Inc.	60 Gaston-Dumoulin Blainville QC J7C 0A3		11,098.27
Superior Diamond Drilling	119 Dacey Road Sault Ste. Marie ON P6A 5K9		56,888.22
Swastika Laboratories Ltd.	Box 10, 1 Cameron Avenue Swastika ON P0K 1T0		2,023.27
Testmark Laboratories Ltd.	7 Margaret Street North Garson ON P3L 1E1		15,056.90
The Corporation Municipality of Wawa	P.O. Box 500, 40 Broadway Avenue Wawa ON P0S 1K0		1,400.00
The Corporation Township of Dubreuilville	23 rue des Pins, PO Box 367 Dubreuilville ON P0S 1B0		5,593.50
TLC LeBlanc Construction	814 3rd Line East Sault Ste Marie ON PEA 6J8		16,795.81
Toner Supply Niagara	5782 Highland Avenue Niagara Falls ON L2G 4X4		321.50
Tracks and Wheels Equipment Brokers Inc.	PO Box 2592, 400 Highway 69 North Sudbury ON P3A 4S9		2,177.08
Treasurer, Town of Schreiber	PO Box 40, 204 Alberta Street Schreiber ON P0T 2S0		8,463.88
United Supply Inc.	4 McKinley Avenue Wawa ON P0S 1K0		11,686.01
Waterton Global Value L.P.	c/o Stikeman Elliott LLP - E. Pillon 5300 Commerce Court W., 199 Bay Street Toronto ON M5L 1B9		3,862,270.00
Wawa Home Building Centre	109 Mission Road, Highway 101, PO Box 729 Wawa ON P0S 1K0		6,164.26
Wesdome	93 Mission Road Wawa ON P0S 1K0		7,488.51
Wilderness Helicopters (2009) Ltd.	27B Wawa Municipal Airport, PO Box 259 Wawa ON P0S 1K0		1,509.68

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Strike Minerals Inc.
of the City of London, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Xerox Canada Ltd.	PO Box 4539, Station A Toronto ON M5W 4P5		815.88
Xylem	PO Box 9565, Station A Toronto ON M5W 2K3		3,325.09
Total			9,487,602.26

Strike Minerals Inc.
Insolvent Person

Court No.

File No.

In the matter of the proposal of
Strike Minerals Inc.
of the City of London, in the Province of Ontario

Form 33
Notice of intention to make a proposal

A. FARBER & PARTNERS INC.

—
150 York Street, Suite 1600
Toronto ON M5H 3S5
Phone: (416) 497-0150 Fax: (416) 496-3839



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 05 - London
Court No. 35-2193939
Estate No. 35-2193939

In the Matter of the Notice of Intention to make a
proposal of:

Strike Minerals Inc.
Insolvent Person

A. FARBER & PARTNERS INC.
Licensed Insolvency Trustee

Date of the Notice of Intention: November 29, 2016

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: November 30, 2016, 08:04

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

Canada

Tab H

Surfco Minerals Inc.
Projected Weekly Cash Flow Statement
For the 15 Week Period Ending March 17, 2007

Week Ending	05-Dec	12-Dec	19-Dec	26-Dec	02-Jan	09-Jan	16-Jan	23-Jan	30-Jan	06-Feb	13-Feb	20-Feb	27-Feb	05-Mar	12-Mar	19-Mar	26-Mar	Percent Total
Operating Disbursements																		
Credit supervision (security/late fees) (B)	200	200	229	200	200	200	200	200	200	200	200	200	200	200	200	200	200	3,000
Guaranteed/late fees	500	500	4,294	500	500	4,294	500	500	500	500	500	500	500	500	500	500	500	12,088
Other (N)	1,000	500	1,803	500	500	500	500	500	500	500	500	1,000	1,000	500	500	500	500	7,500
DIP Interest, Fees and Legal Costs (A)																		-
Total Operating Disbursements	1,200	1,500	1,700	700	5,494	1,200	1,200	1,200	1,200	1,200	1,200	2,000	2,000	200	200	200	200	22,588
Professional Fees (Reed, M.S.C.I. [B])																		
Proposed Trustee	31,500				56,500			56,500										234,700
Proposed Trustee's Legal Counsel	22,000				11,500			16,500										67,000
Company Legal Counsel	30,850				14,500													54,750
Secured Creditor Legal Counsel	56,500																	155,500
Bankruptcy Realizer	24,500				55,500							24,500						20,250
Total Professional Fees	165,350	21,500	-	-	79,000	79,000	11,500	78,000	22,500	22,500	22,500	11,500	11,500	200	79,000	-	585,000	
Net Cash Flow before DIP Funding	1,200	362,000	33,000	700	79,994	57,700	35,254	78,500	1,200	29,000	29,000	11,500	11,500	200	79,000	-	557,588	
Operating Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Cash before Financing Advances / (Repayments)	1,200	362,000	33,000	700	79,994	57,700	35,254	78,500	1,200	29,000	29,000	11,500	11,500	200	79,000	-	557,588	
Operating Cash (N)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Loan Balance	1,200	363,200	366,200	365,900	276,844	833,444	946,698	654,688	425,688	485,158	563,658	445,538	445,538	533,748	533,748	533,748	533,748	

This Statement of Projected Cash Flow, prepared in accordance with S.S. 609(b) and S.S. 604.4(2) of the Bankruptcy and Insolvency Act, should be read in conjunction with the Trustee's report on the reasonableness of the cash flow statement.

A. Fisher & Sons Inc.
17
Pct. Paul Davies, CANYON, UT.

Strike Minerals Inc.
Projected Weekly Cash Flow Statement
For the 15 Week Period Ending March 17, 2017

Notes:

- (i) NOI filed on November 29, 2016.
- (ii) Onsite security site visits required; cost estimate of \$200 per visit used.
- (iii) Professional fees reflect estimate for pre-filing preparation (not part of DIP). Attending to the filing and post filing fees are reflected as being funded by the DIP Loan.
- (iv) Potential HST recovery of around \$65,000, based on expenses and fee estimates, is not reflected in the cashflow due to uncertainty of CRA payment of refunds and timing of collection beyond the forecast period.
- (v) Other is a provision for unforeseen expenses and includes weekly snow plough at \$500 ea. until bid deadline; actual quote to be obtained from local contractor.
- (vi) DIP Interest and fees to be Input.
- (vii) Pre filing amounts are not included in the Total column for DIP financing purposes.

STRIKE MINERALS INC.

NOTES TO AND ASSUMPTIONS UNDERLYING THE STATEMENT OF PROJECTED CASH FLOW FOR THE WEEKS ENDING DECEMBER 9, 2016 TO MARCH 17, 2017.

NOTES

- NOTE 1.** The purpose of the statement of projected cash flow for the weeks ending December 9, 2016 to March 17, 2017 is to comply with the provisions of the *Bankruptcy and Insolvency Act*.

HYPOTHETICAL ASSUMPTIONS

An assumption that assumes a set of economic conditions or courses of action that are not necessarily the most probable in the insolvent person's judgment, but are consistent with the purpose of the cash-flow projection;


1. None

PROBABLE ASSUMPTIONS

An assumption that the insolvent person believes reflects the most probable set of economic conditions and planned courses of action; they are suitably supported, consistent with the plans of the insolvent person and provide a reasonable basis for the cash-flow statement;


1. No revenue is projected to be generated during the period.
2. The mine will remain dormant during the period.
3. Direct expenses will relate to preserving and protecting the assets and facilitating due diligence by prospective purchasers as part of a Court approved sales process. Services are provided by subcontractors and there are no employees.
4. It is assumed that the majority of on-going provision of goods and services will be paid on a COD basis as intra weekly cash collections permit, with some short term credit provided by some suppliers, including utilities.
5. Expenses include the professional fees of the Proposal Trustee, its legal counsel and the legal fees of counsel to the Company.
6. All expenses are assumed to be funded by a Court approved debtor-in-possession credit facility, for which the approval hearing is scheduled to be heard during the week of December 12-16, 2016.

This Statement of Projected Cash Flow of Strike Minerals Inc. prepared in accordance with s.s. 50.4(2) and/or s.s. 50.1(6) of the Bankruptcy and Insolvency Act should be read in conjunction with the Trustee's report on the reasonableness of the cash flow statement.



DATED AT TORONTO this 5th day of December, 2016.

**A. FARBER & PARTNERS INC.
IN ITS CAPACITY AS TRUSTEE *IN RE* THE PROPOSAL OF
STRIKE MINERALS INC.**

A handwritten signature in dark ink, appearing to be 'P. Denton'.

Per: Paul Denton, CA (NZ), CIRP, LIT

STRIKE MINERALS INC.

A handwritten signature in dark ink, appearing to be 'D. Crane'.

Per: Denis Crane, President & Chairman

**IN THE MATTER OF THE PROPOSAL OF STRIKE MINERALS INC.
A COMPANY DULY INCORPORATED PURSUANT TO THE LAWS
OF THE PROVINCE OF ONTARIO WITH A HEAD OFFICE
IN THE CITY OF LONDON, IN THE PROVINCE OF ONTARIO**

**REPORT ON CASH-FLOW STATEMENT BY THE PERSON
MAKING THE PROPOSAL**

(Paragraphs 50(6)(c) and 50.4(2)(c) of the Bankruptcy and Insolvency Act)

Strike Minerals Inc. has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 5th day of December, 2016, consisting of the statement of projected cash flow for the weeks-ending December 9, 2016 to March 17, 2017 and the notes and assumptions underlying the statement of projected cash flow.


The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes to and assumptions underlying the statement of projected cash flow.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1, using a set of probable and hypothetical assumptions set out in the notes to and assumptions underlying the statement of projected cash flow. Consequently, readers are cautioned that it may not be appropriate for other purposes.

DATED AT LONDON, ONTARIO this 5th day of December, 2016

STRIKE MINERALS INC.


Per: Denis Crane
President & Chairman

**IN THE MATTER OF THE PROPOSAL OF STRIKE MINERALS INC.
A COMPANY DULY INCORPORATED PURSUANT TO THE LAWS
OF THE PROVINCE OF ONTARIO WITH A HEAD OFFICE
IN THE CITY OF LONDON, IN THE PROVINCE OF ONTARIO**

TRUSTEE'S REPORT ON CASH-FLOW STATEMENT

(Paragraph 50.4(2) of the Bankruptcy and Insolvency Act)

The attached statement of projected cash flow of **Strike Minerals Inc.**, as of the 5th day of December, 2016, consisting of the statement of projected cash flow for the weeks-ending December 9, 2016 to March 17, 2017 and the notes and assumptions underlying the statement of projected cash flow, has been prepared by the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions as set out in the notes to and assumptions underlying the statement of projected cash flow.

Our review consisted of enquiries, analytical procedures and discussion related to information supplied to us by the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided for the probable assumptions and the preparation and presentation of the projection.

Based on our review, we believe that, in all material respects,

- (a) the hypothetical assumptions are consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are suitably supported and consistent with the plans of the insolvent person or provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection reflects the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

DATED AT TORONTO this 5th day of December, 2016

**A. FARBER & PARTNERS INC.
IN ITS CAPACITY AS TRUSTEE *IN RE* THE PROPOSAL OF
STRIKE MINERALS INC.**



Per: Paul Denton, CA (NZ), CIRP, LIT

IN THE MATTER OF THE PROPOSAL OF STRIKE MINERALS INC., OF THE CITY OF LONDON, IN THE PROVINCE OF ONTARIO

(Short title of proceeding)

Court File No. 35-2193939

(D.B. APPROPRIATE AND DISSEMINATED)
ONTARIO

SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

Space

FIRST REPORT
OF PROPOSAL TRUSTEE,
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