

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

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

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

**MOTION RECORD  
(returnable on March 23, 2017)**

Date: March 10, 2017

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
Suite 1800, Box 754  
181 Bay Street  
Toronto, ON M5J 2T9

**D. Robb English** - (LSUC # 19862F)  
**Kyle B. Plunkett** – LSUC #61044N  
Tel: (416) 863-1500  
Fax: (416) 863-1515  
Email: [renglish@airdberlis.com](mailto:renglish@airdberlis.com)/  
[kplunkett@airdberlis.com](mailto:kplunkett@airdberlis.com)

Lawyers for A. Farber & Partners Inc.

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**ONTARIO  
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**TAB 1**

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

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

**NOTICE OF MOTION**

A. FARBER & PARTNERS INC. ("**Farber**"), in its capacity as proposal trustee (in such capacity, the "**Proposal Trustee**") of Strike Minerals Inc. (the "**Debtor**"), will make a motion to a Judge presiding over the Ontario Superior Court of Justice (Commercial List) on Thursday, March 23, 2017 at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

1. An Order substantially in the form of draft orders attached at Tabs "3" and "5" of the Motion Record, *inter alia*:
  - (a) approving the sale transaction (the "**Transaction**") contemplated by an asset purchase agreement (the "**Sale Agreement**") between the Debtor, as vendor, and 2548304 Ontario Inc., as purchaser (the "**Purchaser**"), dated December 6, 2016, and appended as Appendix C to the First Report of the Proposal Trustee dated December 8, 2016, a copy of which was filed with the Court;
  - (b) authorizing the Debtor to execute all other ancillary documents and agreements required to complete the Transaction;

- (c) vesting in the Purchaser the Debtor's right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement) free and clear of any and all liens, charges and security interests and other encumbrances, except for Assumed Liabilities (as defined in the Sale Agreement);
  - (d) approving the third report of the Proposal Trustee dated March 10, 2017 (the "**Third Report**") and the activities of the Proposal Trustee set out therein;
  - (e) approving the Proposal Trustee's interim statement receipts and disbursements of the Proposal Trustee as of March 8, 2017 (the "**Interim R&D**") as set out in Appendix L to the Third Report;
  - (f) sealing the Confidential Appendix "1" to the Third Report until after the closing of the Transaction or further order of this Honourable Court; and
  - (g) extending the time period for the Debtor to file a proposal with the Official Receiver to and including May 11, 2017 (the "**Proposal Period**"); and
2. Such further and other relief as counsel may request and this Honourable Court deems just.

**THE GROUNDS FOR THE MOTION ARE:**

- (a) the Debtor is a Canadian-based junior mineral exploration company focused on the acquisition and development of mineral properties in Canada, with an emphasis on gold. The Debtor has not operated since 2014, but has interests in certain mineral properties in northern Ontario;
- (b) the Debtor was a publicly traded company listed on the TSX Venture Exchange. On February 25, 2014, the Ontario Securities Commission issued a Cease Trade Order against the Debtor, which is still in effect as at the date hereof;
- (c) the Debtor, as an exploration company, has not generated revenue and relied exclusively on debt or equity financing to fund its exploration activities and day to day operations;

- (d) on November 29, 2016, the Debtor filed a Notice of Intention to Make a Proposal pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and Farber was appointed proposal trustee in these proposal proceedings;
- (e) pursuant to the BIA, all proceedings against the Debtor were stayed for an initial 30 days commencing on November 29, 2016 in order to provide the Debtor with a time period to file a proposal with the Official Receiver (the “**Proposal Period**”);
- (f) by Order of The Honourable Mr. Justice Penny dated December 13, 2016 (the “**Sales Process Approval Order**”), the Court, among other things, (i) authorized the Debtor to execute, *nunc pro tunc*, the Sale Agreement between the Debtor and the Purchaser for the sale of substantially all of the Debtor’s assets (the “**Property**”), (ii) approved a Court-supervised sales process (the “**Sales Process**”) to obtain the highest and/or best bid for the sale of the Property, including the Bidding Procedures (as defined in the Sales Process Approval Order), and (iii) extended the Proposal Period to and including February 10, 2017;
- (g) by Order of The Honourable Mr. Justice Hainey dated February 9, 2017 (the “**Extension Approval Order**”), the Court, among other things, further extended the Proposal Period to and including March 27, 2017;
- (h) the bid deadline in the Sales Process has passed, and the Sale Process has culminated no qualified offers other than the one contemplated by the Sale Agreement were received. Accordingly, and in accordance with the terms of the Sales Process, the Purchaser was declared the successful purchaser. The Proposal Trustee is now seeking Court approval of the Transaction contemplated by the Sale Agreement;
- (i) in order to close the Transaction, the Debtor requires a further extension to the Proposal Period to and including May 11, 2017;
- (j) the Sales Process contemplates that the Proposal Trustee will seek approval from the Court of the Sale Agreement and complete the Transaction and the Property described in the Sale Agreement will be vested in the Purchaser;



- (k) one of the remaining conditions of the Sale Agreement is the Court granting the proposed Approval and Vesting Order;
- (l) the Debtor has been acting in good faith and with due diligence during these proceedings;
- (m) no stakeholder would be materially prejudiced if the extension being applied for was granted;
- (n) the Sale Agreement represents the highest, and only, offer for the Property;
- (o) the Proposal Trustee has filed with the Court its Third Report outlining, among other things, (i) the background of the Debtor's business and operations, (ii) the actions of the Proposal Trustee since its appointment, and (iii) the Sale Process;
- (p) a sealing order is required because the Confidential Appendix A to the Third Report contains certain commercially-sensitive information, the release of which could prejudice the Debtor's stakeholders, particularly if the Transaction were not to close;
- (q) the other grounds set out in the Third Report;
- (r) the inherent and equitable jurisdiction of this Honourable Court;
- (s) Sections 50.4(9) of the BIA, as amended;
- (t) rules 1.04, 1.05, 2.03, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
- (u) such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) the Third Report, filed herewith; and

(b) such further and other material as counsel may submit and this Court may permit.

Date: March 10, 2017

**AIRD & BERLIS LLP**

Barristers and Solicitors

Brookfield Place

Suite 1800, Box 754

181 Bay Street

Toronto, ON M5J 2T9

**D. Robb English** - (LSUC # 19862F)

**Kyle B. Plunkett** – LSUC #61044N

Tel: (416) 863-1500

Fax: (416) 863-1515

Email: [renglish@airdberlis.com](mailto:renglish@airdberlis.com)/

[kplunkett@airdberlis.com](mailto:kplunkett@airdberlis.com)

Lawyers for A. Farber & Partners Inc.

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

Court File No. 35-2193939

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST  
PROCEEDING COMMENCED AT TORONTO**

**NOTICE OF MOTION  
(Motion returnable March 23, 2017)**

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
Suite 1800, Box 754, 181 Bay Street  
Toronto, Ontario M5J 2T9

Tel: 416.863.1500  
Fax: 416.863.1515  
Email: [renglish@airdberlis.com](mailto:renglish@airdberlis.com) /  
[kplunkett@airdberlis.com](mailto:kplunkett@airdberlis.com)

**D. Robb English (LSUC # 19862F)  
Kyle B. Plunkett - LSUC No. 61044N**

***Lawyers for A. Farber & Partners Inc.***

# TAB 2

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.**

**A. FARBER & PARTNERS INC.  
THIRD REPORT OF THE PROPOSAL TRUSTEE**

**March 10, 2017**

## **APPENDICES**

<b>APPENDIX A:</b>	<b>FIRST REPORT OF PROPOSAL TRUSTEE - DEC. 8, 2016</b>
<b>APPENDIX B:</b>	<b>SALES PROCESS APPROVAL ORDER - DEC. 13, 2016</b>
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<b>APPENDIX I:</b>	<b>RIVER GOLD -VENCAN NET SMELTER RETURN ROYALTY</b>
<b>APPENDIX J:</b>	<b>FENWICK SALE AGREEMENT</b>
<b>APPENDIX K:</b>	<b>MINING CLAIM ABSTRACT RE CLAIM NO. 1196889</b>
<b>APPENDIX L:</b>	<b>INTERIM STATEMENT OF RECEIPTS &amp; DISBURSEMENTS AS OF March 8, 2017</b>

## **CONFIDENTIAL APPENDICES**

<b>CONFIDENTIAL APPENDIX 1:</b>	<b>LIST OF PROSPECTIVE PURCHASERS CONTACTED DURING SALE PROCESS</b>
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## INTRODUCTION

1. On November 29, 2016, Strike Minerals Inc. (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**”).<sup>1</sup>
2. On December 8, 2016, Farber issued and filed its first report (the “**First Report**”) with the Court in support of the Company’s motion returnable December 13, 2016 to obtain Court approval of, *inter alia*:
  - i) the stalking horse sale and marketing process and the related bidding procedures contemplated thereunder (the “**Sale Process**”);
  - ii) a DIP Charge in favour of the DIP Lender in an aggregate amount of \$588,000 (the “**DIP Charge**”); and
  - iii) an Administration Charge in favour of the Proposal Trustee, its counsel and the Company’s counsel to an aggregate amount of \$300,000 (the “**Administration Charge**”).

A copy of the First Report, without appendices, is attached hereto as **Appendix “A”**.

3. By Order of The Honourable Mr. Justice Penny dated December 13, 2016 (the “**Sales Process Approval Order**”), the Court approved:
  - i) the Sale Process, including the Bidding Procedures;
  - ii) the DIP Charge;
  - iii) the Administration Charge; and

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<sup>1</sup> Capitalized terms used herein shall have the meaning ascribed to them in the First Report and the Second Report unless otherwise specifically defined herein.

- iv) an extension to the time period for the Company to file a proposal with the Official Receiver to and including February 10, 2017 (the “**Proposal Period**”).

A copy of the Sales Process Approval Order is attached hereto as **Appendix “B”**.

- 4. On February 6, 2017, the Proposal Trustee issued and filed its second report (the “**Second Report**”) in support of the Company’s motion returnable on February 9, 2017, to obtain Court approval of, *inter alia*, a further extension to the Proposal Period to March 27, 2017. A copy of the Second Report, without appendices, is attached as **Appendix “C”**.
- 5. By Order of The Honourable Mr. Justice Hainey dated February 9, 2017 (the “**Extension Approval Order**”), the Court approved:
  - i) the extension to the Proposal Period to March 27, 2017;
  - ii) the Second Report and the activities of the Proposal Trustee and its counsel as reported therein; and
  - iii) the fees and disbursement of the Proposal Trustee and its counsel.

A copy of the Extension Approval Order is attached as **Appendix “D”**.

#### **PURPOSE OF THIS REPORT**

- 6. The purposes of this third report of the Proposal Trustee (the “**Third Report**”) are to:
  - a) report to the Court on the Proposal Trustee’s activities since the Second Report and the results of the Sale Process; and
  - b) provide the Proposal Trustee’s support for an Order as requested by the Company:
    - i) approving this Third Report and the activities of the Proposal Trustee set out herein;



- ii) sealing **Confidential Appendix "A"** until Closing (as defined in the Stalking Horse APA) has occurred;
- iii) authorizing the Proposal Trustee, the Company and the Purchaser to complete the transaction contemplated under the Stalking Horse APA between the Company and 2548304 Ontario Inc. (the "**Purchaser**");
- iv) vesting in the Purchaser all of the Company's right, title, and interest, if any, in the Purchased Assets (as defined in the Stalking Horse APA), free and clear of any and all encumbrances except for Assumed Liabilities (as defined in the Stalking Horse APA);
- v) approving the Proposal Trustee's interim statement receipts and disbursements of the Proposal Trustee as of March 8, 2017 (the "**Interim R&D**");
- vi) approving the extension to the time period for the Company to file a proposal with the Official Receiver to and including May 11, 2017; and
- vii) such other relief as this Honourable Court deems appropriate.

#### **DISCLAIMER**

7. 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 Third 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 Third Report or for any use which any person or entity makes of this Third Report, or any reliance on or a decision made based upon this Third Report, other than for the express purposes as set out in this Third Report.
8. Unless otherwise stated herein, all references to dollars are in Canadian currency.

9. Pursuant to the E-Service Protocol of the Commercial List, which the Court has approved the Company to adopt in these NOI proceedings, a copy of this Third Report and all other Court materials, Orders and Endorsements issued in these NOI proceedings are, and will be, available on the Proposal Trustee's website at: <http://www.farberfinancial.com/insolvency-engagements/strike-minerals-inc>.

#### **ACTIVITIES OF THE PROPSAL TRUSTEE**

10. Upon issuance of the Sales Process Approval Order, the Proposal Trustee began marketing the assets, properties and undertakings of the Company for sale by:
- i) preparing a non-confidential information teaser (the "**Teaser**") and a confidential information memorandum, each of which were reviewed and approved by the Company's management. A copy of the Teaser is attached as **Appendix "E"**;
  - ii) placing an advertisement in the National Post (appearing in the December 16, 2016 edition). A copy of the advertisement is attached as **Appendix "F"**;
  - iii) posting each of the Teaser, a form of confidentiality agreement, the Bidding Procedures and a copy the Stalking Horse APA on the Proposal Trustee's website;
  - iv) emailing the Teaser to fifty-seven (57) people across forty-nine (49) organizations in the mining industry, including twenty-five (25) of the organizations that were contacted or engaged in the sales process conducted by the Company in 2015;
  - v) establishing a secure online virtual data room (the "**Data Room**") and providing access to those interested parties that provided a signed confidentiality agreement to conduct due diligence on the Company and its assets; and
  - vi) placing an on-line advertisement with Northern Miner for a two (2) week period from January 11<sup>th</sup> to 26<sup>th</sup>, appearing on the [www.NortherMiner.ca](http://www.NortherMiner.ca)

webpage and in Northern Miner's daily and weekly e-newsletters over the same period. A screenshot of the abovementioned Northern-Miner webpage showing the advertisement is attached as **Appendix "G"**.

11. On January 16, 2017, the Proposal Trustee sent follow-up emails to thirty-nine (39) prospective purchasers, who had not responded to the initial notification, to invite them to participate in the Sales Process.
12. From the date of the Sales Process Approval Order, the Proposal Trustee has negotiated and finalized various confidentiality agreements with various parties, in consultation with the Company, and provided access to the Data Room to those parties that returned signed copies of a confidential agreement to the Proposal Trustee.
13. The Proposal Trustee has maintained a list of those parties contacted to date and their respective responses.
14. The Proposal Trustee has been reporting to various key stakeholders as required throughout the Sales Process.
15. The Proposal Trustee has monitored the Company's cash position and disbursements, as discussed below.

## **RESULTS OF THE SALES PROCESS**

16. As reported at paragraph 24 of the First Report, a prior sales process was conducted by the Company in 2015 (the **"2015 Sales Process"**) to canvass the market and identify a buyer of the Edwards gold mine, the Company's primary asset. The Company engaged Phoenix Advisors Inc. (**"Phoenix"**) to conduct the 2015 Sales Process which spanned three months from February to April of 2015.
17. Thirty-one (31) prospective purchasers were contacted by Phoenix resulting in six (6) proposals at that time, none of which were acceptable to the Company. These thirty-one (31) prospective purchasers were also invited to participate in this Sale Process.

18. Phoenix provided the Proposal Trustee with electronic copies of the information teaser and due diligence documents used in the 2015 Sales Process. Certain of these documents relevant to the Edwards Mine were made available to prospective purchasers in the Data Room.
19. Attached hereto as **Confidential Appendix "1"** is a summary of those parties approached by the Proposal Trustee or who approached the Proposal Trustee about the Sales Process. Fifty-seven (57) individuals within forty-nine (49) corporations were approached by, or had communications with, the Proposal Trustee. Three (3) entities signed and returned confidentiality agreements and were given access to the Data Room. Two (2) additional parties informed the Proposal Trustee that they were interested and would be submitting an offer. However, these parties did not require access to the Data Room as they had participated in 2015 Sales Process.
20. The deadline for the submission of offers was 5:00 PM EST on February 16, 2017 (the "**Bid Deadline**"). The Proposal Trustee received no offers before or after the Bid Deadline.
21. As no other offers were received, the Stalking Horse Bidder (as defined in the Bidding Procedures) was concluded to be the Successful Bidder in accordance with the Bidding Procedures approved by the Court. The Proposal Trustee recommends to this Court that it approves the transaction contemplated under the Stalking Horse APA and authorizes the Proposal Trustee and the Company to complete such transaction as contemplated thereunder.

#### **THE STALKING HORSE APA**

22. As per section 3.1 of the Stalking Horse APA, the Purchase Price to be paid 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.

23. As per section 3.2 of the Stalking Horse APA, payment of the Purchase Price is to be satisfied as follows:
- i) payment to the Proposal Trustee of an amount equal to the sum of the value of all Priority Payables;
  - ii) payment to the Proposal Trustee of an amount equal to the sum of the value of all Cure Costs; and
  - iii) as to the balance, by the Purchaser assuming the Vendor's obligations and liabilities under the Waterton Credit Agreement.
24. By definition, Priority Payables are all amounts and claims that rank in priority to the interests of Waterton. The Proposal Trustee understands that the Priority Payables is the sum of the amount of \$160,000 owing to 161229 Canada Inc. carrying on business as Paul Whelan Mining Contractors and all amounts advanced or to be advanced pursuant to the DIP Charge. The Purchaser will be assuming all of the obligations under the DIP Charge at closing pursuant to the terms of an assumption agreement.
25. Based on the Proposal Trustee's knowledge of the assets being purchased, the Proposal Trustee believes that there are no Cure Costs.
26. The Proposal Trustee has no reason to believe that the Purchase Price is not a fair and reasonable price to be paid for the Purchased Assets as the Proposal Trustee believes that it conducted an open and transparent Sales Process, under the supervision of the Court, to obtain the highest and best price for the Purchased Assets. In addition, and as previously discussed, the Company had previously conducted the 2015 Sales Process which resulted in no transaction being completed.
27. Closing of the transaction contemplated under the Stalking Horse APA is conditional on the following conditions being satisfied by the parties:
- i) Obtaining an Approval and Vesting Order in an acceptable form to the Purchaser and the Proposal Trustee; and

- ii) Obtaining the consent of the Ontario Ministry of Northern Development and Mines ("MNDM") to the transfer of applicable unpatented and patented mining claims to the Purchaser.

28. Under the terms of the Stalking Horse APA, the Purchaser and the Company are required to work together to obtain any consent required from the MNDM to the transfer of the patented claims included in the Purchased Assets. However, the Proposal Trustee has been advised by counsel to the Purchaser that the MNDM has confirmed to them that no consent is required for such a transfer when an approval and vesting order has been granted by the Court. The Proposal Trustee and Purchaser will advise the MNDM should the Approval and Vesting Order be granted to update the MNDM accordingly. The Proposal Trustee is unaware of any other regulatory or administrative consent required as a condition to closing the transaction.

29. As the MNDM consent is not needed, the Purchaser and the Company are expected to proceed diligently to close the transaction should the Approval and Vesting Order be obtained and, as contemplated by the Stalking Horse APA, the Proposal Trustee expects that once the documentation required for closing has been settled between the parties, the Purchaser will file the Approval and Vesting Order and transfer of the unpatented claims included in the Purchased Assets pursuant to such order with the applicable Ontario mining recorder's office. Immediately upon such transfer being registered and thus being effective, which is expected to take two to three business days after filing of the Approval and Vesting Order, the balance of the Purchased Assets (the patented claims) would be transferred on the same date as such transfer is registered. The Purchaser has advised the Proposal Trustee of its experience with the two stage registration process for mining claims and as such the parties have attempted to address the situation in the blacklined changes to the model Approval and Vesting Order.

#### **POTENTIAL THIRD PARTY CLAIMS**

30. The Proposal Trustee is aware of certain third party claims that are or may be asserted against the properties and assets of the Company:

- i) The \$160,000 claim of 161229 Canada Inc. carrying on business as Paul Whelan Mining Contractors secured by a construction lien ranking in priority to the security of Waterton as set out in the Judgement of J.Varpio a copy of which is attached as **Appendix "H"**. This amount is covered under Priority Payable as defined in the Stalking Horse APA and is to be satisfied on Closing; and
- ii) Those claims in respect of certain royalty payments arising under certain royalty agreements and/or option agreements entered into by the Company prior to the commencement of these NOI Proceedings. The Proposal Trustee is aware of two of such counterparties:
  - a. VenCan Gold Corporation ("**VenCan**"): VenCan and River Gold Mines Ltd., a prior owner of the Edwards Mine now owned by the Company, had entered into a 3% Net Smelter Return Royalty Agreement; and
  - b. Kenneth Fenwick on behalf of himself and a group of his partners (collectively the "**Fenwick Group**"): The Company and the Fenwick Group, as prior owners of certain unpatented and patented mineral claims, entered into agreement pursuant to which the Fenwick Group sold their interests in such mineral claims to the Company.

31. Royalty agreements are specifically referred to in section 2.4 (c) of the Stalking Horse APA as an "Excluded Liability" and thus the Purchaser seeks to have the applicable interests in the Purchased Assets vested out and transferred to the Purchaser free and clear of any and all rights and interests therein.

32. VenCan has been on the service list since the initial application was filed in these NOI proceedings. The Proposal Trustee has not heard from VenCan and understands

that notice of the agreement has been registered on title to the applicable mining claims. A copy of the Net Smelter Return Royalty Agreement between River Gold Mines Ltd. and VenCan is attached as **Appendix "I"**. This agreement is further explained at paragraph 27 of the Affidavit of Denis Crane dated December 6, 2016 filed in these NOI proceedings.

33. On February 7, 2017, the Proposal Trustee was contacted via email by Mr. Kenneth Fenwick on behalf of the Fenwick Group who were the vendors of certain patented and unpatented mineral claims located in Priske Township, which were sold and/or transferred to the Company pursuant to an agreement dated November 18, 2011 (the "**Fenwick Sale Agreement**"). A copy of the Fenwick Sale Agreement is attached here as **Appendix "J"**.

34. Under the terms of the Fenwick Sale Agreement, an undivided interest in and to the following properties/claims were transferred to the Company:

- Claim No. 1196889;
- Patented Claims Nos. TB 3327 and TB 3354; and
- Staked claims: 4240554, 4240555, 4240557, 4240558, 4240559 and 4240565

(collectively, the the "**Fenwick Claims**")

35. The Fenwick Sale Agreement also provides that the Fenwick Group would be entitled to receive a yearly pre-production advance royalty in the amount of \$10,000 and a continuing 3% Net Smelter Royalty ("**NSR**") from the proceeds of commercial production from the Fenwick Claims. The Fenwick Sale Agreement sets out the formula for calculating the NSR amounts. To the best of the Proposal Trustee's knowledge, there has been no production generated with respect to any of the Fenwick Claims. In fact, the Proposal Trustee understands that the patented claims listed above have been returned to the original owners, as a result of the Company allowing them to go into default.



36. Based on its correspondence with Mr Fenwick, the Proposal Trustee understands that the only mineral claim that remains with the Company at this point in time which is relevant to the Stalking Horse APA is claim number 1196889. A review of the Mining Claim Abstract obtained from MNDM, a copy of which is attached hereto as **Appendix "K"**, indicated that no notice or registration of the NSR entitlements appear to be registered in favour of the Fenwick Group against claim number 1196889.
37. As currently contemplated under the Stalking Horse APA, and the proposed form of Approval and Vesting Order, claim number 1196889 is the only claim out of the Fenwick Claims that is subject to the transaction, and the terms of the vesting order.
38. The Fenwick Group has asserted a priority interest in the Fenwick Claims and informed the Proposal Trustee that any purchaser of the Company's assets should be made aware of their interest in such claims. The Purchaser has confirmed to the Proposal Trustee that they are not prepared to include this interest as an assumed liability under the Stalking Horse APA and, as such, are seeking to have any interest in claim number 1196889 vested out free and clear as part of the Approval and Vesting Order.
39. By email dated February 13, 2017, the Proposal Trustee informed Mr. Fenwick that as an officer of the Court it did not take a position with respect to their claim for amounts owing in respect of the Fenwick Claims, and that the Proposal Trustee would add a copy of the Fenwick Sale Agreement to the Data Room thereby putting prospective purchasers and the Purchaser on notice of its existence.
40. In addition, the Proposal Trustee also advised Mr. Fenwick regarding the process for obtaining a vesting order, and that it was likely that a successful purchaser in the Sales Process, including the Purchaser, would seek to have the Fenwick Group's interests in the Fenwick Claims vested off free and clear as part of the Sale Process. As such, the Proposal Trustee further suggested that the Fenwick Group engage counsel and be represented at the approval hearing as their rights may be negatively affected, including the loss of any right to claim those amounts the Fenwick Group

purports to be entitled under the Fenwick Sale Agreement and which it asserts binds a successor.

41. The Proposal Trustee has since added the Fenwick Group to the service list for these NOI proceedings.
42. The Proposal Trustee advises that the form of Approval and Vesting Order being sought in this Motion includes specific language to vest out any and all royalty rights and/or claims and purchase options pursuant to or arising under any agreements or arrangement, whether written or otherwise, entered into by the Company prior to the Appointment Order, including, but limited to, claim number 1196889.
43. The Proposal Trustee is of the view that the Stalking Horse APA represents the best recovery for the Company's property in the circumstances and is therefore seeking the Court's approval of the Stalking Horse APA and the Transaction, in the form of Approval and Vesting Order sought.

#### **INTERIM RECEIPTS AND DISBURSEMENTS**

44. The Company obtained Court approval to obtain DIP Funds of up to \$588,000, as per the terms of the Sales Process Approval Order. As of the date of this Third Report, the Company has obtained one advance of \$156,000.00 from the DIP Lender. Attached as **Appendix "L"** is the Interim R&D as of March 8, 2017.
45. The Proposal Trustee has been monitoring the activity in the Company's bank account against the Company's updated Projected Weekly Cashflow Statement as found in the Second Report. There have not been any material adverse changes in the Company's situation.

#### **EXTENSION OF STAY OF PROCEEDINGS**

46. The initial stay of proceedings expired on December 29, 2016. Pursuant to the Sales Process Approval Order the stay of proceedings was extended to February 10, 2017 to allow the Company and the Proposal Trustee to conduct a substantial portion of

the Sales Process. Pursuant to the Extension Approval Order the stay of proceedings was extended to March 27, 2017.

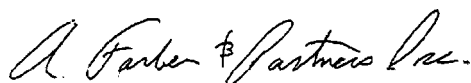
47. The timing of closing of the Stalking Horse APA, which itself remains subject to the approval of this Honourable Court, is subject to when the Purchaser is able to obtain necessary approvals and confirmation of assignment from the MNDM. There is no certainty as to when this will occur, but the Proposal Trustee understands that it could take a few days from the date the Approval and Vesting Order is filed with the MNDM.
48. A further 45 day extension to the stay of proceedings to May 11, 2017 (the "Extension Period") is required to allow the Company and the Proposal Trustee to close the transaction contemplated by the Stalking Horse APA.
49. The Proposal Trustee is not aware of any creditors who would be materially prejudiced by the granting of the requested extension to the Extension Period.
50. The Company has acted in good faith and with due diligence in these NOI proceeding to date.
51. In the circumstances, the Proposal Trustee continues to believe that this is the most appropriate strategy to maximize recovery for the benefit of all stakeholders.

#### **RECOMMENDATIONS**

52. The Proposal Trustee recommends, for those reasons herein stated, that this Honourable Court grant the relief requested herein at paragraph 6(b).

All of which is respectfully submitted this 10<sup>th</sup> day of March, 2017.

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



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**Tab A**

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.**

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

**December 8, 2016**

**APPENDICES**

<b>APPENDIX A:</b>	<b>CERTIFICATE OF FILING NOTICE OF INTENTION TO MAKE A PROPOSAL DATED NOVEMBER 29, 2016</b>
<b>APPENDIX B:</b>	<b>ORDER OF J.VARPIO OCTOBER 21, 2014</b>
<b>APPENDIX C:</b>	<b>STALKING HORSE ASSET PURCHASE AGREEMENT</b>
<b>APPENDIX D:</b>	<b>STALKING HORSE BIDDING PROCEDURES</b>
<b>APPENDIX E:</b>	<b>SALES PROCESS TIMETABLE</b>
<b>APPENDIX F:</b>	<b>PROJECTED CASHFLOW TO MARCH 17, 2017</b>
<b>APPENDIX G:</b>	<b>NOTICE TO CREDITORS OF NOI</b>
<b>APPENDIX H:</b>	<b>CASHFLOW FILED WITH OFFICIAL RECEIVER</b>

## 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 Priske 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 Staking 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 8<sup>th</sup> day of December, 2016.

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

**IN RE THE PROPOSAL OF STRIKE MINERALS INC.**

*A. Farber & Partners Inc.*

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# Tab B

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)

THE HONOURABLE Mr. 

JUSTICE

) TUESDAY, THE 13<sup>TH</sup>

)

) DAY OF DECEMBER, 2016

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

**ORDER**

(Re: Stalking Horse Agreement, Bidding Procedures, DIP Facility,  
Priority Charges and Stay Extension)

THIS MOTION, made by Strike Minerals Inc. (the "Debtor"), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of Denis Crane sworn on December 6, 2016 and the Exhibits thereto (the "Crane Affidavit") and the First Report of A. Farber & Partners Inc., in its capacity as Proposal Trustee (in such capacity, the "Proposal Trustee") of the Debtor dated December 8, 2016 (the "First Report") and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for Debtor, counsel for the Proposal Trustee and all other parties listed on the Counsel Slip, no one appearing for any other person, although duly served as it appears from the Affidavits of Service of Roxana G. Manea sworn December 9, 2016 and December 12, 2016;

## SERVICE

1. **THIS COURT ORDERS** that the time for service of this Motion, the Motion Record herein and the First Report is abridged and service is validated such that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which appears on the Commercial List website at the following link: <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* (the "Rules"), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules. Subject to Rule 3.01(d) of the Rules and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission.

3. **THIS COURT ORDERS** that the E-Service List Keeper (as defined in the Protocol) for the purpose of this proceeding shall be the Proposal Trustee.

## STALKING HORSE AGREEMENT

4. **THIS COURT ORDERS** that the Debtor is hereby authorized to execute, *nunc pro tunc*, the Stalking Horse Agreement with 2548304 Ontario Inc, as purchaser (the "Stalking Horse Purchaser"), provided that nothing herein approves the sale and the vesting of the assets to the Stalking Horse Purchaser pursuant to the Stalking Horse Agreement and that the approval of the sale and vesting of such assets shall be considered by this Court on a subsequent motion made to

this Court following completion of the sale process pursuant to the terms of the Bidding Procedures (defined below).

### **BIDDING PROCEDURES**

5. **THIS COURT ORDERS** that the bidding procedures including the auction procedures in the form attached hereto as Schedule "A" (the "**Bidding Procedures**") are approved. The Debtor and the Proposal Trustee are authorized to administer the Bidding Procedures and auction, if determined necessary, and to perform each of their obligations thereunder.

6. **THIS COURT ORDERS** that, in the event the Stalking Horse Purchaser is not the Successful Bidder (as defined in the Bidding Procedures), the Debtor is authorized and directed to pay the Stalking Horse Purchaser the Break Fee in the amount of \$150,000.00 in accordance with the Stalking Horse Agreement and Bidding Procedures, such amount to be paid out of the sales proceeds derived from and upon completion of the Successful Bid (as defined in the Bidding Procedures).

### **DIP FINANCING**

7. **THIS COURT ORDERS** that the Debtor is hereby authorized and empowered to obtain and borrow under one or more credit facilities (collectively, the "**DIP Facility**") granted by Waterton Global Value, L.P. (in such capacity, the "**DIP Lender**") to be used for the purposes described in the DIP term sheet attached as Exhibit "S" to the Crane Affidavit (the "**DIP Term Sheet**"), provided that the borrowings under the DIP Facility shall not exceed the amount specified in the DIP Term Sheet, unless permitted by further Order of this Court.



8. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet.

9. **THIS COURT ORDERS** that the Debtor is authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Debtor is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

10. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Charge**"), which shall not exceed an aggregate amount of \$588,000.00 on the Debtor's current and future properties, assets and undertakings of every nature and kind whatsoever and wherever situated, including all proceeds thereof, including any real property of the Debtor (collectively, the "**Property**"). The DIP Charge shall not secure an obligation that exists before this Order is made. The DIP Charge shall have the priority set out in paragraph 17, below.

11. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order or the BIA (including sections 69 and 69.1):

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the DIP Term Sheet or the Definitive Documents, the DIP Lender, upon three (3) business days' notice to the Debtor and to the Proposal Trustee, may exercise any and all of its rights and remedies against the Debtor or the Property under or pursuant to the DIP Term Sheet, the Definitive Documents and the DIP Charge, including, without limitation, to cease making advances to the Debtor and set off and/or consolidate any amounts owing by the DIP Lender to the Debtor against the obligations of the Debtor to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Debtor and for the appointment of a trustee in bankruptcy of the Debtor; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Debtor or the Property.

12. **THIS COURT ORDERS AND DECLARES** that that the DIP Lender shall be treated as unaffected in any proposal filed by the Debtor under the BIA with respect to any advances made pursuant to the DIP Term Sheet or the Definitive Documents.

13. **THIS COURT ORDERS** that: (a) pending expiry of the time for filing a notice of appeal or application for leave to appeal in respect of this Order and the disposition of any motions to review, rescind or vary this Order, applications for leave to appeal or appeals from this Order (collectively, "**Challenges**"), the Debtor is authorized to borrow funds under the DIP Facility in accordance with the DIP Term Sheet; (b) irrespective of the disposition of any

Challenges, the DIP Lender shall have the benefit of the DIP Charge and all other provisions of this Order in respect of all amounts so advanced; and (c) this Order is subject to provisional execution to the extent necessary to give effect to the foregoing.

#### **CASH MANAGEMENT**

14. **THIS COURT ORDERS** that the Proposal Trustee is hereby expressly empowered and authorized, but not obligated, to do the following where the Proposal Trustee considers it necessary or desirable:

(a) to take possession of and exercise control over any and all proceeds and receipts of the Debtor, including, but not limited to, any advances made under the DIP Facility for and on behalf of the Debtor; and

(b) to pay expenses and make disbursements for and on behalf of the Debtor from the receipts held for and on behalf the Debtor, including any payments on account of the Charges (defined below), and repayments on account of the DIP Facility,

and, in each case where the Proposal Trustee takes any such action or steps, it shall be authorized and empowered to do so for and on behalf of the Debtor and subject to the direction of the Debtor or further Order of the Court.

15. **THIS COURT ORDERS** that no proceeding or enforcement process in any Court or Tribunal shall be commenced or continued against the Proposal Trustee except with the written consent of the Proposal Trustee or with leave of this Court.

16. **THIS COURT ORDERS** that all funds, monies, cheques, instruments and other forms of payments received or collected by the Proposal Trustee from and after the making of this Order from any source whatsoever, including without limitation any funds arising from the DIP Facility, the Stalking Horse Agreement or the Bidding Procedure, shall be deposited into one or more new accounts to be opened by the Proposal Trustee (the "**Post Filing Accounts**") and the money standing to the credit of such Post Filing Accounts from time to time, net of any disbursements provided for herein, shall be held by the Proposal Trustee to be paid in accordance with the terms of this Order or any further Order of this Court.

17. **THIS COURT ORDERS** that the Proposal Trustee shall incur no liability or obligation as a result of carrying out the provisions of this Order, save and except for any gross negligence or willful misconduct on its part, or in respect of its obligations under Sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Act*. Nothing in this Order shall derogate from the protections afforded by Section 14.06 of the BIA or any other applicable legislation.

#### **ADMINISTRATION CHARGE**

18. **THIS COURT ORDERS** that counsel to the Debtor, the Proposal Trustee and counsel to the Proposal Trustee shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Debtor as part of the costs of these proceedings. The Debtor is authorized and directed to pay the accounts of counsel for the Debtor, the Proposal Trustee and counsel for the Proposal Trustee.

19. **THIS COURT ORDERS** that the Proposal Trustee and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Proposal Trustee and its

legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. **THIS COURT ORDERS** that the Proposal Trustee (including in its capacity as trustee in bankruptcy, if applicable), counsel to the Proposal Trustee (including in its capacity counsel to as trustee in bankruptcy, if applicable) and counsel to the Debtor shall be entitled to the benefit of and are granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$300,000.00, as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after the Debtor filing its NOI under the BIA and the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph 17 below.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

21. **THIS COURT ORDERS** that the priorities of the DIP Charge and the Administration Charge (collectively, the "**Charges**"), as among them, shall be as follows:

- (a) First – the Administration Charge (to the maximum amount of \$300,000.00); and
- (b) Second – the DIP Charge (to the maximum amount of \$588,000.00).

22. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

23. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "Encumbrances"), in favour of any individual, firm, corporation, governmental body or agency (except statutory deemed trusts that, at law, rank in priority to all other charges), or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person").

24. **THIS COURT ORDERS** that, except as otherwise expressly provided for herein or as may be approved by this Court, the Debtor shall not grant any Encumbrances over any Property that ranks in priority to, or *pari passu* with, any of the Charges, unless the Debtor also obtains the prior written consent of the Proposal Trustee, the DIP Lender and the beneficiaries of the Administration Charge, or further Order of this Court.

25. **THIS COURT ORDERS** that the Charges, the DIP Term Sheet and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing or deemed filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease,

sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Debtor, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet, or the Definitive Documents shall create or be deemed to constitute a breach by the Debtor of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Debtor entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Debtor pursuant to this Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

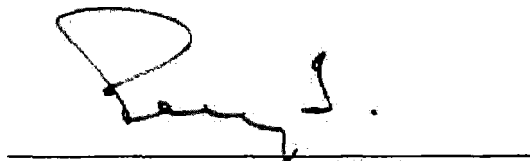
#### **EXTENSION OF PROPOSAL PERIOD**

26. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the BIA, the time for filing a proposal with the Official Receiver in the proceedings of the Debtor, including the stay of proceedings, is extended to and including February 10, 2017.

#### **GENERAL**

27. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Debtor, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtor and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Debtor and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

28. **THIS COURT ORDERS** that each of the Debtor and the Proposal Trustee be at liberty and is authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Proposal Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.



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**SCHEDULE "A"**  
**BIDDING PROCEDURES**

NAP

## 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 2548304 Ontario Inc. (the "Stalking Horse Bidder") dated December ●, 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 [December 13], 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 February 16, 2017 (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, ("Waterton Global") and Strike, as borrower, and approved by a Court authorizing a super-priority credit facility provided to Strike by Waterton Global.

**"Priority Payables"** means any and all amounts and claims which rank in priority to the interest of Waterton Global pursuant to the Waterton Credit Agreement 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](mailto: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), or provide equivalent FMV in respect of the assumption of such contracts, Permitted Liens and other obligations, as determined by the Proposal Trustee applying standard valuation techniques.

#### 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 21, 2017, at 11:00 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.

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

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

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

Proceedings commenced at London; transferred to Toronto

**ORDER**

**(Re: Stalking Horse Agreement, Bidding Procedures,  
DIP Facility, Priority Charges and Stay Extension)**

**Thornton Grout Finnigan LLP**

Barristers & Solicitors  
Suite 3200, TD West Tower  
100 Wellington Street West  
P.O. Box 329, Toronto-Dominion Centre  
Toronto, ON M5K 1K7

**D.J. Miller (LSUC# 34393P)**

Email: [djmillier@tgf.ca](mailto:djmillier@tgf.ca)  
Tel: (416) 304-0559

**Asim Iqbal (LSUC# 61884B)**

Email: [aiqbal@tgf.ca](mailto:aiqbal@tgf.ca)  
Tel: (416) 304-0595  
Fax: (416) 304-1313

Lawyers for Strike Minerals Inc.

# Tab C

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.**

**A. FARBER & PARTNERS INC.  
SECOND REPORT OF THE PROPOSAL TRUSTEE**

**February 6, 2017**

**APPENDICES**

- APPENDIX A: FIRST REPORT OF PROPOSAL TRUSTEE**
- APPENDIX B: SALES PROCESS APPROVAL ORDER DEC. 13, 2016**
- APPENDIX C: STATEMENT OF RECEIPTS & DISBURSEMENTS**
- APPENDIX D: CASHFLOW PROJECTION TO MAR. 24, 2017**
- APPENDIX E: FEE AFFIDAVIT OF PETER CRAWLEY**
- APPENDIX F: FEE AFFIDAVIT OF AARON COLLINS**

## 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**").
2. On December 8, 2016, Farber filed its first report (the "**First Report**") with the Court in support of Strike's motion returnable December 13, 2016 to obtain Court approval of, *inter alia*:
  - i) the bidding procedures with respect to a stalking horse sales and marketing process (the "**Bidding Procedures**");
  - ii) a DIP Charge; and
  - iii) an Administration Charge (as defined therein).

A copy of the First Report, without appendices, is attached hereto as **Appendix "A"**.

3. On December 13, 2016, The Honourable Mr. Justice Penny issued an Order (the "**Sales Process Approval Order**") wherein the Court approved:
  - i) the Bidding Procedures;
  - ii) the DIP Charge in favour of the DIP Lender in an aggregate amount of \$588,000;
  - iii) the Administration Charge to an aggregate amount of \$300,000; and
  - iv) an extension of the time period for filing a proposal with the Official Receiver to and including February 10, 2017.

The Sales Process Approval Order is attached hereto as **Appendix "B"**.



## PURPOSE OF THIS REPORT

4. The purposes of this second report of the Proposal Trustee (the **"Second Report"**) are to:
- a) report to the Court on the Proposal Trustee's activities since the First Report; and
  - b) provide the Proposal Trustee's support for an Order as requested by Strike:
    - i) approving a proposed 45 day extension to March 27, 2017 for the filing of Strike's Proposal pursuant to the BIA;
    - ii) approving this Second Report and the activities of the Proposal Trustee set out herein;
    - iii) approving the fees and disbursements of the Proposal Trustee and its legal counsel, Aird & Berlis LLP (**"A&B"**), as set out in the Affidavit of Peter Crawley of Farber sworn on February 2, 2017 (the **"Crawley Affidavit"**) and the Affidavit of Aaron Collins of A&B sworn on January 31, 2017 (the **"Collins Affidavit"**); and
    - iv) such other relief as this Honourable Court deems appropriate.

## DISCLAIMER

5. 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 Second 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 Second Report or for any use which any person or entity makes of this Second Report, or any reliance on or a decision made based upon this Second Report, other than for the express purposes as set out in this Second Report.

6. Unless otherwise stated herein, all references to dollars are in Canadian currency.
7. Capitalized terms not defined in this report are as defined in either the First Report or the Sales Process Approval Order.
8. Pursuant to the E-Service Protocol of the Commercial List, which the Court has approved the Company to adopt in these NOI proceedings, a copy of this Second 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>.

#### **ACTIVITIES OF THE PROPSAL TRUSTEE**

9. Upon issuance of the Sales Process Approval Order the Proposal Trustee began marketing the assets, properties and undertakings of Strike for sale by:
  - i) Preparing a non-confidential information teaser and a confidential information memorandum, each of which were reviewed and approved by Strike's management;
  - ii) Placing an advertisement in the National Post (appearing in the December 16, 2016 edition);
  - iii) Posting the information teaser, confidentiality agreement, Bidding Procedures and the Stalking Horse APA on its website;
  - iv) Emailing the information teaser to fifty-five (55) people across forty-nine (49) organizations in the mining industry;
  - v) Establishing a secure online virtual data room and providing access to those interested parties that provided a signed confidentiality agreement to conduct due diligence on Strike and its assets; and

- vi) Placing an on-line advertisement with Northern Miner for a two week period from January 11<sup>th</sup> to 26<sup>th</sup>, appearing on the [www.NortherMiner.ca](http://www.NortherMiner.ca) webpage and in Northern Miner's daily and weekly e-newsletters over that period.
- 10. On January 16, 2017, the Proposal Trustee sent follow-up emails to thirty-nine (39) of the prospective purchasers, who had not responded to the initial notification, to invite them to participate in the sales process.
- 11. From the date of the Sales Process Approval Order the Proposal Trustee has facilitated the negotiation and finalization of confidentiality agreements and provided access to the secure online data room to those parties that provided signed copies of same to the Proposal Trustee.
- 12. The Proposal Trustee has maintained a list of those parties contacted to date and their respective responses.
- 13. The Proposal Trustee has been reporting to various key stakeholders as required throughout the Sales Process.
- 14. The Proposal Trustee assisted Strike with opening a new bank account at the Canadian Imperial Bank of Commerce ("CIBC") in order to receive and disburse the DIP Funds, as discussed below.
- 15. The Proposal Trustee has monitored Strike's cash position and disbursements.

#### **EXTENSION OF STAY OF PROCEEDINGS**

- 16. The initial stay of proceedings expired on December 29, 2016. The Bid Deadline as set out in the Bidding Procedures is February 16, 2017. The Court extended the stay of proceedings by an additional 45 days to February 10, 2017 pursuant to the Sales Process Approval Order to 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.

17. A further 45 day extension to the stay of proceedings to March 27, 2017 (the “**Extension Period**”) is required to allow Strike and the Proposal Trustee to complete the Sales Process. The timetable for the Sales Process contemplated having a sale closed by March 17, 2017. The requested extension to the Extension Period will provide a one week cushion to close a sale.
18. The Proposal Trustee is not aware of any creditors who would be materially prejudiced by the granting of the requested extension to the Extension Period.
19. Strike has acted in good faith and with due diligence in these NOI proceeding to date.
20. In the circumstances, the Proposal Trustee continues to believe that this is the most appropriate strategy to maximize recovery for the benefit of all stakeholders.

#### **RECEIPTS AND DISBURSEMENTS**

21. Strike obtained Court approval to obtain DIP Funds of up to \$588,000, as per the terms of the Sales Process Approval Order. As of the date of this Second Report, Strike has obtained on advance of \$156,000 from Waterton, the DIP Lender. Attached as **Appendix “C”** is the Interim Statement of Receipts and Disbursements as at January 31, 2017.
22. The Proposal Trustee has been monitoring the activity in Strike’s bank account against Strike’s 15 Week Cashflow as found in the First Report. There have not been any material adverse changes in Strike’s situation.
23. As reported in the First Report, the Proposal Trustee was aware of certain outstanding judgements against Strike and considered the need to establish its own trust account for the specific purpose of administering Strike’s DIP Funds as an alternative cash management solution. However, CIBC provided the Proposal Trustee with assurances that it recognized the stay of proceedings and, therefore, an alternate cash management solution was not required.

## **CASHFLOW**

24. Attached as **Appendix "D"** is Strike's updated cashflow projection to the end of the Extension Period.
25. The DIP Charge amount of \$588,000 remains appropriate and no change to this amount is being requested at this time.

## **FEES AND DISBURSEMENTS OF THE PROPOSAL TRUSTEE AND ITS LEGAL COUNSEL**

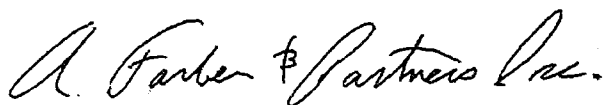
26. As set out in the Crawley Affidavit attached as **Appendix "E"**, for the period July 4, 2016 to December 31, 2016 the Proposal Trustee has expended 175.8 hours, amounting to fees of \$80,733.00 and disbursements of \$1,054.80 (before H.S.T.).
27. As set out in the Collins Affidavit, attached as **Appendix "F"**, for the period July 14, 2016, to January 18, 2017, A&B, independent legal counsel for the Proposal Trustee, has expended 98.0 hours, amounting to fees and disbursements of \$59,383.06 (including H.S.T.).

## **RECOMMENDATIONS**

28. The Proposal Trustee recommends, for those reasons herein stated, that this Honourable Court grant the relief requested herein at paragraph 4(b).

All of which is respectfully submitted this 6<sup>th</sup> day of February, 2017.

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



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# Tab D

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

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)

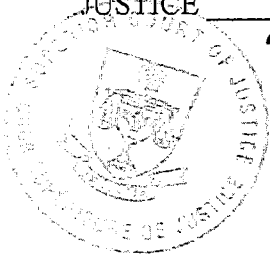
THE HONOURABLE

) THURSDAY, THE 9<sup>TH</sup>

JUSTICE

*HAINES*

)  
) DAY OF FEBRUARY, 2017



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

**ORDER**  
(Re: Fee Approval and Stay Extension)

**THIS MOTION**, made by Strike Minerals Inc. (the "**Debtor**"), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion herein, the Affidavit of Denis Crane sworn on January 31, 2017 (the "**Crane Affidavit**") and the Second Report of A. Farber & Partners Inc., in its capacity as Proposal Trustee (in such capacity, the "**Proposal Trustee**") of the Debtor (the "**Second Report**"), and on hearing the submissions of counsel for the Debtor, counsel for the Proposal Trustee and all other parties listed on the Counsel Slip, no one appearing for any other person, although duly served as it appears from the Affidavit of Service of Roxana G. Manea, sworn February 7, 2017;

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of this motion, the Motion Record herein and the Second Report is abridged and service is validated such that this motion is properly returnable today, and hereby dispenses with further service thereof.

**APPROVAL OF SECOND REPORT**

2. **THIS COURT ORDERS** that the Second Report and the conduct and activities of the Proposal Trustee described therein are approved.

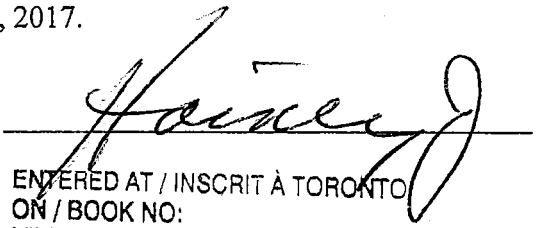
**APPROVAL OF FEES AND DISBURSEMENTS**

3. **THIS COURT ORDERS** that the fees and disbursements of the Proposal Trustee, being \$80,733.00 in fees and disbursements of \$1,054.80 plus HST of \$10,495.29, totaling \$92,283.09 as set out in Appendix "E" to the Second Report, are approved.


4. **THIS COURT ORDERS** that the fees and disbursements of the Proposal Trustee's counsel, Aird & Berlis LLP, being \$59,383.06, including HST, as set out in Appendix "F" to the Second Report, are approved.

**EXTENSION OF PROPOSAL PERIOD**

5. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the BIA, the time for filing a proposal with the Official Receiver in the proceedings of the Debtor, including the stay of proceedings, is extended to and including March 27, 2017.

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

FEB 09 2017

PER / PAR: 



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

Court File No.: 35-2193939

Estate No.: 35-2193939

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

Proceedings commenced at London, transferred to Toronto

**ORDER**

(Re: Fee Approval and Stay Extension)

**Thornton Grout Finnigan LLP**  
Barristers & Solicitors  
Suite 3200, TD West Tower  
100 Wellington Street West  
P.O. Box 329, Toronto-Dominion Centre  
Toronto, ON M5K 1K7  
Fax: (416) 304-1313

**D.J. Miller (LSUC# 34393P)**  
Email: [djmiller@tgf.ca](mailto:djmiller@tgf.ca)  
Tel: (416) 304-0559

**Asim A. Iqbal (LSUC# 61884B)**  
Email: [aiqbal@tgf.ca](mailto:aiqbal@tgf.ca)  
Tel: (416) 304-0595

Lawyers for Strike Minerals Inc.

# Tab E

## GOLD MINE OPPORTUNITY COURT SUPERVISED SALES PROCESS

### Re: STRIKE MINERALS INC.

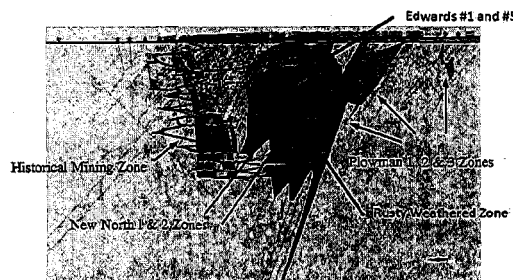
Strike Minerals Inc. ("**Strike**") indicates that it owns an interest in three (3) patented mining claims and twelve (12) unpatented mining claims (the "**Property**");

The three (3) patented mining claims and three (3) of the twelve (12) unpatented mining claims are in Jacobson Township and constitute the Edwards Mine Property ("**Edwards**"). Edwards is Strike's primary asset and is located 50km northeast of Wawa in the Jacobson Township of the Sault St. Marie Mining Division in northwestern Ontario.

**MAP of the Wawa Mining Area:**



**IMAGE of Mineralization at Edwards:**



Further public information on the Edwards Mine can be found at: <http://strikeminerals.com/projects/edwards/>

### KEY ATTRIBUTES OF EDWARDS & THE OPPORTUNITY

- A unique high grade opportunity
- Located within the eastern domain of the Goudreau Lake Deformation Zone
- Immediately adjacent to Richmond Mines Island Gold Mine
- The Property is a past producer: 454,000 tons at .389 opt produced 144,000 oz Au.
- Extensive onsite infrastructure and underground development; including ramp access down to 280m
- Property hosts 12 known individual, parallel NW-SE trending mineralized zones over 1km distance
- Significant exploration potential: Rusty Weather Zone
- Ore is highly amenable to gravity concentrations methods – recoveries 77%
- Non 43-101 compliant estimate of inferred resource is a further 206,307 tons at .364 opt Au for 75,022 oz Au.

### THE SALES PROCESS

Strike filed a Notice of Intention to Make a Proposal pursuant to section 50.4(1) of the Bankruptcy & Insolvency Act (Canada) on November 29, 2016, and A. Farber & Partners Inc. was appointed proposal trustee (the "**Proposal Trustee**"). On December 13, 2016 Strike obtained court approval to conduct a sales process (the "**Sales Process**") in respect of the Property with the assistance of the Proposal Trustee.

The Sales Process is a stalking horse sales process and involves a court approved stalking horse offer which shall serve as a base-line bid against which all other qualified offers will be evaluated. The stalking horse offer is in the form of an asset purchase agreement and is the form in which all other offers are to be submitted.

The purpose of this invitation is to solicit interest in the Property from the marketplace pursuant to the terms of the Sales Process. Parties interested in acquiring the Property will be required to sign a confidentiality agreement which is available on the Proposal Trustee's website named below.

**The deadline for submission of Qualified Offers is 5:00 p.m. EST Thursday, February 16, 2017.**

Enquiries for potential purchaser/investor qualification should be made to the Proposal Trustee to the attention of:

Paul Denton: 416-496-3773, [pdenton@farberfinancial.com](mailto:pdenton@farberfinancial.com)

Or

Peter Crawley: 416-496-3507, [pcrawlev@farberfinancial.com](mailto:pcrawlev@farberfinancial.com)

Interested parties are advised that the Proposal Trustee is posting documents relevant to the Sales Process at:

<http://www.farberfinancial.com/insolvency-engagements/strike-minerals-inc>

# Tab F

## ECONOMY

MANUFACTURING  
SALES FELL 0.8% IN  
OCTOBER: STATCAN

## Risks ... don't exist

CORCORAN  
Continued from FP1

If that sounds like a bureaucratic make-work project, that's because it is. The task force, officially titled The Task Force on Climate-related Financial Disclosure, is dominated by big-name consultants and global sustainability officers whose business plans and/or careers will have to be dramatically expanded to carry out the busy work of connecting materials, schemes, data, impact statements, concepts and a million pages of reporting rules and systemic scenarios that will have to be reviewed for decades to come.

Consider this mind-boggling recommendation: The task force calls for "the disclosure of potential impacts of climate-related risks and opportunities on an organization's business, strategies and financial planning under different potential future states (scenarios), including a 2 degree Celsius scenario." Over time, it said, the task force "would expect to see more quantitative analyses in disclosures, including the underlying assumptions associated with the climate-related scenarios used."

Looks like a lifetime of iterative work for the KPMGs and Deloittes of the world along with thousands of vice-presidents of sustainability. The disclosure regime, which would apply to all public corporations, from energy firms to financial institutions to pension funds, seems a good match for America's Dodd-Frank financial regulatory act as an expensive burden on business. Like Dodd-Frank, it has the outstanding potential to become a dubious regulatory burden on the investment world. The usefulness stems from the likelihood that climate disclosure aims to disclose allegedly new risks that don't exist.

A recent report by global energy expert Daniel Yergin and colleague Elena Pavlovskaya at IHS Energy said there is no imminent financial or investment risk from climate change. Moreover, said Yergin, the Carney-Bloomberg proposals could generate a new stream of central bank and financial regulator interventions into corporate economic behavior. The unintended consequences include undermining investor confidence, reduced competitiveness of investor-owned energy companies and higher prices for consumers.

The Yergin paper, dated October, takes direct aim at Carney, who has been talking up climate risks for more than a year, claiming that limiting change to the 2C scenario could "destabilize markets, spark a pro-cyclical crystallization of losses and a persistent tightening of financial conditions." Yergin and his co-author say such warnings are unwarranted.

The oil-price crash over the last two years "provides a real-life, high-intensity, externally driven stress test" of the resilience of the energy industry and the financial system. In all, the price plunge produced a \$1.4-trillion hit to oil companies but minimal impact on the global financial system. That's nowhere near the \$31-trillion wiped out during the 2008 financial crisis which, while large, is not comparable to any climate policy shifts now taking place. The time frame for imagined moves away from carbon is measured in decades and quarter-centuries. "An energy transition that unfolds over decades does not seem to fit the definition of systemic risk," says the IHS report, which is titled "Do Investments in Oil and Gas Constitute 'Systemic Risk'?"

Over time, of course, the biggest risk to corporate and financial stability is the potential emergence of growth-killing climate policy overkill from governments and central bankers. Piling carbon and climate disclosure on top of everything else can only make matters worse. "Under such (disclosure) policies, financial regulators and central banks would take a much more active role in deflating climate risk and regulating investments in such 'risky' sectors," said IHS. In other words, central banks and financial regulators would be stepping into the arena of environmental policy-making. So much for "by the market for the market."

The implication of the Carney-Bloomberg proposals is that the market — corporations, investors, financial institutions — are incapable of assessing market risks. Carney might want to have a word with Rex Tillerson, CEO of Exxon Mobil and president-elect Trump nominee for Secretary of State. In 2014, Exxon detailed its assessment of carbon and climate risk with a firm conclusion. "Based on this analysis, we are confident that none of our hydrocarbon reserves are now or will become 'stranded'."

As Exxon (rightly) sees the greater systemic risk would be the imposition of a draconian low-carbon scenario that would produce economic shocks that are "beyond those that societies, and especially the world's poorest and most vulnerable, would be willing to bear."

Elsewhere in the climate sustainability silo, Royal Dutch Shell plans to link bonuses to greenhouse-gas emissions. The implication is that a Shell CEO might be prompted to boost his bonus payout by scrapping profit-making investments to meet personal carbon-emissions targets. It would be hard to imagine that as a perverse incentive regime.

But that seems to be corporate investment future envisaged the Carney-Bloomberg plan. Odd that nobody recommended compensating central bankers on the accuracy of their economic forecasts and their effectiveness as preventers of economic turmoil and systemic risk.

Financial Post

**DIVIDEND**  
For advertising information call  
(416) 366-2321 or 1-800-466-6437 x 303  
Fax (416) 366-2402

**MEDIA DIAGNOSTIC**  
DIVIDEND NOTICE  
On November 8, 2016, the Board of Directors of Mediagrit Interactive Technologies Inc. ("Mediagrit") declared a dividend of \$0.10 per share, payable on January 15, 2017 to shareholders of record on January 5, 2017.  
Hélène Malak  
Corporate Secretary  
Mediagrit Interactive Technologies Inc.

**LEGAL**  
For advertising information call  
(416) 366-2321 or 1-800-466-6437 x 303  
Fax (416) 366-2402

**GOLD MINE OPPORTUNITY**  
IN THE MATTER OF THE PROPOSAL OF  
STIRCE MINERALS INC.  
A Factor & Partners Inc. is in the process of preparing the Proposed Plan of Arrangement for the Proposed Acquisition of Stirce Minerals Inc. ("Stirce") by a consortium of investors. The Proposed Plan of Arrangement is a court-supervised process under the "Stirce Process" in respect of the assets, undertaking and property of Stirce indicated to include certain mining claims and the Eastern Mine in the Jacobson Township area of the South Sea, Maine Mining Division in Ontario (collectively the "Proposed").  
All interested parties should contact Paul Dutton at Tel: 416-498-0773 Email: paul.dutton@stirce.ca  
Interested Parties will have until 5:00 p.m. EST Thursday, February 18, 2017 to submit a written offer or proposal. Additional information is available at the Proposed Plan of Arrangement website: <http://www.stirce.ca/planofarrangement>  
For more information, please contact: [stirce@stirce.ca](mailto:stirce@stirce.ca)  
Farber & Partners Inc. Global Advisory

## COMMENT

A ringing endorsement  
for MainstreetPlain language  
a real treat  
for investorsHARRY CRITCHLEY  
Off the Record

It's one of the more remarkable reports issued on a publicly listed Canadian company in many years.

It's remarkable because the author — Ryan Meles, a member of the institutional equity sales team at CIBC World Markets in Vancouver — is not an analyst and he did not talk to the company. In this case Calgary-based Mainstreet Equity, before preparing his five-page report.

Instead Meles, who has a PhD in chemistry (which he backed up with a CFA designation) relied entirely on the company's published reports. In other words, all the information is there and all he had to do was read it. (Ironically CIBC doesn't cover Mainstreet Equity).

In that way his approach is similar to that adopted by the legendary AIM rightist journalist I.F. Stone who published I.F. Stone's Weekly for many years. Stone's approach: "I tried to give information which could be documented so the reader could check it for himself." And he did that by trying to dig the truth out of hearings, official transcripts and government documents. Stone, who died in 1989, also noted that All Governments Lie, a phrase that's been turned into a documentary, and one that would make him right at home in post-truth Washington.

Anyway back to Meles who doesn't normally delve into small-cap illiquid stocks, with the only other exception being Guardian Capital, because he believes its value "is compelling" and because management behaves "like good owners of a good business."

About six months back, Meles was attracted by



Bob Dillon, CEO and president of Mainstreet Equity, wins high praise from CIBC World Markets in Vancouver.

some of the words Mainstreet, whose chief executive is Bob Dillon, used in its quarterly financials. Those words including buying back its own stock, its current undervalued share price, its numerous intangible assets including its "residual" lead base, its condominium tiered assets, its presence in Edmonton's downtown core district and its large market share in two B.C. markets "where economic activity remains among the highest in the country."

His attention was rekindled when Mainstreet recently published its fourth-quarter financials. Meles was struck by the affirmation that the company "will continue to pursue its 100-per-cent organic growth model." Those words are a phrase that's been turned into a documentary, and one that would make him right at home in post-truth Washington.

Armed with that information, Meles explored more and eventually landed on the company's Value Chain business model — a six-step process that starts with acquisitions and ends with divestitures. In between those book ends are: capital improvement, operational efficiency,

value enhancement and financing.

In his report, Meles said he found Mainstreet's disclosure "to be fantastic." For Meles, fantastic disclosure "is when a company clearly articulates what they intend to do, what they've done, and why ... all in a manner that a normal shareholder can understand. MEQ does this."

Meles also liked another aspect of Mainstreet's disclosure: "It limits the use of non-GAAP/IFRS metrics which means 'investors get a clear picture of what's really going on.'"

Meles then donned the hat of analyst to plot charts including, the number of rentals on a per share basis over time and the role that debt has played in the company's development.

He then concluded that "minimizing dilution and prudently buying back shares (Mainstreet has fewer shares outstanding now than it did when it listed 17 years back) trumps liquidity and that sustained growth in per share metrics trumps a market's short-term desire for income (Mainstreet doesn't pay a dividend)."

Strong praise indeed. Mainstreet (MEQ) closed Thursday at \$32.50.  
Financial Post

## ECONOMY

Household indebtedness  
continues to rise

## BANK OF CANADA

BARBARA SHERER

The key vulnerabilities to the Canadian financial system continue to be elevated household debt, imbalances in the housing market, and "fragile" fixed-income market liquidity, the Bank of Canada said Thursday in its year-end review.

But the central bank says new "household vulnerabilities" will be mitigated over time by new housing finance rules.

In the December report, the second of two assessments of risk each year, the Bank of Canada noted that mortgage rates are rising in response to government and regulatory changes to housing finance rules, as well as higher long-term bond yields that are increasing underfunding costs.

However, though global economic growth has picked up in the second half of the year, Canadians continue to labour under record debt loads.

"On a national basis, household indebtedness has continued to rise and, more

importantly, so has the proportion of highly indebted households in many Canadian cities," the report said. Highly indebted individuals are key targets of the new federal measures aimed at cooling the housing market, but it will take time for the changes to have the desired effect, Carolyn Wilkins, senior deputy governor of the Bank of Canada, said at a news conference in Ottawa.

"It's not something that will be a matter of weeks. That'll be over the next few years, so it will take some time for that risk to come down," she said.

For now, the national ratio of debt to disposable income is approaching 170 per cent, with strong growth in mortgage credit, and consumer credit. And it is growing at or slightly above the rate of income growth.

Financial Post

# Tab G





Tab H

**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  
Télec.: (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

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

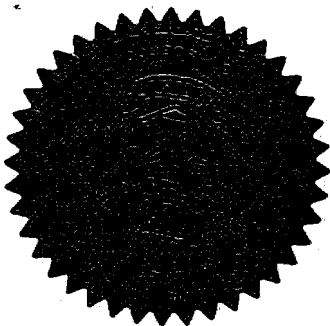
Please note, that he did sign Schedule B in error and indicated that he would not sign the other attached schedules. He indicated they are attached to the Judgment and that is what he was signing.

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.

JUSTICE VARPIO

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.

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No. 73-06	
ON	Dec 19 2014
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PAR	

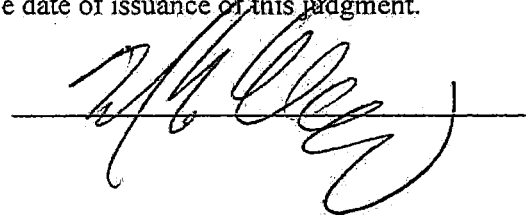
2. AND THIS COURT DECLARES AND ADJUDGES that the person mentioned in Column 1 of Schedule C to this judgment is entitled to a secured charge other than a lien under the Act (the "Charge") on the interest of Strike in the Property for the amount set opposite its name in Column 4 of Schedule C.

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 black ink, appearing to be "M. J. O'Leary", is written over a horizontal line.

# 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 IR8155 EXCEPT SRO PT 5 IR8155; 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



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The Honourable Mr. Justice Varpio

# SCHEDULE C

Column 1	Column 2		Column 3	Column 4
	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- STRIKE 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**

**FASKEN MARTINEAU DuMOULIN LLP**

Barristers and Solicitors  
333 Bay Street, Suite 2400  
Bay Adelaide Centre, Box 20  
Toronto, ON M5H 2T6

**Berkley D. Sells (LSUC No. 41023P)**

Tel: 416 865 5135

Fax: 416 364 7813

Email: [bsells@fasken.com](mailto:bsells@fasken.com)

Lawyers for the plaintiff

# Tab I

THIS NET SMELTER RETURN ROYALTY dated as of February 16, 2000

BETWEEN:

RIVER GOLD MINES LTD.  
(the "Owner")

- and -

VENCAN GOLD CORPORATION  
(the "Holder")

WITNESSES THAT:

WHEREAS the Owner acquired from the Holder a 100% undivided leasehold title in and to the Edwards Property (as defined herein) and a 100% undivided fee simple title in and to the Plowman Property (as defined herein).

AND WHEREAS the Edwards Property and the Plowman Property are sometimes collectively herein referred to as the "Property".

AND WHEREAS the Owner has agreed to grant to the Holder a net smelter return royalty payable in kind on all minerals mined, produced or otherwise recovered from the Property.

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, it is agreed as follows:

1. Definitions

- (a) "Assaying and Sampling Procedures" means the sampling, assaying, weighing, surveying, stockpiling, mining and milling procedures relating to the Property, which forms part of this Agreement and which is attached hereto as Schedule "A".
- (b) "Calculation Price" means in respect of Minerals credited to the account of the Owner, the Spot Price for such Minerals on the day that the Processor credits the Owner's account with such Minerals or with the cash equivalent dollar value of such Minerals or the Spot Price on the date that the Owner sells Minerals (other than a sale of such Minerals by the Owner in the circumstances of a sale of Minerals after such Minerals have been credited to the account of the Owner by the Processor), as the case may be.
- (c) "Crown Lease" means mining lease No. 106467 dated February 7, 1992 issued by Her Majesty the Queen in Right of the Province of Ontario in respect of the Edwards Property.
- (d) "Edwards Property" means Parcel 1861 Algoma Leasehold, being Ontario leasehold patent mining claims No. SSM490470 and SSM490471, subject to the Crown Lease, Jacobson Township, District of Algoma, Ontario.

- (e) "Encumbrances" means any right, title or interest, including any mortgage, charge, pledge, lien, license, privilege, royalty or security interest.
- (f) "Minerals" means all naturally occurring metallic and non-metallic minerals that are mined, produced or otherwise recovered from the Property by, or on behalf of the Owner, whether in the form of doré bars, concentrates or otherwise, including without limitation, gold, silver, limestone, copper, lead, zinc, natural gas, petroleum, coal, salt and quarry and pit materials, and all beneficiated or derivative products thereof.
- (g) "Net Smelter Returns" means (i) in respect of all Minerals other than gold or silver, net smelter returns calculated in accordance with customary mining industry practices and (ii) in respect of Minerals that are gold and silver, the gross proceeds received by or payable to the Owner from the sale or other disposition of Minerals that are gold or silver (other than in the circumstances of a sale of Product by the Owner after Product has been credited to the account of the Owner at the Processor) or, in the event that the account of the Owner at the Processor is credited with Product refined by the Processor, the gross value of Product so credited to the Owner calculated on the basis of the aggregate quantity of such Product so credited during the relevant time period multiplied by the Spot Price (if applicable), less the following expenses:
  - (i) all taxes based directly on or assessed against the value or quantity of Minerals produced from the Property, including the following:
    - (a) direct sales tax;
    - (b) use taxes;
    - (c) gross receipts taxes;
    - (d) severance taxes; and
    - (e) crown royalties;

but excluding any and all taxes based upon the net or gross income of the Owner or other operator of the Property, the value of the Property or the privilege of doing business and other taxes assessed on a similar basis; and
  - (ii) all transportation costs, including related insurance costs, for transportation of Minerals from the River Gold Mill, or any other mill at which ore or Minerals from the Property may be milled, to the Processor, and all direct charges and/or costs charged by any smelter, refiner, mint and/or other Processor of the Minerals, including penalties, if any (provided such charges, costs and/or penalties have not been previously deducted by the Processor). Provided that if the smelting, refining, minting and/or further processing is carried out at facilities owned or controlled, in whole or in part, by the Owner, then the charges and costs for such smelting, refining, minting and/or further processing of such Minerals shall be the lesser of: (A) the charges and costs the Owner would have incurred if such smelting, refining, minting and/or further processing was carried out at facilities that are not owned or controlled by the Owner and that are offering comparable services for comparable products; and (B) the actual charges and costs incurred by the Owner with respect to such smelting, refining, minting and/or further processing;
- (h) "Place of Delivery" means (i) in the case of Product, the place of delivery of Product to or to the account of the Holder at the Processor and (ii) in the case of Minerals other than Product or payment of the Royalty by cash, at the expense of the Holder to such place as the Holder shall direct in writing.
- (i) "Plowman Property" means Parcel 1438, Algoma West Section, being patented mining claim SSM-2183, Jacobson Township, District of Algoma, Ontario.
- (j) "Prime" means at any particular time, the reference rate of interest, expressed as a rate per annum, that the Toronto-Dominion Bank establishes as its prime rate of interest in order to

determine interest rates that it will charge for demand loans in Canadian dollars to its most credit worthy Canadian customers.

- (k) "Processor" means collectively any smelter, refiner, mint or processor or other purchaser or user of the Minerals other than the Owner. At the date of this Agreement The Royal Canadian Mint, Sabin Metals and GD Resources Inc. are the refiners of all Product produced by the Owner from the Property.
- (l) "Product" means Minerals refined to Refined Gold and Refined Silver.
- (m) "Refined Gold" means gold refined to a purity of at least 9999.
- (n) "Refined Silver" means silver refined to a purity of at least 999.
- (o) "River Gold Mill" means the mill owned by the Owner situated in the Mishibishu Lake Area of the Sault Ste. Marie Mining Division of Ontario and formerly known as the Magnacon Mill.
- (p) "Royalty" means the payments to the Holder described in Section 2 of this Agreement.
- (q) "Spot Price" means (i) in respect of Minerals that is gold, the price of gold in U.S. Dollars on the London Bullion Market Afternoon Fix on the day that Product that is Refined Gold is sold by the Owner (other than in the circumstances of a sale of Product by the Owner after Product has been credited to the account of the Owner at the Processor) or credited to the account of the Owner by the Processor, (ii) in respect of Minerals that is silver, the price in U.S. dollars determined by the Processor in purchasing such silver from the Owner or crediting such silver to the account of the Owner, and (iii) for any other Minerals other than gold or silver, the price of such Mineral quoted in U.S. dollars at the close of business on a specified day by the New York Commodity Exchange. If for any reason the London Bullion Market or the New York Commodity Exchange is no longer in operation or the spot price of a particular Mineral is not quoted by the London Bullion Market or the New York Commodity Exchange, the "Spot Price" of such Mineral shall be determined by reference to the price of such Mineral on another similar commercial exchange entity having the largest volume of trading in such Mineral on such day. The exchange rate used to convert a "Spot Price" for any Minerals from U.S. dollars to any other currency on a particular date shall be determined on the basis of the Bank of Canada noon exchange rate for U.S. dollars on such day.
- (r) "Technical Reconciliation Report" means a report produced annually by the Owner and delivered to the Holder by March 31<sup>st</sup>, which reconciles, as of December 31<sup>st</sup> at the previous calendar year, the quantities of Minerals produced from the Property stated in ore reserves with mined production and mill performance.

## 2. Reservation, Purchase and Grant of Royalty

Subject to the terms of this Agreement, the Owner, for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Owner, hereby grants and agrees to pay to the Holder an in kind (subject as otherwise provided in this Agreement) royalty at the rate of 3% of Net Smelter Returns. The Owner and the Holder expressly acknowledge and agree that the grant of the royalty referred to in the preceding sentence is effective January 1, 2000, notwithstanding the date of execution of this Agreement.

## 3. Time and Manner of Royalty Payments

- (a) Subject as otherwise provided in this Agreement, all Royalty payments shall be made in the physical Product in kind free and clear of Encumbrances and the Owner shall irrevocably direct, and cause any person having an Encumbrance in and to the Product, if any, to direct, the Processor to pay the Royalty

directly to the Holder in accordance with the terms of this Agreement, by delivering all Product or other Minerals due and payable to the Holder in respect of Royalty payments to the Place of Delivery. The Owner shall further cause any such person having an Encumbrance in and to the Product or other Minerals, if any, to execute in writing and deliver to and in favour of the Holder an irrevocable release and discharge of all Encumbrances in favour of such person in and to the Product or other Minerals, in order that the Owner may make the Royalty payments by delivery of Product or other Minerals in kind to the Holder free and clear of Encumbrances in accordance with the terms of this Agreement. The Royalty shall be calculated and paid, and the Owner shall cause the Royalty to be calculated and paid, to the Holder as follows:

- (i) in the event that the Processor is to credit the account of the Owner at the Processor with Product, the Processor shall credit 97% of such Product to the account of the Owner at the Processor and shall simultaneously credit 3% of such Product to the account of the Holder at the Processor;
  - (ii) in the event of the sale by the Owner of the Product or other Minerals (other than in the circumstances of a sale of Product or other Minerals by the Owner after such Product or other Minerals have been credited to the account of the Owner at the Processor), the Owner shall calculate and pay to the Holder at the Place of Delivery, within 10 days of the date of such sale, the amount of the Royalty payable to the Holder in accordance with the terms of this Agreement;
  - (iii) the Owner shall be entitled to calculate and invoice the Holder for allowable expenses in calculating Net Smelter Returns and the Holder shall pay such invoiced amounts to the Owner within thirty days of the date of receipt of such invoice by the Holder. In the event that the Holder does not pay such invoices to the Owner within such 30 day period, the Owner shall be entitled to deduct the amount of such outstanding invoices from the next Royalty payment due to the Holder, whether in cash or in kind, and the Holder shall irrevocably authorize and direct the Processor in writing to deduct such amounts from any Royalty payment otherwise to be credited to the account of the Holder and to deposit such amounts to the account of the Owner upon receipt of notice to such effect from the Owner from time to time;
  - (iv) notwithstanding any other provision of this Agreement, payment of the Royalty in respect of Product that is Refined Silver or that is Product that is Refined Gold that is derived from "slag" or any other waste product, shall be made in cash at the Place of Delivery and payment of the Royalty in respect of any Minerals that is not gold or silver shall be made in kind or in cash at the Place of Delivery as is reasonable in the circumstances having regard to customary mining industry practice.
- (b) At the time each Royalty payment is paid to the Holder, the Owner shall prepare and deliver to the Holder a detailed statement of the manner in which such Royalty payment was calculated, including: (i) the quantity of Minerals to which such Royalty payment is applicable; (ii) the calculation of the applicable Net Smelter Returns (subject at all times to further invoices from the Owner to the Holder for allowable expenses in calculating Net Smelter Returns); (iii) if relevant, the Calculation Price paid for the applicable Minerals, and (iv) the calculation of interest accrued thereon, if any. Within 90 days after the end of any calendar year, the Owner shall prepare and deliver to the Holder a statement for such calendar year indicating: (i) the quantities of Minerals sold or otherwise disposed of by the Owner or the amount of Product credited to the account of the Owner, as the case may be; (ii) the quantities of Minerals produced by the Owner from the Property; (iii) the calculation of Net Smelter Returns and interest thereon, if any; and (iv) if relevant, the Calculation Price for the applicable Minerals.
- (c) The Holder may object in writing to any statement, Royalty payment amount and invoice within 2 months after receipt of the relevant statement, payment or invoice. If any Royalty payment has not been properly paid or credited in full as provided herein, the Holder may give to the Owner notice in writing of such default and, unless the Holder has received such payment within 15 business days after receipt of such notice by the Owner, the Owner shall pay interest on the delinquent payment at a rate of Prime plus 2% per annum, commencing on the date on which such delinquent payment was properly due and continuing until the Holder receives payment in full of such delinquent payment and all accrued interest thereon; and for the

purposes of this subsection, Prime shall be determined as of the date on which such delinquent payment was properly due.

- (d) All Royalty payments, including interest and penalties, if any, will be made subject to withholding or deduction in respect of the Royalty for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Canadian Government, the Government of Ontario or any political subdivision thereof or any other governmental authority (foreign or domestic), or department, authority or agency therein or thereof having power and jurisdiction to tax and for which the Processor or Owner is obligated in law to withhold or deduct and remit to such taxing authority having such power and jurisdiction.
- (e) Any additional payment required to be made in respect of the aggregate amount of the Royalty payments paid to the Holder during a fiscal year shall be paid to the Holder, in Minerals in kind or cash, as the case may be, within 10 days after the date on which the Owner's account at the Processor is next credited with such Minerals or the date that the Owner sells the Product or other Minerals (other than in the circumstances of a sale of Product or other Minerals by the Owner after such Product or other Minerals have been credited to the account of the Owner at the Processor), as the case may be.
- (f) The Owner shall notify the Holder in writing at least two weeks prior to any change of Processor.

#### 4. Term

This Agreement shall continue for the balance of the term of the Crown Lease and any renewals thereof in respect of the Edwards Property and in perpetuity in respect of the Plowman Property. If any right, power or interest of either party under this Agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of this Agreement.

#### 5. Commingling

There shall be no commingling of any ores or Minerals produced from the Property with the ores or Minerals produced from any other property during the production, milling (concentrating), smelting, refining, minting or further processing of ores or Minerals produced from the Property.

The Owner specifically covenants and agrees with the Holder that it will at all times batch all ores produced from the Property through the River Gold Mill or any substitute mill and not in any way blend or commingle material produced from any other property with ores or Minerals from the Property.

#### 6. Hedging Transactions

All profits and losses resulting from the Owner engaging in any commodity futures trading, option trading, metals trading, gold loans or any combination thereof, and any other hedging transactions (collectively "hedging transactions") are specifically excluded from calculations of Royalty payments pursuant to this agreement. All hedging transactions by the Owner shall only relate to the Owner's share of Minerals and shall be for the Owner's sole account and shall not affect the Holder's royalty which shall be paid in-kind as aforesaid. The Owner covenants to and with the Holder that it will not subject the Holder's Royalty to any hedging transactions.

For greater certainty, the Owner shall only enter into hedging transactions in respect of its share of Minerals produced from the Property after the payment of the Net Smelter Return such that 3% of all Minerals produced, milled, smelted, refined or further processed by it or delivered to any Processor shall not be subject to hedging transactions and shall be available to satisfy each Royalty payment as and when due pursuant to the terms hereof.

7. Stockpiling

The Owner or operator shall be entitled to temporarily stockpile, store or place ores or mined rock containing Minerals produced from the Property in any locations owned by the Owner or the Processor on or off the Property site provided the same are appropriately secured from theft or tampering. Such stockpiling shall be temporary only pending the availability of batch milling and any Minerals produced from the Property once reduced to doré bars or processed to the most advanced stage at the River Gold Mill or elsewhere by the Owner or operator shall be immediately sent to a smelter, refiner, mint or other further processing facility for final treatment and credit to the Owner, at which time the Royalty shall become due and payable in accordance with the terms of this Agreement.

8. Books; Records; Inspections

The Owner shall keep true and accurate books and records of all of its operations and activities with respect to the Property, the operation of the River Gold Mill and the Minerals, prepared on an accrual basis in accordance with Canadian generally accepted accounting principles, consistently applied. The Holder shall be entitled to perform audits or other examinations of the Owner's books and records relevant to the calculation and payment of the Royalty pursuant to this Agreement at least once and no more than twice per calendar year to confirm compliance with the terms of this Agreement, including without limitation, calculations of Net Smelter Returns. In particular, the Holder shall have the right to audit all invoices and other records relating to the transportation of Minerals from the Property to the River Gold Mill or other mill at which ore and Minerals from the Property may be milled (concentrated) and relating to the transportation of Minerals in the form of concentrates, doré, slag or other waste products from the River Gold Mill or other mill at which ore and Minerals from the Property may be milled, to the Processor. The Holder shall promptly commence, and diligently complete, any audit or other examination permitted hereunder. The reasonable expenses of any audit or other examination permitted hereunder shall be paid by the Holder, unless the results of such audit or other examination permitted hereunder disclose a deficiency in respect of the Royalty payments paid to the Holder hereunder in an amount greater than 5% of the amount of the Royalty properly payable, in which event the costs of such audit or other examination shall be paid by the Owner.

In performing such audit the Holder and/or its agents shall have access to all sampling, assay, weighing, and production records, including all geologic, geophysical and/or geochemical maps, plans, sections, surveys (surface and underground) of the Owner relating to the Property and ores and Minerals derived from the Property throughout the production and processing cycle from mine face to final processing (and the Holder shall be allowed to make notes or a photocopy thereof), all of which such records shall be kept by the Owner or operator of the Property in accordance with the Sampling and Assaying Procedures and good mineral industry practice.

The Owner shall provide the Holder with the annual Technical Reconciliation Report describing the total metallurgical balance as it relates (i) to the initially stated and subsequently revised ore reserves in the mine before and after production periods with details of volumes mined, specific gravity of the ore, sampled grades from the various sampling systems and any adjustments made to such data to provide for such reserve estimate; (ii) the determined quantities of ore and its tenor on a wet and dry tonne basis for materials removed from the mine, primary stockpiled and transported to secondary stockpiles; and (iii) the mill performance as to tonnes of wet and dry ore, head grade, tails grade, recovered mineral, losses and quantities in inventory in the mill to arrive at a recovery figure on a daily basis.

9. Rights to Monitor Processing of Minerals

Subject at all times to the workplace rules and supervision of the Owner, and provided any rights of access do not interfere with any exploration, development, mining or milling work conducted on the Property or at the River Gold Mill or other mill at which ore or Minerals from the Property may be processed, the Holder shall at all reasonable times and upon reasonable notice, and at its sole risk and expense, have (a) a right of access by its representatives to the Property and to such mill used by the Owner to process ore or Minerals derived from the Property, whether or not such mill is located on the Property, and (b) the right (i) to monitor the Owner's milling of



ore or Minerals derived from the Property and to take samples from the Property or from the mill for purposes of assay verifications; (ii) to require Minerals to be batch processed with sampling procedures implemented to take into account the crushing and extraction processes, employing good mineral industry practice; and (iii) to weigh all trucks transporting ore from the Property to any mill processing ore and Minerals from the Property prior to said trucks leaving the Property, immediately upon the arrival of such trucks at such mill and prior to dumping of such ore and immediately after such dumping. In the event that the Holder exercises its right to weigh all trucks transporting ore or Minerals from the Property to any mill processing (concentrating) such ore or Minerals, the Holder shall be responsible at its sole expense for the installation and maintenance of all required scales and related equipment at the Property. In the event that the Holder installs such scale at the Property, representatives of the Owner shall cause all trucks transporting ores or Minerals from the Property to be weighed before leaving the Property and such representatives shall record the weight data. In the event any scale installed by the Holder ceases to operate or ceases to operate accurately, the Owner shall forthwith notify the Holder in writing. Notwithstanding that such scale may have ceased to operate or to operate accurately, the Owner shall be entitled to continue to transport ore or Minerals from the Property without weighing the trucks transporting such ore or Minerals prior to leaving the Property.

The Owner shall consolidate the transport of all ore from the Property to the River Gold Mill, or any other mill used to treat ore and Minerals from the Property, and prior to the commencement of any transportation of ore from the Property shall give the Holder at least five days prior written notice of the commencement of such transportation. The Holder shall have the right to have its representatives attend at the Property and mill site on the date(s) scheduled for such transportation to witness the weighing at the Property and the mill site and shall have the right to have a duplicate copy of all weight data.

#### 10. Confidentiality

- (a) Neither party shall, without the express written consent of the other (which consent shall not be unreasonably withheld), disclose any non-public information in respect of the terms of this Agreement or otherwise received under or in conjunction with this Agreement and, in the case of the Holder, concerning Minerals and operations on the Property and at the River Gold Mill, other than to its employees, agents and consultants for purposes related to the administration of this Agreement and no party shall issue any press releases concerning the terms of this Agreement or, in the case of the Holder, in respect of the operations of the Owner, without the consent of the other party after such party having first reviewed the terms of such press release. Each party agrees to reveal such information only to its employees, agents and consultants who need to know, who are informed of the confidential nature of the information and who agree to be bound by the terms of this Section 10. In addition neither party shall use any such information for its own use or benefit except for the purpose of enforcing its rights under this Agreement.
- (b) The parties may disclose data or information obtained under or in conjunction with this Agreement and otherwise prohibited by this Section 10 after providing the other party with a copy of the proposed disclosure and if the other party does not object, acting reasonably, to such disclosure by notice in writing to such party within 48 hours after receipt of such copy:
  - (i) to any third person to whom such party in good faith anticipates selling or assigning its interest hereunder; or
  - (ii) to a prospective lender;

provided that in each case the other parties shall first have been provided with a confidentiality agreement executed by such third party purchaser or lender which agreement shall include the confidentiality provisions of this section. Each party hereby agrees to indemnify and save the other harmless from any damages resulting from any breach of this Section 10 by such party, its employees, agents and consultants or any claim made by third parties receiving information provided hereunder.

- (c) The parties may disclose data or information obtained under this Agreement if required to do so for compliance with applicable laws, rules, regulations or orders of a governmental agency or stock exchange having jurisdiction over such parties, provided that such party shall disclose only such data or information as, in the opinion of its counsel, is required to be disclosed and provided further that where possible (time permitting after reasonable efforts on the part of such disclosing party) the other party shall be given the right to review and object to the data or information to be disclosed prior to any public release subject to any reasonable changes proposed by such other parties.

#### 11. Conduct of Operations

- (a) All decisions concerning methods, the extent, times, procedures and techniques of any (i) exploration, development and mining related to the Property, (ii) leaching, milling, processing, extraction treatment and refining, if any, including, without limitation, the choice of refiner and (iii) materials to be introduced on or to the Property or produced therefrom and, subject to Section 7 hereof, all decisions concerning the sale or other disposition of ore and Minerals from the Property (including, without limitation, decisions as to buyers, times of sale, whether to store or stockpile ore and Minerals derived from the Property for a reasonable length of time without selling, refining or otherwise processing the same) shall be made by the Owner, acting reasonably and in accordance with good mining industry and engineering practices in the circumstances.
- (b) The Owner shall not be responsible for nor obliged to make any Royalty payments for Minerals or Mineral value lost in any mining or processing of the Minerals conducted pursuant to good mining practices. The Owner shall not be required to mine or to preserve or protect the Minerals which under good mining industry practices cannot be mined or shipped at a reasonable profit by the Owner at the time mined.
- (c) The Owner covenants with the Holder that it will at all times while mining or milling or otherwise processing ore and Minerals from the Property adhere to the Sampling and Assaying Procedures set out in Schedule "A" hereto and not materially vary therefrom without the prior written consent of the Holder, which consent shall not be unreasonably withheld provided the variation is in accordance with good mining industry practice.
- (d) The Owner shall appropriately identify all doré bars produced from Minerals from the Property with a distinguishing stamp or mark and any coarse gold, gold powder, gold dust or other gold bearing product shall be placed in appropriate containers which are identified as having been produced from the Property.
- (e) The Owner represents and warrants that as of the date of this Agreement, it is not mining any part of the Property within 30 metres of a party boundary of any property owned by the Holder, and covenants that it will not commence mining on the Property within 30 metres of a party boundary of any property owned by the Holder without first delivering thirty days advance notice in writing to the Holder, and that it shall conduct all mining on the Property in respect of party boundary matters between adjoining underground mining properties in accordance with the provisions of the Mining Act (Ontario) and the Occupational Health and Safety Act (Ontario), and the regulations made pursuant thereto.

#### 12. No Implied Covenants

The parties agree that there are no implied covenants or duties relating to or affecting any of their respective rights or obligations hereunder, and that the only covenants or duties which affect such rights and obligations shall be those expressly set forth and provided for in this Agreement.

13. No Restrictions on Assignment

The Holder shall have the right, at any time and from time to time, to assign, transfer, convey, mortgage, pledge or charge any portion or all of the Royalty and its interest in and to this Royalty Agreement, in its sole discretion, free from any restrictions from the Owner.

14. Registration

It is the express intention of the parties to this Agreement that the Royalty be and is a real property interest and shall run with the title to the Property. The Holder may or may cause, at its own expense, the due registration of this Agreement or notice of this Agreement against the title to the Property. The Owner shall co-operate with such registration and provide its written consent or signature to any documents or things reasonably necessary to accomplish such registration in order to ensure that any successor or assignee or other acquirer of the Property, or any interest therein, shall have public notice of the terms of this Agreement.

15. Dispute Resolution

Any matter in this Agreement in dispute between the parties which has not been resolved by the parties within fifteen (15) days of the delivery of notice by either party of such dispute shall be referred to binding arbitration. Such referral to binding arbitration shall be to three qualified arbitrators. The *Arbitrations Act, 1991* (Ontario) shall govern such arbitration proceedings in accordance with its terms except to the extent modified by the rules for arbitration set out in this Section 15 and in Schedule "B" attached hereto. Each party shall select one arbitrator and the two arbitrators so selected shall select the third arbitrator. The determination of such arbitrators shall be final and binding upon the parties hereto and the costs of such arbitration shall be as determined by the arbitrators. The parties covenant that they shall conduct all aspects of such arbitration having regard at all times to expediting the final resolution of such arbitration. The term "qualified arbitrators" as used herein shall refer to qualified professional persons who have at least ten years of mineral industry experience in the subject matter of the dispute.

16. General Provisions

(a) Further Assurances

Each party shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the documents and transactions contemplated in this Agreement, in each case at the cost and expense of the party requesting such further instrument, document or action, unless expressly indicated otherwise.

(b) Binding Effect

All covenants, conditions, and terms of this Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns. In the event that the Owner sells, transfers, charges or assigns the Property or any part thereof, including the Crown Lease and its leasehold interest in and to the Edwards Property, the Owner shall be entitled to charge, novate or assign this Agreement, as the case may be, to such purchaser, transferee, chargee or assignee, provided that the Owner shall ensure that contemporaneous with the consummation of any such sale, transfer, charge or assignment, the Owner shall procure from the transferee or chargee pursuant to such transaction, a written agreement with and in favour of the Holder, in form and content satisfactory to the Holder acting reasonably, wherein such transferee or chargee covenants and agrees to and in favour of the Holder to be bound by the terms and conditions of this Agreement as if it were an original signatory hereto (or in the case of a chargee, to obtain such a written agreement from any transferee of such chargee) and the Holder shall execute all such documentation as is required in respect thereof and the Owner shall thereafter be

released from all obligations pursuant to the terms of this Agreement in respect of that part of the Property so sold, transferred or assigned.

(c) Relationship of the Parties

Nothing herein shall be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership, or other partnership relationship between the Owner and the Holder.

(d) Governing Law

This Agreement shall be governed by and construed under the laws of the Province of Ontario and the laws of Canada applicable therein.

(e) Time of Essence

Time is of the essence in this Agreement.

(f) Severability

If any provision of this Agreement is wholly or partially invalid, this Agreement shall be interpreted as if the invalid provision had not been a part hereof so that the invalidity shall not affect the validity of the remainder of the Agreement which shall be construed as if the Agreement had been executed without the invalid portion. It is hereby declared to be the intention of the parties that this Agreement would have been executed without reference to any portion which may, for any reason, hereafter be declared or held invalid.

(g) Accounting Principles

All calculations hereunder shall be made in accordance with Canadian generally accepted accounting principles as the same may be in effect from time to time.

(h) Notices

Any notice or other communication (in each case, a "Notice") required or permitted to be given hereunder shall be in writing and shall be delivered by hand or transmitted by facsimile transmission addressed to: VenCan Gold Corporation, 111 Richmond Street West, Suite 318, Toronto, Ontario, M5H 2G4 (telecopier no. (416) 364-2732), Attention: the President, in the case of the Holder; and to River Gold Mines Ltd., 25 King Street West, Suite 2800, P.O. Box 368, Commerce Court Postal Stn., Toronto, Ontario, M5L 1G2 (telecopier no. (416) 360-7620), Attention: the President or Secretary, in the case of the Owner. Each of the parties may change the address at which notice is to be given to it pursuant hereto, by giving notice of the change to the other party. Any notice given in accordance with this section, if transmitted by facsimile transmission, shall be deemed to have been received on the next business day following transmission or, if delivered by hand, shall be deemed to have been received when delivered.

(i) Schedules

The schedules which are attached to this Agreement are incorporated into this Agreement by reference and are deemed to form part hereof.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

RIVER GOLD MINES LTD.

Per: M. Pomeroy a.s.o.

Per: [Signature] a.s.o.

VENCAN GOLD CORPORATION

Per: [Signature] a.s.o.

Per: [Signature] a.s.o.

This is SCHEDULE "A" to the Royalty Agreement

between

RIVER GOLD MINES LTD.

and

VENCAN GOLD CORPORATION

(Assaying and Sampling Procedures)

All mining, sampling, assaying, stockpiling, milling and weighing of ore from the Property and the calculation and reconciliation of quantities of rock mined to Minerals, produced, saved and marketed shall be completed in accordance with good mining industry practice, including the following procedures (all references to "mill" herein means the River Gold Mill as at the date of this Agreement):

**A. EXPLORATION**

Surface and Underground Drilling

All holes or openings penetrating within 30 metres of the outside boundary of the Property in respect of any party boundary related to another property owned by the Holder shall be surveyed, logged and plotted. Hole azimuths and dip records shall be recorded on the master logs. For holes in excess of 100 metres in length surveys at intervals down the holes shall be performed and documented in the logs along with information as to the state of abandonment of the hole, whether plugged, grouted or capped.

**B. MINE UNDERGROUND SAMPLING PROCEDURES**

Chip Samples

- Drifts:** Face chips are taken from each actual development round being driven along strike. Supplementary back samples are taken when required. Sample intervals are based on lithology/mineralized units. In general the minimum sample width is 0.30 m, maximum sample width is 1.0 m. Face sampling is usually done at waist to chest height. Sample books are filled out with the pertinent data - heading, distance from sample face to survey stations or fixed point (rock bolt, j-hook, etc.), sample length, and geological description of sample interval.
- Cross Cuts:** Where a heading cross-cuts the zone of interest, the walls are washed and sample intervals are marked along both walls. Sample procedure is essentially the same as face sampling in the drifts.
- Raises:** Chip sampling in raises is done across the footwall of the raise, at least every other round. Sampling procedures as noted above.
- Shrinkage Stopes:** Where possible, the back and stope ends of each lift are sampled. Sample lines are marked up to 3 m intervals and sampling is carried out across the stope back from one wall to the other, based on lithology/mineralization. When the stoping method is breasting, faces are sampled on a daily basis. Supplementary back samples are taken as required. Sampling procedures are as noted above.

Muck Samples:

Muck samples are collected and tagged by the mucking crew. One handful of muck is taken from each truckload of ore to a maximum of 5 trucks/bag.

Longhole Samples:

Holes to be sampled are determined by the longhole engineer of the Owner. Samples of the sludge are collected in 2.4 m intervals along the length of the hole by the drillers and tagged.

**C. MILLING**

All milling of ore from the Property is to be by batch. No exceptions shall be undertaken to batch milling without the prior written consent of the Holder.

Ore from the Property may be fed to the primary crusher:

1. by direct truck dumping from the Property; or
2. by front end loader from surface stockpiles accumulated in advance, adjacent to the mill and when removed to the mill, the pads shall be scraped clean including picking up of pre-laid pad floor material, all of which material shall be delivered to the mill for processing.

Preparation of stockpile pads, accumulation of stockpiles and their removal including clean-up of stockpile pads and verification that fine ore has not been lost shall be completed in accordance with good mining industry practice. All stockpile areas for ore from the Property, once established, shall be used repeatedly and not changed without prior written notice to the Holder and without properly cleaning up the stock pile pads and processing same through the mill.

Knelson Concentrator, filter press clean out, bullion melting and clean up of secure areas

All treatment of the precious metals bearing materials from any physical concentration circuit including the Knelson concentrator, precious metals precipitate and similar materials including such as may be derived from clean up operations is to be carried out in secured areas and under the scrutiny of an independent security operator. This shall apply wherever and whenever materials containing or anticipated to contain high concentrations of precious metals are encountered.

**Batch milling initiation and termination**

Prior to and post treatment of ore and Minerals from the Property the following procedure shall be adhered to: the crushing circuit, floors, walkways, conveyors and fine ore bin are to be completely cleaned out or estimates made of residual material and the Owner shall complete an inventory in accordance with standard mining industry practice.

**C. SAMPLING PROCEDURES**

1. Belt cut is taken on the No. 4 conveyor with an automatic sampler. Cuts are taken on a twelve (12) minute frequency into a pail. Samples are composited for four hours weighed in a tared container, then placed in the oven to dry, cooled and weighed again to determine moisture content. The whole sample is labelled and bagged for assay. Weights are recorded on the daily log sheets to calculate moistures.
2. A cup of sample is taken on the thickener underflow discharge every two (2) hours and put in a covered pail. The sample is thoroughly mixed, filtered, washed and dried in the oven. Initial filtrate is bottled and labelled for assay. The cake is cut into eight (8) pieces before drying. Two opposing pies are bagged and labelled for assay. Another pie is used to do composite screen analysis and another is bagged for reserve for periodic screen analysis.
3. Composite samples are taken automatically for twenty-four (24) hours by a drip tube on the clear pregnant and barren streams. Samples are bottled and labelled for assay.
4. Tailings sample is manually cut every hour into a covered pail. The sample is prepared as per the attached procedure. One pie is bagged and labelled for reserve.

#### D. MILL SAMPLE PREPARATION PROCEDURE

Use care and only clean apparatus for preparing samples

##### THICKENER U/F and #2 AGITATOR

1. Wash vacuum ring and base thoroughly with fresh water and place a large filter paper on a clean work cloth.
2. Decant solution into vacuum ring and pour into clean labelled and dated bottle.
3. Add fresh water and swirl pail sufficiently to completely repulp and mix solids.
4. Pour sample into vacuum ring until about  $\frac{1}{4}$  full, then fill with fresh water.
5. Discard excess sample and thoroughly wash pail and replace.
6. Allow sample to filter until approximately  $\frac{1}{4}$  inch of water remains and refill to top with fresh water.
7. Repeat wash and allow to filter to dryness (Wash is most effective when fresh water is added before solids become exposed to air).
8. Remove ring while vacuum is still on.
9. Using a clean spatula, slice into eight (8) (pizza style).
10. Turn off vacuum and slide onto clean drying pan or lift into clean pan.
11. Place in oven until dry.
12. Place two (2) opposing  $\frac{1}{8}$ 's into labelled bag for assay. Be sure to take all of sample in those segments.

##### TAILINGS

1. Thoroughly wash the buchner funnel and flask in the lab and place a large filter paper in funnel.
2. Decant approximately one (1) litre of solution into the funnel and flask.
3. Pour solution sample in washed, labelled and dated bottle.
4. Carefully decant excess water from sample until only sufficient water is left to repulp sample.
5. Wash vacuum ring and base thoroughly with fresh water and place a large filter paper on a clean work cloth.
6. Swirl pail sufficiently to completely repulp and mix solids.
7. Pour sample into vacuum ring until about  $\frac{1}{4}$  full, then fill with fresh water.
8. Discard excess sample and thoroughly wash pail and replace.
9. Allow sample to filter until approximately  $\frac{1}{4}$  inch of water remains and refill to top with fresh water.
10. Repeat wash and allow to filter to dryness (Wash is most effective when fresh water is added before solids become exposed to air).
11. Remove ring while vacuum is still on.
12. Using a clean spatula, slice into eight (8) (pizza style).
13. Turn off vacuum and slide onto clean drying pan or lift into clean pan.
14. Place in oven until dry.
15. Place two (2) opposing  $\frac{1}{8}$ 's into labelled bag for assay. Be sure to take all of sample in those segments.



## E. INVENTORY SAMPLING PROCEDURE

### CRUSHING CIRCUIT

1. Grizzly bin is emptied and back-hoe used to clean down back and sides. Any ore left in the bin is estimated by the personnel of the Owner and the representative of the Holder or independent security operator together.
2. Coarse ore bin is emptied.
3. Fine ore bin is emptied and blown down as much as possible (frozen ore has to be estimated by personnel of the Owner and representative of the Holder or independent security officer together).
4. Clean-up is done prior to running out of ore and the crusher sump is cleaned out the previous day.
5. Pictures are taken to verify clean-up and future reference.

### GRINDING CIRCUIT

1. Once the fine ore bin is emptied, the mill is ground out for 30 minutes with water to ensure emptying its contents then shut down. This surge of slurry is pumped through the cyclone and into the thickener. Once this material has passed through the circuit, the mill is restarted with water only and ground out for 15 to 20 minutes then shut down. This flushes the mill of any remaining solids.
2. The Knelson Concentrator is left running until all the grinding circuit material is pumped through then it is flushed three times to ensure that nothing is left in the Knelson. The Knelson is then shut down and not re-started until all the concentrate has been tabled and the middlings from the table re-run on the table. The shaker room sump is cleaned out and all material is passed on the table to recover any gold. Once again, middlings are re-run on the table. Middlings left at this stage are labelled and stored in the vault until similar ore is back in the circuit then reprocessed or added to the slag to be shipped to Sabin Metals Corp and/or other Processors for reprocessing.
3. The cyclone underflow box, the Knelson feed pump box, ball mill discharge launders and cyclone feed pump box are washed down prior to the mill being shut down to ensure that no solids are left.
4. The ball mill discharge box is hosed out the day previous to the switch over then a final hosing while the mill is grinding out.
5. Pictures are taken for future reference.

### FILTERING

1. Filters are kept running until the mills are down, then shut down. Presses are shut down and the flowmeter reading recorded. After the filtrate sampling is completed, the press socks are taken to the gold melting room and a new press is started up.

### SAMPLING

1. As soon as the filters are down and the circuit stabilizes (every thing balanced in the tanks for inventory), inventory sampling begins.
2. The thickener is sampled at the overflow, at 27 inches down with a siphon, at 54 inches, the interface, at 82 inches (thickener bed), and the underflow. Pulp specific gravities are taken and recorded on the underflow and the 82 inch samples to calculate tonnes of solids and liquid for the metallurgical balance.
3. The agitators are then sampled in sequence. A measurement is taken from a measured reference point down to the pulp level in the agitator and recorded. A pulp specific gravity is taken with a Marcy density scale and

recorded. This will give us the volume of pulp in the agitator and using the specific gravity of that pulp we can calculate the tonnes of solids and liquid in each tank. Each agitator is sampled.

4. Using a measured reference point, the levels of the pregnant and barren tanks are measured and recorded. Samples are taken from each tank.
5. Using a measured reference point, the levels of the mill solution and clear pregnant tanks are measured and recorded. Samples are taken from each tank.
6. The status of all clarifiers is checked and recorded. No. 3 clarifier is sampled.
7. Solution samples are taken in triplicate (Owner, Holder and reserve). Pulp samples are filtered on a buchner funnel. Solution samples are split into three. Solids are diluted with fresh water and filtered on a vacuum ring and washed three times to remove any dissolved gold. Samples are then dried in an oven, screened on a clean 50 mesh screen to break up any lumps, thoroughly mixed on a clean paper by rolling 100 times and three samples are cut out of the whole. One complete set of samples (solids and solutions) are given to the representative of the Holder or independent security officer for assay in a laboratory of their choice. One complete set of samples is sent to the laboratory of the Owner for assay. The third set is stored in reserve.
8. When both parties have assays, they are exchanged via facsimile transmission.

#### METALLURGICAL BALANCE

1. Both parties use computer spreadsheets to calculate the gold inventory using all data collected. The average of both sets of assays are used for the metal accounting. The thickener sections are calculated using the average assay of the top and bottom average assays (i.e. average of thickener 27" and thickener 54" assays equals assay for the 27" to 54" volume).
2. Recovery of the gold inventory is calculated based on the calculated losses of the previous three days of milling using weighted averages of solid and solution losses against a weighted average of tailings solids and solutions. A weighted average density is also calculated.
3. The actual inventoried solids and calculated solid losses are used to calculate the ounces lost. Using the calculated average density of the tailings slurry, a solution tonnes is calculated. With these tonnes and the average solution losses, a solution loss is calculated.
4. The total losses is subtracted from the total ounces in inventory to give the recoverable ounces. Comparison of the before and after inventories gives a difference to be credited to either party.
5. Should there be a difference of tonnes in the bin, the same procedure is used to calculate the ounces in the rock and the average recovery determines the ounces attributable to either party.

Since starting to process ore from the Edward's Property, the River Gold Mill has undergone expansion. Inventory sampling has been expanded to include volumes of material retained in these additional pieces of equipment.

This is SCHEDULE "B" to the Royalty Agreement

between

RIVER GOLD MINES LTD.

and

VENCAN GOLD CORPORATION

(Rules for Arbitration)

The following rules and procedures shall apply with respect to any matter to be arbitrated by the parties under the terms of the Agreement.

1. Initiation of Arbitration Proceedings

- (a) If any party to this Agreement wishes to have any matter under this Agreement arbitrated in accordance with the provisions of this Agreement, it shall give notice to the other party hereto specifying particulars of the matter or matters in dispute and proposing the name of one person it wishes to be appointed an arbitrator. Within 10 days after receipt of such notice, the other party to this Agreement shall give return notice to the first party proposing the name of a person it wishes to be appointed an arbitrator. If such return notice is not given by the other party within such 10 day period, it shall be deemed to have accepted the Arbitrators proposed by the first party as the sole arbitrator. If such return notice is given within such 10 day period proposing another person to be arbitrator, the two proposed arbitrators shall meet within 10 days of such second notice and select a third person to be the third arbitrator and act as Chairman of the arbitration panel.
- (b) All Arbitrators so nominated or selected shall be qualified by education and experience to decide the matter in dispute. The Arbitrators shall be at arm's length from both parties and shall not be officers, directors or employees of either party or a member of the audit or legal firm or firms who advise either party, nor shall the Arbitrators be persons who are otherwise regularly retained by either of the parties.

2. Submission of Written Statements

- (a) Within 10 days of the appointment of the Arbitrators, the party initiating the arbitration (the "Claimant") shall send the other party (the "Respondent") a statement of claim setting out in sufficient detail the facts and any contentions of law on which it relies, and the relief that it claims.
- (b) Within 15 days of the receipt of the statement of claim, the Respondent shall send the Claimant a statement of defence stating in sufficient detail which of the facts and contentions of law in the statement of claim it admits or denies, on what grounds, and on what other facts and contentions of law he relies.
- (c) Within 10 days of receipt of the statement of defence, the Claimant may send the Respondent a statement of reply.
- (d) All statements of claim, defence and reply shall be accompanied by copies (or, if they are especially voluminous, lists) of all essential documents on which the party concerned relies and which have not previously been submitted by any party, and (where practicable) by any relevant samples.
- (e) After submission of all the statements, the Arbitrators will give directions for the further conduct of the arbitration.

3. Meetings and Hearings

- (a) The arbitration shall take place in the City of Toronto, or in such other place as the Claimant and the Respondent shall agree in writing. The arbitration shall be conducted in English. Subject to any adjournments which the Arbitrators allow, the final hearing will be continued on successive working days until it is concluded.
- (b) All meetings and hearings will be in private unless the parties otherwise agree.
- (c) Any party may be represented at any meetings or hearings by legal counsel.
- (d) Each party may examine, cross-examine and re-examine all witnesses at the arbitration.

4. The Decision

- (a) The Arbitrators will make a decision in writing and, unless the parties otherwise agree, will set out reasons for decision in the decision.
- (b) The Arbitrators will send the decision to the parties as soon as practicable after the conclusion of the final hearing, but in any event no later than 20 days thereafter, unless that time period is extended for a fixed period by the Arbitrators on written notice to each party because of illness or other cause beyond the Arbitrators' control.
- (c) The decision shall determine and award costs to the successful party in the arbitration.
- (d) The decision shall be final and binding on the parties and shall not be subject to any appeal or review procedure provided that the Arbitrators has followed the rules provided herein in good faith and has proceeded in accordance with the principles of natural justice. In the event either party initiates any court proceeding in respect of the decision of the Arbitration or the matter arbitrated, such party shall, if unsuccessful in the court proceeding, shall pay the other parties costs on a solicitor/client basis plus all other reasonable expenses incurred by such other party from the date of delivery of the notice commencing arbitration to the date of determination of such court proceeding.

5. Jurisdiction and Powers of the Arbitrators

- (a) By submitting to arbitration under these Rules, the parties shall be taken to have conferred on the Arbitrators the following jurisdiction and powers, to be exercised at the Arbitrators' discretion subject only to these Rules and the relevant law with the object of ensuring the just, expeditious, economical and final determination of the dispute referred to arbitration.
- (b) Without limiting the jurisdiction of the Arbitrators at law, the parties agree that the Arbitrators shall have jurisdiction to:
  - (i) determine any question of law arising in the arbitration;
  - (ii) determine any question as to the Arbitrators' jurisdiction;
  - (iii) determine any question of good faith, dishonesty or fraud arising in the dispute;
  - (iv) order any party to furnish further details of that party's case, in fact or in law;
  - (v) proceed in the arbitration notwithstanding the failure or refusal of any party to comply with these Rules or with the Arbitrators' orders or directions, or to attend any meeting or hearing, but only after giving that party written notice that the Arbitrators intends to do so;

# Tab J

**HISTORICAL PROSPECTING**

K. G. Fenwick, M.Sc., P. Eng.

Geological Consultant

410 - 405 Waverley St., Thunder Bay, ON, P7B 1B8

Telephone Fax - (807) 344-6568

e-mail: kfenwick@shaw.ca

DATE:

Feb. 7. 2017

TO:

Peter Crawley

COMPANY:

Farber Financial

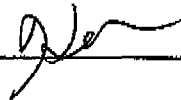
FAX NO.

1-416 496-3839

Comments:

Peter

See page 2.



Number of pages being faxed (including cover sheet):

5

**THIS AGREEMENT***Nov 18, 2011***BETWEEN:**

Strike Minerals Inc., having offices at 80 Richmond St. W. Toronto, ON  
(Hereinafter referred to as the "Purchaser") Of the first Part

**AND:**

Kenneth George Fenwick ("Fenwick"), George Lucuik ("Lucuik"), Hacquoil Construction Ltd. ("Hacquoil"), Donald Leishman ("Leishman"), and Donald J. Devereaux ("Devereaux"), (Together hereinafter referred to as the "Vendors") Of the second part.

**WHEREAS:**

- A. The Vendors are the owners of unpatented and patented mineral claims in Priske Township (claim no. 1196889, patents TB 3327 and TB 3354, and six additional claims staked by Everton Resources Inc.: Claims#4240554, 4240555, 4240557, 4240558, 4240559 and 4240565 ("the Property")).
- B. The Purchaser has agreed to purchase and the Vendors have agreed to sell the Property on the terms and conditions hereinafter set forth.

**REPRESENTATIONS AND WARRANTIES OF THE VENDORS**

The Vendors represent and warrants to the purchaser that:

1. They are legally entitled to hold the property and the Property Rights.
2. They are, and at the time of each transfer to the Purchaser of mineral claims comprised in the Property they will be, the recorded holders and beneficial owners of all of the mineral claims comprising the Property free and clear of all liens, charges and claims of others, except as noted under "NSR and Continuing Payments" below, and no taxes or rentals are due in respect of any thereof;
3. The mineral claims comprised in the Property have been duly and validly located and recorded pursuant to the laws of the jurisdiction in which the Property is situated are in good standing with respect to all filings, fees, taxes, assessments, work commitments or other conditions on the date hereof.
4. There is no adverse claim or challenge against or to the ownership of or title to any of the mineral claims comprising the Property, nor to the knowledge of the Vendor, is there any basis therefore, and there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof, and no person other than the Vendors, pursuant to provisions hereof, has any royalty or other interest whatsoever in production from any of the mineral claims comprising the Property. The representations and warranties contained in this section are provided for the exclusive benefit of the Purchaser, and a breach of any one or more thereof may be waived by the Purchaser in whole or in part at any time without prejudice to its rights in respect of any other breach of the same or any other representation or warranty, and the

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representations and warranties contained in this section shall survive the execution hereof.

#### REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

1. The Purchaser shall maintain the claims in good standing.
2. Should the Purchaser fail to do work (of any kind) on each of the claims that constitute the Property for a period of two calendar years, the claim in question shall revert to the Vendors. X
3. The Purchaser will execute an exploration plan for the Property.
4. The Purchaser shall have on going unencumbered access to the Property for exploration, mining and mineral processing purposes.

#### PURCHASE AND SALE

The Vendors agree to sell and the Purchaser agrees to purchase a 100% undivided interest in and to the property free and clear of all charges, encumbrances and claims, except for those set out under "NSR and Continuing Payments" below.

In consideration of the sale of the Property by the Vendors the Purchaser shall pay the sum of 360,000 common shares of Strike Minerals Inc. to Fenwick, Lucuik, Hacquoil, Leishman and Devereaux in the amounts and accounts indicated by the Vendors.

#### NSR AND CONTINUING PAYMENTS

The Vendors shall be entitle to a continuing three percent ("3%") Net Smelter Royalty ("NSR") from the proceeds of commercial production from the Property. Commencing on December 31, 2011, the Purchaser will pay the Vendors a pre-production advance royalty of \$10,000, which payments will be deducted from and credited against all future NSR royalties due to the Vendors from the proceeds of commercial production from the Property. At such time as the Purchaser completes a feasibility study for commercial production from the Property, the Purchaser shall enter into a written Net Smelter Royalty agreement with the Vendors and/or its successors in title to the NSR. The Purchaser or its designee(s), shall have the right, at any time or times, to purchase up to half of the 3% NSR for the total cash sum of \$1,500,000. Such purchase may be made in increments of \$500,000 per each 0.50% Net Smelter Return royalty. X

#### OTHER OBLIGATIONS OF THE PURCHASER

The purchaser agrees to maintain in good standing those mineral claims comprised in the Property by the doing and filing of assessment work or the making of payments in lieu thereof, by the payment of taxes and rentals, and the performance of all other actions which may be necessary in regard and in order to keep such mineral claims free and clear of the liens and other charges arising from the Purchasers activities thereon except those at the time contested in good faith by the Purchaser.

The Purchaser agrees to do all the work on the property in a good and workman like fashion and in accordance with all applicable laws, regulations, orders and ordinances of any government authority. X

The Purchaser agrees to indemnify and save the Vendors harmless in respect of any and all costs, claims, liabilities and expenses arising out of the Purchasers activities on the

WZK



Property, but the Purchaser shall incur no obligation hereunder in respect of claims arising or damages suffered after termination of the Purchase Agreement if upon termination of the Agreement any workings on or improvements to the Property made by the Purchaser are left in a safe condition in accordance with government regulations and laws.

#### TERMINATION OF PURCHASE AGREEMENT

Prior to the payment in full of the purchase price and completion of the work commitments, the Purchaser may terminate the Purchase Agreement by notice to the Vendors.

If the Purchase Agreement is terminated by the Purchaser or the Vendors, prior to the payment of Purchase Price in full and the completion of the work commitments and obligations of the Purchaser stop at the balance of the Purchase Price then the outstanding and complete the work commitments shall end and the Purchaser shall:

- i. Leave in good standing for a period of at least three months from the termination of the Purchase Agreement those mineral claims comprised in the Property
- ii. Deliver to the Vendors a Bill of Sale or other proper form of transfer documents, in recordable form whereby the right, title and interest in and to the Property has been transferred to the Vendors or their nominees, free and clear of all liens or charges arising from the Purchasers activities on the Property, and:
- iii. Deliver at no cost to the Vendors within 90 days of such termination, copies of all reports, maps, assay results and other relevant technical data compiled by, prepared at the direction of, or in the possession of the Purchaser with respect to the Property and not theretofore furnished to the Vendors.

#### SURFACE RIGHTS

The Vendors will retain surface rights to the properties where applicable.

#### TRANSFER OF TITLE

Concurrently with the execution of this agreement, the Vendors shall deliver to the Purchaser duly executed transfers of the 100% interest in the Property.

#### JOINT AND SEVERAL

The Vendors agree to be jointly and severally bound by the terms of this agreement with respect to the individual claims constituting the Property above.

#### GENERAL TERMS

This Agreement shall supersede and replace any other agreements or arrangements, whether oral or written, heretofore existing between the parties in respect of the subject matter of this agreement.

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

WEX

This Agreement shall be governed by the laws of Province of Ontario and shall be subject to the approval of all securities regulatory authorities having jurisdiction.

In witness whereof the parties hereto have executed this agreement as of the day and year first above written:

Signed,

*Wadey Kinnaird*

For

Michael C. Newbury  
President and CEO of Strike Minerals Inc.  
Signed on : ~~October~~ Nov. 18, 2011

*Nov. 18, 2011*

The above is understood and agreed:

*Kenneth George Fenwick*

Kenneth George Fenwick  
Authorized Representative of the Vendors in dealings on the Property  
Signed on : ~~October 18~~ Nov, 2011

# Tab K


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**Mining Claim Abstract**
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THUNDER BAY - Division 40		Claim Number: TB 1196889	Status: ACTIVE
<b>Due Date:</b>	2017-Nov-07	<b>Recorded:</b>	1994-Nov-07
<b>Work Required:</b>	\$400	<b>Staked:</b>	1994-Nov-01 14:50
<b>Total Work:</b>	\$8,400	<b>Township/Area:</b>	PRISKE (G-0631)
<b>Total Reserve:</b>	\$3,125	<b>Lot Description:</b>	
<b>Present Work Assignment:</b>	\$0	<b>Claim Units:</b>	1
<b>Claim Bank:</b>	\$0		

**Claim Holders**
**Recorded Holder(s) Percentage**  
 STRIKE MINERALS INC. ( 100.00 %)

**Client Number**  
 198369

**Transaction Listing**

Type	Date	Applied	Description	Performed	Number
STAKER	1994-Nov-07		RECORDED BY POUTANEN, RALPH ARTHUR (E33658)		R9440.00523
STAKER	1994-Nov-07		POUTANEN RALPH ARTHUR (225546) RECORDS 75.00 % IN THE NAME OF FENWICK KENNETH GEORGE (300118)		R9440.00525
STAKER	1994-Nov-07		POUTANEN RALPH ARTHUR (225546) RECORDS 25.00 % IN THE NAME OF LEISHMAN DONALD MURRAY (159212)		R9440.00524
TRAN	1995-Oct-25		FENWICK KENNETH GEORGE (300118) TRANSFERS 75.00 % TO RJK EXPLORATIONS LTD. (187972)		T9540.00054
TRAN	1996-Jul-02		RJK EXPLORATIONS LTD. (187972) TRANSFERS 75.00 % TO FENWICK KENNETH GEORGE (300118)		T9640.00029
OTHER	1996-Jul-10		GEOTECHNICAL WORK PERFORMED APPROVED: 1996-OCT-08	\$110	Q9640.00373
WORK	1996-Jul-10	\$290	PHYSICAL WORK APPLIED APPROVED: 1996-NOV-19		W9640.00372
WORK	1996-Jul-10	\$110	GEOTECHNICAL WORK APPLIED APPROVED: 1996-OCT-08		W9640.00373
WORK	1997-Jun-16	\$400	WORK APPLIED APPROVED: 1997-SEP-03		W9740.00717
WORK	1998-Jun-01	\$800	PHYSICAL WORK APPLIED		W9840.00454
ORDER	2000-Nov-03		RECORDER EXTENDS TIME UNTIL AND INCLUDING 2001-JAN-08 FOR WORK AND FILING THEREOF.		D0040.00140
OTHER	2001-Jan-04		WORK PERFORMED (ASSAY, PROSP) APPROVED: 2001-JAN-22	\$1,004	Q0140.00004
WORK	2001-Jan-04	\$800	WORK APPLIED APPROVED: 2001-JAN-22		W0140.00004
OTHER	2002-Nov-06		WORK PERFORMED (ASSAY, GEOL) APPROVED: 2003-JAN-22	\$1,200	Q0240.01700
WORK	2002-Nov-06	\$1,200	WORK APPLIED (ASSAY, GEOL) APPROVED: 2003-JAN-22		W0240.01700
OTHER	2005-Oct-19		WORK PERFORMED (ASSAY, PROSP) APPROVED: 2005-NOV-16	\$200	Q0540.01663
WORK	2005-Oct-19	\$1,000	WORK APPLIED (ASSAY, PROSP) APPROVED: 2005-NOV-16		W0540.01663
WORK	2007-May-17	\$200	WORK APPLIED		W0740.00997
ORDER	2008-Nov-07		RECORDER EXTENDS TIME UNTIL AND INCLUDING 2009-AUG-07 FOR WORK AND FILING THEREOF.		D0840.00849
OTHER	2009-Aug-07		WORK PERFORMED (PROSP) APPROVED: 2009-OCT-30	\$1,110	Q0940.01986
WORK	2009-Aug-07	\$400	WORK APPLIED (PROSP) APPROVED: 2009-OCT-30		W0940.01986
CANC	2009-Nov-18		CANCELLED PURSUANT TO SUBSECTION 72(1)(B) OF THE MINING ACT R.S.O. 1990		C0940.08058
CANC	2009-Nov-18		NOTICE OF RE-OPENING (SUBSECTION 72.1 (2) UNDER THE MINING ACT R. S. O. 1990.) POSTED 2009-NOV-19 - CHECK CLAIM MAP FOR ANY RESTRICTIONS TO STAKING		C0940.08068
ORDER	2010-Jan-06		MINISTER RELIEVES FROM FORFEITURE AND EXTENDS TIME UNTIL AND INCLUDING 2010-APR-05 FOR WORK AND FILING THEREOF		O1040.00002
WORK	2010-Jan-08	\$710	WORK APPLIED		W1040.00278
WORK	2010-Jan-08	\$4	WORK APPLIED		W1040.00280
WORK	2010-Sep-22	\$486	WORK APPLIED		W1040.02227
OTHER	2012-Aug-23		WORK PERFORMED ASSAY, PDRILL APPROVED: 2013-JAN-10	\$29,886	Q1240.02061
TRAN	2012-Feb-01		LEISHMAN, DONALD MURRAY (159212) TRANSFERS 25.00 % TO STRIKE MINERALS INC. (198369)		T1240.00062
OTHER	2012-Feb-17		WORK PERFORMED (ASSAY, GEOL) APPROVED: 2012-JUN-14	\$7,777	Q1240.00589
WORK	2012-Feb-17	\$400	WORK APPLIED (ASSAY, GEOL) APPROVED: 2012-JUN-14		W1240.00589
TRAN	2012-Feb-17		DEBENTURE/MORTGAGE/SECURITY INTEREST: STRIKE MINERALS INC. (198369) AND WATERON GLOBAL VALUE (LUXEMBOURG) S.A.R.L. (410488)		T1240.00109

TRAN	2012-Jan-27		FENWICK, KENNETH GEORGE (300118) TRANSFERS 75.00 % TO STRIKE MINERALS INC. (198369)		T1240.00059
OTHER	2012-Jul-20		WORK PERFORMED (ASSAY, PDRILL) APPROVED: 2012- OCT-30	\$48,818	Q1240.01863
WORK	2012-Jul-20	\$400	WORK APPLIED (ASSAY, PDRILL) APPROVED: 2012-OCT- 30		W1240.01863
MISC	2012-Mar-28		RECORDING DATE OF FEBRUARY 27, 2012 FOR W1240.00589 ENTERED IN ERROR		M1240.00064
MISC	2012-May-04		CORRECTION TO WORK REPORT (W124001258)		M1240.00307
OTHER	2013-Aug-19		WORK PERFORMEDGPSG APPROVED: 2013-OCT-23	\$400	Q1340.02055
WORK	2013-Aug-19	\$400	WORK APPLIEDGPSG APPROVED: 2013-OCT-23		W1340.02055
OTHER	2015-Apr-27		WORK ASSIGNED		G1540.00827
OTHER	2015-Feb-26		WORK ASSIGNED		G1540.00180
WORK	2015-Mar-30	\$800	WORK APPLIED		W1540.00827

#### Claim Reservations

01 400' surface rights reservation around all lakes and rivers  
 02 Sand and gravel reserved  
 03 Peat reserved  
 04 Other reservations under the Mining Act may apply

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# Tab L

**In the Matter of the Proposal of  
Strike Minerals Inc.  
Interim Statement of Receipts and Disbursements  
For the Period from December 1, 2016 to March 8, 2017**

**Cash Receipts**

Funds from secured creditor	\$	156,000
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<b>Total Receipts</b>		<u>156,000</u>
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**Cash Disbursements**

Proposal Trustee fees	28,477
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Geologist Support	2,000
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HST Paid	17,905
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Bankruptcy Retainer	24,000
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Legal Fees	82,593
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Bank and Service Charges	255
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<b>Total Disbursements</b>		<u>155,230</u>
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<b>Ending Cash Balance</b>	<u>\$</u>	<u>770</u>
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**TAB 1**



**CONFIDENTIAL APPENDIX 1**  
**SUBJECT TO A SEALING ORDER**

**TAB 3**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE \_\_\_\_\_ ) THURSDAY, THE 23<sup>RD</sup>  
 )  
JUSTICE \_\_\_\_\_ ) DAY OF MARCH, 2017

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

APPROVAL AND VESTING ORDER

**THIS MOTION**, made by A. FARBER & PARTNERS INC., in its capacity as proposal trustee (in such capacity, the "**Proposal Trustee**") of Strike Minerals Inc. (the "**Debtor**"), for an order approving the sale transaction (the "**Transaction**") contemplated by an asset purchase agreement (the "**Sale Agreement**") between the Debtor, as vendor, and 2548304 Ontario Inc., as purchaser (the "**Purchaser**") dated December 6, 2016 and appended as Appendix C to the First Report of the Proposal Trustee dated December 8, 2016 (the "**First Report**"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Motion Record of the Proposal Trustee, including the Third Report of the Proposal Trustee dated March 10, 2017 (the "**Third Report**"), and on hearing the submissions of counsel for the Proposal Trustee, counsel to the Debtor and counsel to the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Paula Hoosain sworn March 10, 2017, filed:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Debtor is hereby authorized and approved, with

such minor amendments as the Debtor, the Purchaser and the Proposal Trustee may deem necessary. The Debtor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Proposal Trustee's certificate to the Purchaser substantially in the form attached as **Schedule "A"** hereto (the "**Proposal Trustee's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on **Schedule "B"** hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Mr. Justice Penny dated December 13, 2016 (the "**Appointment Order**") save and accept the DIP Charge (as defined in the Appointment Order); (ii) any and all royalty rights and/or claims and purchase options pursuant to or arising under any agreements or arrangement, whether written or otherwise, entered into by the Debtor prior to the Appointment Order, including without limitation the agreements listed in **Schedule "C"** hereto; (iii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iv) those claims listed on **Schedule "C"** hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule "D"** hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Algoma (No. 1) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in **Part 1 of Schedule "B"** hereto (the "**Real Property**") in fee simple, and is hereby directed to

delete and expunge from title to the Real Property all of the Claims listed in **Schedule "C"** hereto.

4. **THIS COURT ORDERS** that upon the filing in the Provincial Recording Office for the Province of Ontario, Ministry of Northern Development and Mines, of a copy of this Vesting Order, the Provincial Mining Recorder is hereby directed to enter the Purchaser as the recorded holder of the mining claims identified in **Part 2 of Schedule "B"** hereto (collectively, the **"Unpatented Mining Claims"**) as to a 100% interest, and is hereby directed to delete and expunge from the mining claim abstracts for the Unpatented Mining Claims all claims of the Claims listed in Schedule C hereto denoted as pertaining to the Unpatented Mining Claims.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Proposal Trustee's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee's Certificate, forthwith after delivery thereof.

7. **THIS COURT ORDERS AND DIRECTS** that the Purchaser shall, subject to the requirements of the *Mining Act* (Ontario), be permitted to enter, use and occupy such part or parts of the surface rights corresponding to the Purchased Assets as are necessary for the purpose of prospecting and the efficient exploration, development and operation of the mines, minerals and mining rights therein except to sand, peat and gravel.

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Debtor is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information, to the extent applicable, in the Debtor's records pertaining to the Debtor's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use

the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

9. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

11. **THIS COURT ORDERS** that the Purchaser shall be authorized to take all steps as may be necessary to effect the discharge of the Encumbrances.

12. **THIS COURT ORDERS** that the Confidential Appendix 1 to the Third Report be kept confidential and under seal until the earlier of: (i) Closing (as defined in the Sale Agreement); or (ii) further Order of this Honourable Court.

13. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Debtor, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the the

Debtor, and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Debtor and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

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**Schedule A – Form of Proposal Trustee's Certificate**

Court File No.: 35-2193939

Estate No.: 35-2193939

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

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

**PROPOSAL TRUSTEE'S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable Mr. Justice Penny of the Ontario Superior Court of Justice (the "**Court**") dated December 13, 2016, A. Farber & Partners Inc. (in such capacity, the "**Proposal Trustee**") was appointed trustee *in re* the proposal of Strike Minerals Inc. (the "**Debtor**").

B. Pursuant to an Order of the Court dated March 23, 2017, the Court approved the asset purchase agreement made as of December 6, 2016 (the "**Sale Agreement**") between the Debtor, as vendor, and 2548304 Ontario Inc., as purchaser (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming (i) the payment or satisfaction by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 8 of the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Debtor and the Proposal Trustee.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.



**THE PROPOSAL TRUSTEE CERTIFIES** the following:

1. The Purchaser has paid and the Debtor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 8 of the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Debtor and the Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at \_\_\_\_\_ [TIME] on \_\_\_\_\_ March \_\_\_, 2017.

**A. FARBER & PARTNERS INC., solely in its capacity as the Trustee *in re* the proposal of STRIKE MINERALS INC., and not in its corporate capacity**

Per: \_\_\_\_\_

Name:

Title:

### **Schedule B – Purchased Assets**

All of the Debtor's title, rights, benefits and interest in and to the Purchased Assets (as defined in the Sale Agreement), including without limitation:

#### **Part 1:**

The following real estate interests:

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
2. 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

#### **Part 2:**

The following unpatented mining claims

	<b>Township</b>	<b>Claim #</b>	<b>Status</b>	<b>Name of Holder</b>	<b>Due Date</b>
1.	Jacobson	1180740	Active	Strike Minerals Inc.	2017-Jun-02
2.	Jacobson	1192204	Active	Strike Minerals Inc.	2017-May-31
3.	Jacobson	4217468	Active	Strike Minerals Inc.	2020-Jun-11
4.	Churchill	1120323	Active	Strike Minerals Inc.	2017-May-11
5.	MacMurchy	1202863	Active	Strike Minerals Inc.	2017-Apr-11
6.	Priske	4205993	Active	Strike Minerals Inc.	2017-Apr-14
7.	Priske	4242126	Active	Strike Minerals Inc.	2017-Jun-23
8.	Priske	1196889	Active	Strike Minerals Inc.	2017-Nov-07
9.	Priske	4256299	Active	Strike Minerals Inc.	2017-Jan-17

10.	Priske	4272747	Active	Strike Minerals Inc.	2017-Dec-18
11.	Priske	4272748	Active	Strike Minerals Inc.	2017-Dec-18
12.	Priske	4272749	Active	Strike Minerals Inc.	2018-Feb-01
13.	Priske	4246288	Cancelled	Strike Minerals Inc.	2016-Aug-17
14.	Priske	4258604	Cancelled	Strike Minerals Inc.	2016-Aug-09

**Schedule C**  
**Claims to be deleted and expunged from title to Real Property**

1. Any liens, security interests or other encumbrances relating to the agreement dated as of November 18, 2011 between Strike Mineral Inc., as purchaser, and Kenneth George Fenwick, George Lucuik, Hacquoil Construction Ltd., Donald Leishman and Donald J. Deveraux, collectively as vendors.
2. Any liens, security interests or other encumbrances relating to the net smelter return royalty agreement dated as of February 16, 2000 between River Gold Mines Ltd., as Owner, and Vencan Gold Corporation, as Holder.
3. Any liens, security interests or other encumbrances securing any indebtedness of Strike Minerals Inc. outstanding to 161229 Canada Inc. d/b/a Paul Whalen Mining Contractors including, without limitation, the the instruments registered on title listed below in favour of 161229 Canada Inc.

PIN 31126-0037 (LT)

4. Instrument No. LT227437 registered on February 18, 2000 being a notice of agreement between River Gold Mines Ltd. and Vencan Gold Corporation.
5. Instrument No. AL46760 registered on November 25, 2008 being a notice of agreement between River Gold Mines Inc. and Vencan Gold Corporation.
6. Instrument No. AL115372 registered on March 18, 2013 being a construction lien in favour of 161229 Canada Inc.
7. Instrument No. AL115417 registered on March 19, 2013 being a certificate of action relating to the construction lien registered as Instrument No. AL115372.
8. Instrument No. AL118618 registered on June 13, 2017 being a construction lien in favour of McIntosh Perry Consulting Engineers Ltd.
9. Instrument No. AL118968 registered on June 20, 2013 being a certificate of action relating to the construction lien registered as Instrument No. AL118618.

PIN 31126-0039 (LT)

10. Instrument No. LT227437 registered on February 18, 2000 being a notice of agreement between River Gold Mines Ltd. and Vencan Gold Corporation.
11. Instrument No. AL115372 registered on March 18, 2013 being a construction lien in favour of 161229 Canada Inc..
12. Instrument No. AL115417 registered on March 19, 2013 being a certificate of action relating to the construction lien registered as Instrument No. AL115372.

13. Instrument No. AL118618 registered on June 13, 2017 being a construction lien in favour of McIntosh Perry Consulting Engineers Ltd..
14. Instrument No. AL118968 registered on June 20, 2013 being a certificate of action relating to the construction lien registered as Instrument No. AL118618.

**Schedule D**  
**Permitted Encumbrances, Easements and Restrictive Covenants**  
**related to the Real Property**

**(unaffected by the Vesting Order)**

1. Any liens, security interests or other encumbrances arising under or related to the DIP Financing Agreement and the Waterton Credit Agreement (each as defined in the Sale Agreement), including, without limitation, (i) the instruments registered on title listed below in favour of Cortleigh Limited (as general partner of Waterton Global Value, L.P.), and (ii) 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. Any liens, security interests or other encumbrances arising under or related to relating to the Gold and Silver Supply Agreement dated as of December 13, 2011 between Strike Minerals Inc. and Waterton Global Value (Luxembourg) S.A.R.L. including, without limitation, the instruments listed below in favour of Waterton Global Value (Luxembourg) S.A.R.L.
3. 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.

PIN 31126-0037 (LT)

4. Reference Plan 1R8155 registered on July 22, 1991.
5. Instrument No. LT1ERR0765 registered on March 12, 1992 being the Crown Patent for the lease.
6. Instrument No. LT180765 registered on March 12, 1992 being the Crown Lease.
7. Instrument No. LT190487 registered on October 29, 1993 being an Order to amend the thumbnail description.
8. Instrument No. AL97787 registered on January 24, 2012 being a charge from Strike Minerals Inc. in favour of Waterton Global Value (Luxembourg) S.A.R.L.

9. Instrument No. AL97797 registered on January 24, 2012 being a charge from Strike Minerals Inc. in favour of Waterton Global Value (Luxembourg) S.A.R.L.
10. Instrument No. AL124153 registered on October 10, 2013 being notice of a renewal of mining lease registered as Instrument No. LT180765.
11. Instrument No. AL170626 registered on March 2, 2017 being a transfer of charge transferring the charge registered as Instrument No. AL97787 in favour of Cortleigh Limited.
12. Instrument No. AL170627 registered on March 2, 2017 being a transfer of charge transferring the charge registered as Instrument No. AL97797 in favour of Cortleigh Limited.

PIN 31126-0039 (LT)

13. Instrument No. LT114012 registered on August 13, 1981 being a notice relating to certain easements on title.
14. Instrument No. AL55944 registered on July 3, 2009 being an application (general) transferring easements.
15. Instrument No. AL97787 registered on January 24, 2012 being a charge from Strike Minerals Inc. in favour of Waterton Global Value (Luxembourg) S.A.R.L.;
16. Instrument No. AL97797 registered on January 24, 2012 being a charge from Strike Minerals Inc. in favour of Waterton Global Value (Luxembourg) S.A.R.L.;
17. Instrument No. AL170626 registered on March 2, 2017 being a transfer of charge transferring the charge registered as Instrument No. AL97787 in favour of Cortleigh Limited;
18. Instrument No. AL170627 registered on March 2, 2017 being a transfer of charge transferring the charge registered as Instrument No. AL97797 in favour of Cortleigh Limited.

**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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(BANKRUPTCY AND INSOLVENCY)**  
Proceeding commenced at Toronto

**APPROVAL AND VESTING ORDER**

AIRD & BERLIS LLP  
Barristers and Solicitors  
Brookfield Place  
Suite 1800, Box 754  
181 Bay Street  
Toronto, ON M5J 2T9  
Tel: 416.863.1500  
Fax: 416.863.1515

**D. Robb English (LSUC # 19862F)  
Kyle Plunkett (LSUC # 61044N)**

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



# TAB 4

Revised: January 21, 2014

Court File No. \_\_\_\_\_: 35-2193939

Estate No.: 35-2193939

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE \_\_\_\_\_

)

THURSDAY, THE 23<sup>RD</sup>

)

JUSTICE \_\_\_\_\_

)

DAY OF MARCH, 2017

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

THE HONOURABLE \_\_\_\_\_

)

\_\_\_\_ DAY, THE \_\_\_\_ DAY

)

JUSTICE \_\_\_\_\_

)

OF \_\_\_\_\_, 20\_\_

BETWEEN:-

**PLAINTIFF**

Plaintiff

-and-

**DEFENDANT**

Defendant

**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by [RECEIVER'S NAME] in its capacity as the Court appointed receiver (the "Receiver") of the undertaking, property and assets of [DEBTOR] (the "Debtor" A. FARBER & PARTNERS INC. in its capacity as proposal trustee (in such capacity, the "**Proposal Trustee**") of Strike Minerals Inc. (the "**Debtor**"), for an order approving the sale transaction (the "**Transaction**") contemplated by an asset purchase agreement of purchase and

sale (the "Sale Agreement") between the Receiver and ~~[NAME OF PURCHASER]~~ (the "Debtor as vendor and 2548304 Ontario Inc. as purchaser (the 'Purchaser')") dated ~~[DATE]~~ December 6, 2016 and appended as Appendix C to the First Report of the Receiver/Proposal Trustee dated ~~[DATE]~~ December 8, 2016 (the "First Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report/Motion Record of the Proposal Trustee, including the Third Report of the Proposal Trustee dated March 10, 2017 (the 'Third Report'), and on hearing the submissions of counsel for the Receiver, ~~[NAMES OF OTHER PARTIES APPEARING]~~ Proposal Trustee, counsel to the Debtor and counsel to the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the affidavit of ~~[NAME]~~ Paula Hoosain sworn ~~[DATE]~~ March 10, 2017, filed<sup>1</sup>:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved,<sup>2</sup> and the execution of the Sale Agreement by the Receiver<sup>3</sup> Debtor is hereby authorized and approved, with such minor amendments as the Receiver Debtor, the Purchaser and the Proposal Trustee may deem necessary. The Receiver Debtor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver Proposal Trustee's certificate to the Purchaser substantially in the form attached as **Schedule "A"** hereto (the "Receiver" "Proposal Trustee's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement {and listed

<sup>1</sup> This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.

<sup>2</sup> In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.

<sup>3</sup> In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.

on **Schedule "B"** hereto<sup>4</sup> shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the **"Claims"**<sup>5</sup>) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Mr. Justice [NAME] dated [DATE]; ~~(ii) Penny dated December 13, 2016 (the "Appointment Order") save and accept the DIP Charge (as defined in the Appointment Order);~~ (ii) any and all royalty rights and/or claims and purchase options pursuant to or arising under any agreements or arrangement, whether written or otherwise, entered into by the Debtor prior to the Appointment Order, including without limitation the agreements listed in Schedule "C" hereto; (iii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and ~~(iiiiv)~~ those ~~Claims~~claims listed on **Schedule "C"** hereto (all of which are collectively referred to as the **"Encumbrances"**, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule "D"** hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the ~~[Registry Division of {LOCATION}] of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver]~~ [Land Titles Division of {LOCATION} Algoma (No. 1) of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act]<sup>6</sup>, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in **Part 1 of Schedule**

<sup>4</sup> To allow this Order to be free-standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.

<sup>5</sup> The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.

<sup>6</sup> Elect the language appropriate to the land registry system (Registry vs. Land Titles).

"B" hereto (the **"Real Property"**) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in **Schedule "C"** hereto.

4. **THIS COURT ORDERS** that upon the filing in the Provincial Recording Office for the Province of Ontario, Ministry of Northern Development and Mines, of a copy of this Vesting Order, the Provincial Mining Recorder is hereby directed to enter the Purchaser as the recorded holder of the mining claims identified in Part 2 of Schedule "B" hereto (collectively, the "Unpatented Mining Claims") as to a 100% interest, and is hereby directed to delete and expunge from the mining claim abstracts for the Unpatented Mining Claims all claims of the Claims listed in Schedule C hereto denoted as pertaining to the Unpatented Mining Claims.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds<sup>7</sup> from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver~~Proposal~~ Trustee's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale<sup>8</sup>, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. ~~5-~~ **THIS COURT ORDERS AND DIRECTS** the Receiver~~Proposal~~ Trustee to file with the Court a copy of the Receiver~~Proposal~~ Trustee's Certificate, forthwith after delivery thereof.

7. ~~6-~~ **THIS COURT ORDERS AND DIRECTS** that the Purchaser shall, subject to the requirements of the *Mining Act* (Ontario), be permitted to enter, use and occupy such part or parts of the surface rights corresponding to the Purchased Assets as are necessary for the purpose of prospecting and the efficient exploration, development and operation of the mines, minerals and mining rights therein except to sand, peat and gravel.

<sup>7</sup> The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".

<sup>8</sup> This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the ~~Receiver~~Debtor is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information, to the extent applicable, in the ~~Company~~Debtor's records pertaining to the Debtor's past and current employees, ~~including personal information of those employees listed on Schedule "•" to the Sale Agreement~~. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

9. ~~7.~~ **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. ~~8.~~ **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

11. **THIS COURT ORDERS** that the Purchaser shall be authorized to take all steps as may be necessary to effect the discharge of the Encumbrances.

12. THIS COURT ORDERS that the Confidential Appendix 1 to the Third Report be kept confidential and under seal until the earlier of: (i) Closing (as defined in the Sale Agreement); or (ii) further Order of this Honourable Court.

13. 9-THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its Debtor, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, the Debtor, and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its Debtor and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

Revised: January 21, 2014

**Schedule A – Form of Receiver~~Proposal~~ Trustee's Certificate**

Court File No. \_\_\_\_\_: 35-2193939

Estate No.: 35-2193939

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
~~COMMERCIAL LIST~~**

**(IN BANKRUPTCY AND INSOLVENCY)**

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

~~BETWEEN:~~

**~~PLAINTIFF~~**

Plaintiff

~~—and—~~

**~~DEFENDANT~~**

Defendant

**RECEIVER~~PROPOSAL~~ TRUSTEE'S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable ~~[NAME OF JUDGE]~~ Mr. Justice Penny of the Ontario Superior Court of Justice (the "~~Court~~") dated ~~[DATE OF ORDER]~~, ~~[NAME OF RECEIVER]~~ was appointed as the receiver (the "Receiver") of the undertaking, property and assets of ~~[DEBTOR]~~ dated December 13, 2016. A. Farber & Partners Inc. (in such capacity, the "Proposal Trustee") was appointed trustee in re the proposal of Strike Minerals Inc. (the "Debtor").



B. Pursuant to an Order of the Court dated ~~[DATE]~~, March 23, 2017, the Court approved the ~~asset purchase agreement of purchase and sale made as of [DATE OF AGREEMENT]~~ December 6, 2016 (the ~~"Sale Agreement"~~) between the Receiver ~~[Debtor]~~ and ~~[NAME OF PURCHASER]~~ (the ~~"Debtor, as vendor, and 2548304 Ontario Inc., as purchaser (the~~ "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the ~~Receiver~~ Proposal Trustee to the Purchaser of a certificate confirming (i) the payment or satisfaction by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in ~~section~~ Article 8 of the Sale Agreement have been satisfied or waived by the ~~Receiver~~ Debtor and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the ~~Receiver~~ Debtor and the Proposal Trustee.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**THE RECEIVER PROPOSAL TRUSTEE CERTIFIES** the following:

1. The Purchaser has paid and the ~~Receiver~~ Debtor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in ~~section~~ Article 8 of the Sale Agreement have been satisfied or waived by the ~~Receiver~~ Debtor and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the ~~Receiver~~ Debtor and the Proposal Trustee.
4. This Certificate was delivered by the ~~Receiver~~ Proposal Trustee at \_\_\_\_\_ [TIME] on \_\_\_\_\_ ~~[DATE]~~ March, 2017.

~~[NAME OF RECEIVER]~~, A. FARBER & PARTNERS INC., solely in its capacity as Receiver of the undertaking, property and assets of ~~[DEBTOR]~~ the Trustee in re the proposal of STRIKE MINERALS INC., and not in its ~~personal~~ corporate capacity

Per: \_\_\_\_\_

Name:

Title:

**Schedule B – Purchased Assets**

All of the Debtor's title, rights, benefits and interest in and to the Purchased Assets (as defined in the Sale Agreement), including without limitation:

**Part 1:**

The following real estate interests:

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
2. 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

**Part 2:**

The following unpatented mining claims

	<u>Township</u>	<u>Claim #</u>	<u>Status</u>	<u>Name of Holder</u>	<u>Due Date</u>
<u>1.</u>	<u>Jacobson</u>	<u>1180740</u>	<u>Active</u>	<u>Strike Minerals Inc.</u>	<u>2017-Jun-02</u>
<u>2.</u>	<u>Jacobson</u>	<u>1192204</u>	<u>Active</u>	<u>Strike Minerals Inc.</u>	<u>2017-May-31</u>
<u>3.</u>	<u>Jacobson</u>	<u>4217468</u>	<u>Active</u>	<u>Strike Minerals Inc.</u>	<u>2020-Jun-11</u>
<u>4.</u>	<u>Churchill</u>	<u>1120323</u>	<u>Active</u>	<u>Strike Minerals Inc.</u>	<u>2017-May-11</u>
<u>5.</u>	<u>MacMurchy</u>	<u>1202863</u>	<u>Active</u>	<u>Strike Minerals Inc.</u>	<u>2017-Apr-11</u>
<u>6.</u>	<u>Priske</u>	<u>4205993</u>	<u>Active</u>	<u>Strike Minerals Inc.</u>	<u>2017-Apr-14</u>
<u>7.</u>	<u>Priske</u>	<u>4242126</u>	<u>Active</u>	<u>Strike Minerals Inc.</u>	<u>2017-Jun-23</u>
<u>8.</u>	<u>Priske</u>	<u>1196889</u>	<u>Active</u>	<u>Strike Minerals Inc.</u>	<u>2017-Nov-07</u>
<u>9.</u>	<u>Priske</u>	<u>4256299</u>	<u>Active</u>	<u>Strike Minerals Inc.</u>	<u>2017-Jan-17</u>

<u>10.</u>	<u>Priske</u>	<u>4272747</u>	<u>Active</u>	<u>Strike Minerals Inc.</u>	<u>2017-Dec-18</u>
<u>11.</u>	<u>Priske</u>	<u>4272748</u>	<u>Active</u>	<u>Strike Minerals Inc.</u>	<u>2017-Dec-18</u>
<u>12.</u>	<u>Priske</u>	<u>4272749</u>	<u>Active</u>	<u>Strike Minerals Inc.</u>	<u>2018-Feb-01</u>
<u>13.</u>	<u>Priske</u>	<u>4246288</u>	<u>Cancelled</u>	<u>Strike Minerals Inc.</u>	<u>2016-Aug-17</u>
<u>14.</u>	<u>Priske</u>	<u>4258604</u>	<u>Cancelled</u>	<u>Strike Minerals Inc.</u>	<u>2016-Aug-09</u>

**Schedule C —  
Claims to be deleted and expunged from title to Real Property**

1. Any liens, security interests or other encumbrances relating to the agreement dated as of November 18, 2011 between Strike Mineral Inc., as purchaser, and Kenneth George Fenwick, George Lucuik, Hacquoil Construction Ltd., Donald Leishman and Donald J. Deveraux, collectively as vendors.
2. Any liens, security interests or other encumbrances relating to the net smelter return royalty agreement dated as of February 16, 2000 between River Gold Mines Ltd., as Owner, and Vencan Gold Corporation, as Holder.
3. Any liens, security interests or other encumbrances securing any indebtedness of Strike Minerals Inc. outstanding to 161229 Canada Inc. d/b/a Paul Whalen Mining Contrators including, without limitation, the the instruments registered on title listed below in favour of 161229 Canada Inc.

PIN 31126-0037 (LT)

4. Instrument No. LT227437 registered on February 18, 2000 being a notice of agreement between River Gold Mines Ltd. and Vencan Gold Corporation.
5. Instrument No. AL46760 registered on November 25, 2008 being a notice of agreement between River Gold Mines Inc. and Vencan Gold Corporation.
6. Instrument No. AL115372 registered on March 18, 2013 being a construction lien in favour of 161229 Canada Inc.
7. Instrument No. AL115417 registered on March 19, 2013 being a certificate of action relating to the construction lien registered as Instrument No. AL115372.
8. Instrument No. AL118618 registered on June 13, 2017 being a construction lien in favour of McIntosh Perry Consulting Engineers Ltd.
9. Instrument No. AL118968 registered on June 20, 2013 being a certificate of action relating to the construction lien registered as Instrument No. AL118618.

PIN 31126-0039 (LT)

10. Instrument No. LT227437 registered on February 18, 2000 being a notice of agreement between River Gold Mines Ltd. and Vencan Gold Corporation.
11. Instrument No. AL115372 registered on March 18, 2013 being a construction lien in favour of 161229 Canada Inc..
12. Instrument No. AL115417 registered on March 19, 2013 being a certificate of action relating to the construction lien registered as Instrument No. AL115372.

13. Instrument No. AL118618 registered on June 13, 2017 being a construction lien in favour of McIntosh Perry Consulting Engineers Ltd..
14. Instrument No. AL118968 registered on June 20, 2013 being a certificate of action relating to the construction lien registered as Instrument No. AL118618.



**Schedule D —  
Permitted Encumbrances, Easements and Restrictive Covenants  
related to the Real Property**

**(unaffected by the Vesting Order)**

1. Any liens, security interests or other encumbrances arising under or related to the DIP Financing Agreement and the Waterton Credit Agreement (each as defined in the Sale Agreement), including, without limitation, (i) the instruments registered on title listed below in favour of Cortleigh Limited (as general partner of Waterton Global Value, L.P.), and (ii) 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. Any liens, security interests or other encumbrances arising under or related to relating to the Gold and Silver Supply Agreement dated as of December 13, 2011 between Strike Minerals Inc. and Waterton Global Value (Luxembourg) S.A.R.L. including, without limitation, the instruments listed below in favour of Waterton Global Value (Luxembourg) S.A.R.L.
3. 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.

PIN 31126-0037 (LT)

4. Reference Plan 1R8155 registered on July 22, 1991.
5. Instrument No. LT1ERR0765 registered on March 12, 1992 being the Crown Patent for the lease.
6. Instrument No. LT180765 registered on March 12, 1992 being the Crown Lease.
7. Instrument No. LT190487 registered on October 29, 1993 being an Order to amend the thumbnail description.
8. Instrument No. AL97787 registered on January 24, 2012 being a charge from Strike Minerals Inc. in favour of Waterton Global Value (Luxembourg) S.A.R.L.



9. Instrument No. AL97797 registered on January 24, 2012 being a charge from Strike Minerals Inc. in favour of Waterton Global Value (Luxembourg) S.A.R.L.
10. Instrument No. AL124153 registered on October 10, 2013 being notice of a renewal of mining lease registered as Instrument No. LT180765.
11. Instrument No. AL170626 registered on March 2, 2017 being a transfer of charge transferring the charge registered as Instrument No. AL97787 in favour of Cortleigh Limited.
12. Instrument No. AL170627 registered on March 2, 2017 being a transfer of charge transferring the charge registered as Instrument No. AL97797 in favour of Cortleigh Limited.

PIN 31126-0039 (LT)

13. Instrument No. LT114012 registered on August 13, 1981 being a notice relating to certain easements on title.
14. Instrument No. AL55944 registered on July 3, 2009 being an application (general) transferring easements.
15. Instrument No. AL97787 registered on January 24, 2012 being a charge from Strike Minerals Inc. in favour of Waterton Global Value (Luxembourg) S.A.R.L.;
16. Instrument No. AL97797 registered on January 24, 2012 being a charge from Strike Minerals Inc. in favour of Waterton Global Value (Luxembourg) S.A.R.L.;
17. Instrument No. AL170626 registered on March 2, 2017 being a transfer of charge transferring the charge registered as Instrument No. AL97787 in favour of Cortleigh Limited;
18. Instrument No. AL170627 registered on March 2, 2017 being a transfer of charge transferring the charge registered as Instrument No. AL97797 in favour of Cortleigh Limited.

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

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(BANKRUPTCY AND INSOLVENCY)  
Proceeding commenced at Toronto

APPROVAL AND VESTING ORDER

AIRD & BERLIS LLP  
Barristers and Solicitors  
Brookfield Place  
Suite 1800, Box 754  
181 Bay Street  
Toronto, ON M5J 2T9  
Tel: 416.863.1500  
Fax: 416.863.1515

D. Robb English (LSUC # 19862F)  
Kyle Plunkett (LSUC # 61044N)

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



Document comparison by Workshare Compare on March-10-17 11:08:31 AM

Input	
Document 1 ID	interwovenSite://AB-WS1/CM/28543605/1
Description	#28543605v1<CM> - Model_Approval_and_Vesting_Order_amended Jan 21 2014
Document 2 ID	interwovenSite://AB-WS1/CM/28543605/4
Description	#28543605v4<CM> - Strike - Approval and Vesting Order
Rendering set	Standard

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	308
Deletions	124
Moved from	0

# TAB 5

Court File No.: 35-2193939

Estate No.: 35-2193939

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

THE HONOURABLE \_\_\_\_\_ ) THURSDAY, THE 23<sup>RD</sup>  
 )  
JUSTICE \_\_\_\_\_ ) DAY OF MARCH, 2017

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

**ORDER  
(re Extension and Approval of Interim R&D)**

**THIS MOTION**, made by A. Farber & Partners Inc., in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) of Strike Minerals Inc. (the “**Debtor**”), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion of the Debtor, Motion Record of the Proposal Trustee, including the Third Report of the Proposal Trustee dated March 10, 2017 (the “**Third Report**”), and on hearing the submissions of counsel for the Debtor and counsel for the Proposal Trustee, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Paula Hoosain sworn March 10, 2017, filed:

**SERVICE**

1. **THIS COURT ORDERS AND DECLARES** that the time for service of this Motion is properly returnable today and hereby dispenses with further service thereof.

### **APPROVAL OF THIRD REPORT**

2. **THIS COURT ORDERS** that the Third Report and the conduct and activities of the Proposal Trustee described therein be and are hereby approved.

### **APPROVAL OF INTERIM RECEIPTS AND DISBURSEMENTS**

3. **THIS COURT ORDERS** that the Interim Statement of Receipts and Disbursements of the Proposal Trustee as set out in Appendix L to the Third Report is ratified and approved.

### **EXTENSION OF PROPOSAL PERIOD**

4. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the BIA, the time for filing a proposal with the Official Receiver in the proceedings of the Debtor, including the stay of proceedings, is extended to and including May 11, 2017.

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**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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(BANKRUPTCY AND INSOLVENCY)**  
Proceeding commenced at Toronto

**ORDER**  
(Extension and Approval of Interim R&D)

AIRD & BERLIS LLP  
Barristers and Solicitors  
Brookfield Place  
Suite 1800, Box 754  
181 Bay Street  
Toronto, ON M5J 2T9  
Tel: 416.863.1500  
Fax: 416.863.1515

**D. Robb English** (LSUC # 19862F)  
**Kyle Plunkett** (LSUC # 61044N)

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



# TAB 6

Court File No.: 35-2193939

Estate No.: 35-2193939

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

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

**SERVICE LIST**

<b>GENERAL</b>	
<b>THORNTON GROUT FINNIGAN LLP</b> Suite 3200, TD West Tower 100 Wellington St. West P.O. Box 329 Toronto-Dominion Centre Toronto ON M5K 1K7  <b>Counsel to Strike Minerals Inc.</b>	<b>D.J. Miller</b> Tel: (416) 304-0559 E-mail: <a href="mailto:djmiller@tgf.ca">djmiller@tgf.ca</a>  <b>Asim Iqbal</b> Tel: (416) 304-0595 E-mail: <a href="mailto:aiqbal@tgf.ca">aiqbal@tgf.ca</a>
<b>A. FARBER &amp; PARTNERS INC.</b> 150 York Street Suite 1600 Toronto ON M5H 3S5  <b>Proposal Trustee</b>	<b>Paul Denton</b> Tel: (416) 496-3773 E-mail: <a href="mailto:pdenton@farberfinancial.com">pdenton@farberfinancial.com</a>  <b>Allan Nackan</b> Tel: (416) 496-3732 E-mail: <a href="mailto:anackan@farberfinancial.com">anackan@farberfinancial.com</a>
<b>AIRD &amp; BERLIS LLP</b> Brookfield Place 181 Bay Street Suite 1800, PO Box 754 Toronto ON M5J 2T9  <b>Counsel to the Proposal Trustee</b>	<b>Robb English</b> Tel: (416) 865-4748 E-mail: <a href="mailto:renglish@airdberlis.com">renglish@airdberlis.com</a>  <b>Kyle Plunkett</b> Tel: (416) 865-3406 E-mail: <a href="mailto:kplunkett@airdberlis.com">kplunkett@airdberlis.com</a>

<b>STIKEMAN ELLIOTT LLP</b> 5300 Commerce Court West 199 Bay Street Toronto, ON M5L 1B9  <b>Counsel to Waterton Global Value, L.P. and 2548304 Ontario Inc.</b>	<b>Elizabeth Pillon</b> Tel: (416) 869-5623 E-mail: <a href="mailto:lpillon@stikeman.com">lpillon@stikeman.com</a>  <b>Kathryn Esaw</b> Tel: (416) 869-5623 E-mail: <a href="mailto:kesaw@stikeman.com">kesaw@stikeman.com</a>
<b>2548304 ONTARIO INC.</b> c/o Waterton Global Resources Management 199 Commerce Court West, Suite 5050 Toronto, ON M5L 1E2	<b>Kamal Toor</b> Fax: (416) 504-3200 E-mail: <a href="mailto:ktoor@watertonglobal.com">ktoor@watertonglobal.com</a>  <b>Richard Wells</b> Tel: (416) 504-3200 E-mail: <a href="mailto:rwells@watertonglobal.com">rwells@watertonglobal.com</a>
<b>SECURED CREDITORS</b>	
<b>XEROX CANADA LTD.</b> 33 Bloor Street E., 3rd Floor Toronto, ON M4W 3H1	<b>Stephanie Grace</b> Tel: (416) 413-2805 E-mail: <a href="mailto:stephanie.grace@xerox.com">stephanie.grace@xerox.com</a>
<b>BUCK ISLAND BAY INVESTMENTS INC.</b> 2297 Jack Nash Drive London, ON N6K 5R3	<b>Denis Crane</b> E-mail: <a href="mailto:buckislandbay@gmail.com">buckislandbay@gmail.com</a>
<b>CONSTRUCTION LIEN CLAIMANTS/JUDGEMENT CREDITORS</b>	
<b>161229 CANADA INC. C.O.B. AS PAUL WHELAN MINING CONTRACTORS</b> 21 Government Road East Kirkland Lake, ON P2N 1A1  <b>Paul Whelan</b> Tel: (705) 567-3137	<b>FASKEN MARTINEAU DUMOULIN LLP</b> <b>BERKLEY SELLS</b> Tel: (416) 865-5135 E-mail: <a href="mailto:bsells@fasken.com">bsells@fasken.com</a> <b>AUBREY KAUFFMAN</b> Tel: (416) 868-3538 E-mail: <a href="mailto:akauffman@fasken.com">akauffman@fasken.com</a>
<b>NORTH EAST REGIONAL SECURITY SERVICES INC.</b> 314 Wellington St. West Sault Ste. Marie, ON P6A 1J1  <b>Terry Traveson (President)</b> Tel: (705) 942-0034 Email: <a href="mailto:nerss@soonet.ca">nerss@soonet.ca</a>	<b>C/O PETER BERLINGIERI</b> <b>PACUZZI &amp; BERLINGIERI LAW FIRM LLP</b> Tel: (705) 253-3800 E-mail: <a href="mailto:peter@pascuzziberlingierilaw.ca">peter@pascuzziberlingierilaw.ca</a>
<b>MCINTOSH PERRY CONSULTING ENGINEERS LTD.</b> 115 Walgreen Road R.R. 3 Carp, ON K0A 1L0 Email: <a href="mailto:info@mcintoshperry.com">info@mcintoshperry.com</a>	<b>C/O TEENA BELLAND</b> <b>TIERNAY STAUFFER LLP</b> Tel: (613) 288-3203 E-mail: <a href="mailto:tbelland@tslawyers.ca">tbelland@tslawyers.ca</a>

AGREEMENTS	
<b>RED PINE EXPLORATION INC.</b> <b>(FORMERLY VENCAN GOLD CORPORATION)</b> 141 Adelaide Street West, Suite 520 Toronto, ON M5H 2G4	<b>Quentin Yarie (President &amp; CEO)</b> Tel: (416) 364-7024 E-mail: <a href="mailto:qyarie@redpineexp.com">qyarie@redpineexp.com</a>
<b>KENNETH GEORGE FENWICK, GEORGE LUCUIK,</b> <b>HACQUOIL CONTRUCTION LTD., DONALD</b> <b>LEISHMAN AND DONALD J. DEVERAUX</b> c/o Kenneth George Fenwick 410-405 Waverley St. Thunder Bay, ON P7B 1B8	<b>Kenneth George Fenwick (Authorized Representative)</b> Fax: (807) 344-6568 E-mail: <a href="mailto:kfenwick@shaw.ca">kfenwick@shaw.ca</a>
GOVERNMENT AUTHORITIES	
<b>DEPARTMENT OF JUSTICE</b> Ontario Regional Office The Exchange Tower, Box 36 130 King Street West, Suite 3400 Toronto, ON M5X 1K6	<b>Diane Winters</b> Tel: (416) 973-3172 E-mail: <a href="mailto:diane.winters@justice.gc.ca">diane.winters@justice.gc.ca</a>
<b>HER MAJESTY THE QUEEN IN RIGHT OF THE</b> <b>PROVINCE OF ONTARIO AS REPRESENTED BY</b> <b>THE MINISTER OF FINANCE</b> Legal Services Branch 33 King Street West, 6 <sup>th</sup> Floor Oshawa, ON L1H 8H5	<b>Kevin O'Hara</b> Tel: (905) 433-6934 Fax: (905) 436-4510 E-mail: <a href="mailto:kevin.ohara@ontario.ca">kevin.ohara@ontario.ca</a>
<b>MINISTRY OF NORTHERN DEVELOPMENT AND</b> <b>MINES (ONTARIO)</b> Legal Services Branch 900 Bay St. Room M2-24, Macdonald Bldg Toronto, ON M7A 1C3	<b>Jessica A. Dixon</b> Tel: (416) 327-0636 Fax: (416) 327-0646 E-mail: <a href="mailto:jessica.dixon1@ontario.ca">jessica.dixon1@ontario.ca</a>
<b>OFFICE OF THE SUPERINTENDENT OF BANKRUPTCY</b> <b>CANADA</b> 25 St. Clair Ave. E, 6 <sup>th</sup> Floor Toronto, ON M4T 1M2  <b>OFFICE OF THE SUPERINTENDENT OF BANKRUPTCY</b> <b>CANADA</b> Federal Building 451 Talbot Street, Suite 303 London, ON N6A 5C9	Tel: 1-(877) 376-9902 / (416) 973-6441 Fax: (416) 973-7440 (Toronto) Fax: (519) 645-5139 (London)

## E-MAIL DISTRIBUTION LIST

djmiller@tgf.ca; aiqbal@tgf.ca; pdenton@farberfinancial.com; anackan@farberfinancial.com;  
renglish@airdberlis.com; kplunkett@airdberlis.com; lpillon@stikeman.com;  
kesaw@stikeman.com; stephanie.grace@xerox.com; buckislandbay@gmail.com;  
bsells@fasken.com; peter@pascuzziberlingierilaw.ca; nerss@soonet.ca;  
tbelland@tslawyers.ca; info@mcintoshperry.com; qvarie@redpineexp.com;  
diane.winters@justice.gc.ca; kevin.ohara@ontario.ca; jessica.dixon1@ontario.ca;  
akauffman@fasken.com; OSB-Registry-Registre-BSF-OSB-BSF@ic.gc.ca; kfenwick@shaw.ca;  
ktoor@watertonglobal.com; rwells@watertonglobal.com

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

Court File No. 35-2193939

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST  
PROCEEDING COMMENCED AT TORONTO**

**MOTION RECORD  
(Motion returnable March 23, 2017)**

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
Suite 1800, Box 754, 181 Bay Street  
Toronto, Ontario M5J 2T9

Tel: 416.863.1500

Fax: 416.863.1515

Email: [renglish@airdberlis.com](mailto:renglish@airdberlis.com) /  
[kplunkett@airdberlis.com](mailto:kplunkett@airdberlis.com)

**D. Robb English (LSUC # 19862F)  
Kyle B. Plunkett - LSUC No. 61044N**

***Lawyers for A. Farber & Partners Inc.***